



TRANSMOUNTAIN

TRANS MOUNTAIN CORPORATION

**CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS**
(unaudited)

For the three month period ended March 31, 2025

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

	<u>Three months ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
Revenues <i>(Note 2)</i>	729	125
Expenses		
Pipeline operating costs	75	41
Depreciation and amortization	219	27
Salaries and benefits	49	35
Taxes, other than income taxes	20	10
Administration	17	3
	380	116
Operating income	349	9
Equity allowance for funds used during construction	-	343
Interest expense, net of capitalized debt financing costs	(145)	(143)
Other, net	1	-
Income before income taxes	205	209
Income tax expense <i>(Note 3)</i>	(57)	(51)
Net income	148	158

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

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

	<u>Three months ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
Net income	148	158
Other comprehensive (loss) income, net of tax		
Currency translation adjustment	(1)	7
Comprehensive income	147	165

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

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

As of	March 31, 2025	December 31, 2024
Assets		
Current Assets		
Cash and cash equivalents	407	491
Accounts receivable	187	173
Other current assets	101	114
	695	778
Property, plant and equipment	35,898	36,149
Right-of-use assets	43	43
Regulatory assets	159	210
Restricted investments	131	128
Restricted cash	7	3
Deferred amounts and other assets	64	69
Total Assets	36,997	37,380
Liabilities and Equity		
Current Liabilities		
Accounts payable and accrued liabilities	263	523
Dividend payable	30	-
Interest payable	-	105
Regulatory liabilities	90	96
Other current liabilities	162	205
	545	929
Debt (Note 4)	12,000	12,000
Deferred income taxes	1,180	1,125
Regulatory liabilities	106	98
Pension and post-employment benefits	61	61
Lease liabilities	47	47
Other deferred credits	31	47
Total Liabilities	13,970	14,307
Equity	23,027	23,073
Total Liabilities and Equity	36,997	37,380

Litigation, commitments and contingencies (Note 8)

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

Approved on behalf of the Board of Directors

“signed”
Dawn Farrell
Director

“signed”
Harold Calla
Director

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

	Three months ended March 31,	
	2025	2024
Operating activities		
Net income	148	158
Items not affecting cash		
Depreciation and amortization	219	27
Equity allowance for funds used during construction	-	(343)
Deferred income tax expense (<i>Note 3</i>)	55	50
Changes in non-cash working capital items (<i>Note 6</i>)	(85)	87
Total Cash and cash equivalents and Restricted cash provided by (used in) operating activities	337	(21)
Investing activities		
Capital expenditures	(252)	(953)
Insurance proceeds	-	34
Internal use software expenditures	(2)	(3)
Restricted investments	(1)	(8)
Total Cash and cash equivalents and Restricted cash used in investing activities	(255)	(930)
Financing activities		
Issuances of debt	-	975
Dividends paid	(163)	-
Total Cash and cash equivalents and Restricted cash (used in) provided by financing activities	(163)	975
Effects of exchange rate changes on Cash and cash equivalents and Restricted cash	1	-
Net (decrease) increase in Cash and cash equivalents and Restricted cash	(80)	24
Cash and cash equivalents and Restricted cash, beginning	494	117
Cash and cash equivalents and Restricted cash, end	414	141
Cash and cash equivalents, beginning	491	110
Restricted cash, beginning	3	7
Cash and cash equivalents and Restricted cash, beginning	494	117
Cash and cash equivalents, end	407	139
Restricted cash, end	7	2
Cash and cash equivalents and Restricted cash, end	414	141

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

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

	Share capital	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Total Equity
Balance at December 31, 2024	22,141	-	885	47	23,073
Net income	-	-	148	-	148
Dividends declared	-	-	(193)	-	(193)
Other comprehensive loss, net of tax	-	-	-	(1)	(1)
Balance at March 31, 2025	22,141	-	840	46	23,027
Balance at December 31, 2023	2,064	5,351	880	15	8,310
Net income	-	-	158	-	158
Other comprehensive income, net of tax	-	-	-	7	7
Balance at March 31, 2024	2,064	5,351	1,038	22	8,475

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

TRANS MOUNTAIN CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General

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

TMC conducts operations through four entities: Trans Mountain Pipeline Limited Partnership (“TMP LP”) and its wholly owned subsidiary Trans Mountain Pipeline (Puget Sound) LLC (“Puget”), Trans Mountain Pipeline ULC (“TMP ULC”), and Trans Mountain Canada Inc. (“TMCI”). Together these entities own and operate the Trans Mountain pipeline (“TMPL”) and the Puget Sound pipeline (“Puget Pipeline”). TMPL has operated since 1953, and transports crude oil and refined petroleum from Edmonton, Alberta to Burnaby, British Columbia. On May 1, 2024, Trans Mountain began commercial operations of the Trans Mountain Expansion Project (“TMEP”), which increased the capacity of the TMPL from approximately 300,000 bpd to approximately 890,000 bpd. Collectively, the newly constructed pipeline and the original pipeline operate as the expanded pipeline system (the “Expanded System”). Puget owns the Puget Pipeline, which interconnects with TMPL at the international border near Sumas, British Columbia, and transports crude oil to refineries in Washington State. TMP ULC is the General Partner of TMP LP, and TMCI employs the workforce that manages and operates the pipelines and related assets. These condensed consolidated financial statements include operating results of TMC and the wholly owned Trans Mountain entities, including the Trans Mountain Pipeline Reclamation Trust which is consolidated with the Corporation.

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

Basis of Presentation

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

In management’s opinion, all adjustments considered necessary for a fair statement of the financial position and operating results have been included in the accompanying condensed consolidated financial statements. The Corporation’s interim results may not be indicative of annual results. Additionally, comparative period results differ from the current period results due to commercial commencement of the Expanded System. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2024. These condensed consolidated financial statements follow the same significant accounting policies as those included in the consolidated financial statements for the year ended December 31, 2024.

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

These condensed consolidated financial statements were authorized by the board of directors on May 8, 2025. Subsequent events have been evaluated from March 31, 2025 to the date the condensed consolidated financial statements were available for issue on May 8, 2025. There are no subsequent events which would require adjustment to the condensed consolidated financial statements and related disclosures.

TRANS MOUNTAIN CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. Revenues

Disaggregation of Revenues

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

	Three months ended March 31,	
	2025	2024
<i>(millions of Canadian dollars)</i>		
Transportation		
Firm services ^(a)	625	-
Fee-based services ^(b)	81	116
Regulatory adjustment ^(c)	7	(5)
	713	111
Leases	15	14
Other	1	-
Total revenues	729	125

- (a) Firm services include non-cancellable firm service customer contracts, which commenced on May 1, 2024 with commercial operations of the Expanded System, where there are minimum volume commitment elements and the price is fixed. Amounts exclude the variable toll component related to the firm service contracts, which are reported as "Fee-based services."
- (b) Fee-based services include the variable toll component from firm service contracts and consideration from uncommitted transportation services, including transportation services prior to the commercial commencement of the Expanded System on May 1, 2024.
- (c) Regulatory adjustments are made for differences between transportation revenue recognized pursuant to toll agreements or transportation service agreements as approved by the Canada Energy Regulator (the "CER") and actual tolls collected on the TMPL.

Contract Liabilities

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

Contract liabilities are presented as follows:

	March 31, 2025	December 31, 2024
<i>(millions of Canadian dollars)</i>		
Other current liabilities	116	135
Other deferred credits	3	3
Total contract liabilities	119	138

For the three month period ended March 31, 2025, revenues recognized that were included in contract liabilities at the beginning of the year were \$28 million.

TRANS MOUNTAIN CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. Revenues (continued)

Revenue Allocated to Remaining Performance Obligations

The following table presents the estimated revenue related to remaining performance obligations for contracted revenue that has not yet been recognized as of March 31, 2025 and will be invoiced, or transferred from contract liabilities as disclosed above, and recognized in future periods.

Year	Estimated Revenue
<i>(millions of Canadian dollars)</i>	
Remaining 2025	2,002
2026	2,564
2027	2,623
2028	2,696
2029	2,756
Thereafter	46,635
Total	59,276

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

3. Income Taxes

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

	Three months ended March 31,	
	2025	2024
<i>(millions of Canadian dollars)</i>		
Current tax expense	2	1
Deferred tax expense	55	50
Total income tax expense	57	51
Effective tax rate	27.8%	24.4%

The effective tax rate for the three month period ended March 31, 2025 was higher than the statutory rate of 24.8% due to the permanent tax rate impact of provincial income allocations during the quarter. Following the commercial commencement of the 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 rate for the three month period ended March 31, 2024 was consistent with the statutory rate of 24.7%.

4. Debt

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

	March 31, 2025	December 31, 2024
<i>(millions of Canadian dollars)</i>		
Credit Agreement		
Acquisition Facility	2,506	2,506
Construction Facility	6,162	6,162
Refinancing Facility	3,332	3,332
Working Capital Facility ^(a)	-	-
Financial Capacity Line of Credit ^(b)	-	-
Total debt	12,000	12,000

(a) As of March 31, 2025, the Working Capital Facility has \$500 million of available capacity.

(b) As of March 31, 2025, the Financial Capacity Line of Credit has \$550 million of available capacity.

TRANS MOUNTAIN CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. Debt *(continued)*

Credit Agreement

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

As of March 31, 2025, there were no draws on the \$500 million available Working Capital Facility. See Note 5 for further details on transactions with related parties.

Financial Capacity Line of Credit

TMP LP has a \$550 million line of credit agreement with TMP Finance dated March 25, 2019 (the "Financial Capacity Line of Credit") that was amended most recently on October 27, 2023, which is designed to meet the CER mandated financial capacity requirements. The Financial Capacity Line of Credit matures 5 years following the date of the advance or as otherwise extended in accordance with the agreement and has an interest rate of 5% on amounts drawn and a commitment fee of 0.3% on the unadvanced portion. There are no financial covenants on the Financial Capacity Line of Credit and as of March 31, 2025 and December 31, 2024, there were no amounts drawn.

Letter of Credit Facilities

The Corporation entered into a \$100 million third party uncommitted senior demand revolving letter of credit facility (the "Demand LC Facility") on February 5, 2025. The Demand LC Facility replaced a letter of credit facility (the "LC Facility") under a credit agreement with a syndicate of lenders (the "Syndicated Credit Agreement"), which was concurrently terminated. The terminated LC Facility previously included a guarantee provided from the Government of Canada. See Note 5 for more information on the guarantee and associated fees.

As of March 31, 2025, TMC had letters of credit of \$62 million issued and outstanding from the available \$100 million Demand LC Facility.

5. Transactions with Related Parties

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

Transactions with TMP Finance

TMC incurred interest and commitment fees on debt with TMP Finance. See Note 4 for more details on the Credit Agreement. For the three months ended March 31, 2025 and 2024, TMC incurred \$148 million and \$103 million, respectively in interest and commitment fees on debt with TMP Finance. As of March 31, 2025 and December 31, 2024, there is no unpaid interest owed to TMP Finance.

Guarantee from the Government of Canada

The Government of Canada provided TMC with a guarantee in relation to the Syndicated Credit Agreement. See Note 4 for more details. The guarantee was provided in exchange for a fixed rate fee on the outstanding balance under the Syndicated Credit Agreement and was terminated with the cancellation of the Syndicated Credit Agreement on February 5, 2025.

For the three months ended March 31, 2025 and 2024, TMC incurred nil and \$10 million in guarantee fees, respectively. Guarantee fees are included in interest expense. As of March 31, 2025 and December 31, 2024, the guarantee fee payable was nil and \$105 million, respectively, and recorded in "Interest payable."

TRANS MOUNTAIN CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. Supplemental Cash Flow Information

The table below represents the changes in operating non-cash working capital.

<i>(millions of Canadian dollars)</i>	Three months ended March 31,	
	2025	2024
	Decrease (Increase)	
Accounts receivable	(4)	31
Deferred amounts and other assets	15	13
Regulatory assets	52	(2)
Accounts payable and accrued liabilities	(37)	(7)
Interest payable	(48)	41
Regulatory liabilities	(1)	11
Lease liabilities	-	1
Other liabilities and deferred credits	(62)	(1)
Total	(85)	87

7. Risk Management and Financial Instruments

Credit Risk

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

The majority of the Corporation's customers operate in the oil exploration and development, or energy marketing or transportation fuel industries. There may be exposure to volatility in energy commodity prices and economic instability or other credit events impacting these industries and customers' ability to pay for services. The exposure to credit risk is limited by requiring shippers who fail to maintain specified credit ratings or a suitable financial position to provide acceptable security, generally in the form of guarantees from credit worthy parties or letters of credit from well rated financial institutions, or prepayment for services. As of March 31, 2025 and December 31, 2024, there were no significant accounts receivable past due and no credit losses recorded.

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

Foreign Currency Transactions and Translation

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

Liquidity Risk

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

Interest Rate Risk

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

TRANS MOUNTAIN CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Significant Shippers

For the three month period ended March 31, 2025, there were four customers that each individually represented between 10-23% of total revenue. For the three month period ended March 31, 2024, there were six customers that each individually represented between 10-23% of total revenue. Firm contracts represent approximately 80% of the system's capacity and are held by 9 customers.

8. Litigation, Commitments and Contingencies

Legal Proceedings

The Corporation is subject to various legal and regulatory actions and proceedings which arise in the normal course of business. While the final outcome of such actions and proceedings cannot be predicted with certainty, management believes that the resolution of such actions and proceedings will not have a material impact on the Corporation's financial position or results of operations. There were no accruals for outstanding legal proceedings as of March 31, 2025 and December 31, 2024.

TMEP Litigation

In 2021, following the Corporation's termination of the general construction contracts (the "Contracts") with the general construction contractor for Spreads 1, 4B and 6 (the "GCC") of the TMEP, the GCC provided the Corporation with a Notice of Dispute in relation to amounts it claimed were outstanding pursuant to the Contracts. The Corporation subsequently entered into discussions with the GCC and agreed to pay for some work that had been completed. However, the Corporation notified the GCC that it was entitled to reimbursement for costs resulting from the termination. In 2022, the Corporation provided a Notice of Dispute to the GCC. On March 12, 2025, Trans Mountain and the GCC entered into a settlement and mutual release agreement whereby the GCC agreed to pay a net sum of \$10 million to the Corporation to resolve all matters arising from or connected to the Contracts. The amount received settled all outstanding liabilities payable from the Corporation to the GCC and was recognized as a reduction to the TMEP costs incurred by the Corporation as a result of the termination.

Commitments

The Corporation has the following contractual obligations outstanding as of March 31, 2025:

	Remaining 2025	2026-2029	Thereafter	Total
<i>(millions of Canadian dollars)</i>				
Capital	4	-	-	4
Operating	77	297	960	1,334
Total	81	297	960	1,338

Capital Commitments

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

Operating Commitments

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

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

TRANS MOUNTAIN CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Flood Insurance Proceeds

In 2021, there was widespread flooding in British Columbia and Washington State, which resulted in financial losses, including damage to TMC's assets, delays to the TMEP construction, and business interruption. The Corporation has recognized a total of \$88 million in insurance proceeds since the initial event in 2021. While certain claims included in the amounts recognized since the event have reached final settlement, there is a claim remaining where the proceeds recognized represent the interim settlements. The amount and timing of any future insurance proceeds on claims in progress cannot be reasonably estimated.