

WESTCOAST ENERGY INC.

(a subsidiary of Enbridge Inc.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2025

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This Management's Discussion and Analysis (MD&A) dated May 9, 2025 should be read in conjunction with the unaudited interim consolidated financial statements and notes thereto of Westcoast Energy Inc. as at and for the three months ended March 31, 2025 (the unaudited consolidated financial statements), prepared in accordance with generally accepted accounting principles in the United States of America (US GAAP). It should also be read in conjunction with the audited consolidated financial statements and MD&A of Westcoast Energy Inc. for the year ended December 31, 2024. All financial measures presented in this MD&A are expressed in Canadian dollars, unless otherwise indicated. Additional information related to Westcoast Energy Inc. is available on SEDAR+ at www.sedarplus.ca. Additional information related to Enbridge Gas Inc. (EGI), including its financial statements and MD&A, is also available on SEDAR+.

This MD&A contains forward-looking information or statements. Readers are cautioned from placing undue reliance on such statements and should review the cautionary information under *Forward-Looking Information*.

OVERVIEW

The terms "we", "our", "us" and "Westcoast" as used in this MD&A refer collectively to Westcoast Energy Inc. and its subsidiaries, unless the context suggests otherwise. We are a wholly-owned indirect subsidiary of Enbridge Inc. (Enbridge), our ultimate parent. Enbridge provides administrative and general support services to us.

Westcoast owns and operates natural gas transmission assets serving customers in western Canada, the United States (US) Pacific Northwest, the Maritime provinces in Canada and the northeastern US.

In addition to our natural gas transmission assets, our financial performance is underpinned by the results of EGI of which we own a 46% equity interest. EGI is a rate-regulated natural gas distribution utility with storage and transmission services, which serves residential, commercial and industrial customers across Ontario.

FORWARD-LOOKING INFORMATION

Forward-looking information, or forward-looking statements, have been included in this MD&A to provide information about Westcoast and its subsidiaries, including management's assessment of Westcoast's future plans and operations. This information may not be appropriate for other purposes. Forward-looking statements are typically identified by words such as: "anticipate", "believe", "estimate", "expect", "forecast", "intend", "likely", "plan", "project", "target", "continue", "should", "could", "may", "predict", "will", "potential" and similar words suggesting future outcomes or statements regarding an outlook. Forward-looking information or statements included or incorporated by reference in this document include, but are not limited to, statements with respect to the following: expected supply of, demand for and prices of natural gas and other commodities and sources of energy; expected costs, capacity and in-service dates related to announced projects and projects under construction, including the T-North Expansion and T-South Expansion; expected future growth and expansion opportunities; expected future decisions and actions of regulators and courts, government trade policies, including potential impacts of tariffs, duties, fees, economic sanctions, or other trade measures, and the timing and impact thereof; anticipated sources of financing and liquidity and the sufficiency thereof; expected capital expenditures and the timing thereof; the effect of any claims or potential claims and other legal proceedings; operational, industry, climate change and other risks associated with our businesses; and our assessment of the potential impact of the various risk factors identified in our MD&A for the year ended December 31, 2024.

Although we believe that these forward-looking statements are reasonable based on the information available on the date such statements are made and processes used to prepare the information, such statements are not guarantees of future performance and readers are cautioned against placing undue reliance on forward-looking statements. By their nature, these statements involve a variety of assumptions, known and unknown risks and uncertainties and other factors, which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements. Material assumptions and risks include the following: the expected supply of, demand for and prices of natural gas and other commodities and sources of energy; anticipated utilization of our existing assets; exchange rates; inflation; interest rates; the availability of capital on satisfactory terms; tariffs and trade policies; the availability and price of labor and construction materials; the stability of our supply chain; operational reliability; maintenance of support and regulatory approvals for our projects; laws and regulations applicable to our business; anticipated in-service dates; weather; potential acquisitions, dispositions or other strategic transactions; expected earnings/(loss); expected earnings before interest, income taxes and depreciation and amortization (EBITDA); and expected future cash flows. Assumptions regarding the expected supply of and demand for natural gas and the prices of natural gas are material to and underlie all forward-looking statements, as they may impact current and future levels of demand for our services. Similarly, exchange rates, tariffs, inflation, and interest rates impact the economies and business environments in which we operate, and may impact levels of demand for our services and cost of inputs, and are therefore inherent in all forward-looking statements. The most relevant assumptions associated with forward-looking statements regarding announced projects and projects under construction, including estimated completion dates and expected capital expenditures, include the following: the availability and price of labor and construction materials; the stability of our supply chain; the effects of inflation and foreign exchange rates on labor and material costs; the effects of interest rates on borrowing costs; and the impact of weather and customer, government and regulatory approvals on construction, in-service schedules, and cost recovery regimes.

Our forward-looking statements are subject to risks, uncertainties and assumptions pertaining to the realization of anticipated benefits and synergies of projects and transactions, operating performance, regulatory parameters, changes in laws and regulations applicable to our business, litigation, project approval and support, weather, economic and competitive conditions, public opinion, access to and cost of capital, operational dependence on third parties, changes in tax laws and tax rates, exchange rates, interest rates, commodity prices, political decisions, and supply of and demand for natural gas and other alternative energy. These risks, uncertainties and assumptions include, but are not limited to those discussed in this MD&A and in our other filings with Canadian securities regulators. The impact of any one assumption, risk, uncertainty or factor on a particular forward-looking statement is not determinable with certainty as these are interdependent and our future course of action depends on management's assessment of all information available at the relevant time.

Except to the extent required by applicable law, Westcoast assumes no obligation to publicly update or revise any forward-looking statements made in this MD&A or otherwise, whether as a result of new information, future events or otherwise. All subsequent forward-looking statements, whether written or oral, attributable to us or persons acting on our behalf, are expressly qualified in their entirety by these cautionary statements.

NON-GAAP AND OTHER FINANCIAL MEASURES

This MD&A makes references to non-GAAP and other financial measures, including EBITDA. EBITDA is defined as earnings before interest, income taxes and depreciation and amortization. Management uses EBITDA to assess our performance and to set targets.

As a non-GAAP financial measure, EBITDA does not have any standardized meaning prescribed by US GAAP and is not a US GAAP measure. Therefore, it may not be comparable with similar measures presented by other issuers. Management believes the presentation of this measure gives useful information to investors as it provides increased transparency and insight into our performance. A reconciliation of EBITDA to Earnings, the most directly comparable GAAP measure, is set out under Results of Operations in this MD&A.

RECENT DEVELOPMENTS

PROJECT UPDATES

The Birch Grove Program is an expansion of the British Columbia (BC) Pipeline's T-North system, which includes pipeline looping and other ancillary station modifications. The program was announced on March 4, 2025. Refer to *Growth Projects* for further details.

RESULTS OF OPERATIONS

	Three months ended March 31,	
	2025	2024
<i>(millions of Canadian dollars)</i>		
EBITDA ¹	367	290
Depreciation and amortization	(53)	(52)
Interest expense	(28)	(35)
Income tax expense	(15)	(19)
Earnings	271	184
Earnings attributable to noncontrolling interests	(1)	—
Earnings attributable to common shareholders	270	184

¹ Non-GAAP financial measure. Refer to Non-GAAP and Other Financial Measures.

EARNINGS ATTRIBUTABLE TO COMMON SHAREHOLDERS

Three months ended March 31, 2025 compared with the three months ended March 31, 2024

Earnings attributable to common shareholders were positively impacted by \$61 million, which is explained by higher income from our equity investment in EGI primarily due to the following business factors:

- colder weather in 2025;
- higher distribution charges resulting from increases in rates and customer base; and
- the absence of severance costs in 2025 when compared to the first quarter of 2024.

After taking into consideration the factors above, the remaining \$25 million increase is primarily explained by the following business factors:

- lower Interest expense due to the retirement of medium-term notes, lower draws and lower interest rates on our demand loan from Enbridge;
- higher Other income primarily due to higher allowance for equity funds used during construction from growth projects in progress; and
- lower Income tax expense due to the effects of rate-regulated accounting and our basis difference in our equity investment in EGI, offset by higher pre-tax earnings in 2025 compared to 2024.

GROWTH PROJECTS

The following table summarizes the status of our material commercially secured projects. We have a 100% interest in all of the projects identified below:

	Estimated Capital Cost ¹	Expenditures to Date ²	Status ²	Expected In-Service Date
<i>(Canadian dollars)</i>				
1. T-North Expansion (Aspen Point)	\$1.2 billion	\$325 million	Under construction	2026
2. T-South Expansion (Sunrise)	\$4.0 billion	\$235 million	Pre-construction	2028
3. T-North Expansion (Birch Grove)	\$417 million	No significant expenditures to date	Pre-construction	2028

¹ These amounts are estimates and are subject to upward or downward adjustment based on various factors.

² Expenditures to date and status of the project are determined as at March 31, 2025.

A full description of each of our material projects is provided in our annual MD&A for the year ended December 31, 2024. Significant updates that have occurred since the filing date of our annual MD&A are discussed below.

T-North Expansion (Birch Grove) - An expansion of our BC Pipeline in northern BC that includes pipeline looping and ancillary station modifications to support 178 million cubic feet per day of additional capacity. The project is underpinned by a cost-of-service commercial model with a target in-service date in the third quarter of 2028. This expansion is driven by the need for natural gas producers in northeastern BC to access markets for their growing production, mainly from the prolific Montney formation.

LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of liquidity and capital resources are funds generated from operations and intercompany transactions with Enbridge and other affiliated entities.

We have signed capital obligation contracts for the purchase of services, pipe and other materials totaling approximately \$552 million, which are expected to be paid over the next two years.

BANK CREDIT AND LIQUIDITY

As at March 31, 2025 and December 31, 2024, we had access to Enbridge's demand letter of credit facilities totaling \$850 million. As at March 31, 2025, \$31 million (December 31, 2024 - \$32 million) of letters of credit were issued by us.

Excluding current maturities of long-term debt, as at March 31, 2025 and December 31, 2024, we had negative working capital positions of \$1.5 billion and \$1.6 billion, respectively. This is primarily due to our demand loan from Enbridge. We generally expect to utilize cash from operations together with draws on our demand loan from Enbridge to fund liabilities as they become due, finance capital expenditures and fund debt retirements.

We were in compliance with all terms and conditions of our Trust Indenture as at March 31, 2025.

SOURCES AND USES OF CASH

	Three months ended March 31,	
	2025	2024
<i>(millions of Canadian dollars)</i>		
Operating activities	330	264
Investing activities	(116)	(120)
Financing activities	(200)	(143)
Net change in cash and restricted cash	14	1

Significant sources and uses of cash for the three months ended March 31, 2025 and 2024 are summarized below:

Operating Activities

The primary factors impacting cash provided by operating activities period-over-period include fluctuations in our operating assets and liabilities in the normal course due to various factors, including the timing of tax payments, general variations in activity levels within our businesses and timing of working capital settlements. Cash provided by operating activities is also impacted by Distributions from equity investments and changes in earnings, resulting from the factors discussed in *Results of Operations*.

Investing Activities

Cash used in investing activities primarily relates to capital expenditures to execute our capital program. The timing of capital expenditures is impacted by project approval, construction and in-service dates. Cash used in investing activities is also impacted by purchases and proceeds of restricted equity securities that are held in trusts to cover future pipeline abandonment costs in accordance with the Canada Energy Regulator's (CER) regulatory requirements. The primary factor impacting the \$4 million decrease in cash used in investing activities period-over-period is cash payments of \$109 million in 2025 related to capital expenditures when compared to \$116 million in 2024. Capital expenditures include, but are not limited to, commercially secured projects, as discussed in *Growth Projects*.

Financing Activities

Cash used in financing activities primarily relates to issuances and repayments of our demand loan from Enbridge. The \$57 million increase in cash used in financing activities period-over-period was primarily due to net repayments of our demand loan from Enbridge of \$199 million in 2025 when compared to net repayments of \$142 million during the same period in 2024.

QUARTERLY FINANCIAL INFORMATION

	2025	2024				2023		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
(millions of Canadian dollars)								
Operating revenues	251	229	195	213	250	224	212	213
Earnings/(loss)	271	125	29	46	184	19	(9)	62
Earnings/(loss) attributable to common shareholders ¹	270	125	28	45	184	18	(9)	61

¹ Earnings per share not provided as Westcoast is a wholly-owned indirect subsidiary of Enbridge.

Several factors impact comparability of our financial results, including, but not limited to, the timing of in-service dates of new projects and regulatory approvals.

Our BC Pipeline and Maritimes & Northeast Pipeline Limited Partnership systems operate under cost-of-service based tolls. Revenues are generated in accordance with tolls approved by the CER, which include an approved rate of return.

In addition, our equity investee, EGI, operates in a seasonal industry. Earnings from EGI for interim periods in isolation are not indicative of results for the fiscal period, since volumes delivered during the peak winter months are significantly higher. As a result, our earnings for interim periods can be affected by seasonal fluctuations and varying weather patterns, as well as other factors such as supply of and demand for natural gas and may not be indicative of annual results.

CHANGES IN ACCOUNTING POLICIES

Information related to changes in our accounting policies can be found in *Note 2 - Changes in Accounting Policies* to the unaudited consolidated financial statements.

OUTSTANDING SHARE DATA

As at May 2, 2025, we had 144,189,679 common shares issued and outstanding. Our authorized share capital consists of an unlimited number of common shares with no par value and an unlimited number of preferred shares.