



MANAGEMENT REPORT

For the three and six month periods ended June 30, 2025

August 5, 2025



This Management Report (the “Report”) should be read in conjunction with the unaudited consolidated financial statements of Trans Mountain Corporation for the three and six month periods ended June 30, 2025 (“TMC’s Financial Statements”) as well as the audited consolidated financial statements of Trans Mountain Corporation for the year ended December 31, 2024 and Trans Mountain Corporation’s Management Report for the year ended December 31, 2024. TMC’s Financial Statements are prepared in accordance with Generally Accepted Accounting Principles in the United States of America (“U.S. GAAP”) for interim consolidated financial information. 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 Federal Government’s direction and 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 1,150 kilometer pipeline system that begins near Edmonton, Alberta and terminates in Burnaby, British Columbia, with a combined nominal capacity of 890,000 bpd. Collectively, the newly constructed pipeline and the original pipeline operate collectively as the expanded pipeline system (the “Expanded System”).

Shippers have signed contracts for transportation service on the Expanded System and have made 15 and 20 year commitments that total approximately 80% of the capacity on the Expanded



System. 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.

Trans Mountain Expansion Project

Construction of the TMEP was completed in May 2024, with reclamation, road and civil work expected to continue throughout 2025. Since the inception of the project, \$28.6 billion in construction capital spending has been incurred plus \$5.1 billion in financial carrying costs have been capitalized. The TMEP was mechanically complete, with the final “golden weld” occurring on April 11, 2024. The commercial commencement date for the Expanded System was May 1, 2024. All deliveries have since been subject to the Expanded System tariff and tolls and both pipelines are transporting crude. TMC can load cargoes from its state-of-the-art loading facility, Westridge Marine Terminal, with three berths providing tidewater access to global markets.

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 Expanded System on May 1, 2024, TMC began recording revenue on the basis of these preliminary interim tolls. The interim tolls are currently under examination by the CER due to issues raised by shippers, with process steps continuing through to the first quarter of 2026.

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

Financial Highlights

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. 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. It also excludes the impact of financing decisions, non-cash equity AFUDC¹, foreign exchange, taxes and other expenses. Adjusted funds from operations 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 and sustaining capital expenditures.

Financial Highlights	Three months ended		Six months ended	
	June 30		June 30	
(millions of Canadian dollars, except throughput amounts)	2025	2024	2025	2024
Revenues	719	396	1,448	521
Adjusted EBITDA ^(a)	558	283	1,126	319
Operating income	339	132	688	141
Net income (loss)	150	(48)	298	110
Cash provided by operating activities	283	65	620	44
Adjusted funds from operations ^(a)	397	(59)	799	(185)
Dividends declared	163	-	356	-
Capital expenditures incurred	69	544	35	1,648
Average daily throughput				
BC Deliveries (bpd)	90,000	85,000	87,000	68,000
Puget Sound Pipeline (bpd)	170,000	229,000	199,000	232,000
Westridge Marine Terminal (bpd)	443,000	157,000	444,000	102,000
Mainline deliveries (bpd)	703,000	471,000	730,000	402,000

Financial Position at (millions of Canadian dollars)	June 30, 2025	December 31, 2024
Cash and cash equivalents and restricted cash	464	494
Total assets	36,995	37,380
Total debt	12,000	12,000

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

¹ Allowance for Funds Used During Construction (“AFUDC”). A component of construction cost in regulated utilities representing the cost of capital deployed during construction of new assets. AFUDC contains a cost of borrowed funds component and a return on equity component.

Revenues

(millions of Canadian dollars)	Three months ended June 30			Six months ended June 30		
	2025	2024	% Change	2025	2024	% Change
Transportation	702	380	85%	1,415	491	188%
Leases	16	15	7%	31	29	7%
Other	1	1	-	2	1	100%
Total	719	396	82%	1,448	521	178%

Total revenues consist of income from three sources: transportation, leases and other services. With the commercial commencement of service on the Expanded System occurring on May 1, 2024, all deliveries have since been subject to the Expanded System tariff and tolls. Contractually committed revenues associated with the 15 and 20 year committed contracts for transportation service that total approximately 80% of the capacity on the Expanded System have resulted in a significant increase to revenues. For the three month period ended June 30, 2025, total revenues increased by \$323 million to \$719 million, as compared to \$396 million in the same period of the prior year. For the six month period ended June 30, 2025, total revenues increased by \$927 million to \$1,448 million, as compared to \$521 million in the same period of the prior year.

In the second quarter of 2025, TMC delivered an average of 703,000 bpd, of which 14,000 bpd were uncommitted spot volumes, as compared to 471,000 bpd in the same period of the prior year. For the six month period ended June 30, 2025 TMC delivered an average of 730,000 bpd, of which 21,000 bpd were uncommitted spot volumes, as compared to 402,000 bpd in the same period of the prior year. As a result, transportation revenues in the second quarter of 2025 increased by \$322 million to \$702 million, as compared to \$380 million in the same period of the prior year. On a year to date basis, transportation revenues for the six month period ended June 30, 2025 increased by \$924 million to \$1,415 million, as compared to \$491 million in the same period of the prior year. The increase for both the three and six month periods ended June 30, 2025, as compared to the same periods in the prior year, is due to the commercial commencement of the Expanded System on May 1, 2024, resulting in higher tolls and increased throughput.

Lease revenues primarily relate to income earned on TMC's third party tank leases. For the three month period ended June 30, 2025, lease revenues increased by \$1 million to \$16 million, as compared to \$15 million in the same period of the prior year. On a year to date basis, lease revenues for the six month period ended June 30, 2025 increased by \$2 million to \$31 million, as compared to \$29 million in the same period of the prior year. The increase for both the three and six month periods ended June 30, 2025, as compared to the same periods in the prior year, is mainly due to higher 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

(millions of Canadian dollars)	Three months ended June 30			Six months ended June 30		
	2025	2024	% Change	2025	2024	% Change
Pipeline operating costs	75	49	53%	150	90	67%
Depreciation and amortization	219	151	45%	438	178	146%
Salaries and benefits	49	40	23%	98	75	31%
Taxes, other than income taxes	20	15	33%	40	25	60%
Administration	17	9	89%	34	12	183%
Total	380	264	44%	760	380	100%

With the commencement of service on the Expanded System occurring on May 1, 2024, the increase in volumes transported on the Expanded System has resulted in higher pipeline operating costs, depreciation and amortization, and taxes, other than income taxes. Additionally, salaries and benefits and administration costs have increased due to a larger workforce required to support the Expanded System and associated business requirements.

Pipeline operating costs for the three month period ended June 30, 2025 totalled \$75 million reflecting an increase of \$26 million, as compared to \$49 million in the same period of the prior year. On a year to date basis, pipeline operating costs for the six month period ended June 30, 2025 increased by \$60 million to \$150 million, as compared to \$90 million in the same period of the prior year. The increase for both the three and six month periods ended June 30, 2025, as compared to the same periods in the prior year, is mainly due to the commencement of commercial operations on the Expanded System on May 1, 2024, resulting in increased government and community payments, higher asset integrity costs, increased insurance premiums and higher power costs.

Depreciation and amortization expense in the second quarter of 2025 increased by \$68 million to \$219 million, as compared to \$151 million in the same period of the prior year. On a year to date basis, depreciation and amortization expense for the six month period ended June 30, 2025 increased by \$260 million to \$438 million, as compared to \$178 million in the same period of the prior year. The increase for both the three and six month periods ended June 30, 2025, as compared to the same periods in the prior year, is due to the commencement of commercial operations on the Expanded System on May 1, 2024, as the TMEP assets were transferred from construction work in progress to their respective fixed asset classification, resulting in the commencement of depreciation and amortization expense.

Salaries and benefits expense for the three month period ended June 30, 2025 increased by \$9 million to \$49 million, as compared to \$40 million in the same period of the prior year. On a year to date basis, salaries and benefits expense for the six month period ended June 30, 2025 increased by \$23 million to \$98 million, as compared to \$75 million in the same period of the prior year. The increase for both the three and six month periods ended June 30, 2025, as compared to the same periods in the prior year, is due to costs associated with increases in the workforce to support the Expanded System and associated business requirements. In addition,

2024 salaries and benefits expense, prior to the May 1, 2024 commencement of service on the Expanded System, benefitted from the capitalization of certain costs to the TMEP.

Taxes, other than income taxes, in the second quarter of 2025 increased by \$5 million to \$20 million, as compared to \$15 million in the same period of the prior year. On a year to date basis, taxes, other than income taxes, for the six month period ended June 30, 2025 increased by \$15 million to \$40 million, as compared to \$25 million in the same period of the prior year. The increase for both the three and six month periods ended June 30, 2025, as compared to the same periods in the prior year, is due to the commencement of commercial operations on the Expanded System on May 1, 2024, resulting in higher property taxes.

Administration expenses for the three month period ended June 30, 2025 increased by \$8 million to \$17 million, as compared to \$9 million in the same period of the prior year. On a year to date basis, administration expenses for the six month period ended June 30, 2025 increased by \$22 million to \$34 million, as compared to \$12 million in the same period of the prior year. The increase for both the three and six month periods ended June 30, 2025, as compared to the same periods in the prior year, is mainly due to higher external contract services and increased costs associated with supporting a larger workforce. In addition, 2024 administration expenses, prior to the May 1, 2024 commencement of service on the Expanded System, benefitted from the capitalization of certain costs to the TMEP.

Operating income and Adjusted EBITDA

The following table provides a reconciliation of operating income to Adjusted EBITDA:

(millions of Canadian dollars)	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Revenues	719	396	1,448	521
Less: Operating expenses	(380)	(264)	(760)	(380)
Operating income	339	132	688	141
Add: Depreciation and amortization	219	151	438	178
Adjusted EBITDA	558	283	1,126	319

Operating income in the second quarter of 2025 increased by \$207 million to \$339 million, as compared to \$132 million in the same period of the prior year. On a year to date basis, operating income for the six month period ended June 30, 2025 increased by \$547 million to \$688 million as compared to \$141 million in the same period of the prior year. The significant increase in operating income for both the three and six month periods ended June 30, 2025, as compared to the same periods in the prior year, is mainly due to the commencement of commercial operations on the Expanded System on May 1, 2024, which has resulted in a significant increase to transportation volumes, revenues and Adjusted EBITDA, partially offset by increased depreciation and amortization expense.

Adjusted EBITDA for the three month period ended June 30, 2025 increased by \$275 million to \$558 million, as compared to \$283 million in the same period of the prior year. On a year to date basis, adjusted EBITDA for the six month period ended June 30, 2025 increased by \$807 million

to \$1,126 million, as compared to \$319 million in the same period of the prior year. The increase for both the three and six month periods ended June 30, 2025, as compared to the same periods in the prior year, is due to the commencement of commercial operations on the Expanded System on May 1, 2024. All deliveries have since been subject to the Expanded System tariff and tolls. Contractually committed revenues associated with the 15 and 20 year committed contracts for transportation service that total approximately 80% of the capacity on the Expanded System, have resulted in a significant increase to transportation volumes, revenues and Adjusted EBITDA.

Equity Allowance for funds used during construction (“AFUDC”)

Equity AFUDC is a component of construction cost in regulated utilities representing the cost of capital deployed during construction of new assets. For both the three and six month periods ended June 30, 2025, \$1 million in equity AFUDC was recorded, as compared to \$118 million and \$461 million, respectively in the same periods of the prior year. The significant decrease for both the three and six month periods ended June 30, 2025, as compared to the same periods in the prior year, is due to the commercial commencement of the Expanded System on May 1, 2024 resulting in the cessation of the capitalization of AFUDC on the TMEP.

Interest expense

(millions of Canadian dollars)	Three months ended June 30			Six months ended June 30		
	2025	2024	% Change	2025	2024	% Change
Interest and commitment fees						
Syndicated Facility	-	282	(100%)	-	557	(100%)
Credit Facilities - related party	150	103	46%	298	206	45%
Guarantee fee - related party	-	11	(100%)	-	21	(100%)
Capitalized debt financing costs	-	(83)	(100%)	-	(326)	(100%)
Interest income and other	(14)	-	nm	(17)	(2)	nm
Total	136	313	(57%)	281	456	(38%)

nm – calculation not meaningful due to lack of comparability between periods.

Interest expense in the second quarter of 2025 decreased by \$177 million to \$136 million, as compared to \$313 million in the same period of the prior year. On a year to date basis, interest expense for the six month period ended June 30, 2025 decreased by \$175 million to \$281 million, as compared to \$456 million in the same period of the prior year. Subsequent to the recapitalization of TMC’s balance sheet in December 2024, which repaid the third party syndicated revolving facility, lowered the overall outstanding debt balance and eliminated the guarantee, and associated fees with the Government of Canada, interest expense has decreased significantly. The decrease in interest expense was partially offset by the cessation of capitalized debt financing costs following the commercial commencement of the Expanded System on May 1, 2024.

Income Taxes

Income taxes for the three month period ended June 30, 2025 totalled an expense of \$54 million, reflecting an effective tax rate of 26.5%, as compared to an income tax recovery in the same period of the prior year of \$15 million, reflecting an effective tax rate of 23.8%. For the six month period ended June 30, 2025, income tax expense totalled \$111 million, reflecting an effective tax rate of 27.1%, as compared to income tax expense in the same period of the prior year of \$36 million, reflecting an effective tax rate of 24.7%.

The effective tax rate for the three and six month periods ended June 30, 2025 was higher than the statutory rate of 24.8% due to foreign dividend withholding tax incurred during the period. In addition, for the six month period ended June 30, 2025, the effective tax rate was higher than the statutory rate due to the permanent tax rate impact of provincial income allocations in the first quarter. Following the commercial commencement of the Expanded System, TMC's statutory rate increased from 24.7% to 24.8% as more income is now 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.

The effective tax rates for the three and six month periods ended June 30, 2024 were consistent with the statutory rate of 24.7% and include the impact of foreign tax rate differences.

Net Income

While Adjusted EBITDA reflects the results from TMC's operations, net income incorporates depreciation and amortization expense and the significant financing impact of the TMEP, specifically equity allowance for funds used during construction, interest expense and capitalized debt financing costs. TMC had net income of \$150 million in the second quarter of 2025, as compared to a net loss of \$48 million in the same period of the prior year. On a year to date basis, net income for the six month period ended June 30, 2025 increased by \$188 million to \$298 million, as compared to \$110 million in the same period of the prior year.

The significant increase in net income for the three and six month periods ended June 30, 2025, as compared to the same periods in the prior year, is mainly due to the increase in Adjusted EBITDA, following the commercial commencement of the Expanded System on May 1, 2024, and materially lower interest expense following the recapitalization of TMC's balance sheet in December 2024. These factors were partially offset by increased depreciation and amortization expense, and the cessation of equity AFUDC and capitalized debt financing costs on the TMEP following the commercial commencement of the Expanded System.

Adjusted Funds from Operations

The following table provides a reconciliation of cash provided by (used in) operating activities to Adjusted Funds from Operations (“AFFO”):

(millions of Canadian dollars)	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Cash provided by operating activities	283	65	620	44
Remove: changes in non-cash working capital	134	(97)	219	(184)
Remove: sustaining capital expenditures	(20)	(27)	(40)	(45)
Adjusted Funds from Operations	397	(59)	799	(185)

AFFO is an important metric as it represents the amount of cash that is available to invest in growth initiatives including the completion of the TMEP, make principal repayments on debt, 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.

Capital Expenditures

(millions of Canadian dollars)	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
TMEP construction capital incurred	49	318	117	819
TMEP carrying costs ⁽¹⁾	-	199	-	784
Contractor credits/settlements	-	-	(122)	-
TMEP including cash and non-cash items	49	517	(5)	1,603
Sustaining capital expenditures	20	27	40	45
Capital expenditures incurred	69	544	35	1,648
Changes in non-cash working capital items	(17)	47	269	(104)
Total capital expenditures	52	591	304	1,544

(1) TMEP carrying costs include equity allowance for funds used during construction and capitalized debt financing costs related to the TMEP construction.

TMEP capital expenditures

For the three and six month periods ended June 30, 2025, TMEP construction capital incurred totalled \$49 million and \$117 million, respectively mainly related to cleanup, reclamation, road and civil work, which is expected to continue throughout 2025. 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, resulting in a net credit to the TMEP for the six months ended June 30, 2025 of \$5 million.

For the three months ended June 30, 2024, TMEP construction capital incurred totalled \$318 million, while capitalized carrying costs totalled \$199 million. For the six month period ended June 30, 2024, TMEP construction capital incurred totalled \$819 million, while capitalized carrying costs totalled \$784 million.



Sustaining capital expenditures

For the three and six month periods ended June 30, 2025, sustaining capital expenditures totalled \$20 million and \$40 million, respectively 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.

For the three and six months ended June 30, 2024, sustaining capital expenditures totalled \$27 million and \$45 million, respectively and included costs associated with the installation of communication hubs for the fiber optic network as well as projects required to maintain the TMPL and Puget in a safe and reliable operating condition.

Liquidity and Capital Resources

As at June 30, 2025, 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, including the final work related to construction of the TMEP, make required interest and distribution payments to TMP Finance and to fund working capital.

In accordance with TMC's Subscription Agreement with TMP Finance, TMC 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 TMC of its fiduciary duties under applicable laws. TMC will retain cash reserves sufficient to meet ongoing operating costs, sustaining and growth capital, and tax requirements. During the three and six months ended June 30, 2025, the Board of Directors of TMC declared dividends of \$163 million and \$356 million, respectively to TMP Finance, of which \$326 million was paid during the six month period ended June 30, 2025, with the remaining \$30 million paid subsequent to quarter end on July 31, 2025.

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. For the six month period ended June 30, 2025, TMC made \$298 million in interest payments to TMP Finance. When combined with the \$326 million in dividends paid to TMP Finance, and the \$105 million in guarantee fees paid, TMC returned \$729 million in cash in the first six months of 2025.

On February 5, 2025, the previously available third party letter of credit facility was replaced with a \$100 million third party uncommitted demand revolving letter of credit facility (the "Demand LC Facility"). All previously issued and outstanding letters of credit were deemed to be letters of credit issued under the Demand LC Facility. As at June 30, 2025, TMC had letters of credit of \$63 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 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 outstanding amounts and a standby fee of 0.3% on the unadvanced portion.

Total capital contributions from TMP Finance and TMC’s total available credit as of June 30, 2025 and outstanding amounts as of June 30, 2025 and December 31, 2024 are shown in the table below. There are no financial covenants.

(millions of Canadian dollars)	Total available credit June 30, 2025	Debt outstanding June 30, 2025	Debt outstanding December 31, 2024
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	550	-	-
Total available credit/debt	13,050	12,000	12,000
Share capital		22,141	22,141
Total investment		34,141	34,141

Summary of Quarterly Results

(millions of Canadian dollars)	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Revenues	719	729	695	666	396	125	124	138
Adjusted EBITDA	558	568	515	512	283	36	46	45
Net income (loss)	150	148	(37)	(68)	(48)	158	160	(724)
Adjusted funds from operations	397	402	137	93	(59)	(126)	(115)	(112)

Revenues and Adjusted EBITDA began to increase significantly in the second quarter of 2024, following the commercial commencement of the Expanded System on May 1, 2024. All deliveries have since been subject to the Expanded System tariff and tolls. Contractually committed revenues associated with the 15 and 20 year committed contracts for transportation service that total approximately 80% of the capacity on the Expanded System, have resulted in a significant increase to transportation volumes, revenues and Adjusted EBITDA. Revenues and Adjusted EBITDA are also impacted by uncommitted volumes delivered on the Expanded System, which were highest during the first quarter of 2025.

Prior to May 1, 2024, TMPL operated under the Incentive Toll Settlement (“ITS”) agreement with its shippers. As a result, revenues were impacted by flow through costs primarily related to items such as power, environmental remediation and insurance costs, which could vary quarter over quarter. Adjusted EBITDA was mainly impacted by throughput and revenues on Puget. As the TMEP progressed towards completion, Adjusted EBITDA was impacted by increased salaries and benefits and higher administration expenses, due to costs associated with increases in the workforce required to support the commencement of the Expanded System and associated business requirements.

Prior to the commercial commencement of the Expanded System on May 1, 2024, net income was impacted by the cumulative impact of capital spending on the TMEP and the corresponding increase in equity AFUDC, which positively impacts net income. The third quarter of 2023 was also significantly impacted by a goodwill impairment which led to a net loss. The net losses recognized in the last three quarters of 2024 reflect the commercial commencement of the Expanded System on May 1, 2024, which resulted in a significant increase in Adjusted EBITDA, offset by increased depreciation and amortization expense, the cessation of equity AFUDC and capitalized debt financing costs on the TMEP, and higher interest expense. The net income recognized in 2025 reflects higher Adjusted EBITDA, due to increased uncommitted volumes being delivered on the Expanded System, and lower interest expense following the recapitalization of TMC's balance sheet in December 2024.

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 in 2025:

Health and Safety	Three months ended June 30, 2025	Three-year TMC average
Avoidable Vehicle Incident Rate (per million km driven)	0.00	0.07
Lost Time Incident Rate ⁽¹⁾		
Employees	0.15	0.14
Contractors	0.16	0.03
Environment		
Commodity Releases Rate ⁽²⁾	0.00	0.41
Volume of releases(m ³)	0.0	1.0

(1) Total Recordable Injury Rate: number of recordable incidents X 200,000 divided by number of hours worked.

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

While TMC tracks all commodity releases, industry data for releases greater than 1.5 m³ is the threshold used for performance comparison. There were no commodity releases in 2025 that met this threshold.

Environment, Social and Governance

In June 2025, TMC published its fifth annual Environment, Social and Governance ("ESG") report sharing the company'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.

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 Expanded System are regulated by the CER. With the commencement of commercial operations on the Expanded System on May 1, 2024, all deliveries are now subject to the Expanded System tariff and tolls. The interim tolls are currently under examination by the CER due to issues raised by shippers with process steps continuing through to the first quarter of 2026. The results of the CER process 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 process; 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

Expanded System 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 has grown in recent years. 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 Expanded System 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 ratings, 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. In particular, shippers have signed contracts for transportation service on the Expanded System and have made 15 and 20 year commitments that total approximately 80% of the capacity on the Expanded System. 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 Expanded System 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 Expanded System 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 Expanded System; 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.

Forward-looking 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. 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 TMEP including the timing of cleanup, reclamation, road and civil work related to the TMEP; the timing of the interim toll process with shippers; the timing and ability to load cargo from the Westridge Marine Terminal; expectations regarding increases in future revenues and operating costs, depreciation and amortization, and taxes, other than income taxes; and expectations regarding increases in the workforce to support the Expanded System.

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, 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.

Forward-looking 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.