



2023

DELIVERING RESULTS — PROVIDING ENERGY SOLUTIONS

Our collective efforts in 2023 continued to set the stage for a transformative period for TC Energy. Our leadership team outlined clear strategic priorities, successfully aligned our resources and continued to deliver strong results. These efforts translated into another record year for the company as we continued to safely and efficiently move, generate and store the energy North America and the world rely on.

As one of our valued shareholders, we thank you for your support.

DELIVERING ON OUR 2023 PRIORITIES

We remained focused on a clearly defined set of priorities emphasizing safety, operational excellence, and project execution to deliver record operational performance and financial results.

Our team accomplished multiple milestones throughout the year, including safely executing major projects and bringing additional capacity projects into service. Notably, we achieved mechanical completion of Coastal GasLink ahead of our year-end 2023 target, continued progress on Southeast Gateway pipeline project, completed Bruce Power's Unit 6 Major Component Replacement and placed \$5.3 billion of assets into service on budget.

Beyond this, we enhanced our balance sheet strength by completing our \$5+ billion asset divestiture program and identified an incremental \$3 billion of capital rotation opportunities to further support our deleveraging targets, all while maximizing the value of our assets. Our 2023 comparable EBITDA¹ was 11 per cent higher than 2022, demonstrating that at every stage of the economic cycle, our asset base continues to generate strong operational and financial results.

LOOKING AHEAD — OUR 2024 STRATEGIC PRIORITIES

We have great expectations as we look to 2024. Driven by continued demand for our assets and services, we expect our 2024 comparable EBITDA to be higher than the record amount we delivered in 2023 prior to adjustments for potential asset sales and the spinoff of our Liquids Pipelines business that remains subject to a shareholder vote expected in mid-2024. As we move into 2024, we are guided by the following priorities:

- Maximize the value of our assets through safety and operational excellence
- Project execution on time and budget
- Enhance our balance sheet strength and flexibility

In July, we announced our plans to spin off our Liquids Pipelines business and separate into two industry-leading, investment-grade companies. The separation of our Natural Gas Pipelines and Power and Energy Solutions businesses from our Liquids Pipelines business aims to maximize the value of our assets and unlock the full potential of our five leadership positions for shareholders.

¹ Comparable EBITDA is a non-GAAP measure used throughout this document. This measure does not have any standardized meaning under GAAP and therefore is unlikely to be comparable to similar measures presented by other companies. The most directly comparable GAAP measure is segmented earnings (losses). Refer to the About this document – Non-GAAP measures section of the 2023 Annual MD&A (incorporated by reference) for more information about the non-GAAP measures we use and for a reconciliation to the U.S. GAAP equivalent. Our 2023 Annual MD&A is available under TC Energy's profile on SEDAR+ at www.sedarplus.ca

SOUTH BOW – MAXIMIZING THE VALUE OF OUR ASSETS

South Bow Corporation will be a critical oil infrastructure company with an unrivalled market position to connect resilient, safe and secure supply to the highest demand markets with incremental growth and value creation opportunities.

SOUTH BOW'S VISION

“As a smaller entity, South Bow can be lean, nimble and opportunistic. We are pleased to offer our shareholders a strong, sustainable base common share dividend fully funded by high-quality cash flow generation, with an expected two to three per cent long-term dividend growth rate.”

Bevin Wirzba,
Intended President and CEO, South Bow

STRATEGIC RATIONALE

TC Energy and South Bow offer distinct value propositions to customers and investors. As stand-alone entities, each will have the ability to pursue and achieve greater success by executing tailored strategies to fully capture the incremental value of their unique opportunity sets. As the world renews its focus on energy security, our Liquids Pipelines business has experienced increased customer demand, presenting immediate opportunities that require more financial flexibility to maintain its notable competitive advantages. To protect the leadership position currently held by the Liquids Pipelines business, it must have the flexibility to prudently invest today and deliver on incremental customer demands.

Separating in 2024 gives South Bow the time to identify and advance the accretive opportunities that will make it the most successful in the long run.

With an expected investment-grade rating, South Bow will have the agility to quickly respond to market shifts, while delivering continued shareholder value. Pairing its attractive base dividend and unrivalled path to key demand markets, we expect the company's highly contracted take-or-pay, low-risk cash flow profile to offer a premium valuation relative to its peer group. Leveraging its advantages, South Bow will continue to be one of the continent's most competitive liquids platforms.

EXPECTED NEXT STEPS

- Mid-2024: shareholder vote on Liquids spinoff transaction
- Second half of 2024: Liquids spinoff expected to be completed
- Combined dividends of the two companies will remain whole following the Liquids spinoff



FORWARD-LOOKING INFORMATION

These pages contain certain forward-looking information. For more information on forward-looking information, the assumptions made, and the risks and uncertainties which could cause actual results to differ from the anticipated results refer to TC Energy's 2023 Annual Report filed with Canadian securities regulators, the U.S. Securities and Exchange Commission and available at [TCEnergy.com](https://www.tceenergy.com).

FORCED LABOUR AND CHILD LABOUR REPORT 2023

In accordance with Bill S-211, an Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff, please find our commitment against forced labour and modern slavery at [TCEnergy.com/ForcedLabourReport](https://www.tceenergy.com/ForcedLabourReport).

Contact us:


[TCEnergy.com/AnnualReport](https://www.tceenergy.com/AnnualReport)



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