



Third Quarter Report

September 30, 2025

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Statement of Management Responsibility by Senior Officials

Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with *IAS 34, Interim Financial Reporting* and for such internal controls as management determines are necessary to enable the preparation of interim condensed consolidated financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the interim condensed consolidated financial statements.

Based on my knowledge, these unaudited interim condensed consolidated financial statements present fairly, in all material respects, the financial position, the financial performance and cash flows of the Corporation, as at the date of and for the periods presented in the interim condensed consolidated financial statements.

The interim condensed consolidated financial statements were authorized for issue by the Board of Directors on November 25, 2025.



Elizabeth A. Wademan
President & Chief Executive Officer



Carlos Gallardo
Chief Financial Officer

Toronto, Ontario
November 25, 2025

Management Discussion and Analysis of Results

— for the period ended September 30, 2025

The public communications of Canada Development Investment Corporation (“CDEV”), including this quarterly report, may include forward-looking statements that reflect management’s expectations regarding CDEV’s objectives, strategies, outlooks, plans, anticipations, estimates and intentions.

By their nature, forward-looking statements involve numerous factors and assumptions, and they are subject to inherent risks and uncertainties, both general and specific. In particular, any predictions, forecasts, projections or other elements of forward-looking statements may not be achieved. A number of risks, uncertainties and other factors could cause actual results to differ materially from what we currently expect.

This Management Discussion and Analysis of Results is as of September 30, 2025 and should be read in conjunction with CDEV’s unaudited interim condensed consolidated financial statements for the period ended September 30, 2025 and CDEV’s Annual Report for the year ended December 31, 2024.

Corporate Overview

CDEV was incorporated in 1982 under the provisions of the Canada Business Corporations Act and is wholly owned by His Majesty in Right of Canada. CDEV is an agent Crown corporation reporting to Parliament through the Minister of Finance.

While CDEV was initially created to manage a large portfolio of divestitures, it has evolved to undertake a broader range of activities, seeing its mandate expand to provide a breadth of financial advisory services and expertise to support the country’s broader economic objectives.

Acting as a bridge between government objectives and the private sector, CDEV brings a commercial discipline to the evaluation, management, and divestiture of assets as well as other initiatives it executes in partnership with the Government of Canada.

In addition to providing financial advisory on a range of mandates and projects, CDEV is responsible for acting as an active asset manager, providing oversight and responsibility for over \$75 billion of assets through the CDEV Group of Companies consisting of eight diverse subsidiaries:

CANADA ELDOR INC. (“CEI”) manages the remaining obligations of the corporation relating to disposal of low-level nuclear wastes and decommissioning of a former mine site. It has no commercial operations. CDEV has implemented appropriate governance to ensure that CEI respects its obligations and liabilities under the agreement of purchase and sale with Cameco Inc. entered into in 1988.

CANADA ENTERPRISE EMERGENCY FUNDING CORPORATION (“CEEFC”) currently manages the Large Employer Emergency Financing Facility (“LEEFF”) program; LEEFF stopped taking

new applications in 2022. CEEFC also administers the Large Enterprise Tariff Loan (“LETL”) facility to support large Canadian enterprises affected by actual and potential new tariffs and countermeasures and which face challenges accessing traditional sources of market financing. CEEFC is led by a President and CEO. Employees of CDEV provide management services to CEEFC through a services agreement. The financial results for CEEFC have not been included in CDEV’s consolidated results as discussed in note 3(c) of the consolidated financial statements for the year ended December 31, 2024.

CANADA GROWTH FUND INC. (“CGF”) has the mandate to build a financially prudent portfolio of investments that unlock private sector investment in Canadian businesses and projects to help grow Canada’s economy at speed and scale on the path to emissions reductions, in the interest of remaining competitive globally over the longer term. CDEV and CGF entered into an Investment Management Agreement (“IMA”) with the Public Sector Pension Investment Board (“PSP Investments”) and its wholly owned subsidiary, Canada Growth Fund Investment Management Inc. (“CGFIM”), formalizing the structure whereby CGFIM provides investment management services to CGF and its CGF Board. CGF was incorporated in December 2022 and CGFIM began investment activities in June 2023. The financial results for CGF have not been included in CDEV’s consolidated results as discussed in note 3(c) of the annual consolidated financial statements.

CANADA HIBERNIA HOLDING CORPORATION (“CHHC”) holds and manages the federal government’s minority ownership interests of 8.5% and 5.67% in the Hibernia Development Project (“HDP”) and Hibernia Southern Extension Unit (“HSE Unit”) respectively (together “Hibernia”), which is an oilfield offshore Newfoundland and Labrador. Hibernia is operated by Hibernia Management and Development Company Ltd. Incorporated in 1993, CHHC has a management team, led by a President based in Calgary, which is experienced in the oil industry and provides expertise in technical operations, marketing, transportation, and finance.

CANADA INDIGENOUS LOAN GUARANTEE CORPORATION (“CILGC”) facilitates equity investments by Indigenous groups in major projects. More specifically, CILGC is mandated to deliver the Indigenous Loan Guarantee Program (“ILGP”), as announced in Budget 2024. Incorporated in December 2024, CILGC undertakes financial and commercial due diligence of eligible ILGP applications and will administer the portfolio of loan guarantees over the long term. CDEV is working to recruit the CILGC leadership team. CILGC is currently operational with support from CDEV and has issued its first loan guarantee of \$400 million which helped 38 First Nations in British Columbia make an investment of \$736 million for a 12.5% stake in Enbridge’s Westcoast pipeline system. The financial results for CILGC have not been included in CDEV’s consolidated results as discussed in note 3(b) of the interim condensed consolidated financial statements for the three and nine months ended September 30, 2025.

CANADA INNOVATION CORPORATION (“CIC”) is mandated to help to maximize business investment in research and development across all sectors and in all regions of Canada to promote innovation-driven economic growth. Incorporated in February 2023, it will be fully implemented no later than 2026–2027, according to an announcement of the Government of Canada in December 2023.

CANADA TMP FINANCE LTD.'s ("TMP Finance") primary responsibility is to provide financing to its subsidiary, Trans Mountain Corporation ("TMC"). TMC has a mandate to operate the Trans Mountain Pipeline. TMC has more than 700 employees led by a seasoned executive team. CDEV fulfills its supervisory role as owner of TMC through an MOU which lays out areas of responsibility and accountability, including the responsibility for appointing the TMC Board. CDEV management is deeply involved in ensuring the financial health of TMC for the long-term goal of a successful monetization in due course. TMP Finance was incorporated in 2018.

16342451 CANADA INC. was established in September 2024. Currently the subsidiary oversees and manages the Government of Canada's \$2.14 billion loan for the Telesat Lightspeed project. The subsidiary could be used in the future to manage other loans or hold assets on behalf of the government. 16342451 Canada Inc. was directed by directive (P.C. 2024-0811) to: (i) make a loan to Telesat LEO Inc. in relation to the Telesat program known as Telesat Lightspeed; (ii) administer the loan, including making any amendments to that loan, granting any waivers or consents in connection with it and enforcing rights under it, as the wholly-owned subsidiary may determine advisable; and (iii) manage the loan, including the disposition of any warrants or shares acquired in connection with the loan. Pursuant to a corporate reorganization within the Telesat group completed in September 2025, Telesat LEO Inc. was succeeded by Telesat LEO ULC.

CDEV is also directly responsible for receiving payments related to the Net Profits Interest and Incidental Net Profits Interest agreements (collectively, "NPI") from the owners of the Hibernia offshore oil project, and all its related obligations pursuant to a Memorandum of Understanding with Natural Resources Canada.

Canada Development Investment Corporation

In 2025, CDEV continued to manage the Government's LEEFF program and the new LETL program through its CEEFC subsidiary.

In the third quarter of 2025, CDEV management continued to work on its mandate for TMC, including to work with TMC and financial advisors to optimize its financing structure and maximize the return on investment for Canada from the now operational pipeline, ensuring that: (i) TMC is a valuable investment for Canada; (ii) it complies with applicable laws and regulations; and (iii) it operates in a manner consistent with Canada's commitment to advance reconciliation with Indigenous peoples. CDEV worked with external experts to evaluate the expansion project and provide assurance activities related to the project to protect and enhance the interests of Canadians.

In the nine months ended September 30, 2025, CDEV received \$106.1 million in NPI payments from the Hibernia Project Owners, \$8.7 million of which was received from CHHC and eliminated upon consolidation. The receipts are recorded as an increase in the NPI reserve.

CDEV paid dividends to the GoC of \$167 million in the first nine months of 2025 compared to \$nil in the comparative period. CDEV retains suitable levels of cash and cash equivalents and short-term investments to remain prepared to undertake future activities and to fund potential contingencies.

Trans Mountain Corporation

In the year to date period ended September 30, 2025, TMC generated \$2,183 million in revenue and \$1,688 million in earnings before interest, taxes, and depreciation (“EBITDA”). In the 2024 comparative period TMC generated \$1,270 million in revenue and \$915 million in EBITDA. Revenue increased mainly due to a \$912 million increase in transportation revenue related to the commercial in-service of the TMEP beginning May 1, 2024 which increased throughput and attracted higher tariffs. We note that under TMC’s continuing use of US GAAP, revenue and EBITDA were \$2,213 million and \$1,717 million respectively compared to \$1,187 million and \$831 million in the comparative period. For details see note 22 of the interim condensed consolidated financial statements.

As of September 30, 2025, construction of the TMEP was complete, with reclamation, road and civil work expected to continue into 2026. In the current nine-month period, TMC incurred a total of \$257 million in construction capital on the TMEP, mainly related to cleanup, reclamation, road and civil work. This was in addition to the \$27.95 billion spent through to December 2024 under CDEV ownership. In the current period there was a net addition to the TMEP capital incurred of \$95 million, excluding financing costs, which was related to various general construction contractors’ credits/settlements received on the TMEP of \$122 million as well as changes in accrual estimates resulting in credits of \$40 million to the capital costs incurred. 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.

TMC Refinancing

TMC entered into a Syndicated Credit Agreement in April, 2022 which was subsequently amended and restated, most recently on May 17, 2024, which contained a \$18.9 billion syndicated facility and a \$100 million letter of credit facility, for a combined available credit of \$19.0 billion. As the TMEP is complete and the expanded pipeline system is generating revenues, the government replaced TMC’s third-party financing in December 2024. This materially reduced the overall cost of debt so that a greater portion of TMC’s cash flows can be used to pay down construction costs faster and therefore maximizing the ultimate value realized for Canada. The debt restructuring will reduce financing costs by approximately \$3.5 billion over the next 6 years, to the benefit of Canada. As the debt is issued at advantageous market rates, the Company must report it as a "non-cash" benefit in its Statement of Financial Position under "Deferred Income – government grant." This reflects the benefit derived from holding debt that is considered below market rates.

The TMC refinancing included restructuring intercompany loans from TMP Finance to TMC, in addition to TMP Finance subscribing to additional TMC equity. The funds were used to repay the outstanding balance on the TMC syndicated debt on December 20, 2024. In the first quarter of 2025, TMC also repaid the related outstanding guarantee fees.

For further details please see the TMC Q3 2025 financial report at www.transmountain.com.

Canada TMP Finance Limited

Canada TMP Finance is the parent of TMC and its entities. Until Q1 2022, TMP Finance provided funding to TMC at a ratio of 45% equity and 55% debt. To finance these advances, TMP Finance borrowed from the Canada Account administered by Export Development Canada (“EDC”), a federal Crown corporation. Certain regulatory financial requirements of TMC are also provided by TMP Finance to TMC through an undrawn credit facility with the Canada Account.

On December 13, 2024, Canada TMP Finance increased its borrowings from EDC, so as to acquire more equity in TMC and lend incremental funds to TMC, for TMC to refinance and pay down its Syndicated Facility. This included an extension of, and amendments to TMP Finance’s loan from EDC, along with an interest rate reduction. The borrowing authority for TMP Finance was increased to borrow up to an additional \$20 billion from the Canada Account, comprising up to \$19 billion for TMC to fully repay its third-party syndicated debt and any outstanding accrued interest, as well as providing a new working capital facility of \$1 billion. The available borrowing limit on this working capital facility is limited to \$500 million by the borrowing authority at September 30, 2025. All debt associated with TMC is now funded by the EDC Canada Account. The full loan balance between EDC and TMP Finance incurs interest at or around the GoC’s cost of capital at the time of the transaction.

At September 30, 2025, funds drawn on the Acquisition and Construction Facilities totaled \$17,812,261. Prior to the amendment, no further cash draws were permitted and there were no other required payments on the Canada Account borrowings until maturity, with all interest charges paid in kind and added to the principal of loan when interest is due. As a result of the amendment, after June 30, 2025, interest will be paid semi-annually in cash. The amount drawn on the Refinancing Facility at September 30, 2025 was \$18,343,653. The debt refinancing under the amended loan agreement with EDC was recognized under International Financial Reporting Standards (“IFRS Accounting Standards”) as an extinguishment of the original loans with the difference between the fair value of the loans and their carrying value treated as a government grant and recognized as deferred income. The deferred income represents the benefit from the below market rate obtained on the EDC loans and will be amortized over the term of the loans. For the nine months ended September 30, 2025, we recognized an amortization of deferred income - government grant of \$281 million related to TMP Finance’s government grant benefit.

In the nine months ended September 30, 2025, gross loan interest expense for TMP Finance’s loans was \$1,088 million. On May 1, 2024, upon commercial commencement of the Expanded System, the TMEP assets were transferred from construction work in progress to their respective fixed asset classification resulting in commencement of depreciation and amortization as well as cessation in the capitalization of interest. In the comparative period gross interest was \$1,427 million with \$562 million capitalized and added to the capital cost of the project and will be depreciated over the useful life of the pipeline. The increase in interest expense is due to higher loan balances and the cessation of capitalizing interest offset by lower interest rates under the amended agreement.

Canada Hibernia Holding Corporation

CHHC's after-tax income of \$47.8 million in the nine months ended September 30, 2025 was \$15.2 million or 24% lower than \$63.0 million recorded in the comparative period, due mainly to lower crude oil sales and interest income and higher operating expenses, partially offset by lower income taxes.

Net crude oil revenue, calculated as crude oil sales less royalties and net profits interest ("NPI"), decreased by 16% to \$112.2 million in the nine months ended September 30, 2025 from \$133.5 million in the comparative period, driven by an 11% decrease in average realized oil price and by an 8% decrease volume of oil sold, partially offset by lower royalty and NPI expense. (On consolidation, net crude oil revenue for the nine months of 2025 was \$121.2 million (2024 - \$146.3 million) due to the elimination of NPI payments made to CDEV).

Sales volumes decreased by 8% to 1.57 million barrels of oil in the first nine months of 2025 from 1.70 million barrels in the first nine months of 2024, due to a 2% decrease in CHHC's net share of production volume and the timing of cargo sales. Average gross field production volumes of 70,802 barrels per day in the first nine months of 2025 were 1% higher than the comparative period of 2024, due to production growth from the drilling program partially offset by natural decline of existing wells.

CHHC sells its oil based on the Dated Brent ("Brent") benchmark price for crude oil, in US dollars. The price of Brent crude decreased by 14% to average US \$70.82 per barrel in the first nine months of 2025 from US \$82.79 per barrel in the first nine months of 2024. Over the same period, CHHC's average realized USD oil price likewise decreased by 14% to US\$71.05 per barrel, as there was no significant differential realized to average Brent in either period. On a Canadian dollar basis, CHHC's average realized oil price decreased by 11% to \$99.66 per barrel in the first nine months of 2025 from \$111.57 per barrel in the comparative period, due to the decline in U.S. dollar realized prices partially offset by the favourable impact of a weaker Canadian dollar in relation to the U.S. dollar.

Capital expenditures of \$24.8 million during the nine months ended September 30, 2025 were focused on drilling activities in both the Hibernia Main Field and HSE Unit.

Canada Eldor Inc.

There was no significant change in the management of CEI's liabilities. CEI continues to pay for costs relating to the decommissioning of former mine site properties in Saskatchewan and for retiree benefits of certain former employees. Following a hearing in January 2025, a decision was announced on May 25, 2025 to release the final set of decommissioned Beaverlodge properties from licensing under the Nuclear Safety and Control Act and to revoke the waste facility operating license held by Cameco Corporation for the decommissioned Beaverlodge mine and mill site. A plan is in place to allow for the transfer of the remaining mine site properties to Saskatchewan's Institutional Control Program by the end of the year. During the first nine months of 2025, costs incurred were \$0.5 million for site restoration efforts and there

was a slight decrease in the estimated cost for site restoration. CEI holds cash and cash equivalents plus funds within the Consolidated Revenue Fund totaling \$9.1 million to pay for CEI's total estimated liabilities of \$1.9 million.

Canada Enterprise Emergency Funding Corporation

Since March 2020, management of CDEV has administered the implementation of the LEEFF program on behalf of the GoC through CEEFC, including the retention of financial and legal advisors. On May 20, 2020, CEEFC received a mandate letter and term sheet from the Minister of Finance detailing the objective for LEEFF to help protect Canadian jobs, help Canadian businesses weather the related economic downturn and avoid bankruptcies of otherwise viable firms where possible. CEEFC stopped accepting new LEEFF applications in July 2022.

In March 2025, due to the trade conflict between Canada and the United States, CEEFC was mandated by the GoC to establish and administer the LETL facility to support large Canadian enterprises affected by actual and potential new tariffs and countermeasures and which face challenges accessing traditional sources of market financing. Loans provided under these programs are intended for otherwise viable large organizations that are unable to quickly access traditional sources of capital to manage and bridge short-term liquidity needs through a period of significant economic uncertainty. In July 2025 and further on September 2025, the Government of Canada announced that the LETL facility will be updated to expand eligibility and provide lower cost financing to firms in the steel industry. This update is part of a series of targeted measures announced by the Government of Canada to support Canada's steel industry amid current tensions in global steel trade. On September 29, 2025, CEEFC announced the first loan under the LETL facility to protect Canadian jobs and strengthen strategic industries. This inaugural loan will provide Algoma Steel Inc. with access to \$400 million in liquidity. The objective of this transaction is to help stabilize a major Canadian player in the competitive global steel industry, amid current tensions in the global steel trade. As announced by the Government of Canada on September 5, 2025, the LETL facility has been updated to expand eligibility and provide lower cost financing to all industries.

On June 5, 2025, it was announced that Transat A.T. Inc. had reached an agreement in principle with CEEFC for the restructuring of the indebtedness incurred by Transat under the LEEFF program. This deal was executed as of July 10, 2025.

As discussed in note 3(c) of the consolidated financial statements for the year ended December 31, 2024, CEEFC has not been consolidated within CDEV as CDEV is not deemed to have control over CEEFC based on the criteria outlined in IFRS 10.

Select financial results for CEEFC are shown below:

(\$ Millions)	2020	2021	2022	2023	2024	YTD 2025	Total to September 30, 2025
Loan commitments made ⁽²⁾	320	7,108	193	-	-	30	7,651
Loans funded	110	2,588	405	-	-	30	3,133
Equity Investments ⁽¹⁾⁽²⁾	-	500	-	-	(500)	9	9
Loan Principal Repayments ⁽²⁾	-	380	35	338	18	84	855
Preferred shares issued/(redeemed)	200	2,890	-	-	(873)	-	2,217

⁽¹⁾ As part of a financing agreement with Air Canada, CEEFC purchased \$500 million worth of Air Canada Class B Voting shares. In the fourth quarter of 2024 CEEFC divested its investment in Air Canada shares for gain of \$44 million.

⁽²⁾ In Q3 2025, as part of a loan restructuring agreement with Air Transat, their existing voucher loans were converted partly to preferred shares valued at \$9.4 million as at September 30, 2025.

CEEFC prepares its financial statements using Public Sector Accounting Standards. Costs incurred by CDEV related to the development of LEEFF have been recovered from CEEFC. For details on the financial and operating results of CEEFC please see the CEEFC Q3-25 financial report at www.ceefc-cfuec.ca.

Canada Growth Fund

CDEV, through its ownership and the CGF Board, maintains oversight and compliance, but is not directly involved in CGF's investment activities. CGF issues preferred shares to the government to fund its investments. On November 16, 2023, CGF issued \$115 million in preferred shares to fund its first investment and start-up costs. CGF issued a further \$175 million in preferred shares in December 2023. In 2024, CGF issued an additional \$4.1 billion in preferred shares to the GoC. Since the incorporation of CGF and the selection of PSP Investments as manager (acting through CGFIM), significant progress has been made and the manager, CGFIM, has hit the ground running with 12 investment announcements since inception to March 2025, including 7 in 2024.

CGF prepares its financial statements using IFRS Accounting Standards. Costs incurred by CDEV related to CGF have been recovered from CGF. As discussed in note 3(c) of the consolidated financial statements for the year ended December 31, 2024, CGF has not been consolidated within CDEV as CDEV is not deemed to have control over CGF based on the criteria outlined in IFRS Accounting Standards.

For details on the financial and operating results of CGF please see the CGF Q3-25 Financial Statements and MD&A at www.cgf-fcc.ca.

16342451 Canada Inc.

On September 13, 2024, 16342451 Canada Inc. signed a loan agreement with Telesat LEO Inc. (now Telesat LEO ULC) to fund its highly advanced Lightspeed Low Earth Orbit (LEO) broadband satellite build project. The build phase of the project is expected to last 5 years. During this construction phase there will be several funding tranches given based on predetermined project milestones. No repayments of principal or interest are required during the construction phase, and all interest will be added to the outstanding loan balance as paid in kind (PIK). The principal loan amount available under this agreement is \$2.14 billion. The loan to Telesat LEO will be funded by the Canada Account.

Warrants were issued from Telesat LEO Inc. (now Telesat LEO ULC) to 16342451 Canada Inc. on November 15, 2024, in relation to the granting of the loan. Pursuant to a corporate reorganization within the Telesat group completed in September 2025, the warrants were amended to be exercisable for limited partnership units of Lightspeed LEO Limited Partnership (“Telesat LEO LP”), a single purpose holding entity that owns 100% of Telesat LEO. The amended warrants entitle the Corporation to acquire one limited partnership unit of Telesat LEO LP per warrant, being 346,551 warrants at an exercise price of US\$982.2713. The warrants are measured at fair value through profit and loss. As at September 30, 2025, the fair value was determined to be \$457 million (December 31, 2024 - \$387 million) resulting in a gain of \$69.4 million recognized as Other Income in the statement of comprehensive income.

A loan agreement was signed between EDC and 16342451 Canada Inc. to fund the \$2.14 billion commitment on November 15, 2024. There were no advances made on the loans at December 31, 2024. In the first three quarters of 2025, advances totaling \$341 million were made to Telesat LEO ULC with a corresponding draw on the Canada Account. During the first nine months of 2025, \$61 million of the deferred loan commitment fee liability (initially recognized during the year ended December 31, 2024) was allocated to the Telesat LEO ULC loan drawdowns and an expected credit loss of \$7.7 million was recognized in relation to the drawn amounts. Interest income of \$20.6 million was recognized during the period.

The EDC loan was determined to be at a 'below market' interest rate. As such, the EDC loan payable has been recognized based on a market interest rate and \$133.1 million in government assistance was initially recorded in relation to the drawn amounts with \$5.5 million recognized through profit and loss as a reduction to interest expense for the current year-to-date period.

Canada Indigenous Loan Guarantee Corporation (“CILGC”)

CILGC's role includes engaging with eligible applicants, conducting due diligence, negotiating agreements, and issuing loan guarantees that empower Indigenous groups to take part in economic opportunities. CILGC is actively supported by CDEV staff and its executive team in this work. The inaugural Chair of the CILGC, Michael Bonshor, was appointed in March 2025.

On July 2, 2025, CILGC successfully completed the required financing and closing conditions for the issuance of its first Indigenous loan guarantee of \$400 million of a \$736-million

investment by 38 First Nations in British Columbia for a 12.5% ownership interest in Enbridge's Westcoast natural gas pipeline system.

As discussed in note 3(c) of the interim condensed consolidated financial statements for the period ended September 30, 2025, CILGC has not been consolidated within CDEV as CDEV is not deemed to have control over CILGC based on the criteria outlined in IFRS 10.

CILGC prepares its financial statements using Public Sector Accounting Standards. Costs incurred by CDEV related to the development of the ILGP will be recovered from CILGC. For details on the financial and operating results of CILGC please see the CILGC Q3-25 financial report at www.cilgc-cgpac.ca.

Analysis of External Business Environment

The ongoing management of our holdings will depend on overall market and economic conditions as well as factors specific to the underlying company or investment. No material changes have been identified since December 31, 2024 as described in the 2024 Annual Report.

Risks and Contingencies

TMP Finance is a borrower of \$36 billion dollars which creates financial risk for CDEV. As the loans are from the GoC, this risk is assessed as low.

TMC's ability to service debt may depend on a number of factors, including financial and operating performance of TMC, overall economic conditions, and financial, regulatory, and other factors, many of which are beyond TMC's direct control. On November 30, 2023, the Canada Energy Regulator ("CER") approved Trans Mountain's preliminary interim commencement date tolls. At the commencement of service on the expanded system, 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. The results of the CER process may have future impacts on TMC's cash flows.

In parallel with the CER process, TMC has been in active discussions with their shippers. TMC 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 TMC believes would be mutually beneficial to both the shippers and TMC. As such, in October 2025, TMC requested, and the CER approved, an abeyance to suspend the current regulatory process.

The other risks and contingencies described in the 2024 Annual Report remain unchanged.

Financial Statements for the Period Ended September 30, 2025

The interim condensed consolidated financial statements for the three and nine months ended September 30, 2025 with comparative figures for Q3 2024, have been prepared in accordance with IFRS Accounting Standards applicable to *interim periods, including IAS 34, Interim Financial Reporting*.

TMC prepares its financial statements in accordance with US GAAP. To read the US GAAP Q3 2025 TMC financial statements please go to www.transmountain.com. Note 22 in CDEV's interim condensed consolidated financial statements presents TMC financial results in US GAAP, adjustments made to the statements to convert these results to IFRS Accounting Standards and the TMC financial results in IFRS Accounting Standards as consolidated into CDEV.

Consolidated revenue for the nine months ended September 30, 2025 was \$2.3 billion, compared to revenue of \$1.4 billion in the comparative period. The significant increase is mainly due to a \$0.9 billion increase in transportation revenue as a result of the commercial in-service of the TMEP beginning May 1, 2024, resulting in operation of the expanded system for only a portion of the comparative year. Net crude oil revenue decreased by 17% to \$121 million from \$146 million in the comparative period due to a decrease in crude oil sales of \$34 million, partially offset by a \$9 million decrease in royalty expenses. Other income of \$103 million increased by \$100 million largely due to the gain of \$70 million on the revaluation of warrants relating to Telesat LEO LP and a \$30 million insurance settlement from TMC related to the 2021 flood.

Total expenses for the nine-month period, excluding finance costs, were \$1,265 million, compared to \$823 million in the comparative period. The increase is largely due to a \$309 million increase in depletion and depreciation, due to the in-service of the TMEP assets which began depreciation in May 2024. Additionally, operating costs, salaries and benefits and other administration costs have increased mainly due to a larger workforce required to support TMC's expanded Pipeline system and associated business requirements.

Interest expense of \$815 million in the nine-month period ended September 30, 2025 decreased from \$909 million in the prior year period. Subsequent to the refinancing of TMC's third party syndicated debt in December 2024, interest expense has decreased significantly due to a lower interest rate as well as the elimination of guarantee and associated fees with the GoC. While gross interest expense decreased for the period due to lower interest rates, this was partly offset by the cessation of capitalized debt financing costs following the commercial commencement of the Expanded System on May 1, 2024.

Interest income increased by \$40 million in the year-to-date period largely due to the interest income from the Telesat LEO loan and carrying charges relating to the TMC Enhanced Response Regime Cost Recovery fees.

Net income before income taxes for the nine-month period ended September 30, 2025, was \$388 million, compared to a loss of (\$301) million in the comparative period. The increase is mainly due to higher transportation revenue, partially offset by higher depreciation and operating expenses.

Income taxes for the nine months ended September 30, 2025, of \$176 million are higher than the (\$12) million recovery recorded in the comparative period due to higher net income for TMC.

Cash and cash equivalents together with short-term investments as at September 30, 2025, increased to \$2,027 million compared to \$963 million at December 31, 2024. Operating cash flows in the period were \$1,582 million, primarily generated by CHHC and TMC. Net NPI receipts were \$95 million, partially offset by \$434 million in capital expenditures on property, plant and equipment and a \$167 million dividend payment.

Accounts receivable of \$227 million increased by \$35 million from December 31, 2024, largely due to a \$32 million increase for TMC related to the in-service of the TMEP with increased revenues, and timing of GST receivable, partially offset by lower CHHC oil sales receivables by (\$2) million.

Property, plant, and equipment of \$34.7 billion decreased by \$598 million since year end primarily due to depletion and depreciation, decommissioning adjustments and TMEP contractor settlements and credits, partially offset by capital expenditures.

A loan receivable of \$286 million was recognized in the first quarter of 2025, relating to drawdowns on the loan provided to Telesat LEO ULC. This increased to \$294 million by September 30, 2025, due to an additional drawdown of \$55 million, interest income accrued to the loan balance using the Effective Interest Rate (EIR) method of \$16 million, and a net gain on the revision of cash flows of \$5 million, partially offset by the portion of the drawdowns allocated to the loan commitment liability of \$61 million and a provision for the expected credit loss of \$8 million.

Warrants of \$457 million relating to Telesat LEO LP increased by \$69 million for the year-to-date period, due to the fair value adjustment to market.

Trade and other payables of \$346 million decreased by \$295 million from December 31, 2024 primarily due to decreased TMC capital accruals and payables related to the TMEP, and payment of the guarantee fee during the period.

Long-term loans payable increased to \$33.5 billion from \$32.2 billion at year end due to \$1.1 billion of interest expense at the EIR accrued to the TMP Finance loan balance, and new loan drawdowns by 16342451 Canada Inc. of \$0.3 billion, partially offset by \$0.1 billion transferred to the deferred income – government grant recognized.

Deferred income – government grant decreased to \$3,286 million from \$3,439 million from December 31, 2024, as \$286 million of total amortization of the deferred income – government grants was recognized for the period, partially offset by \$133 million which was recognized in relation to 16342451 Canada Inc.'s loans from EDC during the period.

The provision for decommissioning obligations decreased to \$430 million at September 30, 2025 from \$497 million at December 31, 2024 mainly due to an increase in the discount rate used during the period.



**Interim Condensed
Consolidated Financial
Statements of
Canada Development
Investment Corporation**

*Three and nine months ended
September 30, 2025*

(Unaudited)

Canada Development Investment Corporation

Interim Condensed Consolidated Statement of Financial Position (Unaudited)
(Thousands of Canadian Dollars)

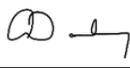
	September 30, 2025	December 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,580,486	\$ 815,509
Short-term investments	446,618	147,907
Trade and other receivables (note 20)	226,621	191,688
Other current assets (note 5)	187,171	120,714
Current portion of Investments held for future obligations	1,683	2,220
	2,442,579	1,278,038
Non-current assets:		
Property, plant and equipment (note 6)	34,650,067	35,247,845
Loan receivable (note 13)	293,564	-
Investments held for future obligations	177,148	168,830
Restricted cash (note 4)	14,122	11,586
Restricted investments	139,517	128,377
Right-of-use assets (note 7)	62,451	63,536
Warrants (note 9)	456,815	387,456
Other assets (note 8)	191,007	213,443
	35,984,691	36,221,073
	\$ 38,427,270	\$ 37,499,111
Liabilities and Shareholder's Equity		
Current liabilities:		
Trade and other payables	\$ 346,074	\$ 641,575
Current portion of lease liabilities (note 7)	11,609	10,685
Income taxes payable	1,878	3,241
Current portion of Net Profits Interest ("NPI") Provision	3,200	5,700
Current portion of provision for decommissioning obligations (note 11(a),(b))	23,253	12,840
Current portion of provision for site restoration (note 11)	1,571	2,111
Other current liabilities (note 10)	154,013	246,152
	541,598	922,304
Non-current liabilities:		
Loans payable (note 12)	33,493,587	32,188,080
Deferred Income – government grant (note 12)	3,285,825	3,439,344
Loan commitment (note 13)	319,491	380,096
Deferred income taxes	798,507	646,037
Provision for decommissioning obligations (note 11(a), (b))	430,496	497,157
Lease liabilities (note 7)	63,729	66,219
Defined benefit obligation	61,647	60,965
Other non-current liabilities	121,675	132,800
	38,574,957	37,410,698
Shareholder's equity:		
Share capital	1	1
Contributed surplus	603,294	603,294
NPI reserve (note 14)	112,894	182,540
Accumulated deficit	(1,471,943)	(1,684,147)
Accumulated other comprehensive income	66,469	64,421
	(689,285)	(833,891)
	\$ 38,427,270	\$ 37,499,111

Commitments (note 18)

Contingencies (note 19)

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

On behalf of the Board:  Director

 Director

Canada Development Investment Corporation

Interim Condensed Consolidated Statement of Comprehensive Income (Loss) (Unaudited)
(Thousands of Canadian Dollars)

	Three months ended		Nine months ended	
	September 30		September 30	
	2025	2024	2025	2024
Revenue:				
Transportation revenue (note 17)	\$ 752,681	\$ 654,007	\$ 2,133,131	\$ 1,220,959
Net crude oil revenue (note 16)	29,229	68,160	121,206	146,253
Lease revenue (note 17)	15,569	15,395	47,475	44,779
Other revenue	4,634	880	6,816	4,902
	802,113	738,442	2,308,628	1,416,893
Other income:				
Insurance proceeds	30,332	-	30,332	-
Facility use and processing fees	315	242	1,011	836
Foreign exchange gains	1,880	591	2,234	2,050
Gain (Loss) on revaluation of warrants	25,490	-	69,359	-
	860,130	739,275	2,411,564	1,419,779
Expenses:				
Depletion and depreciation (note 6,7)	277,574	220,602	721,294	412,039
Pipeline operating expenses (note 17)	103,518	95,247	291,636	210,284
Crude oil operating, transportation and marketing (note 16)	4,846	12,641	21,243	26,656
Salaries and benefits	52,806	45,701	156,923	124,908
Professional fees	7,014	4,878	19,360	15,269
Foreign exchange losses	(22)	1,229	1,892	1,538
Change in provision for site restoration (note 11)	(89)	(25)	(80)	233
Expected credit loss provision on loan receivable (note 20)	1,428	-	7,692	-
Other administrative	18,189	11,871	44,884	32,000
	465,264	392,144	1,264,844	822,927
Finance expenses (income):				
Interest expense (note 12)	278,055	491,252	815,447	909,336
Interest income	(51,432)	(8,864)	(67,460)	(27,210)
Unwind of discount on decommissioning obligations (note 11)	3,801	5,046	10,843	15,325
	230,424	487,434	758,830	897,451
Net income (loss) before income taxes	164,442	(140,303)	387,890	(300,599)
Income taxes:				
Current	4,735	12,211	27,401	28,492
Deferred	51,994	(21,685)	148,285	(40,433)
	56,729	(9,474)	175,686	(11,941)
Net income (loss)	\$ 107,713	\$ (130,829)	\$ 212,204	\$ (288,658)
Other comprehensive income (loss):				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Currency translation adjustment	5,070	(4,081)	(11,888)	5,403
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurements of defined benefit obligations	6,624	-	13,936	9,345
	11,694	(4,081)	2,048	14,748
Comprehensive income (loss)	\$ 119,407	\$ (134,910)	\$ 214,252	\$ (273,910)

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

Canada Development Investment Corporation

Interim Condensed Consolidated Statement of Changes in Shareholder's Equity (Unaudited)
(Thousands of Canadian Dollars)

	Three months ended		Nine months ended	
	September 30		September 30	
	2025	2024	2025	2024
Share capital				
Balance, beginning and end of period	\$ 1	\$ 1	\$ 1	\$ 1
Contributed surplus				
Balance, beginning and end of period	603,294	603,294	603,294	603,294
Net Profits Interest reserve				
Balance, beginning of period	87,044	110,550	182,540	27,731
NPI Provision/payments	-	-	(13)	(1,528)
NPI received	25,850	35,974	97,367	120,321
Dividends	-	-	(167,000)	-
Balance, end of period	112,894	146,524	112,894	146,524
Accumulated deficit				
Balance, beginning of period	(1,579,656)	(1,568,822)	(1,684,147)	(1,410,993)
Net income (loss)	107,713	(130,829)	212,204	(288,658)
Balance, end of period	(1,471,943)	(1,699,651)	(1,471,943)	(1,699,651)
Accumulated other comprehensive income				
Balance, beginning of period	54,775	49,738	64,421	30,909
Other comprehensive income (loss)	11,694	(4,081)	2,048	14,748
Balance, end of period	66,469	45,657	66,469	45,657
Total shareholder's equity	\$ (689,285)	\$ (904,175)	\$ (689,285)	\$ (904,175)

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

Canada Development Investment Corporation

Interim Condensed Consolidated Statement of Cash Flows (Unaudited)
(Thousands of Canadian Dollars)

	Three months ended		Nine months ended	
	September 30		September 30	
	2025	2024	2025	2024
Cash provided by (used in):				
Operating activities:				
Net income (loss)	\$ 107,713	\$ (130,829)	\$ 212,204	\$ (288,658)
Adjustments for:				
Depletion and depreciation	277,574	220,602	721,294	412,039
Loss on derecognition of property, plant and equipment	(88)	7	564	11,158
Insurance proceeds	(30,332)	-	(30,332)	-
Loss (gain) on revaluation of warrants	(25,490)	-	(69,359)	-
Income tax expense	56,729	(9,474)	175,686	(11,941)
Interest income	(51,432)	(8,864)	(67,460)	(27,210)
Non-capitalized unpaid interest	276,673	210,414	781,796	472,325
Expected credit loss provision on loan receivable	1,428	-	7,692	-
Net change in defined benefits	1,561	990	3,174	3,161
Change in provision for site restoration	(89)	(24)	(80)	233
Unwind of discount on provisions	3,801	5,046	10,843	15,325
Interest received ⁽¹⁾	13,959	5,746	41,504	21,379
Provisions settled	(259)	(1,035)	(460)	(4,296)
Income taxes paid	(6,424)	(3,852)	(27,325)	(21,149)
	625,324	288,727	1,759,741	582,366
Change in non-cash working capital (note 15)	43,814	107,672	(138,007)	181,768
	669,138	396,399	1,621,734	764,134
Financing activities:				
Proceeds from loans payable	54,763	75,000	341,220	1,750,000
Repayment of loans payable	(54,763)	(100,000)	(341,220)	(100,000)
Debt issuance costs	-	(51)	-	(14,711)
Dividends paid	-	-	(167,000)	-
NPI refunds paid	-	-	(2,513)	(6,528)
NPI received	25,850	35,974	97,367	120,321
Payment of lease liabilities, principal portion	(2,184)	(3,286)	(6,621)	(15,428)
	23,666	7,637	(78,767)	1,733,654
Investing activities:				
Purchase of property, plant and equipment	(175,860)	(407,046)	(474,249)	(2,238,455)
Insurance proceeds	24,892	-	24,892	34,842
Internal use software expenditures	(2,470)	(2,356)	(7,830)	(8,937)
Purchase of Short-term investments	(396,159)	(40,000)	(756,184)	(145,082)
Sale of Short-term investments	352,209	-	458,585	63,005
Change in restricted cash	(3,739)	(1,489)	(2,536)	3,610
Purchase of restricted investments	(1,436)	(4,145)	(12,334)	(16,766)
Investments in future abandonment and risk fund ⁽¹⁾	(18,000)	-	(34,954)	(30,000)
Maturity of investments in future abandonment and risk fund ⁽¹⁾	20,847	-	31,376	-
	(199,716)	(455,036)	(773,234)	(2,337,783)
Effects of foreign currency translation on cash	815	(1,233)	(4,756)	1,326
Change in cash and cash equivalents	493,903	(52,233)	764,977	161,331
Cash and cash equivalents, beginning of period	1,086,583	534,895	815,509	321,331
Cash and cash equivalents, end of period	\$ 1,580,486	\$ 482,662	\$ 1,580,486	\$ 482,662
Represented by: ⁽¹⁾				
Cash	\$ 1,559,305	\$ 462,276	\$ 1,559,305	\$ 462,276
Cash equivalents	21,181	20,386	21,181	20,386
	\$ 1,580,486	\$ 482,662	\$ 1,580,486	\$ 482,662

⁽¹⁾ Comparative figures have been reclassified to conform to the current year presentation.

Total interest and standby fees paid on the loans payable for the three and nine months ended September 30, 2025 was \$809 and \$1,648 respectively (2024 - \$279,818 and \$841,410, respectively).

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

Canada Development Investment Corporation

Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

Three and nine months ended September 30, 2025

(All dollar amounts are stated in thousands of Canadian dollars)

1. Reporting entity:

The Corporation is comprised of its parent, Canada Development Investment Corporation ("the Corporation" or "CDEV") and its wholly-owned subsidiaries: Canada Eldor Inc. ("CEI"), Canada Hibernia Holding Corporation ("CHHC"), Canada TMP Finance Ltd. ("TMP Finance"), Trans Mountain Corporation ("TMC"), Canada Innovation Corporation ("CIC"), 16342451 Canada Inc. The subsidiaries Canada Growth Fund Inc. ("CGF"), Canada Enterprise Emergency Funding Corporation ("CEEFC") and Canada Indigenous Loan Guarantee Corporation ("CILGC") are not consolidated. Refer to Note 3(b) and (c) for further details regarding the Corporation's assessment and conclusion not to consolidate these entities.

Parent

Canada Development Investment Corporation was incorporated in 1982 under the provisions of the *Canada Business Corporations Act* ("CBCA") and is wholly owned by His Majesty in Right of Canada ("HMRC"). The Corporation is an agent Crown corporation listed in Schedule III, Part II of the *Financial Administration Act* ("FAA") and is not subject to the provisions of the *Income Tax Act*. In November 2007, the Minister of Finance informed CDEV that its mandate "should reflect a future focused on the ongoing management of its current holdings in a commercial manner, providing assistance to the Government of Canada ("GoC") in new policy directions suited to CDEV's capabilities, while maintaining the capacity to divest CDEV's existing holdings, and any other Government interests assigned to it for divestiture, upon the direction of the Minister of Finance".

In July 2015, CDEV was issued a directive (P.C. 2015-1107) pursuant to section 89 of the *FAA* to align its travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies, directives and related instruments in a manner that is consistent with CDEV's legal obligations. CDEV aligned its policies, guidelines and practices as of October 2015 and will continue to report on the status of the directive in its corporate plan.

In August 2019, the GoC transferred to CDEV its activities related to the management of the Net Profits Interest ("NPI") and Incidental Net Profits Interest ("INPI") agreements under the Hibernia Development Project which were previously managed by Natural Resources Canada.

The address of CDEV's registered office is 79 Wellington Street West, Suite 3000, Box 270, TD Centre, Toronto, Ontario, M5K 1N2. The address of CDEV's principal place of business is 161 Bay Street, Suite 4540, Toronto, Ontario, M5J 2S1.

Subsidiaries

- i. Trans Mountain Corporation and Canada TMP Finance Ltd. were incorporated in 2018 under the provisions of the CBCA. The companies are subject to the *FAA*. TMP Finance is an agent of HMRC. TMC is a non-agent Crown corporation which allows it to borrow from parties other than the GoC. TMC is also subject to the *Income Tax Act*.

TMC owns and operates the Trans Mountain pipeline ("TMPL") and the Puget Sound pipeline ("Puget Pipeline"). 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 barrels per day to approximately 890,000 barrels per day. Collectively, the newly constructed pipeline and the original pipeline operate as the expanded pipeline system ("Expanded System").

- ii. TMP Finance is the parent company of TMC. It provides debt and equity financing to TMC funded by loans from HMRC, administered by Export Development Canada ("EDC"). See note 12 for loan details.

Canada Development Investment Corporation

Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

Three and nine months ended September 30, 2025

(All dollar amounts are stated in thousands of Canadian dollars)

1. Reporting entity (continued):

- iii. CEI was incorporated under the provisions of the CBCA. It is subject to the *FAA*, is an agent of HMRC and is not subject to the provisions of the *Income Tax Act*. During 1988, CEI sold substantially all of its assets and operations to Cameco Corporation ("Cameco") in exchange for share capital of the purchaser and a promissory note. As a result of the sale of the Cameco shares and the assumption of certain of CEI's remaining debt by the Government in 1995, CEI is left with the net cash proceeds from the final sale of Cameco shares as its only significant asset. CEI's remaining obligations include site restoration and retiree defined benefit obligations.
- iv. CHHC was incorporated under the provisions of the CBCA and was acquired by CDEV in March 1993. CHHC is subject to the *FAA* and the *Income Tax Act*. CHHC's sole purpose is the holding and management of its interest in the Hibernia Development Project ("Hibernia Project"), which is an oil development and production project located offshore Newfoundland and Labrador. The Hibernia Project comprises the original Hibernia Development Project area, where CHHC has an 8.5% working interest, and the Hibernia Southern Extension Unit ("HSE Unit"), where CHHC has a current 5.67% working interest. CHHC's working interest in the HSE Unit is subject to adjustment in accordance with the applicable provisions in the HSE Unit Agreement. The Hibernia Project is of strategic importance to CHHC as it is CHHC's sole business activity from which it derives all of its crude oil revenues. An account is maintained on behalf of the working interest owners of each the Hibernia Development Project and the HSE Unit by its operator, Hibernia Management and Development Company Ltd. ("HMDC") and ExxonMobil Canada Properties, respectively, acting as agent (a "joint account"). All common project expenditures are charged to the joint account which is owned and funded by the participants in proportion to their working interests.
- v. On May 10, 2020, CDEV was issued a directive (P.C. 2020-0305) pursuant to section 89 of the *FAA* to incorporate a subsidiary, and to take such steps as are necessary to facilitate the subsidiary's administration of a credit support program for large Canadian companies in response to COVID-19 emergency, in accordance with any directive that may be given to that Subsidiary. On May 11, 2020, CEEFC was incorporated in compliance with the directive. CEEFC was incorporated under the CBCA to administer, approve and fund transactions in accordance with terms approved by the Minister of Finance in relation to the Large Employer Emergency Financing Facility program ("LEEFF") which was designed to provide bridge financing to Canada's largest employers in response to the COVID-19 emergency. CEEFC is subject to the *FAA* and is not subject to the provisions of the *Income Tax Act*. As of July 2022, as directed by the Minister of Finance, CEEFC no longer accepts or processes new LEEFF loan applications.

On March 23, 2025, a section 89 directive was issued to CEEFC (P.C. 2025-0455) directing it to administer a new credit support facility for large Canadian companies affected by actual and potential tariffs and countermeasures, in accordance with the terms and conditions approved by the Minister of Finance. On the same day, CDEV was also issued a section 89 directive (P.C. 2025-0456) to take such steps as are necessary to ensure that CEEFC administers this new credit support facility, in accordance with any directive that may be given to CEEFC. Additionally, an order in council (OIC) was issued on March 23, 2025 under paragraph 60.2(2)(a) of the *FAA* to authorize the Minister of Finance to enter into a contract with CEEFC to purchase up to \$10 billion in securities to finance this new credit support facility. On September 29, 2025 CEEFC announced the first loan under the Large Enterprise Tariff Loan ("LETL") facility to protect Canadian jobs and strengthen strategic industries. This loan will provide Algoma Steel Inc. with access to \$400 million in liquidity.

Canada Development Investment Corporation

Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

Three and nine months ended September 30, 2025

(All dollar amounts are stated in thousands of Canadian dollars)

1. Reporting entity (continued):

- vi. CDEV was issued a directive (P.C. 2022-1269) on December 2, 2022 under section 89 of the FAA to procure the incorporation of a wholly-owned subsidiary to be named Canada Growth Fund Inc. and to take such steps as necessary to facilitate the subsidiary's establishment as a new public investment fund making investment decisions within its mandate, on an arm's length basis from the GoC, and in accordance with the terms of directive (P.C. 2022-1272) given to the subsidiary.

On December 13, 2022, Canada Growth Fund Inc. was incorporated under the CBCA and authorized to issue Common Shares and Class A Preference Shares. CGF's mandate is to build a portfolio of investments that catalyze substantial private sector investment in Canadian businesses and projects to help grow Canada's economy at speed and scale on the path to emissions reductions. As announced in Budget 2023, CGF has engaged the services and expertise of the Public Sector Pension Investment Board ("PSP Investments") and its personnel in the implementation of the CGF mandate. A wholly-owned subsidiary of PSP Investments, Canada Growth Fund Investment Management Inc. acts as the independent investment manager of CGF.

- vii. CDEV was issued a directive (P.C. 2023-0039) on January 31, 2023 under section 89 of the FAA to procure the incorporation of a wholly-owned subsidiary and to take such steps as are necessary to facilitate the subsidiary's implementation of its objects. On February 8, 2023 the Corporation incorporated CIC under the CBCA. CIC was given the mandate to maximize business investment in research and development across all sectors, and in all regions of Canada, to promote innovation-driven economic growth. The government of Canada announced in December 2023 that the full implementation of the CIC is scheduled for no later than 2026-2027.

- viii. CDEV was issued a directive (P.C. 2024-0808) on June 21, 2024 under section 89 of the FAA to procure the incorporation of a wholly-owned subsidiary and to take such steps as necessary to facilitate transactions by the wholly-owned subsidiary in relation to the Telesat program known as Telesat Lightspeed, in accordance with any directive that may be given to that subsidiary. The wholly-owned subsidiary was issued a directive (P.C. 2024-0812) on June 21, 2024, authorizing it under paragraph 91(1)(b) of the FAA to acquire shares in Telesat LEO Inc. and authorizing it under paragraph 91(3)(b) of the FAA to sell or otherwise dispose of or lease all or substantially all of its assets. On September 5, 2024, 16342451 Canada Inc. was incorporated under the CBCA and authorized to issue Common Shares. On June 21, 2024, 16342451 Canada Inc. was issued a directive (P.C. 2024-0811) to (i) make a loan to Telesat LEO Inc. in relation to the Telesat program known as Telesat Lightspeed, (ii) administer the loan, including making any amendments to that loan, granting any waivers or consents in connection with it and enforcing rights under it, as the wholly-owned subsidiary may determine advisable, and (iii) manage the loan, including the disposition of any warrants or shares acquired in connection with the loan. A loan agreement was executed with Telesat LEO Inc. on September 13, 2024. On November 15, 2024, a loan agreement was executed with HMRC, administered by EDC. 16342451 Canada Inc. received warrants in Telesat LEO Inc. on November 15, 2024. Pursuant to a corporate reorganization within the Telesat group completed on September 12, 2025, Telesat LEO Inc. was succeeded by Telesat LEO ULC ("Telesat LEO"). See note 13 for further details on the loans.

- ix. CDEV was issued a directive (P.C. 2024-1142) on October 25, 2024, under section 89 of the FAA which stated that CDEV was to procure the incorporation, under the CBCA of a wholly owned subsidiary and to take such steps as are necessary to facilitate the subsidiary's administration of Indigenous loan guarantees, in accordance with any directive that may be given to that subsidiary. The wholly-owned subsidiary was issued a directive (P.C. 2024-1143) on October 25, 2024, under section 89(1) of the FAA directing the wholly-owned subsidiary of CDEV to take such steps as are necessary to

Canada Development Investment Corporation

Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

Three and nine months ended September 30, 2025

(All dollar amounts are stated in thousands of Canadian dollars)

1. Reporting entity (continued):

implement its mandate, in accordance with the terms approved by the Minister of Finance. The wholly-owned subsidiary was designated as an agent of the Crown by section 262 the Budget Implementation Act, 2024, No. 1.

On December 16, 2024, CILGC was incorporated under the CBCA and is authorized to issue Common Shares. CILGC is subject to the FAA but is not subject to provisions of the *Income Tax Act*. CILGC's mandate is to deliver Indigenous loan guarantees and it will be responsible for various administrative and operational activities in relation to delivering the guarantees. On March 23, 2025, an order in council (P.C. 2025-0458) was issued under subsection 261(1) of the Budget Implementation Act, 2024, No. 1, authorizing CILGC to increase the amount of the aggregate of the principal and interest in respect of all the guarantees provided it, from \$5 billion to \$10 billion.

CILGC issued its first loan guarantee on July 2nd, 2025 following the successful completion of the required financing and closing conditions of the transaction between Enbridge and Stonelasec8 Indigenous Alliance Limited Partnership, the partnership owned by the 38 First Nations involved in the transaction. The guarantee covers \$400 million of a \$736-million investment by 38 First Nations in British Columbia for a 12.5% stake in Enbridge's Westcoast pipeline system.

2. Basis of preparation:

a) Statement of compliance:

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") issued by the International Accounting Standards Board applicable to interim periods, including International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. These interim condensed consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements and notes for the year ended December 31, 2024.

The interim condensed consolidated financial statements were authorized for issue by the Board of Directors on November 25, 2025.

b) Basis of measurement:

The interim condensed consolidated financial statements have been prepared on the historical cost basis as set out in the accounting policies below, except as permitted by IFRS Accounting Standards and otherwise indicated within these notes.

c) Functional and presentation currency:

Unless otherwise noted, amounts are presented in Canadian dollars, which is the functional currency of the Corporation's operations, except for the Puget Pipeline which uses the U.S. dollar as its functional currency.

3. Material Accounting Policy Information:

These interim condensed consolidated financial statements have been prepared following the same accounting policies and methods of application as those presented in note 3 of the annual audited consolidated financial statements for the year ended December 31, 2024, except for those policies which have changed as a result of the adoption of new accounting standards, amendments or interpretations effective January 1, 2025, as described below. In addition, income taxes on earnings

Canada Development Investment Corporation

Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

Three and nine months ended September 30, 2025

(All dollar amounts are stated in thousands of Canadian dollars)

3. Material Accounting Policy Information (continued):

or loss in the interim periods are accrued using the income tax rate that would be applicable to the expected total annual earnings or loss.

a) Changes in accounting policies:

The following accounting standards, amendments to standards and interpretations issued by the International Accounting Standards Board ("IASB"), and set out in the CPA Canada Handbook, are effective for the first time in the current financial year and have been adopted effective January 1, 2025 in accordance with the applicable transitional provisions.

b) Unconsolidated structured entities:

A structured entity is designed to achieve a specific business purpose and has been set up so that any voting or similar rights are not the dominant factor in deciding who controls the entity. An example is when voting rights relate only to administrative tasks and the relevant activities are directed by contractual arrangements. Structured entities are not consolidated when the substance of the relationship between the Corporation and the structured entities indicate that the structured entities are not controlled by the Corporation.

CEEFC, CGF and CILGC have been determined to be unconsolidated structured entities. These entities have not been consolidated within CDEV as CDEV is not deemed to have control over CEEFC, CGF or CILGC as CDEV does not have the power to affect returns for itself in a meaningful way given the substantial investment made by the GoC as preferred shareholder and the GoC's stated intent to recover its investments. (See note 3(c), Use of estimates and judgments).

c) Use of estimates and judgments:

The timely preparation of the Corporation's interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses as well as disclosure. Actual results may differ materially from these estimates.

Government Grant

The Corporation has currently recognized two separate government grants related to TMP Finance's Loans with EDC, and the loan agreement with EDC for the funding of the Telesat Loan.

The Corporation recognized the benefit of the below market interest rate on the GoC loans as a government grant. The grant value is calculated as the difference between the loan's fair value and its nominal amount at the effective date. To determine the fair value of the loans, discounted cash flow methods are applied, considering the present value of future payments discounted at a market rate. The loan's fair value is sensitive to changes in the market rate. Significant judgment is required in determining the market interest rate as the market rate for similar loans is not directly observable.

The market rate is determined at inception of the loan agreement. Subsequent drawdowns are treated as a continuation commitment at the inception date with the government grant calculated using margin as at inception.

The rate from a similar transaction involving third-party lenders for a comparable project was assumed to be appropriate for discounting the cash flows (CORRA + 1.25%: 2024 – 4.54%) of the EDC Loan with TMP Finance. A market rate of CORRA +6.79% was deemed to be appropriate for

Canada Development Investment Corporation

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(All dollar amounts are stated in thousands of Canadian dollars)

3. Material Accounting Policy Information (continued):

discounting the cash flows of the EDC loan with 16342451 Canada Inc. The market rate assumed to be equivalent to the market rate of the Telesat loan at origination.

Differences in estimated market interest rates would result in significantly different values for the grant and loan values. If the market rate increases, the fair value of the loan decreases, resulting in a higher grant value, and vice versa. There are no unfulfilled conditions and other contingencies attached to the government grant. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected. Other critical judgments and key sources of estimation uncertainty are the same as those disclosed in note 3(x) of the Corporation's annual consolidated financial statements for the year ended December 31, 2024.

Unconsolidated structured entities

CDEV has investments in unconsolidated structured entities, CEEFC, CGF and CILGC. Management exercises judgment in determining whether or not the Corporation has control of CEEFC, CGF and CILGC, which are wholly owned subsidiaries, and consequently whether or not it should consolidate the financial results of these entities. Refer to the Corporation's annual consolidated financial statements for the year ended December 31, 2024 for further details on CEEFC and CGF.

CILGC is wholly owned by CDEV through its one common voting share which grants it power over certain relevant activities of CILGC. However, the GoC, via the Minister of Finance, retains ultimate decision-making authority—by virtue of its direct interests or arrangements with CILGC—over actions that have a direct impact on CILGC's financial returns. Accordingly, while CDEV has power over certain relevant activities of CILGC it is not able to use those powers to influence its returns. Therefore, although CDEV owns all of the outstanding common shares of CILGC, it does not consolidate CILGC's operations because it does not have the ability to affect the returns from the common share investments through its power over the entity.

The maximum exposure to loss is determined by considering the nature of the interests in the unconsolidated structured entity. At September 30, 2025, the maximum exposure to CDEV for financial risk related to CILGC is reflected by the carrying amount of its investment in the consolidated statement of financial position of \$1.

4. Restricted cash:

	September 30, 2025	December 31, 2024
Restricted cash – TMC held for future abandonment costs	\$4,408	\$ 1,872
Restricted cash – TMC held as security	982	982
Restricted cash – CHHC letters of credit	8,732	8,732
	<u>\$14,122</u>	<u>\$ 11,586</u>

5. Other current assets:

	September 30, 2025	December 31, 2024
Inventory	\$ 37,909	\$ 34,814
Prepaid expenses and deposits	77,378	37,861
Prepaid Bulk Oil Cargo Fee ("BOCF")	29,213	5,722
Enhanced Response Regime Recovery ("TMEP BOCF")	42,671	42,317
	<u>\$ 187,171</u>	<u>\$ 120,714</u>

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5. Other current assets (continued):

The BOCF is intended to provide the Western Canada Marine Response Corporation (“WCMRC”) with funds for spill response and is collected from shippers based on volume of commodities moved through the WCMRC’s response area. TMP LP remits the BOCF related to traffic through the Westridge Marine Terminal (the “dock”) to WCMRC and collects it from TMPL shippers through a tariff provision. Beginning in 2015, the WCMRC published its Trans Mountain Expansion Project Bulk Oil Cargo Fee (“TMEP BOCF”) which was payable by TMP LP. The intent of the TMP BOCF was to provide WCMRC the funds it required to be operationally ready to provide the enhanced spill response capabilities for expected traffic increases related to the TMEP (the Enhanced Response Regime, or “ERR”). On January 19, 2016, the CER approved an alternative funding mechanism that allowed TMP LP to recover its TMEP BOCF payments from shippers following the commencement of commercial operations of the Expanded System. As a result, as of May 1, 2024, TMP LP began recovery of these payments over a five-year period through the ERR Cost Recovery Fee (“ECRF”), which is an element of the variable toll for transportation to the Westridge Marine Terminal. Recovery includes financing costs incurred prior to the commencement of service, and carrying charges applied to the remaining balance following the commencement of service.

6. Property, plant and equipment (“PPE”):

	Construction work in progress	Pipeline	Oil development assets, production facilities and Corporate	TOTAL
Cost				
Balance at January 1, 2024	\$ 30,332,636	\$ 3,840,090	\$ 602,965	\$ 34,775,691
Additions	2,226,957	-	29,214	2,256,171
Transfers	(32,490,935)	32,490,935	-	-
Decommissioning adjustments	-	(155,921)	7,019	(148,902)
Derecognition	-	(14,931)	-	(14,931)
Foreign exchange movements	1,142	25,816	-	26,958
Balance at December 31, 2024	\$ 69,800	\$ 36,185,989	\$ 639,198	\$ 36,894,987
Additions	156,790	-	25,714	182,504
Transfers	(58,164)	58,164	-	-
Decommissioning adjustments	-	(37,894)	(27,282)	(65,176)
Derecognition	-	(1,244)	-	(1,244)
Foreign exchange movements	(652)	(9,862)	-	(10,514)
Balance at September 30, 2025	\$ 167,774	\$ 36,195,153	\$ 637,630	\$ 37,000,557
Accumulated depletion and depreciation				
Balance at January 1, 2024	\$ -	\$ 529,835	\$ 505,121	\$ 1,034,956
Depletion and depreciation	-	585,017	26,078	611,095
Derecognition	-	(3,773)	-	(3,773)
Foreign exchange movements	-	4,864	-	4,864
Balance at December 31, 2024	\$ -	\$ 1,115,943	\$ 531,199	\$ 1,647,142
Depletion and depreciation	-	685,631	20,415	706,046
Derecognition	-	(593)	-	(593)
Foreign exchange movements	-	(2,105)	-	(2,105)
Balance at September 30, 2025	\$ -	\$ 1,798,876	\$ 551,614	\$ 2,350,490
Carrying amounts:				
At December 31, 2024	\$ 69,800	\$ 35,070,046	\$ 107,999	\$ 35,247,845
At September 30, 2025	\$ 167,774	\$ 34,396,277	\$ 86,016	\$ 34,650,067

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(All dollar amounts are stated in thousands of Canadian dollars)

6. Property, plant and equipment (“PPE”) (continued):

On May 1, 2024, upon commercial commencement of the Expanded System, the TMEP assets were transferred from construction work in progress to their respective fixed asset classification resulting in commencement of depreciation and amortization as well as cessation in the capitalization of interest.

Construction costs continue to be incurred for the TMEP related to the remaining cleanup, reclamation and road and civil work. As of September 30, 2025, construction in progress related to the TMEP was \$94.3 million compared to \$26.8 million as of December 31, 2024, and construction in progress related to capital expenditures on the existing pipeline system was \$73.4 million as of September 30, 2025, compared to \$43.0 million as of December 31, 2024.

At September 30, 2025, costs related to oil development assets and production facilities subject to the calculations of depletion and depreciation included future development costs of \$522,148 (December 31, 2024 - \$505,500). For details on decommissioning adjustments, see note 11, Provisions.

During the period ended September 30, 2025 no capitalized interest was included in the additions to construction work in progress – pipeline for the three and nine months ended September 30, 2025 respectively (2024 - \$nil and \$561,815).

At each reporting date, the Corporation assesses its CGUs for indicators of impairment or when facts and circumstances suggest the carrying amount may exceed the recoverable amount. Impairment losses recognized in prior periods, other than goodwill impairments, are assessed at each reporting date for any indicators that the impairment losses may no longer exist or may have decreased.

Oil development and production facility CGU

There were no indicators of impairment noted for the oil development and production facility CGU at September 30, 2025 and December 31, 2024 and accordingly an impairment test was not required.

Pipeline CGU

There have been no material changes to TMC's existing operations or the TMEP construction which would indicate impairment. Accordingly, an impairment test as of September 30, 2025 or December 31, 2024 was not required. Refer to the Corporation's annual consolidated financial statements for the year ended December 31, 2024 for further details.

7. Right-of-use assets and leases:

The Corporation leases certain assets including office buildings, land and equipment.

The category of equipment includes the Corporation's proportionate working interest share of three support vessels leased by HMDC on behalf of the Hibernia Project owners. The leases comprise monthly fixed payments and extend to the year 2032. Equipment leases also include construction camp equipment, pipeline operating equipment, vehicles and office equipment.

Land includes lease for space at the Westridge Marine Terminal which consists of land and water area as well as land for pump stations and temporary construction space and extend up to the year 2105.

The category of buildings includes the monthly fixed lease payments made for the Corporation's office building spaces in Alberta, B.C. and Ontario. The leases extend to the year 2031. Lease modifications during 2024 reflect lease term extensions and rate adjustments for two of the support vessels and for one of the Corporation's office leases, as a result of renegotiated contract terms.

Canada Development Investment Corporation

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(All dollar amounts are stated in thousands of Canadian dollars)

7. Right-of-use assets and leases (continued):

Certain contracts contain renewal options. The execution of such options is not reasonably certain and will depend on future market conditions and business needs at the time when such options are to be exercised. Some leases are subject to annual changes in Consumer Price Index ("CPI") and the lease liability is remeasured when there are changes to the CPI. Additionally, some real estate leases contain variable lease payments related to operating costs.

The Corporation is not exposed to any significant additional potential cash outflows that are not included in the reported amount of the lease liabilities, other than certain termination penalties which the Corporation considers not reasonably certain to be incurred as at September 30, 2025.

Consolidated Statement of Financial Position:

Details of right-of-use assets are as follows:

	Equipment and Vehicles	Land and Buildings	Total
January 1, 2024	\$ 17,035	\$ 43,494	\$ 60,529
Additions	8,061	948	9,009
Lease modifications	10,391	1,930	12,321
Incentives	-	(3,120)	(3,120)
Depreciation*	(7,395)	(7,925)	(15,320)
Foreign exchange	117	-	117
December 31, 2024	\$ 28,209	\$ 35,327	\$ 63,536
Additions	2,776	3,216	5,992
Lease modifications	-	(3)	(3)
Derecognition	-	(785)	(785)
Depreciation*	(4,379)	(1,863)	(6,242)
Foreign exchange	(47)	-	(47)
September 30, 2025	\$ 26,559	\$ 35,892	\$ 62,451

*Includes depreciation costs capitalized as additions to PPE of \$59 and \$6,112 for the periods ended September 30, 2025 and 2024, respectively.

Details of lease liabilities are as follows:

	Nine months ended September 30, 2025	Year ended December 31, 2024
Lease liabilities, opening	\$ 76,904	\$ 74,491
Additions	5,992	9,009
Lease modification	(3)	12,321
Derecognition	(873)	-
Interest expense	3,000	4,047
Lease payments	(9,621)	(23,124)
Foreign exchange movements	(61)	160
Lease liabilities, closing	\$ 75,338	\$ 76,904
Current	\$11,609	\$ 10,685
Non-current	63,729	66,219
	\$ 75,338	\$ 76,904

Canada Development Investment Corporation

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(All dollar amounts are stated in thousands of Canadian dollars)

7. Right-of-use assets and leases (continued):

Consolidated Statement of Comprehensive Income and Statement of Cash Flows:

	Nine months ended September 30	
	2025	2024
Consolidated Statement of Comprehensive Income:		
Interest on lease liabilities	\$ 3,000	\$ 3,014
Less: capitalized lease interest	(1)	(187)
Net interest on lease liabilities	\$ 2,999	\$ 2,827
Consolidated Statement of Cash Flows:		
Total cash outflow for leases	\$ (9,621)	\$ (18,441)

Lessor

Operating leases in which the Corporation is the lessor relate to merchant tanks owned by the Corporation and housing located along the pipeline right of way or in the proximity of pump stations. For the nine months ended September 30, 2025, lease income for merchant tank operating leases recognized in "Lease revenue" totaled \$47,475 (2024 - \$44,779), which included the variable lease payments described above.

8. Other assets:

	September 30, 2025	December 31, 2024
WCMRC recoverable amounts	\$110,176	\$ 145,329
Internal-use software	38,498	38,421
Recoverable projects	9,500	11,664
Other	32,833	18,029
	\$191,007	\$ 213,443

TMC has provided funds to the Western Canada Marine Response Corporation ("WCMRC") for enhanced spill response capability for expected traffic increases related to the TMEP (the Enhanced Response Regime, or "ERR"). Costs related to the ERR were remitted to WCMRC by TMC. TMC began recovery of these payments over a period of up to 5 years through the Enhanced Response Regime Cost Recovery Fee ("ECRF"), which is an element of the variable toll for transportation to the Westridge Marine Terminal. The pension asset of \$31,223 (2024 - \$12,049) is included in Other above. Recoverable Projects relates to costs for projects that are reimbursable by third parties.

9. Telesat LEO Warrants:

On November 15, 2024, in exchange for the loan commitment (see note 13), 16342451 Canada Inc. received warrants in Telesat LEO Inc. (now Telesat LEO ULC). Pursuant to a corporate reorganization within the Telesat group completed on September 12, 2025, the warrants were amended to be exercisable for limited partnership units of Lightspeed LEO Limited Partnership ("Telesat LEO Warrants"), a single purpose holding entity that owns 100% of Telesat LEO. The transaction entitles the subsidiary to acquire one limited partnership unit of LEO LP per warrant, being 346,551 warrants at an exercise price of US\$982.2713, which entitles the subsidiary to acquire an indirect 10% fully diluted ownership in Telesat LEO. The Telesat LEO Warrants are exercisable in whole or in part at any time after the second anniversary of the date of issuance of the warrants to the date that is ten years from the

Canada Development Investment Corporation

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9. Telesat LEO Warrants (continued):

date of issuance of the warrants (subject to vesting and the other terms of the Warrant Agreement). The warrants are classified as derivative financial assets, initially recognized at their fair value of \$380,096 and subsequently measured at fair value through profit or loss. In 2024, the Corporation recognized fair value gains of \$7,360 related to the Telesat LEO Warrants in Other income. Refer to note 20 for fair value and risk management assessment. In the nine months ending September 30, 2025, other income of \$69,359 was recognized due to fair value gains (losses) related to the Telesat LEO Warrants (2024 – nil).

10. Other current liabilities:

	September 30, 2025	December 31, 2024
Dock premiums	\$ 28,543	\$ 47,092
Environmental accrual	5,720	2,326
Defined benefit obligation	1,960	1,960
Contract liabilities	78,762	134,411
TMEP construction emission offset obligation	18,063	48,772
Customer Revenue Sharing	18,674	-
Other	2,291	11,591
	\$154,013	\$ 246,152

11. Provisions:

Changes to provisions for decommissioning obligations and site restoration were as follows:

	Decommissioning Obligations			Site restoration
	Pipeline	Wells & Facilities	Total	
Balance at January 1, 2024	\$ 522,275	\$ 123,667	\$ 645,942	\$ 3,204
Additional provisions	224,331	-	224,331	113
Changes in estimates	(300,223)	13,303	(286,920)	(258)
Obligations settled	(7,056)	(4,401)	(11,457)	(1,384)
Changes in discount rate	(80,029)	(6,284)	(86,313)	359
Effect of foreign exchange	3,482	-	3,482	-
Unwind of discount	16,979	3,953	20,932	77
Balance at December 31, 2024	\$ 379,759	\$ 130,238	\$ 509,997	\$ 2,111
Additional provisions	-	-	-	-
Changes in estimates	7,259	(19,407)	(12,148)	(89)
Obligations settled	(1,068)	-	(1,068)	(460)
Changes in discount rate	(45,153)	(7,875)	(53,028)	9
Effect of foreign exchange	(847)	-	(847)	-
Unwind of discount	8,830	2,013	10,843	-
Balance at September 30, 2025	\$ 348,780	\$ 104,969	\$ 453,749	\$ 1,571
Current	\$ 23,253	\$ -	\$ 23,253	\$ 1,571
Non-current	325,527	104,969	430,496	-
	\$ 348,780	\$ 104,969	\$ 453,749	\$ 1,571

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11. Provisions (continued):

- a) Provision for decommissioning obligations of wells and facilities:

The provision for decommissioning obligations is based on the Corporation's net ownership interest in wells and facilities and management's estimate of costs to abandon and reclaim those wells and facilities as well as an estimate of the future timing of the costs to be incurred. The Corporation estimates the total future undiscounted liability to be \$239,570 at September 30, 2025 (December 31, 2024 - \$249,100). Estimates of decommissioning obligation costs can change significantly based on factors such as operating experience and changes in legislation and regulations. The change in estimate for wells and facilities decommissioning includes the impact of a change in treatment for certain well slot reclamation expenditures.

Payments to settle the obligations are expected to occur in 2048 based upon the useful lives of the underlying assets. The provision was calculated at September 30, 2025 using an inflation rate of 2.5% (December 31, 2024 - 2.5%) and was discounted using a risk-free rate of 3.61% (December 31, 2024 - 3.27%).

- b) Provision for decommissioning obligations of pipeline:

The provision for decommissioning obligations for the pipeline properties is based on management's estimate of costs to abandon which is estimated to be \$348,780 at September 30, 2025 (December 31, 2024 - \$379,759) discounted using an average risk-free rate of 3.61% (December 31, 2024 - 3.33%). There were additional provisions to reflect the expanded system commencement on May 1, 2024. The undiscounted decommissioning liability is estimated to be \$1,820,000 (December 31, 2024 - \$1,847,000) with an inflation rate of 2.00% (December 31, 2024 - 2.00%) and these obligations will be settled based on the expected date of abandonment, which currently extends up to the year 2075.

The decommissioning provision reflects the discounted cash flows expected to be incurred to decommission TMC's pipeline system. The weighted average estimated economic life of assets covered by the decommissioning is estimated at 44 years. The estimated economic life is used to determine the undiscounted cash flows at the time of decommissioning and is reflective of the expected timing of economic outflows relating to the provision.

12. Loans payable:

Loans with EDC

- i. On August 29, 2018, the Corporation, through TMP Finance entered into Credit Agreements with HMRC. The facilities are part of the Canada Account of the GoC, administered by EDC. On March 25, 2019, the Corporation entered into an amended CER Credit Agreement. The Acquisition Facility was used to fund the acquisition of the Trans Mountain Pipeline entities. The Construction Facility was used primarily to finance the TMEP construction. The CER Facility allows the Corporation to borrow funds for the purpose of providing financial assurance for the TMPL as required by the CER. The maturity date for all GoC loan facilities was previously amended to August 29, 2027 effective June 27, 2024.

On December 13, 2024, an amended and restated credit agreement for the Acquisition, Construction, Refinancing and Working Capital facilities (the "TMP Credit Agreement") between HMRC, as lender, and TMP Finance, as borrower was entered into which establishes a new refinancing facility and a working capital facility in addition to the existing facilities. The refinancing facility was made available to provide funding to TMC to use to refinance and pay down the debt

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12. Loans payable (continued):

under the existing Syndicated credit agreement and to repay the related guarantee fees. In December 2024, funds totalling \$18,053,000 were drawn on the refinancing facility. The remaining refinancing facility commitment that was not drawn before January 17, 2025 has been cancelled. The revolving working capital credit facility was made available to permit advances to TMC for working capital and general-purpose needs.

Loan Modification

The existing Acquisition and Construction loans continue under the terms of the amended TMP Credit Agreement. Under this agreement:

- The maturity date of all GoC facilities has been extended to August 31, 2032.
- The interest rate for the acquisition and construction facilities has been revised from 4.7% to 3.01%, effective June 30, 2024.
- Interest on the existing loans was paid in kind (PIK) and added to the Construction Facility balance semi-annually.
- Interest on the Refinancing Facility of 3.01% was paid in kind and added to the Refinancing Facility balance on June 30, 2025.
- After June 30, 2025, interest on all facilities will be paid in cash semi-annually.

In accordance with IFRS 9, the Corporation performed a quantitative assessment of the modifications to the Acquisition and Construction facilities. The present value of the cash flows under the amended terms, discounted at the original effective interest rate, differed by more than 10% from the present value of the remaining cash flows under the original loan terms. Consequently, the modification was determined to be substantial, leading to the derecognition of the existing financial liability (at carrying amount of \$17,524,707) and the recognition of a new liability at fair value (\$15,822,820).

This resulted in a deferred gain from the loan modification of \$1,701,887 at December 31, 2024, which was included within the total government grant calculated (see "Government Grants" section below).

- ii. On November 15, 2024, 16342451 Canada Inc. executed a loan agreement with EDC (the "16342451 Canada Inc. Credit Agreement") for a maximum loan of \$2.14 billion plus any capitalized PIK interest, to be disbursed on a non-revolving basis as drawdowns are made on the Telesat loan. The EDC loan bears an interest rate of equal to CORRA. The loan matures on the 15th year anniversary of the date of the initial advance. See note 13 for additional information on the nature and terms of the EDC Loan.

The total credit available to 16342451 Canada Inc. was \$2.14 billion, of which \$341,220 was utilized as of September 30, 2025 (December 31, 2024 - \$nil). During the nine months ended September 30, 2025, PIK interest of \$5,009 was added to the outstanding balance.

Government Grants

- i. The revised interest rate of 3.01% for the existing and new refinancing loan facilities with EDC under the TMP Credit Agreement was determined to be a below-market interest rate for the extended term. As a result, the interest benefit provides reasonable assurance that the Corporation will comply with the conditions attached to the assistance and that the benefit will be received and therefore qualifies as a government grant under IAS 20. The fair value of the loans was calculated using an estimated market rate of 4.54%, and the difference, totaling \$3,452,640, was recognized as deferred income – government grant on the consolidated statement of financial position as at

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12. Loans payable (continued):

December 13, 2024. The total deferred income amount is inclusive of the impact of the loan modification described above.

The benefit will be amortized over the remaining term of the loans. For the period ending September 30, 2025, \$281,106 has been recognized as amortization of deferred income – government grant and has been netted against the gross interest expense in the consolidated statement of comprehensive income (loss) (December 31, 2024 - \$13,296).

- ii. The interest rate of CORRA under the 16342451 Canada Inc. Credit Agreement was determined to be a below-market interest rate and met the conditions of a government grant under IAS 20. At inception, the coupon rate of the loan at CORRA was 3.52%. The fair value of the EDC Loan was calculated based on an estimated market interest rate of CORRA + 6.79%. As a result, at each draw down date, the market rate in excess of CORRA at inception of 6.79% will be used to recognize deferred government grant income. The benefit will subsequently be recognized in income over the remaining term of the EDC loan.

During the period ended September 30, 2025, the Corporation recognized \$133,079 in Deferred income – government grants in the consolidated statement of financial position (December 31, 2024 - \$nil). For the nine months period ending September 30, 2025, \$5,492 has been recognized as grant income and has been netted against the gross interest expense (December 31, 2024 - \$nil).

The total outstanding balance Deferred income – government grants is as follows:

Deferred Income – Government grants	September 30, 2025	December 31, 2024
Deferred Income – 16342451 Canada Inc. Loan	\$ 127,587	\$ -
Deferred Income – TMP Finance Loans	3,158,238	3,439,344
Total deferred income – government grants	\$ 3,285,825	\$ 3,439,344

Details of the loan facilities at September 30, 2025 are as follows:

Facility	Total Available Credit September 30, 2025⁽⁴⁾	Balance as at September 30, 2025	Balance as at December 31, 2024	Interest Rate Disbursed amounts	Standby Fee Undisbursed amounts	Maturity Date
Acquisition	\$ 4,670,000	\$ 4,297,537	\$ 4,157,166	3.01%	-	August 31, 2032
Construction	\$ 13,500,000	\$ 12,095,412	\$ 11,700,337	3.01%	-	August 31, 2032
CER ⁽²⁾	\$ 550,000	\$ -	\$ -	3.01%	0.30%	December 31, 2035
Refinancing	\$ 19,000,000	\$ 16,881,996	\$ 16,330,577	3.01%	-	August 31, 2032
Working Capital ⁽³⁾	\$ 500,000	\$ -	\$ -	3.01%	-	August 31, 2032
Total under TMP Credit Agreement	\$ -	\$ 33,274,945	\$ 32,188,080			
16342451 Canada Inc. Credit Facility	\$ 2,140,000	\$ 218,642	\$ -	CORRA	-	January 15, 2040
Total under 16342451 Canada Inc.	\$ -	\$ 218,642	\$ -			
Total with GoC	\$ -	\$ 33,493,587	\$ 32,188,080			

Presented as:

Current	\$ -	\$ -
Non-current	\$ 33,493,587	\$ 32,188,080

⁽¹⁾ The Syndicated Facility was terminated on December 20, 2024.

⁽²⁾ The interest rate on disbursed amounts for GoC facilities was 4.70% until July 2, 2024, and 3.01% thereafter. The rate change for the CER facility was effective from January 12, 2025.

⁽³⁾ The available borrowing limit on the working capital facility of \$1,000,000 is limited by the borrowing authority at December 31, 2024.

⁽⁴⁾ As of April 2022, the available credit was reduced to nil for cash draws on the Acquisition and Construction facilities. As of January 17, 2025, the Refinancing facility available credit was reduced to nil for cash draws.

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12. Loans payable (continued):

At September 30, 2025, funds drawn on the Acquisition and Construction Facilities totaled \$17,812,261 (December 31, 2024 - \$17,550,304). The total amount drawn at September 30, 2025 on the Refinancing Facility was \$18,343,653 (December 31, 2024 - \$18,053,000). During the nine months ended September 30, 2025, PIK interest of \$261,957 was added to the Construction Facility balance (2024 - \$655,834) and \$290,653 was added to the Refinancing Facility balance (2024 - \$nil). As at September 30, 2025, contractual interest payable was \$135,139 on the Acquisition and Construction Facilities (2024 - \$1,443), and \$139,171 on the Refinancing Facility (2024 - \$22,677).

On December 13, 2024, the maturity date for the CER facility was extended to December 31, 2035 and the interest rate on outstanding amounts was amended to 3.01% effective January 12, 2025.

Credit Agreement with Syndicated Lenders

On April 29, 2022, TMC entered into a credit agreement with a syndicate of lenders (the "Syndicated Credit Agreement") which contained an unsecured revolving facility (the Syndicated Facility") and included a guarantee provided from the Government of Canada. See note 21 for more information on the guarantee and associated fees. On March 24, 2023, the Corporation amended and restated the Syndicated Credit Agreement to a two-year senior unsecured Equator Principles 4 compliant revolving facility and, among other changes, amended it to include a letter of credit facility ("LC Facility"). On May 17, 2024, the Syndicated Credit Agreement was further amended to extend the maturity date to August 31, 2026 and increase the available credit from \$17.9 billion to \$18.9 billion. The increase to the facility included a corresponding increase to the guarantee provided by the Government of Canada. On December 20, 2024, TMC paid the outstanding balance and cancelled the Syndicated Facility.

Borrowings under the Syndicated Facility bore interest at the Canadian Prime Rate or Canadian Overnight Repo Rate Average ("CORRA") plus applicable margins and commitment fees. The effective interest rate for the year ended December 31, 2024 was 6.2%.

Letter of Credit Facility

On February 5, 2025, the LC Facility and the Syndicated Credit Agreement were terminated. Concurrently, the LC Facility was replaced with a \$100 million third party uncommitted senior demand revolving letter of credit facility (the "Demand LC Facility"). All issued and outstanding letters of credit are deemed to be letters of credit issued under the Demand LC Facility.

As of September 30, 2025, TMC had letters of credit of \$58.2 million issued and outstanding from the available \$100 million Demand LC Facility. As of December 31, 2024 TMC had letters of credit of \$73.4 million issued and outstanding from the \$100 million LC facility.

Canada Development Investment Corporation

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12. Loans payable (continued):

Total interest expense is comprised of the following:

	Three months ended		Nine months ended	
	September 30		September 30	
	2025	2024	2025	2024
Interest on Loans payable	\$ 375,053	\$ 475,941	\$ 1,097,794	\$ 1,427,451
Amortization of debt issuance costs	-	2,289	-	6,041
Interest on leases	989	1,019	2,999	2,827
Interest and fees capitalized	-	-	-	(561,815)
Guarantee fees	-	11,219	18	32,522
Standby fees	416	784	1,234	2,310
Interest expense	\$ 376,458	\$ 491,252	\$ 1,102,045	\$ 909,336
Amortization of deferred income				
- government grants	(98,403)	-	(286,598)	-
Interest expense, net	\$ 278,055	\$ 491,252	\$ 815,447	\$ 909,336

The TMP Finance fixed rate GoC loans bore an effective interest rate of 4.7% to July 2, 2024, 3.01% to December 13, 2024, and 4.54% thereafter. For the period ended September 30, 2025, interest expense accrued to the loan balance totalled \$1,086,864, of which \$552,610 is included in PIK interest (December 31, 2024 - \$63,014, of which \$25,597 is included in PIK interest).

The capitalization rate used to determine the amount of borrowing costs to be capitalized is the weighted average interest rate applicable to the Corporation's general borrowings during the period up to commencement of the TMEP on April 30, 2024 of 5.6%.

13. Loan Commitment and Loan Receivable:

On September 13, 2024, 16342451 Canada Inc. entered into an agreement committing to provide Telesat LEO Inc. (now Telesat LEO ULC) a loan for \$2.14 billion ("Telesat Loan") conditional on the Corporation entering into a financing arrangement with EDC, on behalf of HMRC to fund the loan. Subsequently on November 15, 2024, 16342451 Canada Inc. executed a loan agreement with EDC ("EDC Loan") for the purpose of funding the Telesat Loan. The EDC loan was issued for a maximum amount of \$2.14 billion, to be disbursed on a non-revolving basis as drawdowns are made on the Telesat loan. The EDC loan bears a variable interest rate equal to CORRA. Management has assessed the interest rate on EDC loan as a below-market interest rate, with the interest benefit to be recognized as a government grant. Therefore, the EDC Loan will be initially recognized at fair value less directly attributable transaction costs and will be subsequently measured at amortized cost under the effective interest rate method. As of December 31, 2024, \$nil was disbursed in connection to the EDC loan.

The Telesat loan was issued for a maximum amount of \$2.14 billion maturing on the 15th year anniversary of the date of the initial advance. Advances under the facility will be disbursed on a non-revolving basis as certain milestones for the project are met. The Telesat loan is secured by the project assets and bears a variable interest rate of CORRA plus 4.75%. In exchange for providing the loan commitment, 16342451 Canada Inc. received 346,551 warrants of Telesat LEO Inc. at an exercise price of US\$982.2713. As discussed in Note 9, the warrants were recognized at fair value and a corresponding deferred loan commitment fee liability was recognized. Management has assessed the stated rate of the loan to be at a below market interest rate, and as such the commitment has subsequently been measured at the higher of its ECL and the initial amount recognized less amounts allocated to draw downs of the Telesat loan. As of September 30, 2025 and December 31,

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13. Loan Commitment and Loan Receivable (continued):

2024, the initial amount recognized for the loan commitment exceeds the total provision for expected credit losses for the commitment.

As of September 30, 2025, \$341,220 was disbursed in connection to the Telesat loan (2024 - \$nil) and \$60,606 of the commitment amount initially recognized was allocated to Telesat loan draw downs (2024 - \$nil).

14. Net Profits Interest reserve:

During the year-to-date period, NPI payments received under the NPI agreements totalled \$106,078 of which \$8,711 was received from CHHC and eliminated upon consolidation (2024 - \$132,896 of which \$12,575 was eliminated). NPI refund payments to owners in the nine months ended September 30, 2025 were \$2,529 of which \$16 was paid to CHHC and eliminated upon consolidation. (2024 - \$7,134, of which \$606 was eliminated).

15. Supplemental cash flow disclosure:

Changes in non-cash working capital and other balances for the periods ended September 30 include the following:

	Three months ended		Nine months ended	
	September 30		September 30	
	2025	2024	2025	2024
Trade and other receivables	\$ (4,067)	\$ 10,623	\$ (34,933)	\$ (21,558)
Inventory	(1,347)	2,285	2,102	2,511
Other current assets	21,849	10,592	(69,272)	(117,567)
Deferred charges and other assets	16,543	17,515	30,726	47,648
Trade and other payables	47,399	61,794	(191,529)	(331,055)
Interest payable	(416)	202,066	(77,037)	175,738
Other current liabilities	(48,741)	63,402	(93,207)	193,104
Other non-current liabilities	3,100	(14,231)	(9,931)	57,343
Change in non-cash working capital and other items	\$ 34,320	\$ 354,046	\$ (443,081)	\$ 6,164

Relating to:

Financing activities	\$ -	\$ (51)	\$ -	\$ (98)
Operating activities	43,814	107,672	(138,007)	181,768
Investing activities	(9,494)	246,425	(305,074)	(175,506)
	\$ 34,320	\$ 354,046	\$ (443,081)	\$ 6,164

	Three months ended		Nine months ended	
	September 30		September 30	
	2025	2024	2025	2024
PPE additions (note 6)	\$ (174,291)	\$ (454,967)	\$ (182,504)	(2,022,011)
Change in non-cash items related to PPE	(1,583)	46,717	(291,803)	(222,556)
Capitalized lease amortization and interest	14	1,204	58	6,112
Cash used for PPE expenditures	\$ (175,860)	\$ (407,046)	\$ (479,249)	\$ (2,238,455)

Canada Development Investment Corporation

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(All dollar amounts are stated in thousands of Canadian dollars)

15. Supplemental cash flow disclosure (continued):

The changes in the liabilities arising from financing activities can be classified as follows:

	September 30, 2025	September 30, 2024
Opening balance	\$ 32,188,080	\$ 32,975,494
Cash movements:		
Proceeds from loans payable	341,220	1,750,000
Repayment of loans payable	-	(100,000)
Debt issuance costs	-	(14,711)
Non-cash movements:		
PIK interest	557,619	397,019
Debt issuance costs amortization	-	6,041
Deferred Income - government grant (note 12)	(133,079)	-
Amortized Interest – Effective Interest Rate	539,747	-
Other	-	99
Closing balance	\$ 33,493,587	\$ 35,013,942

16. Net crude oil revenue and operating, transportation and marketing expenses:

a) Net crude oil revenue for the periods ended September 30 is comprised as follows:

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Crude oil sales	\$ 35,864	\$ 88,336	\$ 156,379	\$ 190,074
Less: royalties	(6,635)	(20,176)	(35,173)	(43,821)
Net crude oil revenue	\$ 29,229	\$ 68,160	\$ 121,206	\$ 146,253

b) Gross crude oil sales represent the entirety of CHHC's revenue generated from contracts with customers. The following table illustrates the disaggregation of crude oil sales by destination:

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Europe	\$ 11,742	\$ -	\$ 82,200	\$ 18,236
United States	24,122	88,336	74,179	171,838
	\$ 35,864	\$ 88,336	\$ 156,379	\$ 190,074

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16. Net crude oil revenue and operating, transportation and marketing expenses (continued):

c) Operating, transportation and marketing expenses are comprised as follows:

	Three months ended		Nine months ended	
	September 30		September 30	
	2025	2024	2025	2024
Hibernia Project operating expenses \$	5,145	\$ 5,776	\$ 14,847	\$ 17,072
Movement in overlift/underlift (i)	(1,611)	5,548	2,102	5,774
Crude oil transportation and transshipment	1,260	1,208	4,037	3,560
Crude oil marketing	52	109	257	250
Total operating, transportation and marketing	\$ 4,846	\$ 12,641	\$ 21,243	\$ 26,656

⁽ⁱ⁾ At September 30, 2025, the Corporation was in an underlift position, having sold less barrels than produced. An underlift is recognized as inventory with corresponding adjustments to operating, transportation and marketing expenses and depletion and depreciation expenses. The Corporation was also in an underlift position at December 31, 2024.

17. Revenue and operating expenses from pipeline operations:

For the periods ended September 30, revenues and operating expenses from pipeline operations, disaggregated by revenue source and type of revenue, are comprised as follows:

	Three months ended		Nine months ended	
	September 30		September 30	
	2025	2024	2025	2024
Transportation revenue	\$ 752,681	\$ 654,007	\$ 2,133,131	\$ 1,220,959
Lease revenue	15,569	15,395	47,475	44,779
Other revenue	744	680	2,521	4,302
Total	\$ 768,994	\$ 670,082	\$ 2,183,127	\$ 1,270,040
Pipeline operating and production expenses	\$ 103,518	\$ 95,247	\$ 291,636	\$ 210,284
Salaries and benefits	49,820	44,184	148,756	119,881
Other general and administration costs	21,418	13,477	54,396	25,106
Total operating expenses excluding finance costs and depreciation	\$ 174,756	\$ 152,908	\$ 494,788	\$ 355,271

Revenues from pipeline operations are primarily earned in Canada with less than 10% originating outside of Canada.

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18. Commitments:

The Corporation's commitments at September 30, 2025 are summarized in the table below:

	Remainder			
	2025	2026 – 2029	Thereafter	Total
Crude oil transportation and transshipment services	\$1,236	\$ 20,570	\$ 3,383	\$25,189
Hibernia Project contracts	343	1,600	-	1,943
Pipeline PPE	8,679	-	-	8,679
Other operating commitments	15,368	296,587	962,225	1,274,180
Total Commitments	\$ 25,626	\$ 318,757	\$ 965,608	\$ 1,309,991

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.

19. Contingencies:

The Corporation or its subsidiaries, in the normal course of its operations, may become subject to a variety of legal and other claims against the Corporation.

CEI was a co-defendant with the Province of Ontario, the Attorney General of Canada, the Canadian Nuclear Safety Commission and BOC Canada Limited in a proposed class action lawsuit brought by certain residents of the municipality formerly known as Deloro in the County of Hastings, Ontario. The lawsuit was based on the alleged contamination of certain properties. On August 19, 2025 this action was dismissed.

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 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.

Canada Development Investment Corporation

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19. 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 \$118 million in insurance proceeds since the initial event in 2021. For the three- and nine-month periods ended September 30, 2025, insurance proceeds on the flood related claims were recognized of \$30,332 (2024 - \$nil) in "Other income" and related to a recovery of capital costs. 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.

20. Risks to the Corporation:

The nature of CDEV's consolidated operations expose the Corporation to risks arising from its financial instruments that may have a material effect on cash flows, profit and comprehensive income. A description of the nature and extent of risks arising from the Corporation's financial assets and liabilities can be found in the notes to the Corporation's annual consolidated financial statements as at December 31, 2024. CDEV is exposed to financial risks including market risk relating to commodity prices, foreign exchange rates and interest rates, as well as credit and contract risk and liquidity risk.

(a) Credit and contract risk:

Credit and contract risk is the risk of financial loss to the Corporation if counterparties do not fulfill their contractual obligations and arises primarily from the Corporation's trade and other receivables. A significant exposure to this risk relates to crude oil sales and oil shipment sales from contracts with customers.

- i. For its crude oil sales contracts, the Corporation has assessed the risk of non-collection of funds as low, as it shares cargos with its marketing agent, generally contracts with credit-worthy counterparties, and may use letters of credit, parental guarantees or other credit risk mitigation instruments prior to concluding sales contracts with certain counterparties. Receivables from the Corporation's crude oil customers are typically collected one month following delivery of the crude. The Corporation has historically not experienced any collection issues with its crude oil customers.
- ii. In the first half of 2024, the Corporation used the services of a crude oil marketer pursuant to an agency agreement, whereby the marketer arranged contracts with customers on the Corporation's behalf. The Corporation sold to three customers during this period. In the second half of 2024, the agency agreement was terminated and the Corporation commenced a crude oil sales agreement with a different marketer. Under this latter agreement, the Corporation sells its oil directly to the marketer, accordingly the marketer was the Corporation's sole customer during the second half of 2024. This counterparty is investment-grade rated.

For the oil shipment sales contracts, the Corporation limits its exposure to credit risk 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. A majority of the

Canada Development Investment Corporation

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20. Risks to the Corporation (continued):

(a) Credit and contract risk (continued):

Corporation's customers operate in the oil and gas exploration and development, or energy marketing or transportation fuel industries. There may be exposure to long-term downturns in energy commodity prices, including the price for crude oil, and economic instability from these events or other credit events impacting these industries and customers' ability to pay for services.

- iii. The Corporation is exposed to credit risk through its loan commitment to Telesat LEO and Telesat Loan Receivable. The commitment has been measured at the higher of its ECL and the initial amount recognized less amounts allocated to draw downs of the Telesat loan. The Telesat Loan Receivable has been measured at amortized cost. The commitment and receivable were initially graded between a B- and CCC. As at period end, there has been no significant increase in credit risk. The loan commitment and Telesat Loan Receivable continue to remain in Stage 1. Financial instruments for which 12-month ECL are recognized are referred to as 'Stage 1 financial instruments'. Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit impaired.

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Corporation uses judgment in making these assumptions and determining the inputs, based on existing market conditions, as well as forward-looking estimates at the end of each reporting period.

The movement in the allowance for impairment in respect of the Telesat Loan Receivable during the period was as follows:

	Telesat Loan Receivable
Balance at December 31, 2024	\$ -
Amounts written off	-
Net measurement of loss allowance	7,692
Balance at September 30, 2025	\$ 7,692

The loss allowance is mainly attributable to the increase in the gross carrying amount of the Telesat Loan Receivable due to drawdowns in the quarter. The methodology for the calculation of ECLs is the same as described in the last annual financial statements. The loan commitment to Telesat LEO is measured at its initial carrying amount less the cumulative amount of income recognized in accordance with IFRS 15. As the carrying amount continues to exceed the ECL, the ECL related to the commitment has not been recognized.

As at September 30, 2025 and December 31, 2024 there were no significant accounts receivable past due or impaired.

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20. Risks to the Corporation (continued):

(a) Credit and contract risk (continued):

The composition of the Corporation's trade and other receivables is as follows:

	September 30, 2025	December 31, 2024
Contracts with pipeline shippers	\$ 198,099	\$ 155,982
Contracts with crude oil customers	11,922	13,278
Hibernia Project joint account	419	865
HST/GST input tax credits*	4,418	11,137
Other	11,763	10,426
	<u>\$ 226,621</u>	<u>\$ 191,688</u>

Amount outstanding greater than 90 days	\$ 915	\$ 10,430
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*HST/GST input tax credits are not financial instruments.

The carrying amount of cash and cash equivalents, restricted cash and restricted investments, and investments held for future obligations balances represents the maximum credit exposure for those financial assets.

Cash and cash equivalents, short-term investments, restricted cash and restricted investments, and investments held for future obligations balances are held by investment-grade Canadian banks and financial institutions and the GoC. All cash equivalents and investments are purchased from issuers with a credit rating of R1 High by Dominion Bond Rating Service. Accordingly, the ECLs provision at September 30, 2025 related to cash and cash equivalents and investments is insignificant. The Corporation realized no actual impairment losses during the periods ended September 30, 2025 or 2024.

(b) Liquidity risk:

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Corporation's approach to managing liquidity is to ensure, to the extent possible, that it will have sufficient liquidity to meet its liabilities when due.

The Corporation forecasts cash requirements 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 the issuance of debt, including the available capacity on the Working Capital Facility. See note 12 for details on Debt.

The Corporation continues to retain cash and cash equivalents and short-term investments that provide it with financial flexibility to meet its obligations as they come due. The Corporation may be exposed to long-term downturns in the energy industry and economic volatility which is mitigated by the current regulatory frameworks governing the Corporation's pipeline operations and the competitive position of the Corporation's pipeline and oil producing assets.

Trade and other payables are generally due within one year from the date of the consolidated statement of financial position.

The cashflows related to the loan commitment include the undiscounted cashflows allocated to the earliest period in which the loan commitment can be called.

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20. Risks to the Corporation (continued):

(b) Liquidity risk (continued):

Maturity analysis – contractual undiscounted cash flows:

September 30, 2025	Carrying Amount	Contractual Cash Flows			
		Total	1 year or less	1-5 years	More than 5 years
Trade and other Payables	\$ 346,074	\$ 346,074	\$ 346,074	\$ -	\$ -
Lease liabilities	75,338	162,301	3,238	43,264	115,799
Loan commitment	319,490	1,798,779	960,472	838,307	-
Loan payable – TMP	33,274,945	43,963,390	1,088,381	5,441,907	37,433,102
Loan payable – 16342451					
Canada Inc.	218,642	407,228	-	57,896	349,332
	\$ 34,234,489	\$ 46,677,772	\$ 2,398,165	\$ 6,381,374	\$ 37,898,233

December 31, 2024	Carrying Amount	Contractual Cash Flows			
		Total	1 year or less	1-5 years	More than 5 years
Trade and other Payables	\$ 641,575	\$ 641,575	\$ 641,575	\$ -	\$ -
Lease liabilities	76,904	166,361	11,859	38,900	115,602
Loan commitment	380,096	2,140,000	930,985	1,209,015	-
Loan payable – TMP	32,188,080	43,963,390	548,663	4,353,526	39,061,201
	\$ 33,286,655	\$ 46,911,326	\$ 2,133,082	\$ 5,601,441	\$ 39,176,803

(c) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, and includes foreign exchange, commodity price, and interest rate risk. The Corporation does not use derivative instruments, such as interest rate swaps or forward foreign currency contracts, or other tools and strategies to manage its market related risks.

(i) Currency risk:

Currency risk is the risk that the fair value of assets or liabilities or future cash flows will fluctuate as a result of changes in foreign exchange rates. This risk arises on financial instruments denominated in U.S. dollars at the end of the period, consisting primarily of U.S. cash, trade receivables and trade payable balances that arise from revenues and expenditures that are denominated in U.S. dollars. Crude oil is priced in U.S. dollars and fluctuations in USD/CAD exchange rates may have an impact on revenues.

The Puget Pipeline operates in the state of Washington and earns its revenues and incurs most of its expenses in U.S. dollars. Therefore, fluctuations in the U.S. dollar to Canadian dollar exchange rate can affect the earnings contributed by the Puget Pipeline, to our overall results.

The Corporation did not have any foreign exchange rate contracts in place as at or during the period ended September 30, 2025 or 2024.

(ii) Interest rate risk:

Interest rate risk is the risk that the fair value of financial instruments or future cash flows will fluctuate as a result of changes in market interest rates. The Corporation is exposed to interest

Canada Development Investment Corporation

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20. Risks to the Corporation (continued):

(c) Market risk (continued):

rate fluctuations on its cash and cash equivalents and the various investments held. The risk is not considered significant as the Corporation's interest income is approximately 2% of total revenue.

As of September 30, 2025, the Corporation does not have significant exposure to interest rate risk on loans from its parent at fixed interest rates at the balance sheet date. 16342451 Canada Inc.'s loan from EDC and corresponding loan to Telesat LEO are at a floating interest rate and as such, it is exposed to interest rate risk. However, the interest rate risk is mitigated as these are back-to-back both loans. The Corporation's risk is limited to the margin in excess of CORRA charged on the Telesat loan.

The following table summarizes the profit and loss effect of a 100-basis point (bps) change in the prevailing market interest rates for the Loan payable and Loan receivable at the reporting date. All other variables have been held constant for the purposes of the sensitivity.

As at September 30, 2025

100bps parallel (Increase/decrease)	Increase	Decrease
EDC Loan Payable – Grant Income	\$ 197,777	\$ (197,400)
EDC Loan Payable – Interest Expense	(197,777)	197,400
Telesat Loan Receivable	474,113	(451,156)
Gain/(Loss) on revision of cash flows	(203,621)	137,062

The associated EDC Loan Payable and Telesat Loan Receivable are measured at amortized cost. Thus, the above market interest rate movements are not expected to have any effect on profit or loss.

Modifications to borrowings under the Credit Agreement with the EDC reduced the fixed interest rate to 3.01% and extended the maturity date which provides improved cash flows. Borrowings under the Syndicated Credit Agreement which had variable interest rates and a related fixed rate guarantee fee were replaced with the fixed rate refinancing loan.

(iii) Other Price Risk

The Corporation has no significant exposure to price risk from equity securities or commodities in the normal course of business. However, the Corporation is exposed to price risk associated with the value of the Telesat LEO Warrants whereby the fair value may not be equivalent to the liquidation value of the warrant. Refer to note 9 for further information.

(d) Fair value of financial instruments:

The following table shows the carrying amounts and fair values of restricted investments, Telesat LEO Warrants and loans payable including their levels in the fair value hierarchy at September 30, 2025 and December 31, 2024:

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20. Risks to the Corporation (continued):

(d) Fair value of financial instruments (continued):

	Classification	Hierarchy	Carrying amounts		Fair value	
			2025	2024	2025	2024
Financial assets						
Restricted investments	FVTPL	Level 2	139,517	128,377	139,517	128,377
Telesat LEO Warrants	FVTPL	Level 3	456,815	387,456	456,815	387,456
Financial liabilities						
Loan commitment	Amortized cost	Level 3	319,491	380,096	319,491	380,096
Loans payable-TMP	Amortized cost	Level 2	33,274,945	32,188,080	34,483,760	32,123,849
Loans payable-16342451						
Canada Inc.	Amortized cost	Level 2	218,642	-	201,437	-

The following reflects the changes in the fair value of the Telesat LEO warrants, which are Level 3 in the fair value measurement hierarchy.

December 31, 2024	\$ 387,456
Gain (Loss) recognized within other operating gains, net	\$ 69,359
September 30, 2025	\$ 456,815

Fair values for the restricted investments are determined based on observable prices and inputs for similar instruments available in the market, utilizing widely accepted cash flow models to value such instruments. The fair value of loans payable is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Corporation for similar financial instruments.

The Corporation used the Black-Scholes option pricing model to measure the fair value of the warrants. Key inputs used in the Black-Scholes model include Telesat LEO's equity value, which is used to determine the estimated share price, exercise price, expected term, risk-free rate, and dividend yield. Telesat LEO's equity value has been calculated using a discounted cash flow model with key inputs into the discounted cashflow model including the discount rate used to discount future cash flows to their present value and the exit multiple applied to the terminal equity value.

The Corporation has determined that these valuation techniques are a Level 3 measurement within the fair value hierarchy as estimated volatility is generally unobservable and requires management estimation.

Canada Development Investment Corporation

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Three and nine months ended September 30, 2025

(All dollar amounts are stated in thousands of Canadian dollars)

20. Risks to the Corporation (continued):

(d) Fair value of financial instruments (continued):

The following inputs have been used in assessing the fair value of the warrants:

Key Assumptions	Inception	December 31, 2024	September 30, 2025
Equity value			
Discount rate	20%	20%	20%
Exit multiple	10X	10X	10X
Warrants value			
Equity Value (USD)	3,755,000	3,755,000	4,373,000
Risk free rate	3.52%	3.51%	3.25%
Volatility	55%	55%	61%

Sensitivity Analysis

Reasonable possible changes as at September 30, 2025 to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

	Profit or loss	
	Increase	Decrease
September 30, 2025		
Equity Value (10% movement)	55,047	(54,460)
Risk free rate (1% movement)	7,874	(8,205)
Expected volatility (10% movement)	30,372	(34,082)
Foreign currency rate (0.05 movement)	16,409	(16,409)

21. Related party transactions:

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 under its stated mandate.

CDEV paid dividends to the Government of Canada during the three and nine months ended September 30, 2025 of \$nil and \$167,000 respectively (2024- \$nil).

The GoC provided TMC with a guarantee in relation to its Syndicated Credit Agreement (see note 12) in exchange for a guarantee fee. 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 and nine months ended September 30, 2025, the Corporation incurred \$nil and \$18 in guarantee fees, respectively (2024- \$11,219 and \$32,522 respectively) which were included in interest expense. As of September 30, 2025 and December 31, 2024, the guarantee fee payable was \$nil and \$105 million, respectively, and recorded in "Interest payable."

On July 15, 2020, CEEFC and CDEV entered into a Service Agreement whereby CDEV provides executive, administrative, banking, financial and support services, and other administrative services to facilitate the organization and functioning of CEEFC and CEEFC's administration of the LEEFF program. In the period ended September 30, 2025, CDEV earned management fees from CEEFC of \$600 (September 30, 2024 - \$600). At September 30, 2025, CDEV has a related party receivable from CEEFC of \$309 (December 31, 2024 - \$290).

Canada Development Investment Corporation

Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

Three and nine months ended September 30, 2025

(All dollar amounts are stated in thousands of Canadian dollars)

21. Related party transactions (continued):

On October 6, 2025, CILGC and CDEV entered into a Service Agreement whereby CDEV provides executive, administrative, banking, financial and support services, and other administrative services to facilitate the organization and functioning of CILGC and CILGC's administration of the Indigenous Loan Guarantee Program.

For the three and nine months ended September 30, 2025, costs incurred by the Company and funded by CDEV were \$4.3 million. At September 30, 2025, CDEV has a related party receivable from CILGC of \$4.6 million (December 31, 2024 - \$nil). This amount includes reimbursement of expenses incurred by CDEV prior to the incorporation of CILGC to set up CILGC and assist it in the initial set up of the Program as well as reimbursement for certain expenses CDEV incurred on behalf of the CILGC including professional and advisory fees and expenses, salaries and employee benefits, rent, travel, insurance, and other operational costs.

Canada Development Investment Corporation

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(All dollar amounts are stated in thousands of Canadian dollars)

22. Supplementary information:

The following presents a breakdown of the primary operating entities comprising CDEV. CDEV corporate, CEI, TMP Finance, 16342451 Canada Inc. and CIC are grouped as Others:

September 30, 2025							
	TMC (US GAAP)	IFRS Adjustments	TMC (IFRS)	CHHC	Others	Eliminations	Consolidated
Statement of Comprehensive Income:							
Revenue:							
Transportation revenue	\$ 2,164,228	\$ (31,097) ⁽¹⁾	\$ 2,133,131	\$ -	\$ -	\$ -	\$ 2,133,131
Net crude oil revenue	-	-	-	112,203	-	9,003	121,206
Lease revenue	46,169	1,306	47,475	-	-	-	47,475
Other revenue	2,521	-	2,521	-	4,295	-	6,816
Other income	977	30,332	31,309	2,268	-	-	33,577
Gain (Loss) on warrants	-	-	-	-	69,359	-	69,359
	2,213,895	541	2,214,436	114,471	73,654	9,003	2,411,564
Expenses:							
Depletion and depreciation	716,031	(30,331) ⁽²⁾	685,700	23,380	45,344	(33,130)	721,294
Operating and production	293,497	(1,861)	291,636	21,243	-	-	312,879
Salaries and benefits	147,500	1,256 ⁽³⁾	148,756	1,303	6,864	-	156,923
General and admin, other and FX	55,462	(1,066)	54,396	2,508	16,176	16	73,096
	1,212,490	(32,002)	1,180,488	48,434	68,384	(33,114)	1,264,192
Finance Expenses (income):							
Equity AFUDC	958	(958) ⁽⁴⁾	-	-	-	-	-
Other, net	704	(1,356)	(652)	-	-	-	(652)
Unwind of discount	-	(8,830) ⁽⁴⁾	(8,830)	(2,786)	-	773	(10,843)
Net Interest (expense)	(426,282)	(2,939) ⁽⁴⁾	(429,221)	6,240	(326,240)	1,234	(747,987)
	(424,620)	(14,083)	(438,703)	3,454	(326,240)	2,007	(759,482)
Net income (loss) before income tax	576,785	18,460	595,245	69,491	(320,970)	44,124	387,890
Income taxes	152,082	1,944 ⁽⁵⁾	154,026	21,660	-	-	175,686
Net income (loss)	\$ 424,703	\$ 16,516	\$ 441,219	\$ 47,831	\$ (320,970)	\$ 44,124	\$ 212,204
Other comprehensive income (loss)	\$ (12,813)	\$ 14,861 ⁽⁶⁾	\$ 2,048	\$ -	\$ 4,096	\$ (4,096)	\$ 2,048
Statement of Financial Position:							
Assets:							
Current assets	1,028,241	- ⁽⁷⁾	1,028,241	119,431	1,330,137	(35,230)	2,442,579
Non-current assets	35,990,649	(1,596,004) ⁽⁸⁾	34,394,645	284,893	37,182,680	(35,877,527)	35,984,691
	\$ 37,018,890	\$ (1,596,004)	\$ 35,422,886	\$ 404,324	\$ 38,512,817	\$ (35,912,757)	\$ 38,427,270
Liabilities							
Current liabilities	549,312	(5,994)	543,318	17,877	16,052	(35,649)	541,598
Non-current liabilities	13,503,837	(153,698) ⁽⁹⁾	13,350,139	121,525	37,103,293	(12,000,000)	38,574,957
	\$ 14,053,149	\$ (159,692)	\$ 13,893,457	\$ 139,402	\$ 37,119,345	\$ (12,035,649)	\$ 39,116,555
Shareholder's Equity							
	\$ 22,965,741	(1,436,312) ⁽¹⁰⁾	\$ 21,529,429	\$ 264,922	\$ 1,393,472	\$ (23,877,108)	\$ (689,285)
	\$ 37,018,890	\$ (1,596,004)	\$ 35,422,886	\$ 404,324	\$ 38,512,817	\$ (35,912,757)	\$ 38,427,270

Canada Development Investment Corporation

Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

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22. Supplementary information (continued):

	September 30, 2024						
	TMC (US GAAP)	IFRS Adjustments	TMC (IFRS)	CHHC	Others	Eliminations	Consolidated
Statement of Comprehensive Income:							
Revenue:							
Transportation revenue	\$ 1,140,303	\$ 80,656 ⁽¹⁾	\$ 1,220,959	\$ -	\$ -	\$ -	\$ 1,220,959
Net crude oil revenue	-	-	-	133,466	-	12,787	146,253
Lease revenue	44,779	-	44,779	-	-	-	44,779
Other revenue	2,053	2,249	4,302	-	1,946	(1,346)	4,902
Other income	91	-	91	2,795	-	-	2,886
	1,187,226	82,905	1,270,131	136,261	1,946	11,441	1,419,779
Expenses:							
Depletion and depreciation	393,030	(11,817) ⁽²⁾	381,213	24,274	25,316	(18,764)	412,039
Operating and production	210,308	(24)	210,284	26,656	-	-	236,940
Salaries and benefits	118,247	1,634 ⁽³⁾	119,881	1,183	3,844	-	124,908
General and admin other and FX	27,380	(2,274)	25,106	2,213	10,674	(111)	37,882
	748,965	(12,481)	736,484	54,326	39,834	(18,875)	811,769
Finance Expenses (income):							
Equity AFUDC	461,412	(461,412) ⁽⁴⁾	-	-	-	-	-
Other, net	701	(11,859)	(11,158)	-	-	-	(11,158)
Unwind of discount	-	(12,310) ⁽⁴⁾	(12,310)	(2,957)	(58)	-	(15,325)
Net Interest (expense)	(845,433)	188,441 ⁽⁴⁾	(656,992)	9,106	(17,525)	(216,715)	(882,126)
	(383,320)	(297,140)	(680,460)	6,149	(17,583)	(216,715)	(908,609)
Net income (loss) before income taxes	54,941	(201,754)	(146,813)	88,084	(55,471)	(186,399)	(300,599)
Income taxes (recovery)	12,685	(49,721) ⁽⁵⁾	(37,036)	25,095	-	-	(11,941)
Net income (loss)	\$ 42,256	\$ (152,033)	\$ (109,777)	\$ 62,989	\$ (55,471)	\$ (186,399)	\$ (288,658)
Other Comprehensive Income	\$ 5,911	\$ 8,837 ⁽⁶⁾	\$ 14,748	\$ -	\$ 29,496	\$ (29,496)	\$ 14,748
Statement of Financial Position:							
Assets:							
Current assets	518,608	(4,000) ⁽⁷⁾	514,608	138,125	425,891	(111,105)	967,519
Non-current assets	36,570,869	(1,373,064) ⁽⁸⁾	35,197,805	293,205	18,166,686	(17,600,947)	36,056,749
	\$ 37,089,477	\$ (1,377,064)	\$ 35,712,413	\$ 431,330	\$ 18,592,577	\$ (17,712,052)	\$ 37,024,268
Liabilities							
Current liabilities	933,632	12,599	946,231	25,412	12,531	(6,428)	977,746
Non-current liabilities	27,798,139	77,198 ⁽⁹⁾	27,875,337	140,661	17,496,828	(8,562,129)	36,950,697
	\$ 28,731,771	\$ 89,797	\$ 28,821,568	\$ 166,073	\$ 17,509,359	\$ (8,568,557)	\$ 37,928,443
Shareholder's Equity	\$ 8,357,706	(1,466,861) ⁽¹⁰⁾	\$ 6,890,845	\$ 265,257	\$ 1,083,218	\$ (9,143,495)	\$ (904,175)
	\$ 37,089,477	\$ (1,377,064)	\$ 35,712,413	\$ 431,330	\$ 18,592,577	\$ (17,712,052)	\$ 37,024,268

TMC prepares its financial statements in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). IFRS Accounting Standards require that a parent shall prepare its consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. As a result, TMC adjusted its financial data under US GAAP, to conform to IFRS Accounting Standards. These accounting adjustments are presented in the column "Adjustments - IFRS Accounting Standards" and are detailed below:

- 1) Transportation revenue: Under US GAAP, TMC applies the provisions of ASC 980 Regulated Operations under which the timing of recognition and treatment of certain revenues may differ from

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(All dollar amounts are stated in thousands of Canadian dollars)

22. Supplementary information (continued):

that otherwise expected under IFRS Accounting Standards. Under IFRS Accounting Standards, revenue is recognized in accordance with IFRS 15. Under US GAAP, 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 and actual toll collected on the TMPL. These regulatory adjustments are reversed under IFRS Accounting Standards.

2) Depreciation differs under IFRS Accounting Standards due to a lower fixed asset base. The lower fixed asset base is mainly a result of the recognition of an Allowance for Funds Used During Construction ("AFUDC") on the TMEP under US GAAP as described further in footnote 4 and the depreciation of the TMEP assets began May 1, 2024. This is partially offset by an asset retirement obligation ("ARO") and the corresponding asset retirement cost under IFRS Accounting Standards. Due to the significant uncertainty around the timing and scope of abandonment, certain ARO liabilities are not recorded under US GAAP, resulting in a correspondingly lower fixed asset base, and lower depreciation under US GAAP related to the asset retirement costs.

3) Salaries and benefits expense is higher under IFRS Accounting Standards due to differences in the recognition of pension expense under the two accounting frameworks. Under IFRS Accounting Standards, remeasurements of plan assets and liabilities are reflected immediately in other comprehensive income, while under US GAAP certain gains and losses within the plans are recognized in other comprehensive income and amortized into net income over a longer period. Additionally, there are differences in the determination of interest costs and return on plan assets.

4) Under US GAAP ASC 980, an Allowance for Funds Used During Construction ("AFUDC") is included in the cost of PPE and is depreciated over future periods as part of the total cost of the related asset. AFUDC includes both an interest component and, if approved by the regulator, a cost of equity component which are both capitalized based on rates set out in a regulatory agreement. The interest component of AFUDC results in a reduction in interest expense and the equity component of AFUDC is recognized as finance income. Under IFRS Accounting Standards, there is no recognition of AFUDC, and only interest incurred on debt drawn to fund qualifying capital expenditures is capitalized as defined in IAS 23 *Borrowing Costs*. An unwind of a discount on the decommissioning obligation under IFRS Accounting Standards is also included in the finance cost IFRS Accounting Standards adjustments.

5) Taxes under IFRS Accounting Standards are lower due to the adjustments noted above in revenue, depreciation expense, salary and benefit expense, and AFUDC.

6) Other Comprehensive Income under IFRS Accounting Standards differs due to different treatment of pension plan adjustments recognized under US GAAP.

7) Current assets under IFRS Accounting Standards are reduced primarily due to timing differences in the revenue recognition between US GAAP and IFRS Accounting Standards.

8) Non-current assets are lower under IFRS Accounting Standards primarily due to adjustments to PPE. There are differences in the fair value of the net assets under US GAAP and IFRS Accounting Standards primarily related to ARO, regulatory liabilities, and deferred taxes upon acquisition. Following the acquisition, PPE is lower under IFRS Accounting Standards due to the recognition of AFUDC under US GAAP, partially offset by higher ARO and the corresponding asset retirement cost. TMC also records proceeds from certain contracts including Firm 50 premiums as contributions in aid of construction under US GAAP ASC 980, which reduces fixed assets. These contributions are recognized as revenue under IFRS Accounting Standards.

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22. Supplementary information (continued):

9) Non-current liabilities differ under IFRS Accounting Standards primarily due to the recognition of an ARO and other environmental obligations. TMC does not record these obligations under US GAAP when the timing and scope are indeterminate. There are also adjustments to deferred taxes under IFRS Accounting Standards. The differences between US GAAP and IFRS Accounting Standards upon acquisition have a related tax effect which results in lower deferred tax on acquisition. Under US GAAP debt issuance costs are recognized as an asset while they are netted against debt under IFRS Accounting Standards. Additionally, there is an ongoing difference in deferred income taxes related to differences in net income and the tax expense recognized.

10) The cumulative impact of the IFRS Accounting Standards adjustments to shareholder's equity total \$(1.44) billion with \$17 million being the impact on the 2025 net income.



For more information about CDEV

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