



**MANAGEMENT REPORT**  
For the year ended December 31, 2025

March 5, 2026



This Management Report (the “Report”) should be read in conjunction with the audited consolidated financial statements of Trans Mountain Corporation for the year ended December 31, 2025 (“TMC’s Financial Statements”). 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. 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

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.

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 Expanded System, 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. Subsequent to year end, Trans Mountain requested the CER continue the abeyance until April 2026 in order to allow additional time to continue the commercial discussions. The CER has approved this request.

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 AFUDC<sup>1</sup>, 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, sustaining capital expenditures and internal-use software expenditures.

<b>Financial Highlights</b> <b>(millions of Canadian dollars, except throughput amounts)</b>	<b>Three months ended</b> <b>December 31</b>		<b>Year ended</b> <b>December 31</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Revenues	791	695	3,004	1,882
Adjusted EBITDA <sup>(a)</sup>	593	515	2,310	1,346
Operating income	314	301	1,315	739
Net income (loss)	131	(37)	556	5
Cash provided by operating activities	527	343	1,590	712
Adjusted funds from operations <sup>(a)</sup>	407	138	1,619	39
Dividends declared	581	-	1,100	-
Capital expenditures incurred	149	193	320	2,261
Average daily throughput				
BC Deliveries (bpd)	100,000	87,000	94,000	80,000
Puget Sound Pipeline (bpd)	203,000	239,000	208,000	234,000
Westridge Marine Terminal (bpd)	504,000	395,000	459,000	241,000
Mainline deliveries (bpd)	807,000	721,000	761,000	555,000

<b>Financial Position at (millions of Canadian dollars)</b>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Cash and cash equivalents and restricted cash	481	494
Total assets	36,673	37,380
Total debt	12,000	12,000

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

<sup>1</sup> 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**

<b>(millions of Canadian dollars)</b>	<b>Three months ended December 31</b>			<b>Year ended December 31</b>		
	<b>2025</b>	<b>2024</b>	<b>% Change</b>	<b>2025</b>	<b>2024</b>	<b>% Change</b>
Transportation	774	678	14%	2,938	1,818	62%
Leases	17	17	-	63	62	2%
Other	-	-	-	3	2	50%
<b>Total</b>	<b>791</b>	<b>695</b>	<b>14%</b>	<b>3,004</b>	<b>1,882</b>	<b>60%</b>

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 throughput and revenues. For the three month period ended December 31, 2025, total revenues increased by \$96 million to \$791 million, as compared to \$695 million in the same period of the prior year. For the year ended December 31, 2025, total revenues increased by \$1,122 million to \$3,004 million, as compared to \$1,882 million in the prior year.

Throughput in the fourth quarter of 2025 of 807,000 bpd, included 64,000 bpd of uncommitted spot volumes, both of which were the highest on record, compared to 721,000 bpd in the same period of the prior year. As a result, transportation revenues in the fourth quarter of 2025 increased by \$96 million to \$774 million, as compared to \$678 million in the same period of the prior year. For the year ended December 31, 2025, TMC delivered an average of 761,000 bpd, of which 32,000 bpd were uncommitted spot volumes, as compared to 555,000 bpd in the prior year, resulting in transportation revenues in 2025 increasing by \$1,120 million to \$2,938 million, as compared to \$1,818 million in the prior year. The increase 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 December 31, 2025, lease revenues of \$17 million were unchanged from the same period of the prior year. For the year ended December 31, 2025, lease revenues increased by \$1 million to \$63 million, as compared to \$62 million in the prior year. The increase 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 December 31</b>			<b>Year ended December 31</b>		
	<b>2025</b>	<b>2024</b>	<b>% Change</b>	<b>2025</b>	<b>2024</b>	<b>% Change</b>
Pipeline operating costs	101	94	7%	335	263	27%
Depreciation and amortization	279	214	30%	995	607	64%
Salaries and benefits	52	49	6%	200	167	20%
Taxes, other than income taxes	20	18	11%	79	59	34%
Administration	25	19	32%	80	47	70%
<b>Total</b>	<b>477</b>	<b>394</b>	<b>21%</b>	<b>1,689</b>	<b>1,143</b>	<b>48%</b>

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 December 31, 2025 totalled \$101 million reflecting an increase of \$7 million, as compared to \$94 million in the same period of the prior year. The increase is mainly due to higher power costs, associated with increased throughput, increased government and community payments and higher environmental remediation, partially offset by lower asset integrity costs and decreased insurance premiums. For the year ended December 31, 2025, pipeline operating costs increased by \$72 million to \$335 million, as compared to \$263 million in the prior year. The increase 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 power costs, increased environmental remediation, and higher asset integrity costs.

Depreciation and amortization expense in the fourth quarter of 2025 increased by \$65 million to \$279 million, as compared to \$214 million in the same period of the prior year. The increase is due to higher depreciation rates applied as of July 1, 2025, following the CER approval of Trans Mountain's 2024 Depreciation Study. For the year ended December 31, 2025, depreciation and amortization expense increased by \$388 million to \$995 million, as compared to \$607 million in the prior year. The increase is due to higher depreciation rates applied as of July 1, 2025, following the CER approval of Trans Mountain's 2024 Depreciation Study, and 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 December 31, 2025 increased by \$3 million to \$52 million, as compared to \$49 million in the same period of the prior year. For the year ended December 31, 2025, salaries and benefits expense increased by \$33 million to \$200 million, as compared to \$167 million in the prior year. The increase for both the three months and year ended December 31, 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 expenses were lower due to the capitalization of \$21 million in costs to capital projects, including the TMEP. In 2025, TMC capitalized \$5 million in salaries and benefits to capital projects.

Taxes, other than income taxes, in the fourth quarter of 2025 increased by \$2 million to \$20 million, as compared to \$18 million in the same period of the prior year. The increase is due to property tax assessment increases in 2025. For the year ended December 31, 2025, taxes, other than income taxes, increased by \$20 million to \$79 million, as compared to \$59 million in the prior year. The increase 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 December 31, 2025 increased by \$6 million to \$25 million, as compared to \$19 million in the same period of the prior year. For the year ended December 31, 2025, administration expenses increased by \$33 million to \$80 million, as compared to \$47 million in the prior year. The increase for both the three months and year ended December 31, 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 were lower due to the capitalization of \$19 million in costs to capital projects, including the TMEP. In 2025, TMC capitalized \$4 million in administration expenses to capital projects.

### ***Operating income and Adjusted EBITDA***

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

<b>(millions of Canadian dollars)</b>	<b>Three months ended December 31</b>		<b>Year ended December 31</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Revenues	791	695	3,004	1,882
Less: Operating expenses	(477)	(394)	(1,689)	(1,143)
<b>Operating income</b>	<b>314</b>	<b>301</b>	<b>1,315</b>	<b>739</b>
Add: Depreciation and amortization	279	214	995	607
<b>Adjusted EBITDA</b>	<b>593</b>	<b>515</b>	<b>2,310</b>	<b>1,346</b>

Operating income in the fourth quarter of 2025 increased by \$13 million to \$314 million, as compared to \$301 million in the same period of the prior year. The increase mainly due to higher transportation volumes, resulting in increased revenues and Adjusted EBITDA, partially offset by increased depreciation and amortization expense. For the year ended December 31, 2025, operating income increased by \$576 million to \$1,315 million as compared to \$739 million in the prior year. The significant increase 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 December 31, 2025 increased by \$78 million to \$593 million, as compared to \$515 million in the same period of the prior year. The increase in mainly due to higher transportation volumes, resulting in increased revenues, partially offset

by higher operating costs. For the year ended December 31, 2025, adjusted EBITDA increased by \$964 million to \$2,310 million, as compared to \$1,346 million in the prior year. The increase 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, to a lesser extent, operating expenses.

### ***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. No equity AFUDC was recorded in the three month period ended December 31, 2025, as compared to \$1 million in the same period of the prior year. For the year ended December 31, 2025, \$1 million in equity AFUDC was recorded, as compared to \$462 million in the prior year. The significant decrease in 2025, as compared to 2024, is due to the commercial commencement of the Expanded System on May 1, 2024, resulting in the cessation of the capitalization of equity AFUDC on the TMEP.

### ***Interest expense***

<b>(millions of Canadian dollars)</b>	<b>Three months ended December 31</b>			<b>Year ended December 31</b>		
	<b>2025</b>	<b>2024</b>	<b>% Change</b>	<b>2025</b>	<b>2024</b>	<b>% Change</b>
Interest and commitment fees						
Syndicated Facility	-	213	(100%)	-	1,042	(100%)
Credit Facilities - related party	152	113	35%	602	425	42%
Guarantee fee - related party	-	9	(100%)	-	42	(100%)
Capitalized debt financing costs	(1)	-	nm	(2)	(327)	(99%)
Interest expense (income) and other	(5)	17	nm	(28)	15	nm
<b>Total</b>	<b>146</b>	<b>352</b>	<b>(59%)</b>	<b>572</b>	<b>1,197</b>	<b>(52%)</b>

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

Interest expense in the fourth quarter of 2025 decreased by \$206 million to \$146 million, as compared to \$352 million in the same period of the prior year. Interest expense has decreased significantly 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.

For the year ended December 31, 2025, interest expense decreased by \$625 million to \$572 million, as compared to \$1,197 million in the prior year. The decrease is due to the recapitalization of TMC’s balance sheet in December 2024, 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 December 31, 2025 totalled an expense of \$39 million, reflecting an effective tax rate of 22.9%, as compared to an income tax recovery in the same period of the prior year of \$13 million, reflecting an effective tax rate of 26.0%. For the year ended December 31, 2025, income tax expense totalled \$191 million, reflecting an effective tax rate of 25.6%. For the year ended December 31, 2024, income taxes were less than \$1 million, resulting in an effective tax rate that is not meaningful.

The effective tax rate for the three month period ended December 31, 2025 of 22.9% was lower than the statutory rate of 24.8% due to the impact of foreign tax rate differences. For the year ended December 31, 2025, the effective tax rate of 25.6% was higher than the statutory rate of 24.8% 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.

The effective tax rates for the three months and year ended December 31, 2024 differed from the statutory rate of 24.7% due to 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 AFUDC, interest expense and capitalized debt financing costs. TMC had net income of \$131 million in the fourth quarter of 2025, as compared to a net loss of \$37 million in the same period of the prior year. For the year ended December 31, 2025, net income increased by \$551 million to \$556 million, as compared to \$5 million in the prior year.

The increase in net income in the fourth quarter of 2025, as compared to the same period in the prior year, is due to higher transportation volumes resulting in increased revenues and Adjusted EBITDA, and lower interest expense following the recapitalization of TMC's balance sheet in December 2024, partially offset by increased depreciation and amortization expense.

The significant increase in net income for the year ended December 31, 2025, as compared to 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 operating activities to Adjusted Funds from Operations (“AFFO”):

<b>(millions of Canadian dollars)</b>	<b>Three months ended December 31</b>		<b>Year ended December 31</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
<b>Cash provided by operating activities</b>	<b>527</b>	<b>343</b>	<b>1,590</b>	<b>712</b>
Remove: changes in non-cash working capital items	(77)	(181)	146	(567)
Remove: sustaining and other capital expenditures <sup>(1)</sup>	(43)	(24)	(117)	(106)
<b>Adjusted Funds from Operations</b>	<b>407</b>	<b>138</b>	<b>1,619</b>	<b>39</b>

(1) Includes 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 including the completion of the TMEP, 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.

### ***Capital Expenditures***

<b>(millions of Canadian dollars)</b>	<b>Three months ended December 31</b>		<b>Year ended December 31</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
TMEP construction capital incurred	109	169	336	1,379
TMEP carrying costs <sup>(1)</sup>	-	-	-	785
Contractor credits/settlements	-	-	(122)	-
TMEP including cash and non-cash items	109	169	214	2,164
Sustaining capital expenditures	40	24	106	97
<b>Capital expenditures incurred</b>	<b>149</b>	<b>193</b>	<b>320</b>	<b>2,261</b>
Changes in non-cash working capital items	19	185	274	32
<b>Total capital expenditures</b>	<b>168</b>	<b>378</b>	<b>594</b>	<b>2,293</b>

(2) TMEP carrying costs include equity AFUDC and capitalized debt financing costs related to the TMEP construction.

### ***TMEP capital expenditures***

For the three months and year ended December 31, 2025, TMEP construction capital incurred totalled \$109 million and \$336 million, respectively mainly related to cleanup, reclamation, road and civil work, which will continue into 2026. 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 capital expenditures to the TMEP in 2025 of \$214 million.

For the three months ended December 31, 2024, TMEP construction capital incurred totalled \$169 million. For the year ended December 31, 2024, TMEP construction capital incurred totalled \$1,379 million, while capitalized carrying costs totalled \$785 million.

### *Sustaining capital expenditures*

For the three months and year ended December 31, 2025, sustaining capital expenditures totalled \$40 million and \$106 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 maintenance work, as well as meter upgrades on Puget at Anacortes and Ferndale.

For the three months and year ended December 31, 2024, sustaining capital expenditures totalled \$24 million and \$97 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 December 31, 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, 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 months and year ended December 31, 2025, the Board of Directors of TMC declared dividends of \$581 million and \$1,100 million, respectively to TMP Finance, of which \$1,000 million was paid during 2025, with the remaining \$100 million paid subsequent to year end.

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 total cash returns in 2025:

<b>(millions of Canadian dollars)</b>					
	<b>Q1 2025</b>	<b>Q2 2025</b>	<b>Q3 2025</b>	<b>Q4 2025</b>	<b>Full Year 2025</b>
Guarantee Fee	105	-	-	-	105
Interest	148	151	151	152	602
Dividends	163	163	163	511	1,000
<b>Total</b>	<b>416</b>	<b>314</b>	<b>314</b>	<b>663</b>	<b>1,707</b>

For the year ended December 31, 2025, TMC made \$602 million in interest payments to TMP Finance. When combined with the \$1,000 million in dividends paid to TMP Finance, and the \$105 million in guarantee fees paid, TMC returned \$1,707 million in cash in 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 December 31, 2025, TMC had letters of credit of \$55 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 December 31, 2025 and outstanding amounts as of December 31, 2025 and December 31, 2024 are shown in the table below. There are no financial covenants.

(millions of Canadian dollars)	Total available credit December 31, 2025	Debt outstanding December 31, 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 Credit	550	-	-
Cash and cash equivalents		(479)	(491)
<b>Total available credit/net debt</b>	<b>13,050</b>	<b>11,521</b>	<b>11,509</b>
Share capital		22,141	22,141
Accumulated net income		1,441	885
Accumulated dividends declared		(1,100)	-
Retained earnings		341	885
Accumulated other comprehensive income		33	47
<b>Total equity</b>		<b>22,515</b>	<b>23,073</b>
<b>Total capitalization</b>		<b>34,036</b>	<b>34,582</b>

## Summary of Quarterly Results

(millions of Canadian dollars)	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Revenues	791	765	719	729	695	666	396	125
Adjusted EBITDA	593	591	558	568	515	512	283	36
Net income (loss)	131	127	150	148	(37)	(68)	(48)	158
Adjusted funds from operations	407	418	394	400	138	92	(63)	(128)

Revenues, Adjusted EBITDA and adjusted funds from operations 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-year 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 in transportation volumes, revenues, Adjusted EBITDA and adjusted funds from operations.

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 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 quarterly net income recognized in 2025 reflects higher Adjusted EBITDA, due to increased volumes being delivered on the Expanded System, and lower interest expense following the recapitalization of TMC’s balance sheet in December 2024.

## 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, share repurchases 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 in 2025:

<b>Health and Safety</b>	<b>Year ended December 31, 2025</b>	<b>Three-year TMC average</b>
Avoidable Vehicle Incident Rate (per million km driven)	0.00	0.07
Lost Time Incident Rate <sup>(1)</sup>		
Employees	0.15	0.14
Contractors	0.13	0.03
<b>Environment</b>		
Commodity Releases Rate <sup>(2)</sup>	0.00	0.41
Volume of releases(m <sup>3</sup> )	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 m<sup>3</sup> is the threshold used for performance comparison. There were no commodity releases that met this threshold in 2025.

## 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).

## 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. In parallel with the CER process, TMC has been in active discussions with our shippers. These discussions may lead to a new negotiated toll settlement for the Expanded System. 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 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 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 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 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 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, 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 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 Expanded System; 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 continuation of TMEP construction capital into 2026; TMC’s 2026 financial outlook, including expected throughput and capital spending; expectations regarding increases in 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.

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.

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.