



## MANAGEMENT REPORT

For the three month period ended March 31, 2026

May 7, 2026



This Management Report (the “Report”) should be read in conjunction with the unaudited condensed consolidated financial statements of Trans Mountain Corporation for the three month period ended March 31, 2026 (“TMC’s Financial Statements”) as well as the audited consolidated financial statements of Trans Mountain Corporation for the year ended December 31, 2025 and Trans Mountain Corporation’s Management Report for the year ended December 31, 2025. TMC’s Financial Statements are prepared in accordance with Generally Accepted Accounting Principles in the United States of America (“U.S. GAAP”). All financial measures in this Report are presented in Canadian dollars unless otherwise indicated.

Throughout this Report, the terms “we”, “us”, “our”, and “TMC” refer to Trans Mountain Corporation and its subsidiaries.

## Our Mandate

TMC’s mandate is to operate, optimize and grow the Trans Mountain and Puget Sound Pipelines 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. With the commercial commencement of the expanded pipeline system occurring on May 1, 2024, TMC has completed the expansion in alignment with the shareholder’s priority to provide increased access to international markets for Canadian crude oil producers.

## About Our Business

TMC is a Federal Crown corporation and is a wholly-owned subsidiary of Canada TMP Finance Ltd., which in turn is a wholly-owned subsidiary of the Canada Development Investment Corporation (“CDEV”). TMC conducts operations through four entities: Trans Mountain Pipeline Limited Partnership and its wholly-owned subsidiary Trans Mountain Pipeline (Puget Sound) LLC, Trans Mountain Pipeline ULC, and Trans Mountain Canada Inc. Together these entities own and operate the Trans Mountain Pipeline System, consisting of the expanded Trans Mountain pipeline system and the Puget Sound pipeline. TMC is a non-agent Crown corporation, which status allows it to borrow from parties other than the Government of Canada.

### Trans Mountain Pipeline

The Trans Mountain pipeline (“TMPL”) has been in operation since 1953 and transports crude oil and refined petroleum products from Alberta to the lower mainland of British Columbia. The mechanical completion and commercial commencement of the Trans Mountain Expansion Project (“TMEP”) in the second quarter of 2024 expanded the preexisting pipeline system that begins near Edmonton, Alberta and terminates in Burnaby, British Columbia, with a combined nominal capacity of 890,000 bpd.

Shippers have long-term transportation contracts on the TMPL extending to 2039 and 2044, covering approximately 80% of its capacity. These shippers represent or are affiliates of some of the largest producing, marketing and refining companies in the Western Canada Sedimentary Basin and have direct access to large volumes of crude oil and refined products from their business operations.



## Puget Sound Pipeline

The Puget Sound pipeline (“Puget”), owned by Trans Mountain Pipeline (Puget Sound) LLC, has been in operation since 1954. Puget transports crude oil from the Canada-US border near the Sumas Terminal to Washington State refineries in Anacortes and Ferndale.

Puget is approximately 111 kilometers long. One pump station and two tanks with total capacity of approximately 200,000 barrels facilitate movements on the system. The system has total throughput capacity of approximately 240,000 bpd when transporting primarily light oil.

Puget is a common carrier pipeline and the tolls on Puget are set in accordance with the Federal Energy Regulatory Commission (“FERC”) rate indexing system. FERC sets ceiling rates annually, which in turn allows Trans Mountain to adjust its rates subject to the ceiling limitation.

## Legal and Regulatory Developments

On June 1, 2023, Trans Mountain filed the Application for Interim Commencement Date Tolls with the Canadian Energy Regulator (“CER”). On November 30, 2023, the CER approved Trans Mountain’s preliminary interim tolls. At the commencement of service on the TMPL on May 1, 2024, TMC began recording revenue on the basis of these preliminary interim tolls.

In parallel with the CER process, Trans Mountain has been in active discussions with our shippers. Trans Mountain believes that a pause in the CER process would be beneficial to allow additional time for commercial discussions. These discussions may lead to a new negotiated toll settlement for the TMPL, which Trans Mountain believes would be mutually beneficial to both the shippers and Trans Mountain. As such, in October 2025, Trans Mountain requested, and the CER approved, an abeyance to suspend the current regulatory process. During the first quarter of 2026, Trans Mountain requested the CER continue the abeyance until July 2026 in order to allow additional time to continue the commercial discussions. The CER has approved this request.

Subsequent to commercial commencement of the TMPL, TMC has ongoing reporting and regulatory obligations that must be completed and filed with the CER and Provincial authorities.

## Financial Highlights

<b>Financial Highlights</b> <b>(millions of Canadian dollars, except throughput amounts)</b>	<b>Three months ended March 31</b>	
	<b>2026</b>	<b>2025</b>
Revenues	729	729
Adjusted EBITDA <sup>(a)</sup>	552	568
Operating income	271	349
Net income	97	148
Cash provided by operating activities	470	337
Adjusted funds from operations <sup>(a)</sup>	386	400
Dividends declared	250	193
Capital expenditures incurred	30	(34)
Average daily throughput		
BC Deliveries (bpd)	73,000	85,000
Puget Sound Pipeline (bpd)	245,000	227,000
Westridge Marine Terminal (bpd)	419,000	445,000
Mainline deliveries (bpd)	737,000	757,000

<b>Financial Position at (millions of Canadian dollars)</b>	<b>March 31, 2026</b>	<b>December 31, 2025</b>
Cash and cash equivalents and restricted cash	572	481
Total assets	36,484	36,673
Total debt	12,000	12,000

*(a) Adjusted EBITDA and adjusted funds from operations are non-GAAP measures. See Non-GAAP Measures.*

### Revenues

<b>(millions of Canadian dollars)</b>	<b>Three months ended March 31</b>		
	<b>2026</b>	<b>2025</b>	<b>% Change</b>
Transportation	714	713	-
Leases	14	15	(7%)
Other	1	1	-
<b>Total</b>	<b>729</b>	<b>729</b>	<b>-</b>

Total revenues consist of income from three sources: transportation, leases and other services. TMC has contractually committed revenues associated with committed contracts for transportation service that total approximately 80% of the capacity on the TMPL. For the three month period ended March 31, 2026, total revenues of \$729 million were consistent with the same period of the prior year.

Throughput averaged 737,000 bpd in the first quarter of 2026, including 58,000 bpd of uncommitted spot volumes, compared to 757,000 bpd in the same period of the prior year, which included 28,000 bpd of uncommitted spot volumes. The decrease in total throughput primarily reflects lower customer demand, driven by higher global oil tanker freight rates that reduced deliveries to Westridge, as well as customers' maintenance activities in the period.

Despite the decrease in throughput, transportation revenues increased by \$1 million to \$714 million, compared to \$713 million in the same period of the prior year. The increase was driven

by higher uncommitted spot volumes, which earn higher average tolls, and the 2.5% annual toll increase effective May 1, 2025.

Lease revenues primarily relate to income earned on TMC's third-party tank leases. For the three month period ended March 31, 2026, lease revenues decreased by \$1 million to \$14 million, as compared to \$15 million in the same period of the prior year. The decrease is mainly due to changes in flow-through costs on TMC's Edmonton merchant tanks.

Other revenues mainly relate to pipe rack rent revenues earned at TMC's terminals and other minor revenue items.

### **Operating Expenses**

<b>(millions of Canadian dollars)</b>	<b>Three months ended March 31</b>		
	<b>2026</b>	<b>2025</b>	<b>% Change</b>
Pipeline operating costs	76	75	1%
Depreciation and amortization	281	219	28%
Salaries and benefits	56	49	14%
Taxes, other than income taxes	21	20	5%
Administration	15	17	(12%)
Development costs	9	-	nm
<b>Total</b>	<b>458</b>	<b>380</b>	<b>21%</b>

*Nm- calculation is not meaningful due to lack of comparability between periods.*

Pipeline operating costs for the three months ended March 31, 2026 totalled \$76 million, compared to \$75 million in the same period of the prior year. The increase was primarily due to higher government and community payments, partially offset by lower insurance premiums.

Depreciation and amortization expense for the first quarter of 2026 increased by \$62 million to \$281 million, compared to \$219 million in the prior year period. The increase reflects higher depreciation rates effective July 1, 2025, following the CER's approval of Trans Mountain's 2024 Depreciation Study.

Salaries and benefits expense increased by \$7 million to \$56 million for the three months ended March 31, 2026, compared to \$49 million in the prior year period. In line with TMC's plan, the increase was driven by higher average compensation and a larger workforce to support TMPL operations.

Taxes, other than income taxes, increased by \$1 million to \$21 million in the first quarter of 2026, compared to \$20 million in the prior year period, primarily due to higher property tax assessments.

Administration expenses decreased by \$2 million to \$15 million for the three months ended March 31, 2026, compared to \$17 million in the same period of the prior year, mainly due to lower external contract services.

Development costs totalled \$9 million in the first quarter of 2026 and relate to short and long-term optimization initiatives aimed at increasing pipeline capacity by up to 300,000 bpd.

These initiatives include the potential use of drag-reducing agents and other operational enhancements, all of which remain subject to final investment decisions.

### ***Operating income***

Operating income for the first quarter of 2026 decreased by \$78 million to \$271 million, compared to \$349 million in the same period of the prior year. As revenues were consistent year over year, the decrease was primarily driven by higher depreciation and amortization expense of \$62 million, development costs of \$9 million, and higher salaries and benefits of \$7 million.

### ***Interest expense***

<b>(millions of Canadian dollars)</b>	<b>Three months ended March 31</b>		
	<b>2026</b>	<b>2025</b>	<b>% Change</b>
Interest on credit facilities - related party	148	148	-
Interest income	(5)	(3)	67%
<b>Total</b>	<b>143</b>	<b>145</b>	<b>(1%)</b>

Interest expense in the first quarter of 2026 decreased by \$2 million to \$143 million, as compared to \$145 million in the same period of the prior year. The decrease is due to increased interest income as a result of higher cash balances held by TMC.

### ***Income Taxes***

Income taxes for the three month period ended March 31, 2026 totalled an expense of \$32 million, reflecting an effective tax rate of 24.8%, as compared to an income tax expense in the same period of the prior year of \$57 million, reflecting an effective tax rate of 27.8%.

The effective tax rate for the three month period ended March 31, 2026 of 24.8% was consistent with the Canadian federal tax rate of 15.0% and the combined provincial tax rates of 9.8%, which total 24.8%. The effective tax rate for the three months ended March 31, 2025 of 27.8% was higher than the statutory rate of 24.8% due to the permanent tax rate impact of provincial income allocations during the quarter. Following the commercial commencement of the TMEP, TMC's statutory rate increased from 24.7% to 24.8% as more income was attributable to the Province of British Columbia, which has a higher corporate tax rate. As a result, the opening deferred income taxes balance increased by \$6 million in the first quarter of 2025.

### ***Net Income***

While Adjusted EBITDA reflects the results from TMC's operations, net income incorporates depreciation and amortization expense and the impact of financing TMC's assets. TMC had net income of \$97 million in the first quarter of 2026, as compared to net income of \$148 million in the same period of the prior year, a decrease of \$51 million. The decrease is mainly due to higher depreciation and amortization expense of \$62 million, as well as increased development costs and higher salaries and benefits, partially offset by lower income tax expense.

**Capital Expenditures**

<b>(millions of Canadian dollars)</b>	<b>Three months ended March 31</b>	
	<b>2026</b>	<b>2025</b>
Major projects capital incurred		
Permanent Access Network ("PAN")/TMEP construction capital	12	68
Contractor credits/settlements	-	(122)
TMEP including cash and non-cash items	12	(54)
Sustaining capital expenditures	17	20
<b>Capital expenditures incurred</b>	<b>29</b>	<b>(34)</b>
Changes in non-cash working capital items	57	286
<b>Total capital expenditures</b>	<b>86</b>	<b>252</b>

**PAN/TMEP capital expenditures**

For the three months ended March 31, 2026, PAN construction capital incurred totalled \$12 million mainly related to final cleanup, reclamation, road and civil work on the TMEP.

For the three months ended March 31, 2025, a total of \$68 million in construction capital was incurred on the TMEP, mainly related to cleanup, reclamation, road and civil work. Additionally, in the first quarter of 2025 settlement agreements were reached upon final reconciliation and close out of agreements with various general construction contractors resulting in credits to the capital costs incurred of \$122 million.

**Sustaining capital expenditures**

For the three months ended March 31, 2026, sustaining capital expenditures totalled \$17 million and mainly related to projects required to maintain the TMPL and Puget in a safe and reliable operating condition and included various tank maintenance work.

For the three months ended March 31, 2025, sustaining capital expenditures totalled \$20 million and mainly related to projects required to maintain the TMPL and Puget in a safe and reliable operating condition and included various tank repair work, as well as meter upgrades on Puget at Anacortes and Ferndale.

## Liquidity and Capital Resources

As at March 31, 2026, TMC's main sources of liquidity and capital resources are cash provided by operating activities and financing from the Credit Agreement with TMP Finance. TMC's primary liquidity and capital resource needs are to fund capital expenditures, make required interest and distribution payments to TMP Finance and fund working capital.

TMC intends to distribute excess cash to TMP Finance in the form of dividends, return of capital or repayment of debt. TMC will retain cash reserves sufficient to meet ongoing operating costs, sustaining and growth capital, and tax requirements. During the three month period ended March 31, 2026, the Board of Directors of TMC declared dividends of \$250 million to TMP Finance, of which \$50 million was paid subsequent to quarter end. Subsequent to March 31, 2026, the Board of Directors of TMC declared dividends of \$300 million.

The Credit Agreement with TMP Finance includes three non-revolving term loan facilities, an Acquisition Facility, a Construction Facility, and a Refinancing Facility, as well as a revolving Working Capital Facility (collectively, the "Facilities"). Other than the Working Capital Facility, no further cash draws are permitted under the Credit Agreement. The Working Capital Facility of \$500 million is currently undrawn. The Facilities have an interest rate of 5% on outstanding amounts, require interest to be paid monthly, and mature on August 31, 2032.

The following table summarizes TMC's year to date total cash returns to TMP Finance during the three months ended March 31, 2026 and 2025:

(millions of Canadian dollars)	Three months ended March 31	
	2026	2025
Interest	148	148
Dividends	300	163
<b>Total cash returns</b>	<b>448</b>	<b>311</b>

For the three month period ended March 31, 2026, TMC made \$448 million in interest and dividend payments to TMP Finance. When combined with the \$1,707 million returned in 2025, TMC has returned \$2,155 million in cash to our owner since the completion of the TMEP.

TMC has a \$100 million third-party uncommitted demand revolving letter of credit facility. As at March 31, 2026, TMC had letters of credit of \$49 million issued and outstanding.

TMP LP also has a \$550 million undrawn line of credit agreement with TMP Finance (the "Financial Capacity Line of Credit"), which is designed to meet the CER mandated financial capacity requirements. The Financial Capacity Line of Credit matures five years following the date of the advance or as otherwise extended in accordance with the agreement and has an interest rate of 5% on outstanding amounts and a standby fee of 0.3% on the unadvanced portion.

TMC's total capitalization, including share capital contributions from TMP Finance and TMC's total available credit as of March 31, 2026 and outstanding amounts as of March 31, 2026 and December 31, 2025 are shown in the table below. There are no financial covenants.

<b>(millions of Canadian dollars)</b>	<b>Total available credit March 31, 2026</b>	<b>Debt outstanding March 31, 2026</b>	<b>Debt outstanding December 31, 2025</b>
Acquisition Facility	2,506	2,506	2,506
Construction Facility	6,162	6,162	6,162
Refinancing Facility	3,332	3,332	3,332
Working Capital Facility	500	-	-
Financial Capacity Line of Credit	550	-	-
Cash and cash equivalents		(567)	(479)
<b>Total available credit/net debt</b>	<b>13,050</b>	<b>11,433</b>	<b>11,521</b>
Share capital		22,141	22,141
Accumulated net income		1,538	1,441
Accumulated dividends declared		(1,350)	(1,100)
Retained earnings		188	341
Accumulated other comprehensive income		37	33
<b>Total equity</b>		<b>22,366</b>	<b>22,515</b>
<b>Total capitalization</b>		<b>33,799</b>	<b>34,036</b>

## Summary of Quarterly Results

The following is a summary of selected financial information of TMC for the last eight completed quarters:

<b>(millions of Canadian dollars)</b>	<b>Q1 2026</b>	<b>Q4 2025</b>	<b>Q3 2025</b>	<b>Q2 2025</b>	<b>Q1 2025</b>	<b>Q4 2024</b>	<b>Q3 2024</b>	<b>Q2 2024</b>
Revenues	729	791	765	719	729	695	666	396
Adjusted EBITDA	552	593	591	558	568	515	512	283
Net income (loss)	97	131	127	150	148	(37)	(68)	(48)
Adjusted funds from operations	386	407	418	394	400	138	92	(63)

Revenues, Adjusted EBITDA and AFFO increased beginning in the second quarter of 2024, following the commercial commencement of the TMEP on May 1, 2024. As throughput volumes on the TMPL increased through 2024 and 2025, these financial metrics continued to trend upward.

Prior to the recapitalization of TMC's balance sheet in December 2024, higher interest expense resulted in net losses during the final three quarters of 2024. Net income reported in 2025 and the first quarter of 2026 reflects the combined impact of higher Adjusted EBITDA driven by increased TMPL volumes and lower interest expense subsequent to the balance sheet recapitalization.

## 2026 Financial Outlook

For 2026, TMC expects to generate Adjusted EBITDA of between \$2.2 billion and \$2.3 billion, with total average daily throughput of between 775,000 bpd and 800,000 bpd. Included in Adjusted EBITDA, TMC expects to incur between \$100 million and \$200 million in development costs related to optimization projects in 2026.

Capital spending is expected to total approximately \$0.5 billion, of which approximately \$300 million relates to the final road and civil work related to construction of the TMEP, and \$170 million relates to sustaining capital projects required to maintain the TMPL and Puget in a safe and reliable operating condition.

Increased depreciation expense, as a result of a full year's impact from the higher depreciation rates applied as of July 1, 2025, following the CER approval of Trans Mountain's 2024 Depreciation Study, is expected to result in decreased net income in 2026.

TMC will distribute excess cash to TMP Finance in the form of dividends, return of capital or repayment of debt, subject to the discharge by the Board of Directors of TMC of its fiduciary duties under applicable laws. See 'Liquidity and Capital Resources' for more details on TMC's financing arrangements. Based on the expected adjusted funds from operations, TMC expects to distribute excess cash to TMP Finance of at least \$1.0 billion in 2026.

These projections are based on a number of assumptions that reflect information available as of the date of this Report, including:

- Continued strong demand for transportation to the West coast of Canada and into Washington State; and
- Revenues recorded on the basis of the contractual tolls approved by the CER on a preliminary interim basis.

Actual events and results may vary from our expectations and could be significantly different because of assumptions, risks or uncertainties related to our business that occur after the date of this Report.

## Environment, Health and Safety

Our Environment, Health and Safety program tracks our performance against our own previous three-year average in the areas of vehicle safety, worker safety, and releases of the commodities we transport. Tracking against our own historical performance drives continuous improvement which is an integral part of all our programs. The following table provides a summary of TMC's Environment, Health and Safety program for the three months ended March 31, 2026 and 2025:

	<b>Three months ended March 31</b>	
	<b>2026</b>	<b>2025</b>
<b>Health and Safety</b>		
Avoidable Vehicle Incident Rate (per million km driven)	0.00	0.00
Serious Injury or Fatality (SIF) Rate <sup>(1)(2)</sup>	0.00	N/A
Potential Serious Injury or Fatality (pSIF) Rate <sup>(1)(2)</sup>	0.00	N/A
Lost Time Incident Rate – Employees <sup>(3)</sup>	0.00	0.00
Lost Time Incident Rate – Contractors <sup>(3)</sup>	0.00	0.16
<b>Environment</b>		
Commodity Releases Rate <sup>(2)</sup>	0.00	0.00
Volume of releases (m <sup>3</sup> )	0.0	0.0

(1) Rate is based on estimated combined workforce hours (employees and contractors).

(2) In 2026 TMC commenced the use of SIF and pSIF reporting, as such there is no prior year comparative.

(3) In 2025 TMC reported lost time incident rates for both employees and contractors. Beginning in 2026, TMC began tracking and reporting SIF and pSIF.

(4) Release rates are per 1,000 km of operating pipeline.

While TMC tracks all commodity releases, industry data for releases greater than 1.5 m<sup>3</sup> is the threshold used for performance comparison. There were no commodity releases that met this threshold in 2026.

## Environment, Social and Governance

In June 2025, TMC published its fifth annual Environment, Social and Governance (“ESG”) report sharing TMC's ESG performance, including TMC's Task Force on Climate-Related Financial Disclosures, a copy of which can be found on our website at [www.transmountain.com/esg-report](http://www.transmountain.com/esg-report).

## Non-GAAP measures

We make use of certain financial measures that do not have a standardized meaning under U.S. GAAP because we believe they improve management's ability to evaluate our operating performance and compare results between periods. These are known as non-GAAP measures and may not be similar to measures disclosed by other entities. The non-GAAP measures discussed below should not be considered as an alternative to or more meaningful than revenues, net income, operating income or other U.S. GAAP measures.

### ***Reconciliation of operating income to Adjusted EBITDA***

Adjusted EBITDA is a non-GAAP measure we use to evaluate our operating performance and is calculated from its most directly comparable U.S. GAAP measure, operating income but excludes the impact of non-cash depreciation and amortization. The following table provides a reconciliation of operating income to Adjusted EBITDA:

<b>(millions of Canadian dollars)</b>	<b>Three months ended March 31</b>	
	<b>2026</b>	<b>2025</b>
Revenues	729	729
Less: Operating expenses	(458)	(380)
<b>Operating income</b>	<b>271</b>	<b>349</b>
Add: Depreciation and amortization	281	219
<b>Adjusted EBITDA</b>	<b>552</b>	<b>568</b>

Adjusted EBITDA for the three months ended March 31, 2026 decreased by \$16 million to \$552 million, compared to \$568 million in the prior year period. While revenues remained consistent year over year, with lower transportation volumes offset by higher tolls, the decrease in Adjusted EBITDA was mainly attributable to \$9 million of development costs incurred during the current period and higher salaries and benefits expense.

### ***Reconciliation of cash provided by operating activities to Adjusted Funds from Operations***

AFFO is a non-GAAP measure we use for our financial capital allocation decisions and is calculated from its most directly comparable U.S. GAAP measure, cash provided by operating activities, but removes the impact of changes in non-cash working capital, sustaining capital expenditures and internal-use software expenditures.

AFFO is an important metric as it represents the amount of cash that is available to invest in growth initiatives, make principal repayments on debt, and pay common share dividends or return share capital. Changes in working capital are excluded so cash flow is not distorted by changes that we consider temporary in nature reflecting, among other things, the impact of seasonal factors and timing of receipts and payments.

The following table provides a reconciliation of cash provided by operating activities to AFFO:

(millions of Canadian dollars)	Three months ended March 31	
	2026	2025
<b>Cash provided by operating activities</b>	<b>470</b>	<b>337</b>
Remove: changes in non-cash working capital items	(64)	85
Remove: sustaining and other capital expenditures <sup>(1)</sup>	(20)	(22)
<b>Adjusted Funds from Operations</b>	<b>386</b>	<b>400</b>

(1) Includes sustaining capital expenditures and internal-use software expenditures.

For the three months ended March 31, 2026, AFFO decreased by \$14 million to \$386 million, as compared to \$400 million in the prior year period. The decrease is mainly due to lower Adjusted EBITDA, as interest expense and sustaining and other capital expenditures were relatively consistent year over year.

## Risk Factors

We are exposed to a number of risks in our business. Some of the risks impact the energy industry as a whole and others are unique to our operations. The main risks that may affect the business and operations of TMC and its subsidiaries are set forth below.

### *Regulatory Compliance*

TMC and its subsidiaries are subject to a variety of laws and regulations that require it to obtain registrations, licenses, permits, inspections and other approvals in order to operate. There is no guarantee that such approvals can be obtained on a timely basis, or at all, or that they will be issued with acceptable terms and conditions. Regulatory delays, whether as a result of actions by a regulator or intervention by third parties, may result in project economics becoming less favourable. The cost to comply with regulatory requirements can be significant. Pipelines can be subject to common carrier applications to rate setting by regulatory authorities in the event that fees or tariffs cannot be reached with producers. Producers and shippers may also apply to the appropriate regulatory authorities for a review of tariffs. Tolls for transportation service on the Canadian portion of the TMPL are regulated by the CER. With the commencement of commercial operations on the TMEP on May 1, 2024, all deliveries are now subject to the preliminary interim tolls approved by the CER. In October 2025, Trans Mountain requested, and the CER approved, an abeyance to suspend the current regulatory process to allow for discussions with its firm shippers to resolve concerns raised by the shippers regarding the interim tolls. These discussions may lead to a new negotiated toll settlement for the TMPL. The results of the CER process and commercial discussions may have future impacts on our cash flows.

### *Operational Risks*

Operational risks include, but are not limited to: pipeline leaks; the breakdown or failure of equipment, pipelines and facilities; information systems or processes; the compromise of information systems and control systems; the performance of equipment at levels below those originally intended; adverse conditions affecting marine access and release or spills from shipping vessels loaded at the Westridge Marine Terminal; failure to maintain adequate supplies of spare

parts; operator error; labour disputes; demonstrations or protests; catastrophic events, including, but not limited to, those related to climate change and extreme weather events, including wildfires, floods and other natural disasters, earthquakes, epidemics or pandemic outbreaks, terrorism, sabotage, or third-party damage or similar events, many of which are beyond the control of TMC and all of which could result in operational disruptions, damage to assets, related releases or other environmental issues.

#### *Environmental Regulation and Climate Change*

TMC's activities are regulated by federal, provincial and municipal environmental laws and regulations, which impose, among other things, obligations with respect to the handling and transportation of hazardous substances, and in connection with spills, releases and emissions of various substances into the environment. Environmental legislation also requires that pipelines and other properties associated with the operations of TMC and its subsidiaries be operated, maintained or abandoned and reclaimed to comply with changing regulations and standards. The TMPL runs through or is adjacent to populated areas. Major equipment failure, a release of toxic substances or pipeline rupture could result in damage to the environment, death or injury and substantial costs and liabilities to third parties.

Public support for climate change action remains high. There has been increased environmental activism and public opposition to development, transportation and utilization of fossil fuels, and in relation to the oil sands in particular. Laws, the political landscape in Canada, regulations, policies, obligations, social attitudes and customer preference relating to climate change and the transition to a lower carbon economy could have an adverse impact on TMC's business, including less demand for our services, increased costs from compliance, litigation and regulatory or litigation outcomes.

#### *Health and Safety*

The ownership and operation of the TMPL is subject to hazards of transporting hydrocarbons, including without limitation, spills, leaks, corrosion, vandalism, terrorism, fires and explosions. Any of these hazards can interrupt operations, cause loss of life or personal injury, equipment damage and pollution.

#### *Credit, Liquidity and Availability of Future Financing*

The development of our business and ability to carry out our strategy may be dependent on our ability to obtain additional capital, including, but not limited to debt and equity financing. Among other things, unpredictable financial markets, a change in law, market fundamentals, our credit metrics, business operations or investor or lender policy may impede our ability to secure and maintain cost-effective financing and to repay and refinance existing debt as it becomes due. An inability to access capital, on terms acceptable to us, or at all, could affect our ability to make future capital expenditures and to meet our financial obligations as they become due.

### *Exposure to Counterparties*

In the normal course of business, we enter into contractual relationships with shippers, partners, lenders, suppliers and other counterparties for the provision and sale of goods and services. If such counterparties do not fulfill their contractual obligations on a timely basis, or at all, we may suffer financial losses, which could materially impact our business, results of operations and financial condition.

### *Reliance on Principal Customers*

TMC sells services to large customers within its area of operations and relies on several significant shippers. Shippers have long-term transportation contracts on the TMPL extending to 2039 and 2044, covering approximately 80% of its capacity, which results in certain shippers representing 10% or more of total revenues. If for any reason these parties are unable to perform their obligations under the various agreements with us, the revenues of TMC and the operations of TMC could be negatively impacted. In addition, any default by counterparties under such contracts or any expiration or early termination of tolling arrangements, without renewal or replacement may have an adverse effect on TMC's business and results of operations.

### *Inflation and Interest Rates*

Changes in interest rates could increase our net interest rate exposure and negatively impact our cash flow and financial results. Additionally, TMC is exposed to inflation on non-flow-through operating and capital costs.

### *Uncommitted Transportation Services*

TMC is exposed to volume risk under certain of its transportation services, specifically for uncommitted transportation services. A decrease in uncommitted volumes transported can directly impact TMC's revenues. The utilization of the TMPL may be impacted by factors such as changing market fundamentals including, among others, lower commodity prices, system maintenance, weather issues and operational incidents.

### *Reliance on Other Facilities and Third-Parties*

Our activities at the Westridge Marine Terminal and with respect to the TMPL are dependent upon interconnections with networks and facilities owned and operated by third parties to facilitate delivery of the product to our facilities for transport and enable the product transported to reach end markets extending beyond our pipeline. These connections are important to our customers as they provide critical transportation routes for delivery of product to our facilities and provide product egress to end markets. Risks may be created as a result of differences in product specifications and pressure; and planned and unplanned outages or curtailments at third-party facilities that restrict deliveries to or from the TMPL; and the availability of marine vessels and marine logistics associated with the expanded Westridge Marine Terminal, many of which are beyond the control of TMC and which may negatively affect TMC and its subsidiaries' operations.

### *Reliance on Management, Skilled Workforce and Contractors*

TMC and its subsidiaries operations require the retention and recruitment of a skilled workforce, including engineers, technical personnel and other professionals. If we are unable to retain employees and/or recruit new employees of comparable skill, knowledge and experience, our operations could be negatively impacted. TMC and its subsidiaries rely heavily on the use of contractors in its operations, but TMC does not have the same level of control over its contractors as it does employees and as a result may be adversely affected by violations of law, fraud, cost-over runs and other impacts to its operations caused by contractors. In addition, TMC is dependent on senior management in respect to the administration and management of its operations and the loss of the services of key individuals could negatively impact TMC. TMC may not be able to find suitable replacements in a timely manner who have equivalent skill and experience.

### *Changes in Laws*

The midstream industry is subject to regulation and intervention by governments in matters such as environmental protection, tariffs, abandonment and reclamation activities. The laws may be changed in a manner that could adversely affect TMC or its subsidiaries. In addition, failure to comply with applicable laws or regulations could result in substantial fines or revocation of operating permits and licenses.

### *Political Uncertainty*

International conflict and other geopolitical tensions and events, including war, military action, terrorism, trade disputes and international responses may lead to uncertainty in energy and financial markets, as well as increased cybersecurity risks. Political events and decisions made in Canada, the U.S. and elsewhere, including changes to federal, provincial, state or municipal governments and/or policies, may create future uncertainty and have an adverse effect on TMC's business and financial results.

### *Litigation*

In the course of its business, TMC and its subsidiaries may be subject to lawsuits and other claims. In recent years there has been an increase in climate and disclosure-related litigation in the energy industry and there is no assurance that TMC will not be impacted by such litigation or other legal proceedings.

### *Cyber Security*

TMC collects and stores sensitive data in the ordinary course of its business, including employee information as well as proprietary business information and that of TMC's customers, suppliers, investors and other stakeholders. Cybersecurity threats include unauthorized access to information technology systems due to hacking, viruses, phishing attacks and system failures. A breach in the security or failure of TMC's information technology could result in operational outages, delays, damage to assets or the environment, reputational harm, lost data and other adverse outcomes for which TMC could be liable and which could result in a material adverse effect on the business, operations or financial results of TMC.

### *Breach of Confidentiality*

Breaches of confidentiality could put TMC at competitive risk and may cause significant damage to its business. There is no assurance that, in the event of a breach of confidentiality, TMC will be able to obtain equitable remedies from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that may be caused by such breach of confidentiality.

### *Insurance*

Although TMC carries commercial general liability insurance and other insurance coverage which it believes is customary for similar business operations, such policies contain limits and there is no assurance that the types of insurance and the amounts for which TMC and its subsidiaries are insured, or the proceeds of such insurance will compensate TMC fully for its losses.

### *Foreign Exchange Rates*

While most of our revenues and business are in Canadian dollars, fluctuations in foreign exchange rates may affect our results, particularly the U.S./Canadian dollar. A change in the value of the Canadian dollar relative to the U.S. dollar will impact U.S. dollar revenues and costs, as expressed in Canadian dollars. Fluctuations of exchange rates are beyond our control and could have an adverse effect on our cash flows and results of operations.

## Cautionary Statement regarding Forward-looking Information and Financial Outlook Information

This Report contains certain statements that constitute “forward-looking information” within the meaning of applicable Canadian securities legislation. We disclose forward-looking information to help the reader understand management’s assessment of our future plans and financial outlook and may not be appropriate for other purposes. Forward looking information is typically identified by words such as “anticipate”, “continue”, “estimate”, “expect”, “may”, “will”, “should”, “plan”, “intend”, “target”, “believe” and similar words and expressions. Examples of forward-looking statements contained in this Report include, among others, statements regarding the operations of the TMPL; the interim toll process with shippers, including timing, process, expectations regarding a pause in the CER process and the possibility of a negotiated toll settlement; the expected increase in pipeline capacity that will result from short and long-term optimization initiatives; TMC’s financial outlook for 2026, including expectations regarding Adjusted EBITDA, capital spending, net income future revenues and operating costs, depreciation and amortization, and taxes, other than income taxes; and the payment of dividends by TMC, including TMC retaining sufficient cash reserves and its expectations regarding the distribution of excess cash to TMP Finance, including the amount of such distributions.

Forward-looking statements do not guarantee future performance. Actual results could be different due to incorrect assumptions, risks or uncertainties related to our business, or events that happen after the date of this Report. There is no assurance that the results or events indicated or suggested by the forward-looking statements, or the plans, intentions, expectations

or beliefs contained therein or upon which they are based, are correct or will in fact occur or be realized (or if they do, what benefits TMC may derive therefrom).

This forward-looking information reflects our assumptions and expectations based on information available at the time the information was stated. By its nature, forward-looking information is subject to various assumptions, risks and uncertainties which could cause our actual results and achievements to differ materially from the anticipated results or expectations expressed or implied in such information.

#### Assumptions

Key assumptions on which the forward-looking information contained in this Report is based include, but are not limited to, assumptions about:

- Expected operating and financial results including planned changes in our business;
- Expectations or projections about strategies and goals for system optimization, growth and expansion;
- Expected cash flows and availability of funds from external financing sources;
- Potential costs, schedules and completion dates for planned projects, including projects under construction, permitting and in development;
- Planned and unplanned outages of our pipelines and related assets;
- Integrity and reliability of our assets;
- Expected outcomes relating to regulatory processes and legal proceedings (including expectations regarding the possibility of a negotiated toll settlement), and potential changes in laws and regulations;
- The expected impact of future accounting changes, commitments and contingent liabilities;
- Expected industry, market and economic conditions;
- Future demand for space on our pipeline systems;
- Pace of energy transition;
- Inflation rates and commodity prices; and
- Interest, tax and foreign exchange rates.

#### Risks and uncertainties

The risks and uncertainties that could cause actual results or events to differ materially from current expectations include, but are not limited to:

- Our ability to successfully implement our strategic priorities and whether they will yield the expected financial and operational results and benefits;
- The operating performance of our pipelines and related assets;
- The available supply and price of energy commodities;
- Performance and credit risk of our counterparties;
- Regulatory and legal decisions and outcomes, and potential changes in laws and regulations;
- Changes in market commodity prices, the geopolitical environment, widespread epidemics or pandemics, and economic conditions in Canada and globally;

- Construction execution and completion of capital and operations projects, including reliance on the availability, performance and expertise of a suitably skilled and qualified workforce and third-party contractors;
- Demonstrations, protests or civil disobedience that impact construction execution and/or operations;
- The pace of energy transition initiatives in North America and globally;
- Climate change risks, including the effects of unusual weather and natural catastrophes;
- Climate change effects and regulatory and market compliance and other costs associated with climate change;
- Our ability to transport a broad range of oil products and other fuels;
- Reputational risks;
- Increases in costs for labour, equipment and materials;
- Fluctuations in interest, tax and foreign exchange rates;
- Risks related to cyber security, confidentiality, and data integrity;
- Risks related to technological developments;
- Natural hazards (floods, wildfires, landslides, seismic activity, etc.); and
- Those risks and contingencies described under “Risk Factors” in this Report.

This Report also contains financial outlook information about TMC’s guidance for 2026, including with respect to budgeted capital expenditures, revenue, expenses, cost estimates, Adjusted EBITDA, cash flows from operations and distributions of excess cash, all of which are subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraphs and the assumptions outlined under “2026 Financial Outlook” in this Report.

The forward-looking information and financial outlook information contained in this Report were approved by management as of the date of this Report. To the extent any information in this Report constitutes a “financial outlook”, within the meaning of applicable securities laws, such information is being provided for the purpose of providing further information about TMC’s future business operations and performance, and readers are cautioned that this information may not be appropriate for any other purpose. While we believe such information has been prepared on a reasonable basis, reflecting management’s expectations, estimates and projections regarding future events or circumstances based on assumptions that are reasonable in the circumstances, such information should not be relied upon as necessarily indicative of future results. Forward-looking or financial outlook information should not be used for anything other than its intended purpose, as actual results could vary. Any forward-looking statement in this Report is based only on information currently available to us and speaks only as of the date on which it is made. Except as required by applicable laws, we undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise. The forward-looking information and statements contained in this Report are expressly qualified by this cautionary statement.