



Corporate Presentation

AUGUST 2025

South Bow at a Glance

A strategic liquids pipelines franchise connecting resilient supply to the strongest demand markets in North America

OPERATIONAL HIGHLIGHTS

4,900 km

Pipeline footprint

1.25 MMbbl/d

Crude oil delivered safely and reliably

7.6 MMbbl

Terminal storage capacity

FINANCIAL HIGHLIGHTS¹

208 million

Shares outstanding

\$5.5 billion

Market capitalization

\$10.9 billion

Enterprise value²

\$2.00 /share

Annual base dividend³

~8 %

Dividend yield

¹ As of July 31, 2025.

² Does not include 50% equity treatment of junior subordinated notes.

³ Dividends are subject to the approval of the Board of Directors.



Q2 2025 Highlights

Safely responded to Milepost 171 incident and commenced long-term system integrity activities

FINANCIAL STABILITY

\$250 MM

Normalized EBITDA¹

Delivered stable results due to strong commercial underpinnings

4.6 x

Net Debt-to-normalized EBITDA Ratio^{1 2 3}

Maintained strong financial position while advancing spinoff activities and Blackrod Connection Project

BLACKROD CONNECTION PROJECT

- Completed construction of the project's 150,000-bbl crude oil storage tank
- Remain on schedule to be ready for in-service in early 2026
 - Cash flows expected to increase throughout H2 2026 and into 2027



MILEPOST 171 UPDATE

- Cleanup and reclamation of incident site complete
 - Costs largely expected to be recovered through insurance policies
- Third-party root cause failure analysis expected in Q3 2025
 - Will incorporate mechanical and metallurgical analysis findings
- Remedial actions in progress
 - Four in-line inspection tool runs and eight investigative digs completed to date
- Currently delivering contractual Keystone Pipeline throughput commitments of 585 Mbbbl/d

¹ Non-GAAP financial measure or non-GAAP ratio that may not be comparable to measures presented by other entities. Refer to "Advisory Statements" of this presentation.

² Normalized EBITDA for the trailing four quarters. Net debt includes 50% equity treatment of junior subordinated notes.

³ South Bow expects that its net debt-to-normalized EBITDA ratio will increase modestly through the course of 2025 as the Company continues to invest in the Blackrod Connection Project and incur one-time separation costs of approximately \$30 to \$40 million associated with the Spinoff. Consistent with the Company's outlook on leverage, South Bow anticipates exiting 2025 with a net debt-to-normalized EBITDA ratio of approximately 4.8 times and that the Company will begin reducing its leverage once the Blackrod Connection Project starts generating cash flow in 2026.

Unrivalled Corridor

Safely and reliably delivering a premium service to customers

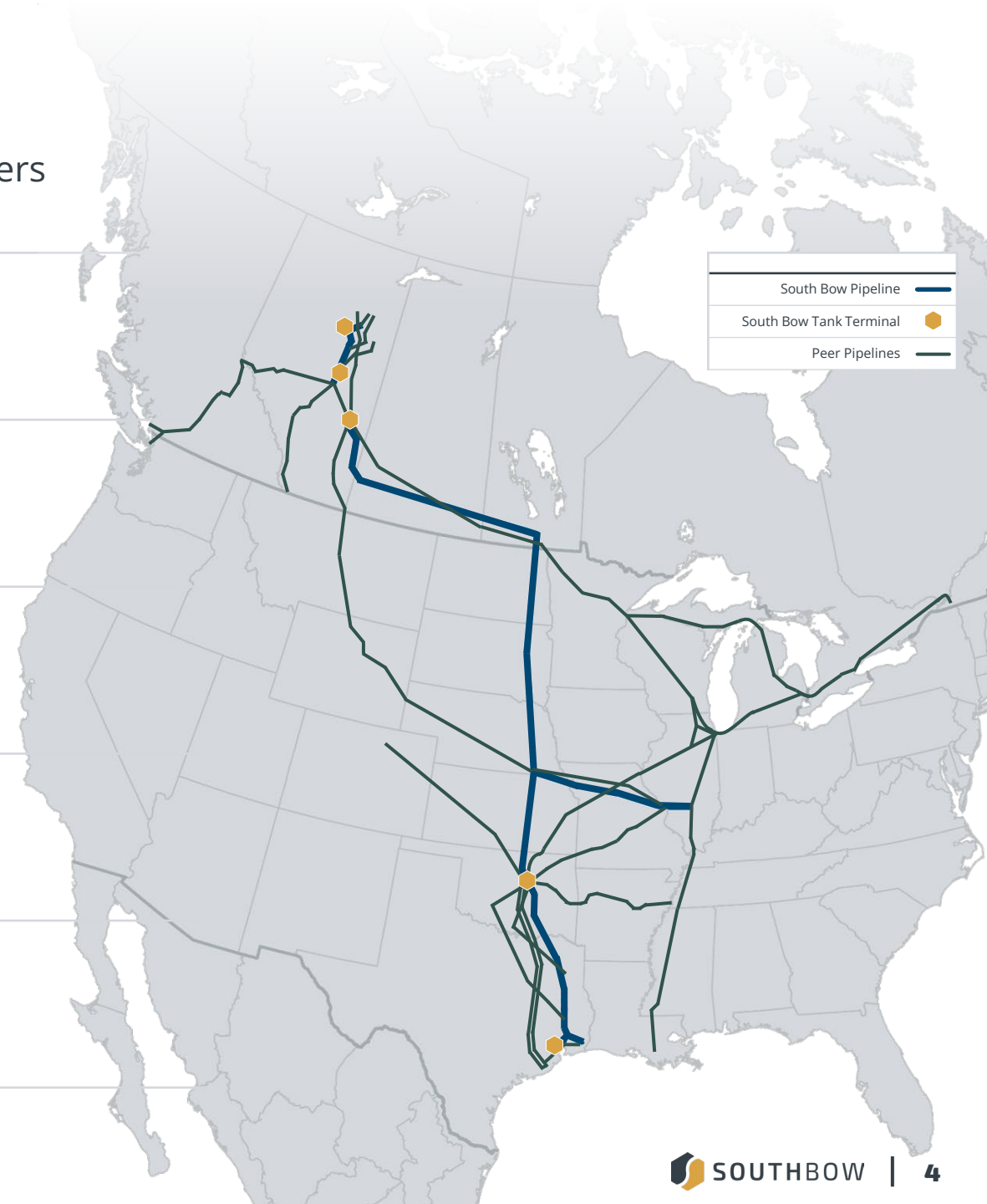
**CONNECTS NORTH AMERICA'S STRONGEST
SUPPLY AND DEMAND MARKETS**

**OFFERS COMPETITIVE TOLLS AND
COMMERCIAL STRUCTURES**

**PROVIDES MOST DIRECT PATH TO THE
U.S. GULF COAST**

**ENABLES OPTIONALITY WITH FLEXIBLE
DELIVERY CONNECTIONS**

**PRESERVES PRODUCT QUALITY THROUGH
BATCHED SYSTEM**



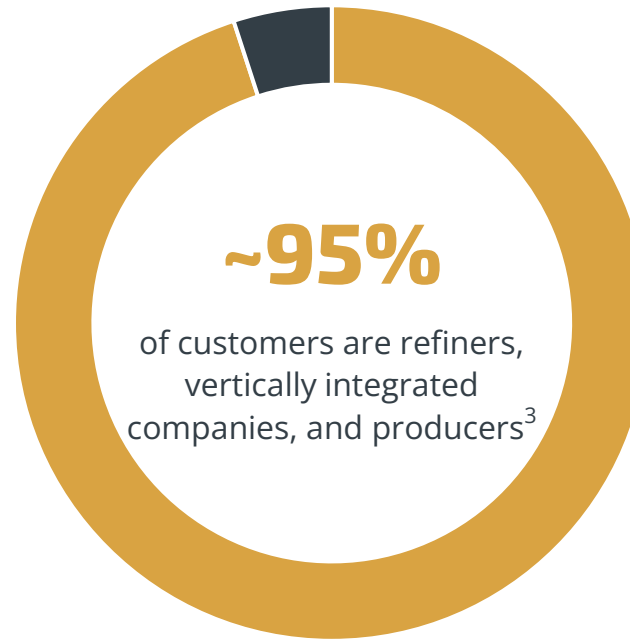
High-quality Contractual Framework

Stable, predictable cash flows underpinned by strong contract tenor and creditworthy counterparties

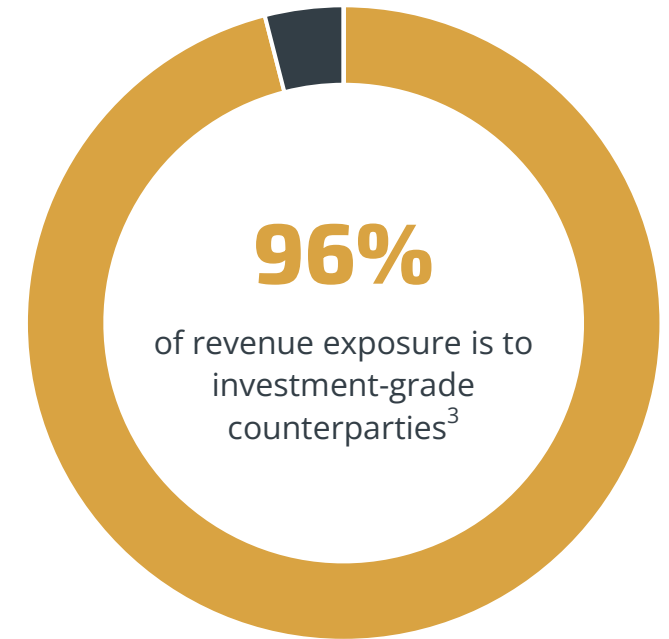
HIGHLY CONTRACTED CASH FLOWS



STRONG STRUCTURAL DEMAND FOR SERVICES



CREDITWORTHY CUSTOMER BASE



NORMALIZED EBITDA¹-WEIGHTED AVERAGE REMAINING CONTRACT TERM OF ~8 YEARS³

¹ Non-GAAP financial measure or non-GAAP ratio that may not be comparable to measures presented by other entities. Refer to "Advisory Statements" of this presentation.

² South Bow is required by its regulators to make certain capacity available to uncommitted (spot) shippers on its Keystone and Marketlink assets.

³ As of December 31, 2024.

Enduring Market Fundamentals

South Bow's business is backstopped by a robust outlook for crude oil supply and demand for decades to come

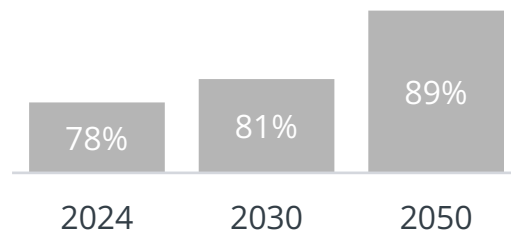
WCSB CRUDE OIL SUPPLY OUTLOOK¹

MMbbl/d



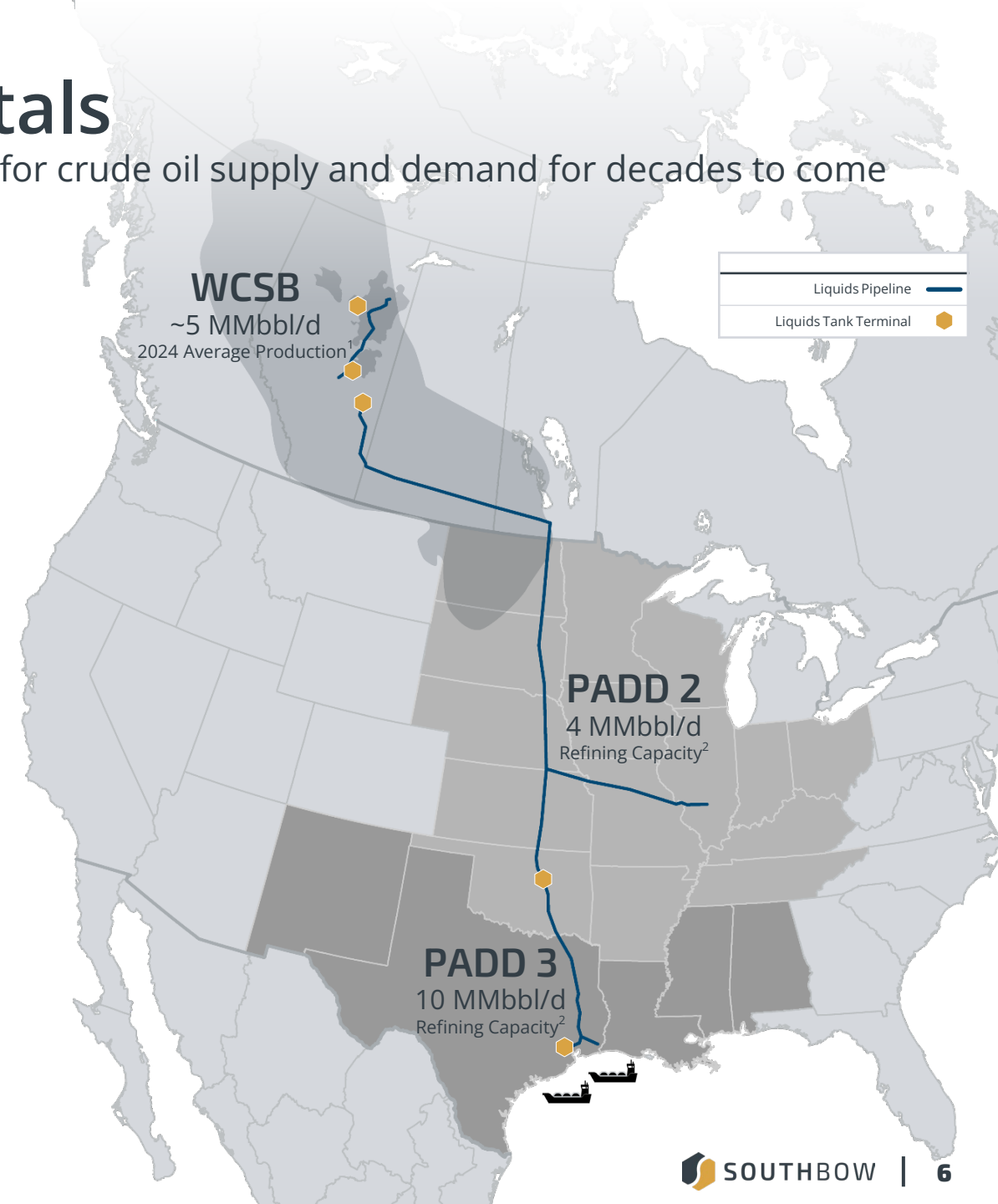
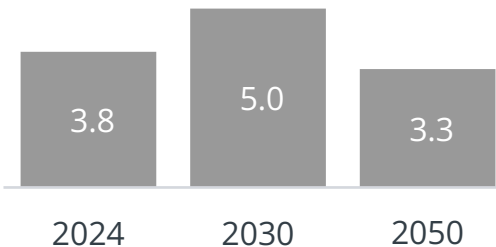
PADD 2 AND 3 REFINING MARKET SHARE OUTLOOK²

%



PADD 3 CRUDE OIL EXPORT OUTLOOK²

MMbbl/d



¹ Source: S&P Global *Canadian Crude Oil Markets Long-term Fundamental Outlook: Q1 2025*. © 2025 by S&P Global Inc.

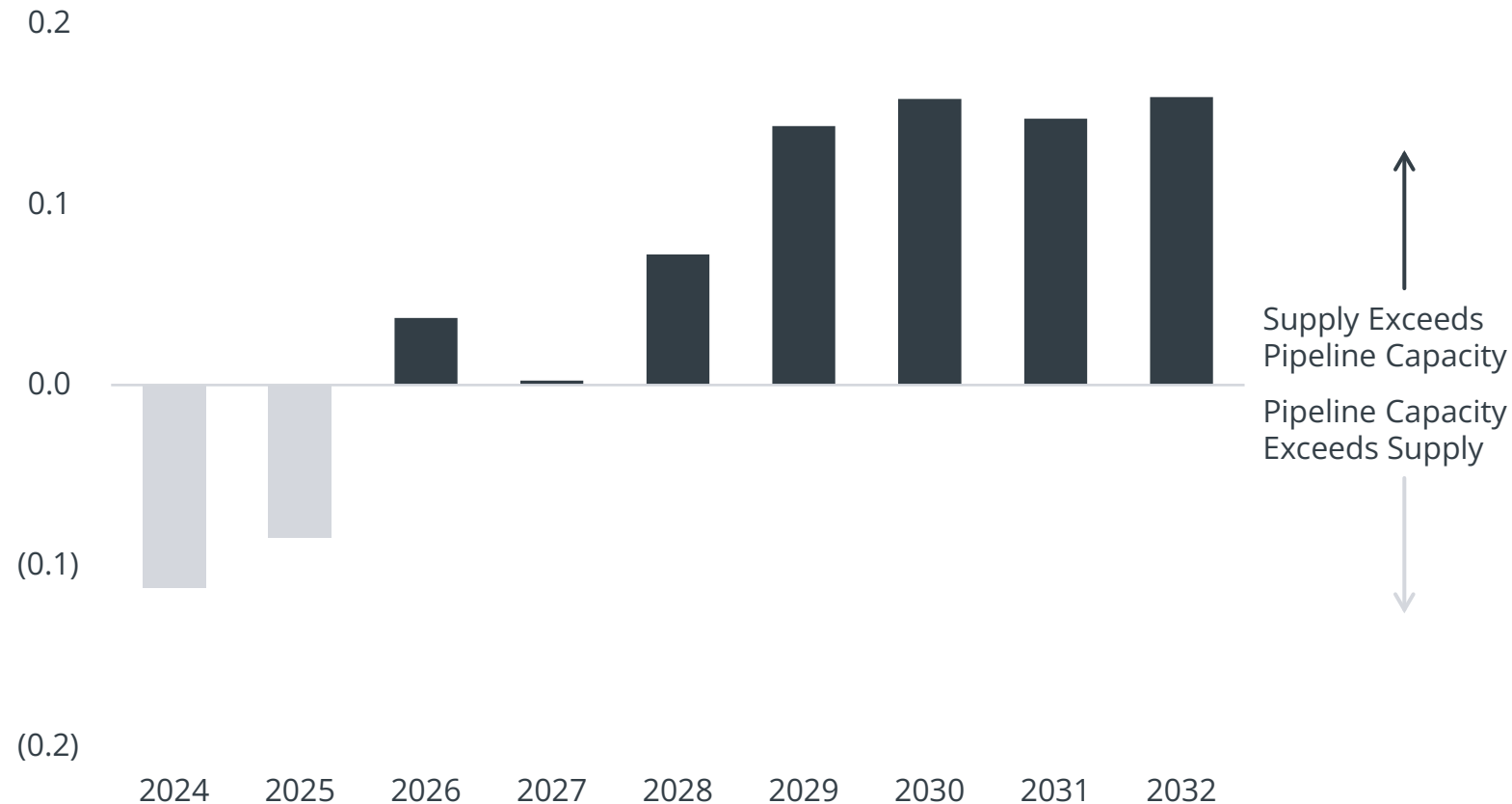
² Source: S&P Global *Annual Long-term Strategic Workbook: 2025*. © 2025 by S&P Global Inc.

Outlook for Western Canadian Egress

South Bow is well-positioned to maintain and capture additional market share given its strategic attributes

WCSB CRUDE OIL PIPELINE CAPACITY OUTLOOK^{1 2}

MMbbl/d



**WCSB CRUDE OIL SUPPLY
EXPECTED TO EXCEED
EX-WCSB PIPELINE CAPACITY
BY LATE 2026^{1 2}**

¹ Source: S&P Global *Canadian Crude Oil Markets Long-term Fundamental Outlook: Q1 2025*. © 2025 by S&P Global Inc.

² Includes Enbridge's Mainline optimization project; however, excludes other potential WCSB optimization projects.

Capital Allocation Priorities

Disciplined approach to preserve optionality and maximize total shareholder return over the long term

In addition to paying a sustainable base dividend, South Bow takes a risk-managed approach in allocating capital to:

1

REDUCE LEVERAGE

Prioritize debt reduction, with line of sight to lowering net debt-to-normalized EBITDA ratio^{1 2} to 4.0x over the medium term

Maintain investment-grade outlook through financial discipline and low-risk contractual framework

2

INVEST IN STRATEGIC CORRIDOR

Unlock value of pre-capitalized assets through highly executable projects, delivering long-term normalized EBITDA¹ growth of 2% to 3%

Strengthen and expand strategic corridor to offer competitive connections and enhanced optionality to customers

3

REPURCHASE SHARES

Evaluate opportunistic share repurchases once leverage target is reached

4

GROW BASE DIVIDEND


Consider sustainably growing the base dividend once payout ratio has been reduced

¹ Non-GAAP financial measure or non-GAAP ratio that may not be comparable to measures presented by other entities. Refer to "Advisory Statements" of this presentation.

² Includes 50% equity treatment of junior subordinated notes.


South Bow Is a Differentiated Investment

Total shareholder return can be delivered organically through a sustainable dividend and low-risk, profitable growth



STRONG AND SUSTAINABLE BASE DIVIDEND

South Bow pays a sustainable dividend with an attractive yield



IRREPLICABLE ASSETS WITH A COMPELLING GROWTH PROFILE

South Bow's growth is focused on strengthening and expanding its strategic corridor to offer competitive connections and enhanced optionality to customers



FINANCIAL STRENGTH AND INVESTMENT-GRADE DEBT CAPITAL STRUCTURE

South Bow has de-risked its deleveraging profile with its durable business model and stable, low-risk cash flows

STRATEGIC
FRANCHISE IN A
PREMIUM CORRIDOR

HIGH-QUALITY
CONTRACTUAL
FRAMEWORK

COMMERCIAL AND
OPERATIONAL
EXCELLENCE

ROBUST BUSINESS
AND MARKET
FUNDAMENTALS



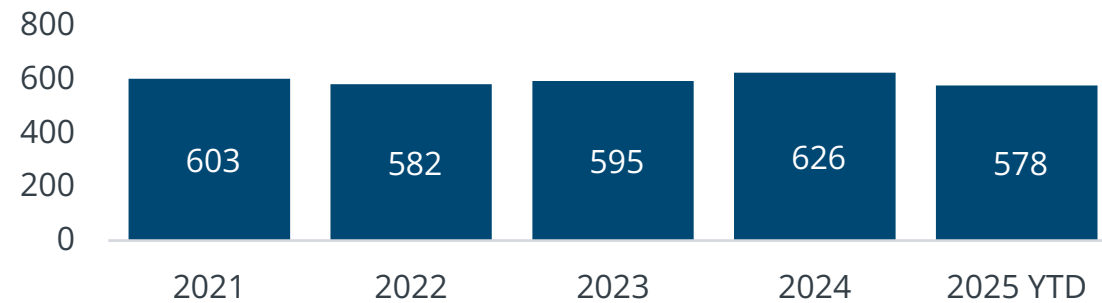
Asset Overview

Keystone Pipeline System

Spanning 4,300 kilometres, system safely transports liquids across three Canadian provinces and eight U.S. states

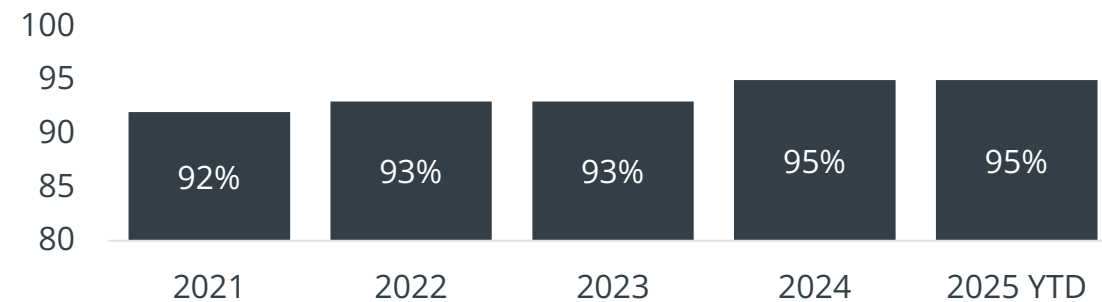
AVERAGE THROUGHPUT^{1 2}

Mbbl/d



SYSTEM OPERATING FACTOR¹

%



¹ As of June 30, 2025.

² The Canada Energy Regulator requires 6% of nominal capacity to be reserved for uncommitted (spot) shippers on the Keystone Pipeline.



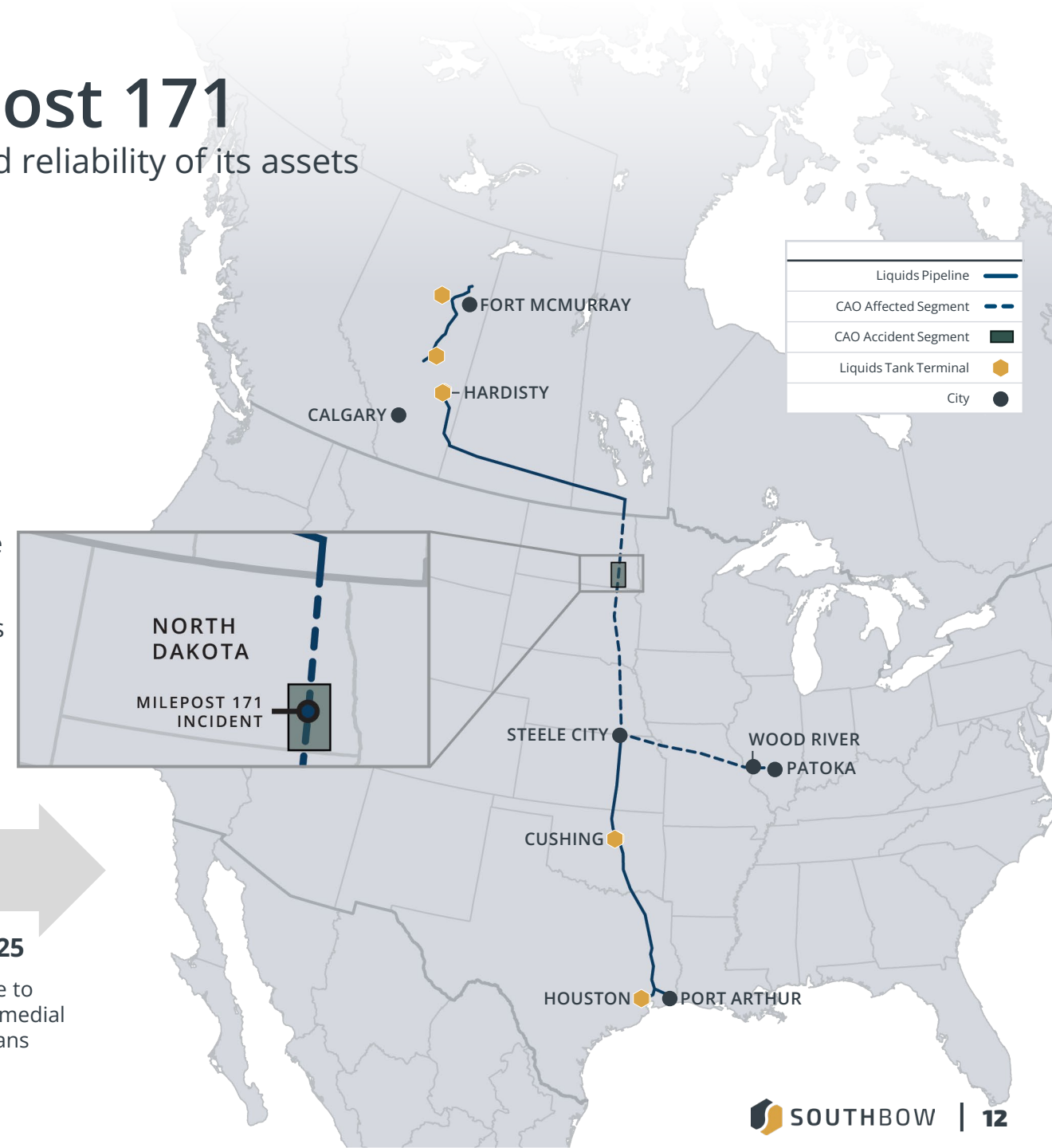
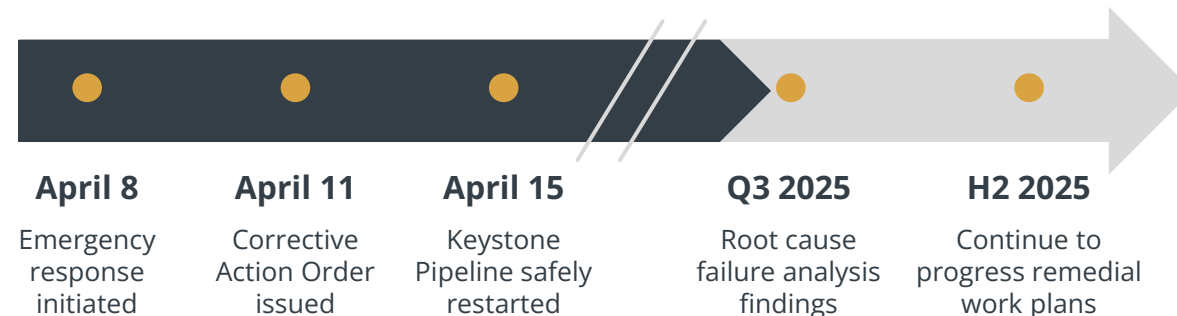
Keystone Pipeline – Milepost 171

South Bow is committed to the long-term safety and reliability of its assets

THINGS TO KNOW

- Incident occurred at Milepost 171 near Fort Ransom, North Dakota
- PHMSA issued a Corrective Action Order (CAO), including operating pressure restrictions
- Independent third-party conducting root cause failure analysis
- Remedial actions in progress
 - Four in-line inspections and eight integrity digs completed to date
- Cleanup and reclamation of site complete
 - Costs largely expected to be recovered through insurance policies
- South Bow expects it will be able to continue meeting its contractual commitments of 585 Mbbl/d**

TIMELINE



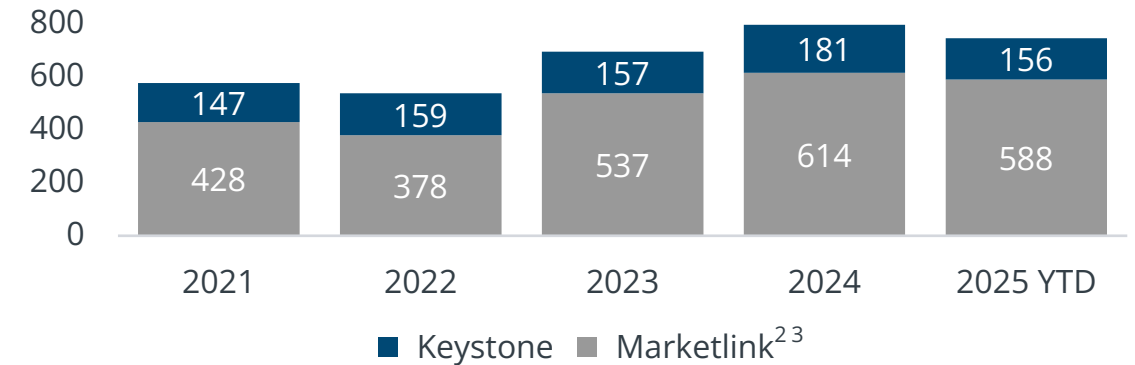
U.S. Gulf Coast Segment

Provides a connection to the growing refining and export demand markets in the U.S. Gulf Coast



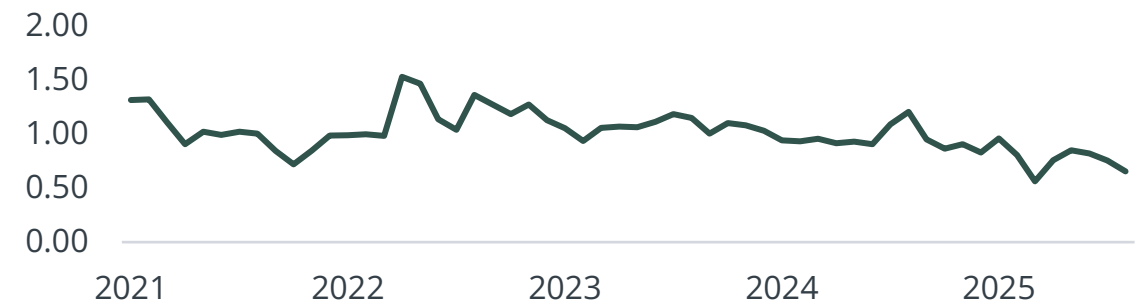
AVERAGE THROUGHPUT¹

Mbbl/d



WCS CUSHING–WCS U.S. GULF COAST DIFFERENTIAL⁴

U.S.\$/bbl



¹ As of June 30, 2025.

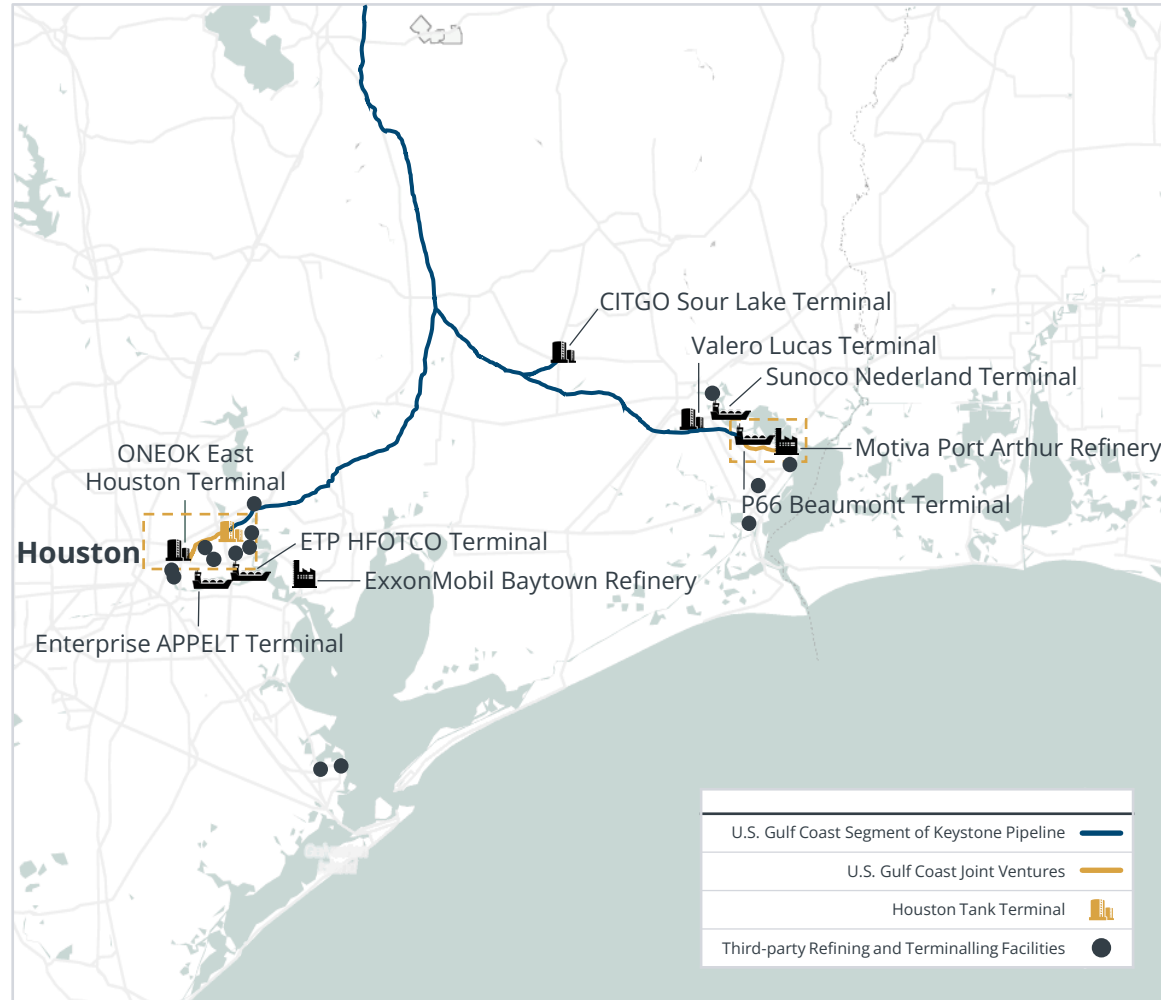
² Marketlink utilizes capacity through a transportation lease from Keystone Pipeline to deliver domestic crude oil from Cushing to the U.S. Gulf Coast.

³ The Federal Energy Regulatory Commission requires 10% of capacity to be made available to uncommitted (spot) shippers on Marketlink.

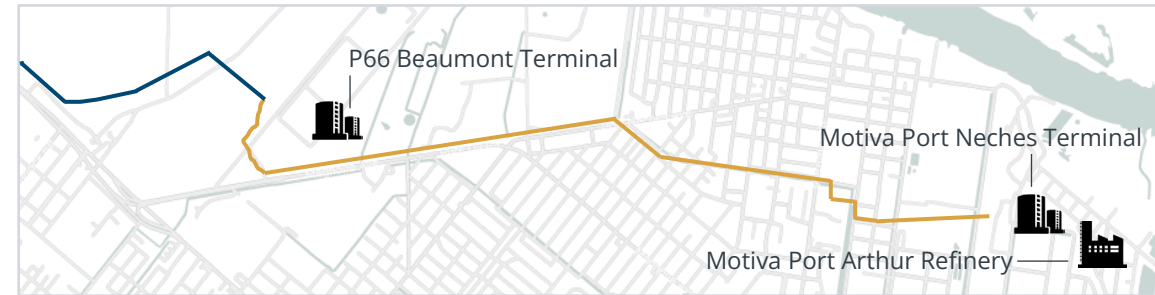
⁴ Source: Argus Media (July 2025).

U.S. Gulf Coast Connectivity

Enhancing connectivity to refining and terminalling facilities to serve growing demand for heavy crude oil

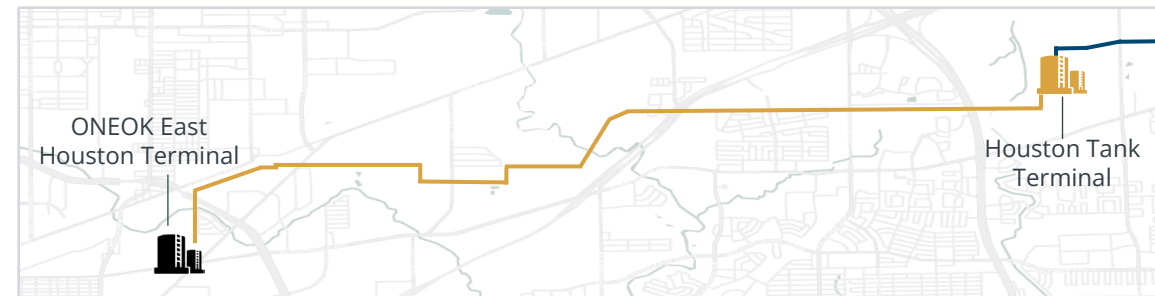


PORT NECHES LINK



Last-mile connectivity to Motiva's Port Arthur Refinery, North America's largest refinery

HOUSTONLINK



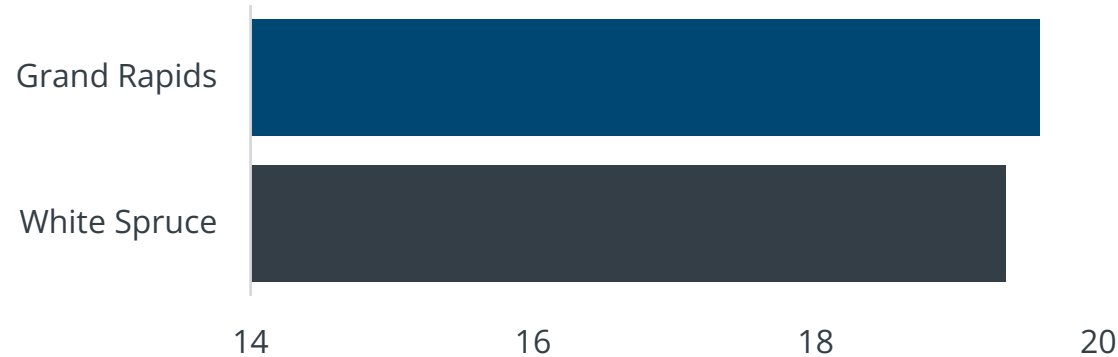
Provides a connection to multiple refineries, terminals, and marine export facilities through ONEOK's East Houston Terminal

Intra-Alberta Pipeline Systems

Connecting Alberta's oil sands production to key refining and export markets

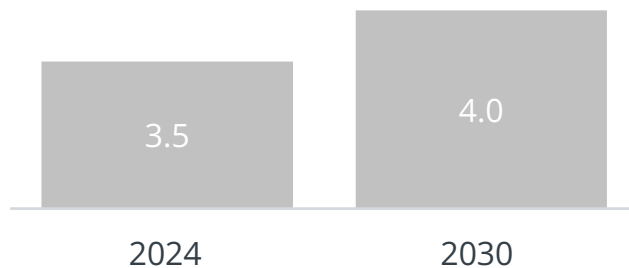
REMAINING CONTRACT TERM¹

years



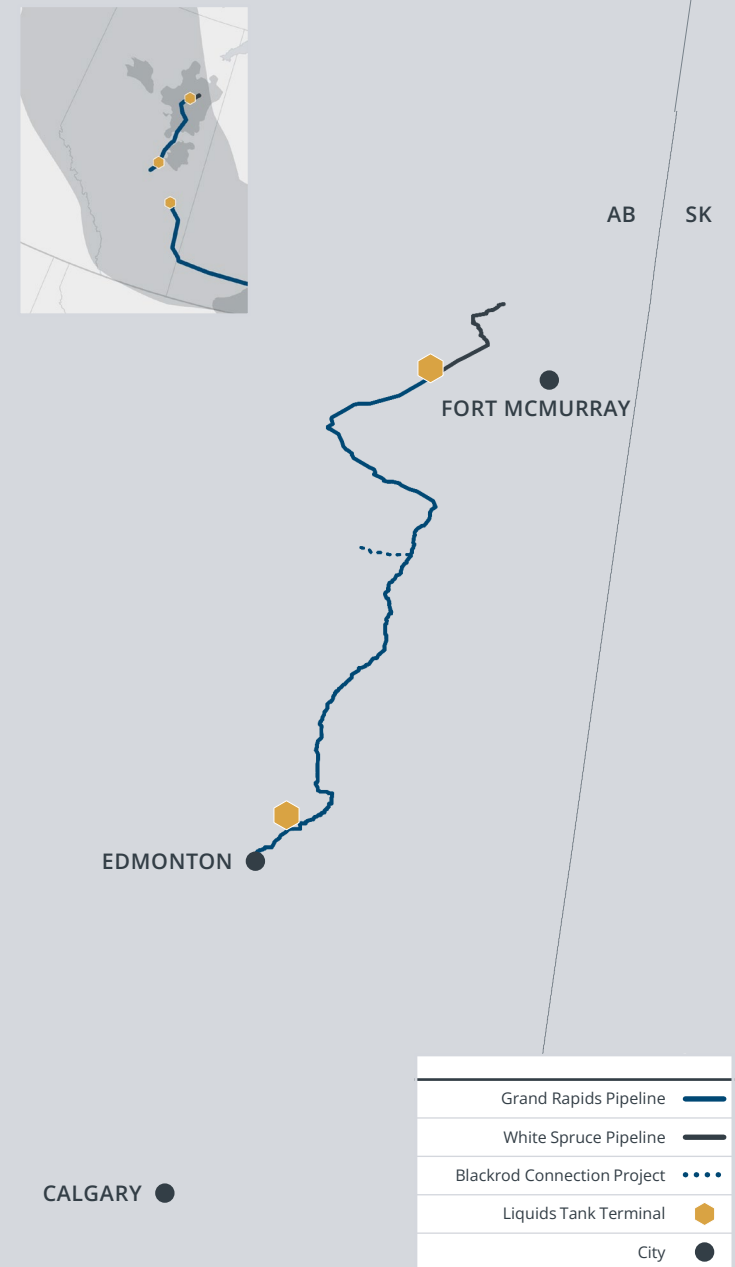
OIL SANDS PRODUCTION OUTLOOK²

MMbbl/d



ESTIMATED OIL SANDS RESERVES³

>160 billion barrels



¹ As of December 31, 2024.

² Source: S&P Global *Canadian Crude Oil Markets Long-term Fundamental Outlook: Q1 2025*. © 2025 by S&P Global Inc.

³ Source: Canadian Association of Petroleum Producers (2022).

Blackrod Connection Project

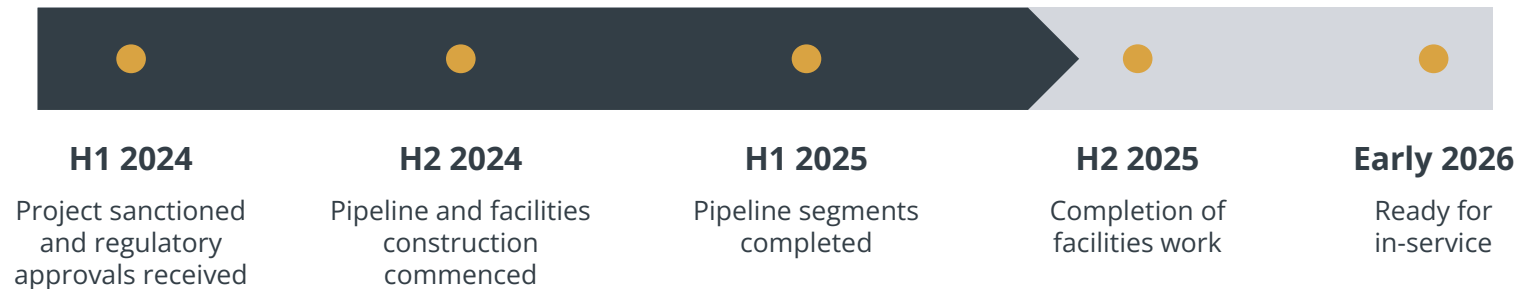
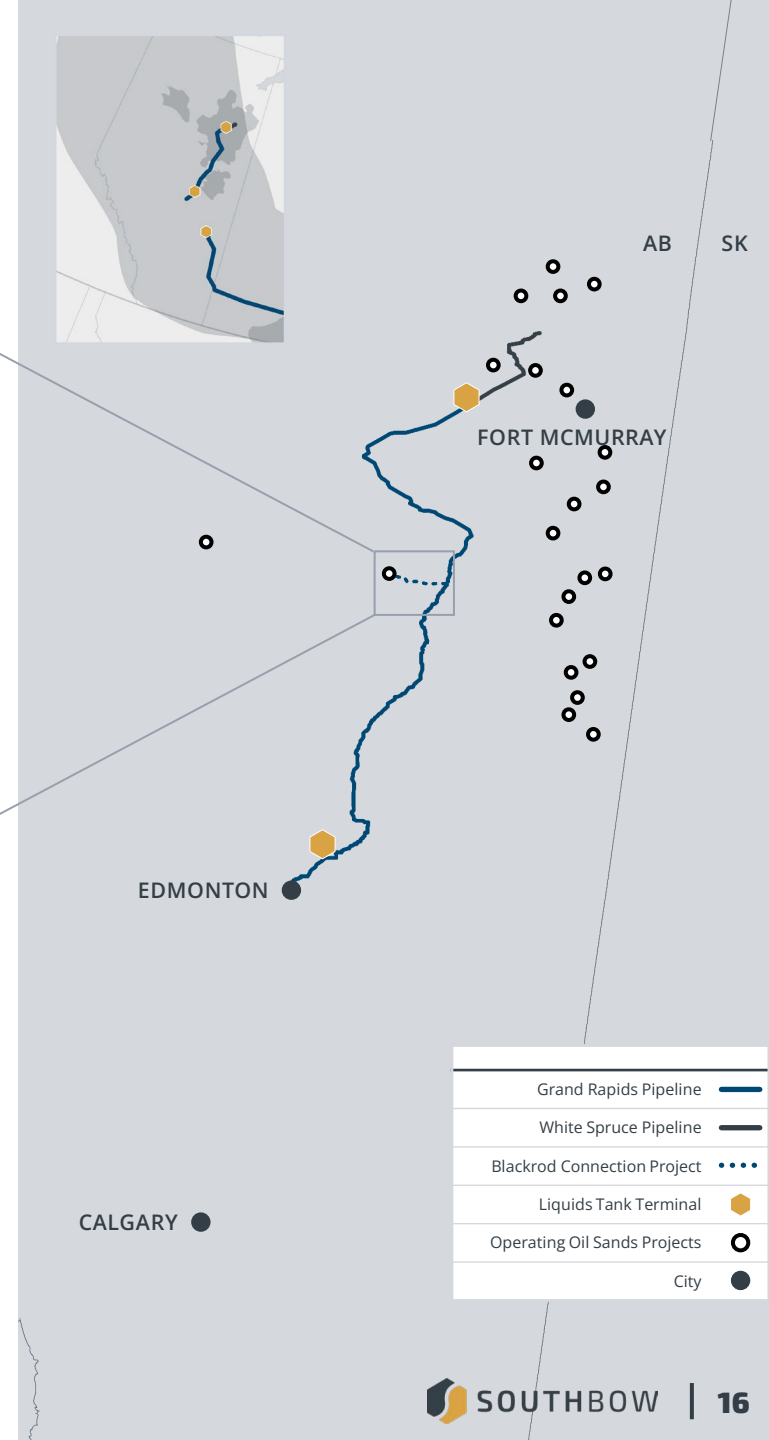
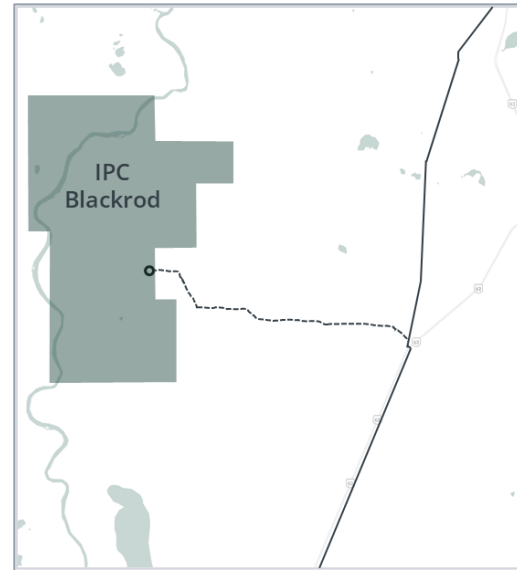
Increasing connectivity in Alberta with current growth project

Ready for in-service **Early 2026**

Capital cost **\$180 million**

EBITDA build multiple¹ **~6x**

- Connection from IPC's Blackrod SAGD project to South Bow's Grand Rapids Pipeline System
- 25-km crude oil and natural gas pipelines and associated facilities
- Cash flows expected to increase throughout H2 2026 and into 2027



¹ Build multiple is a measure calculated by dividing expected capital expenditures by expected annualized normalized EBITDA and may not be comparable to measures presented by other issuers.



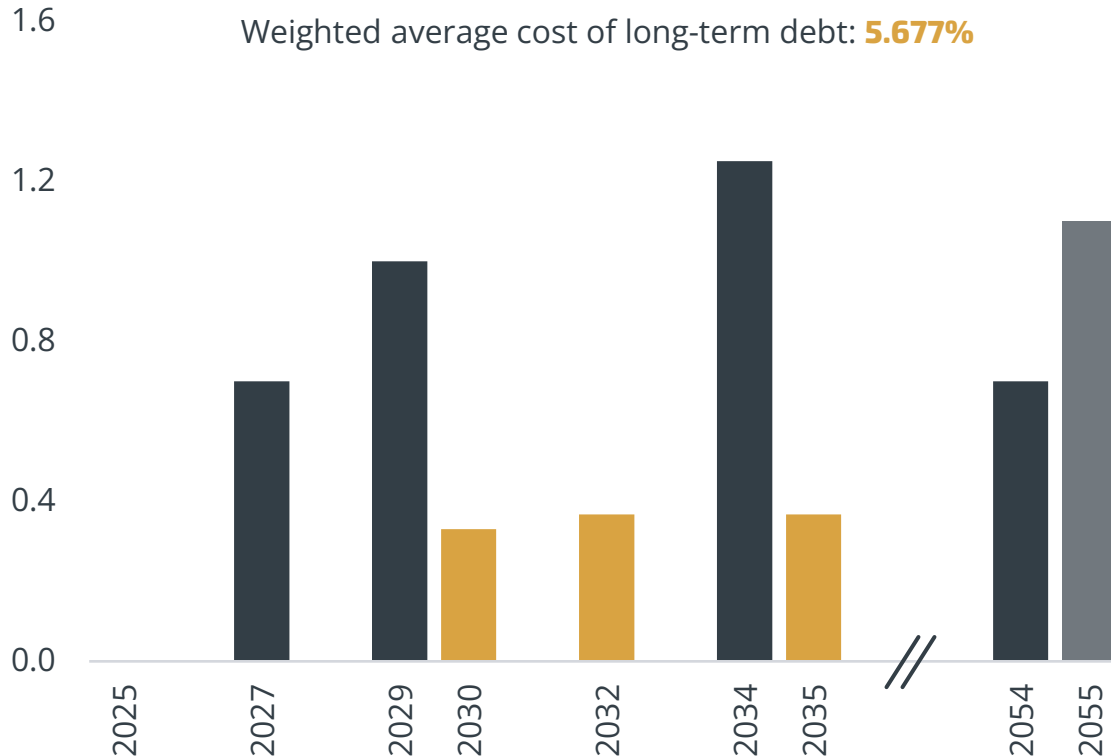
Financial Overview

Investment-grade Financial Position

Deleveraging profile de-risked by strong commercial underpinning, stable cash flows, and attractive growth outlook

DEBT MATURITIES^{1,2}

U.S.\$ billions



■ C\$ Senior Notes ■ U.S.\$ Senior Notes ■ U.S.\$ Junior Subordinated Notes

INVESTMENT-GRADE CREDIT RATINGS³

Moody's

Baa3

Stable

S&P

BBB-

Stable

Fitch

BBB-

Stable

PRIORITIZING DELEVERAGING

~4.8 x

2025F net debt-to-normalized EBITDA ratio^{4,5}

- Line of sight to lowering net debt-to-normalized EBITDA ratio^{4,5} to 4.0x over the medium term

\$5.8 billion

Long-term debt balance^{1,2}

\$1.5 billion

Undrawn four-year senior unsecured revolving credit facility^{1,2}

¹ As of June 30, 2025.

² Assumes a foreign exchange rate of C\$/U.S.\$1.36.

³ Refer to "Advisory - Credit Ratings" of this presentation.

⁴ Non-GAAP financial measure or non-GAAP ratio that may not be comparable to measures presented by other entities. Refer to "Advisory Statements" of this presentation.

⁵ Includes 50% equity treatment of junior subordinated notes.

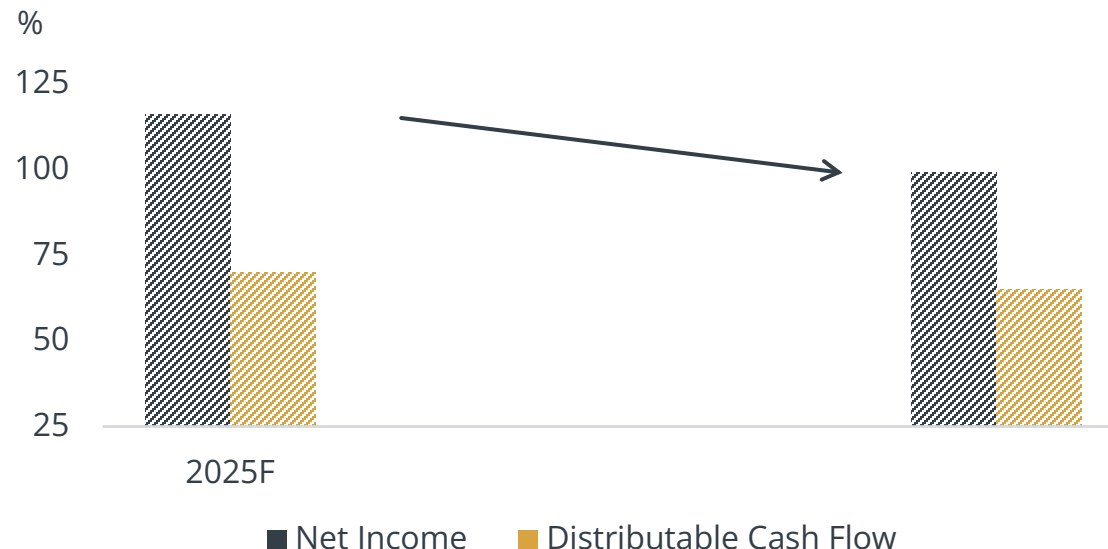
Sustainable Dividend

South Bow's stable cash flows underpin a sustainable base dividend with an attractive yield

DIVIDEND PHILOSOPHY

- Dividends will be the primary means of returning capital to shareholders
- Dividend stability and sustainability is of foremost importance
- South Bow will consider sustainably growing base dividend once payout ratio has been reduced

DIVIDEND PAYOUT RATIO¹



SOUTH BOW'S CURRENT DIVIDEND

\$0.50
/share

Quarterly dividend amount

August

6
2025

Dividend declaration date

September

29
2025

Dividend record date

October

15
2025

Dividend payment date

¹ Dividend payout ratio is a measure calculated by dividing dividends by net income or distributable cash flow and may not be comparable to measures presented by other issuers.

2025 Outlook

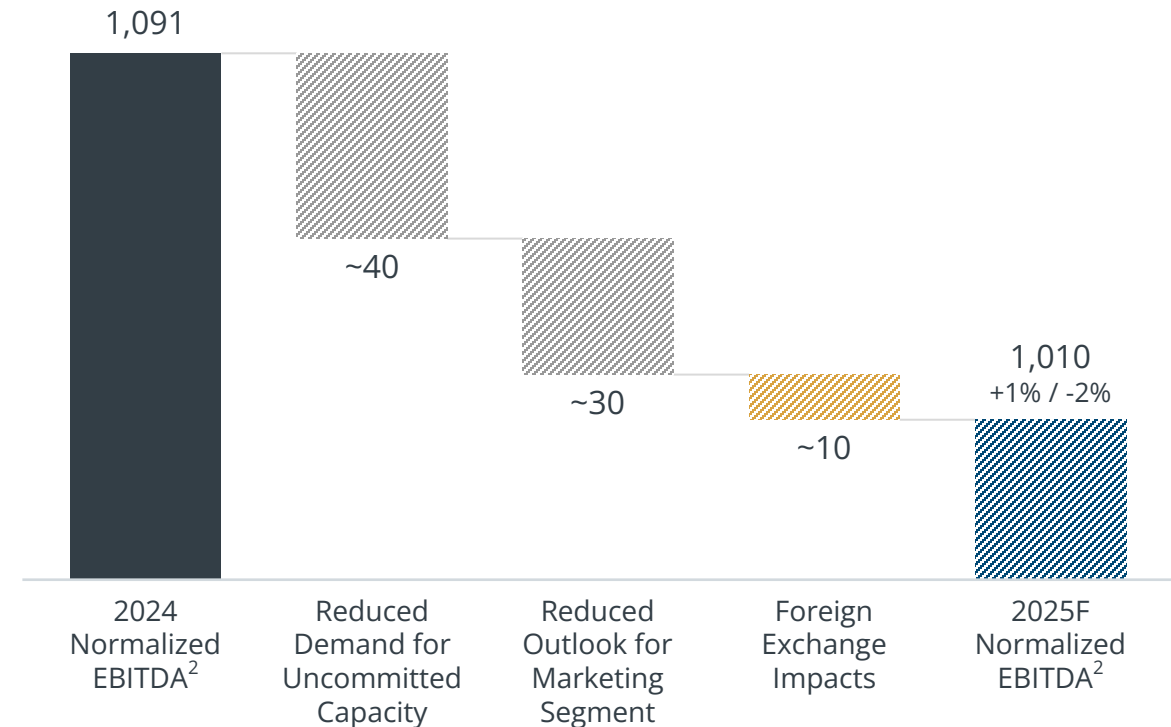
Supported by highly contracted cash flows; range reflects expected impacts from Milepost 171 incident

2025 GUIDANCE¹

Normalized EBITDA ²	\$1,010 MM +1%/-2%
Interest expense	\$325 MM +/-2%
Effective tax rate	23% - 24%
Distributable cash flow ²	\$590 MM +/-3%
Capital expenditures	
Growth ³	\$110 MM +/-3%
Maintenance ³	\$55 MM +/-3%
2025F net debt-to-normalized EBITDA ratio ^{2 4 5}	~4.8 x

NORMALIZED EBITDA

\$ millions



¹ See South Bow's August 6, 2025 news release "South Bow Reports Second-quarter 2025 Results and Declares Dividend".

² Non-GAAP financial measure or non-GAAP ratio that may not be comparable to measures presented by other entities. Refer to "Advisory Statements" of this presentation.

³ Supplementary financial measure. See "Specified Financial Measures" of the Q2 2025 MD&A, which information is incorporated by reference into this presentation.

⁴ Includes 50% equity treatment of junior subordinated notes.

⁵ South Bow expects that its net debt-to-normalized EBITDA ratio will increase modestly through the course of 2025 as the Company continues to invest in the Blackrod Connection Project and incur one-time separation costs of approximately \$30 to \$40 million associated with the Spinoff. Consistent with the Company's outlook on leverage, South Bow anticipates exiting 2025 with a net debt-to-normalized EBITDA ratio of approximately 4.8 times and that the Company will begin reducing its leverage once the Blackrod Connection Project starts generating cash flow in 2026.

Appendix

Q2 2025 Results

\$ millions, except where noted	Three Months Ended			Six Months Ended	
	March 31, 2025	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
FINANCIAL RESULTS					
Normalized EBITDA¹	266	250	241	516	539
Keystone Pipeline System	235	234	243	469	520
Marketing	16	(1)	(13)	15	(4)
Intra-Alberta & Other	15	17	11	32	23
Distributable cash flow¹	157	167	90	324	276
Net debt ^{1 2}	4,910	4,903	5,578	4,903	5,578
Net debt-to-normalized EBITDA (ratio)^{1 2 3}	4.6	4.6	5.0	4.6	5.0
OPERATIONAL RESULTS					
Keystone Pipeline System Operating Factor (%)	98	93	94	95	95
Keystone Pipeline throughput (Mbbl/d)	613	544	623	578	633
U.S. Gulf Coast segment of Keystone Pipeline System throughput (Mbbl/d) ⁴	726	760	802	744	790
Marketlink throughput (Mbbl/d)	549	625	622	588	602

¹ Non-GAAP financial measure or non-GAAP ratio that may not be comparable to measures presented by other entities. Refer to "Advisory Statements" of this presentation.

² Includes 50% equity treatment of junior subordinated notes.

³ South Bow expects that its net debt-to-normalized EBITDA ratio will increase modestly through the course of 2025 as the Company continues to invest in the Blackrod Connection Project and incur one-time separation costs of approximately \$30 to \$40 million associated with the Spinoff. Consistent with the Company's outlook on leverage, South Bow anticipates exiting 2025 with a net debt-to-normalized EBITDA ratio of approximately 4.8 times and that the Company will begin reducing its leverage once the Blackrod Connection Project starts generating cash flow in 2026.

⁴ Comprises throughput originating in Hardisty, Alberta, transported on the Keystone Pipeline, and throughput originating in Cushing, Oklahoma, transported on Marketlink for destination in the U.S. Gulf Coast.



Advisory Statements

Advisory Statements

FORWARD-LOOKING INFORMATION

This presentation contains certain forward-looking statements and forward-looking information (collectively, forward-looking statements), including forward-looking statements within the meaning of the "safe harbor" provisions of applicable securities legislation, that are based on South Bow's current expectations, estimates, projections, and assumptions in light of its experience and its perception of historical trends. All statements other than statements of historical facts may constitute forward-looking statements. In some cases, forward-looking statements can be identified by terminology such as, "anticipate", "will", "expect", "estimate", "potential", "future", "outlook", "strategy", "maintain", "ongoing", "intend", and similar expressions suggesting future events or future performance.

In particular, this presentation contains forward-looking statements, including certain financial outlooks, pertaining to, without limitation, the following: South Bow's corporate vision and strategy, including its strategic and capital allocation priorities, its satisfaction thereof, and outlook; the Blackrod Connection Project, including in-service dates, and costs thereof; PHMSA approvals and satisfaction of the CAO; expected interest expense and tax rate; expected capital expenditures; expected dividends; expected Marketing losses; expected one-time separation costs relating to the Spinoff; expected shareholder returns and asset returns; demand for uncommitted capacity on the Keystone Pipeline System; treatment under current and future regulatory regimes, including those relating to taxes, tariffs, and the environment; South Bow's financial guidance for 2025 and beyond, including 2025 normalized EBITDA, 2025 interest expense, 2025 distributable cash flow, and 2025 capital expenditures; South Bow's financial strength and flexibility; expected low risk associated with committed shipper arrangements; expected exit of the Transition Services Agreement with TC Energy and implementation of the SCADA system; expected receipt and sharing of investigative, root cause, and failure mechanism findings related to the Milepost 171 incident; expected ability to meet contractual throughput commitments on the Keystone Pipeline under the CAO; the expectation that South Bow will ensure safe and reliable operations on the Keystone Pipeline; expected remedial actions, timing for, and cost and coverage of, the remediation of the Milepost 171 incident; potential financial contributions from uncommitted capacity on the Keystone Pipeline System; and impacts of the findings of the root cause failure analysis and response to the Milepost 171 incident on the financial and operational outlook.

The forward-looking statements are based on certain assumptions that South Bow has made in respect thereof as of the date of this presentation regarding, among other things: oil and gas industry development activity levels and the geographic region of such activity; that favourable market conditions exist and that South Bow has and will have available capital to fund its capital expenditures and other planned spending; prevailing commodity prices, interest rates, inflation levels, carbon prices, tax rates, and exchange rates; the ability of South Bow to maintain current credit ratings; the availability of capital to fund future capital requirements; future operating costs; asset integrity costs; that all required regulatory and environmental approvals can be obtained on the necessary terms in a timely manner; and prevailing regulatory, tax, and environmental laws and regulations.

Although South Bow believes the assumptions and other factors reflected in these forward-looking statements are reasonable as of the date hereof, there can be no assurance that these assumptions and factors will prove to be correct and, as such, forward-looking statements are not guarantees of future performance. Forward-looking statements are subject to a number of known and unknown risks and uncertainties that could cause actual events or results to differ materially, including, but not limited to: the regulatory environment and related decisions and requirements; the impact of competitive entities and pricing; reliance on third parties to successfully operate and maintain certain assets; the strength and operations of the energy industry; weakness or volatility in commodity prices; non-performance or default by counterparties; actions taken by governmental or regulatory authorities; the ability of South Bow to acquire or develop and maintain necessary infrastructure; fluctuations in operating results; adverse general economic and market conditions; the ability to access various sources of debt and equity capital on acceptable terms; and adverse changes in credit. The foregoing list of assumptions and risk factors should not be construed as exhaustive. For additional information on the assumptions made, and the risks and uncertainties which could cause actual results to differ from the results implied by forward-looking statements, refer to South Bow's annual information form dated March 5, 2025, available under South Bow's SEDAR+ profile at www.sedarplus.ca and, from time to time, in South Bow's public disclosure documents, available on South Bow's website at www.southbow.com, under South Bow's SEDAR+ profile at www.sedarplus.ca, and in South Bow's filings with the SEC at www.sec.gov.

Management approved the financial outlooks contained in this presentation, including 2025 normalized EBITDA, 2025 interest expense, 2025 distributable cash flow, and 2025 capital expenditures as of the date of this presentation. The purpose of these financial outlooks is to inform readers about Management's expectations for the Company's financial and operational results in 2025, and such information may not be appropriate for other purposes. The forward-looking statements contained in this presentation speak only as of the date hereof. South Bow does not undertake any obligation to publicly update or revise any forward-looking statements or information contained herein, except as required by applicable laws. All forward-looking statements contained in this presentation are expressly qualified by this cautionary statement.

Advisory Statements

BASIS OF PREPARATION

All financial figures and information have been presented in U.S. dollars (which includes references to "dollars" and "\$"), except where another currency has been indicated.

ADVISORY – CREDIT RATINGS

Credit ratings are intended to provide investors with an independent measure of credit quality of an issue of securities. Credit ratings are not recommendations to purchase, hold, or sell securities and do not address the market price or suitability of a specific security for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by the rating agency in the future if, in its judgment, circumstances so warrant.

THIRD-PARTY INFORMATION

This presentation contains statistical data, market research, and industry forecasts that were obtained from third-party sources, industry publications, and publicly available information. South Bow believes that the market and industry data presented throughout this presentation is accurate and, with respect to data prepared by the Company or on the Company's behalf, that the estimates and assumptions are reasonable; however, there can be no assurance as to the accuracy or completeness thereof. The accuracy and completeness of the market and industry data presented throughout this presentation is not guaranteed and South Bow makes no representation as to the accuracy of such information. Although South Bow believes it to be reliable, the Company has not independently verified any of the data from third-party sources referred to in this presentation or analyzed or verified the underlying studies or surveys relied upon or referred to by such sources or ascertained the underlying economic and other assumptions relied upon by such sources and make no representation as to the accuracy of such data. Actual outcomes may vary materially from those forecast in such reports or publications, and the prospect for material variation can be expected to increase as the length of the forecast period increases. Market and industry data is subject to variations and cannot be verified due to limits on the availability and reliability of data inputs, the voluntary nature of the data gathering process, and other limitations and uncertainties inherent in any statistical survey.

SPECIFIED FINANCIAL MEASURES

In this presentation, South Bow references certain non-GAAP financial measures and non-GAAP ratios that do not have standardized meanings under GAAP and may not be comparable to similar measures presented by other entities. These non-GAAP financial measures and non-GAAP ratios include or exclude adjustments to the composition of the most directly comparable GAAP measures. Management considers these non-GAAP financial measures and non-GAAP ratios to be important in evaluating and understanding the operational performance and liquidity of South Bow. These non-GAAP financial measures and non-GAAP ratios should not be considered in isolation or as a substitute for financial information or measures of performance presented in accordance with GAAP. South Bow's non-GAAP financial measures and non-GAAP ratios include: normalized EBITDA; segment normalized EBITDA; distributable cash flow; net debt; and net debt-to-normalized EBITDA ratio. These measures and ratios are further described in "*Financial Reconciliations*" of this presentation, with a reconciliation to their most directly comparable GAAP measure.

For reconciliations of these non-GAAP financial measures and non-GAAP ratios to the nearest GAAP measures, refer to "*Financial Reconciliations*" of this presentation, and South Bow's MD&A for the applicable period, which sections are incorporated by reference herein. Refer to the "*Specified Financial Measures*" section of the MD&A as at and for the three and six months ended June 30, 2025 (the Q2 2025 MD&A) for more information about the non-GAAP financial measures and non-GAAP ratios used, and which section of the MD&A is incorporated by reference herein. The Q2 2025 MD&A can be found on South Bow's website at www.southbow.com, under South Bow's SEDAR+ profile at www.sedarplus.ca, and in South Bow's filings with the SEC at www.sec.gov.

Financial Reconciliations

Non-GAAP Reconciliations

NORMALIZED EBITDA

Normalized EBITDA and segment normalized EBITDA are used as measures of earnings from ongoing operations. Management uses these measures to monitor and evaluate the financial performance of the Company's operations and to identify and evaluate trends. These measures are useful for investors as they allow for a more accurate comparison of financial performance of the Company across periods for ongoing operations. Normalized EBITDA and segment normalized EBITDA represent income (loss) before income taxes, adjusted for the normalizing items described in "Specified Financial Measures" of the Q2 2025 MD&A, in addition to excluding charges for depreciation and amortization, interest expense, and interest income and other.

\$ millions	Three Months Ended			Six Months Ended	
	March 31, 2025	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Income before income taxes	114	126	110	240	256
Adjusted for specific items:					
Depreciation and amortization	62	63	62	125	123
Interest expense	83	81	95	164	189
Interest income and other	(6)	(8)	(6)	(14)	(13)
Risk management instruments	6	(15)	(26)	(9)	(26)
Separation costs	3	3	6	6	10
Tariff charges	1	-	-	1	-
Keystone XL costs and other	3	-	-	3	-
Normalized EBITDA	266	250	241	516	539

Non-GAAP Reconciliations

DISTRIBUTABLE CASH FLOW

Distributable cash flow is used to assess the cash generated through business operations that can be used for South Bow's capital allocation decisions, helping investors understand the Company's cash-generating capabilities and its potential for returning value to shareholders. Distributable cash flow is based on income (loss) before income taxes, adjusted for depreciation and amortization, the normalizing items discussed in "Specified Financial Measures" of the Q2 2025 MD&A, and further adjusted for specific items, including income and distributions from the Company's equity investments, maintenance capital expenditures, which are capitalized and generally recoverable through South Bow's tolling arrangements, and current income taxes.

\$ millions	Three Months Ended			Six Months Ended	
	March 31, 2025	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Income before income taxes	114	126	110	240	256
Adjusted for specific items:					
Depreciation and amortization	62	63	62	125	123
Normalizing items, net of tax ¹	10	(9)	(15)	1	(12)
Income from equity investments	(13)	(13)	(13)	(26)	(25)
Distributions from equity investments	19	18	13	37	33
Maintenance capital expenditures ^{2,3}	(13)	(8)	(21)	(21)	(24)
Current income tax expense	(22)	(10)	(46)	(32)	(75)
Distributable cash flow	157	167	90	324	276

¹ Normalizing items per normalized EBITDA reconciliation, net of tax.

² Supplementary financial measure. See "Specified Financial Measures" of the Q2 2025 MD&A, which information is incorporated by reference into this presentation.

³ Maintenance capital expenditures are generally recoverable through South Bow's tolling arrangements.

Non-GAAP Reconciliations

NET DEBT AND NET DEBT-TO-NORMALIZED EBITDA RATIO

Net debt is used as a key leverage measure to assess and monitor South Bow's financing structure, providing an overview of the Company's long-term debt obligations, net of cash and cash equivalents. Management believes this measure is useful for investors as it offers insights into the Company's financial health and its ability to manage and service its debt obligations. Net debt is defined as the sum of total long-term debt with 50% treatment of the Company's junior subordinated notes, operating lease liabilities, and dividends payable, less cash and cash equivalents, per the Company's consolidated balance sheets.

Net debt-to-normalized EBITDA ratio is used to monitor South Bow's leverage position relative to its normalized EBITDA for the trailing four quarters. This ratio provides investors with insight into the Company's ability to service its long-term debt obligations relative to its operational performance. A lower ratio indicates stronger financial health and greater capacity to meet its debt obligations.

<i>\$ millions</i>	March 31, 2025	June 30, 2025	June 30, 2024
Long-term debt to affiliates of TC Energy	–	–	5,905
Senior unsecured notes	4,632	4,688	–
Junior subordinated notes	1,087	1,086	–
Total long-term debt	5,719	5,774	5,905
Adjusted for:			
Hybrid treatment for junior subordinated notes ¹	(544)	(543)	–
Operating lease liabilities	21	20	19
Dividends payable	104	104	–
Cash and cash equivalents	(390)	(452)	(346)
Net debt	4,910	4,903	5,578
Normalized EBITDA for trailing four quarters	1,059	1,068	1,114
Net debt-to-normalized EBITDA (ratio)	4.6	4.6	5.0

¹ Includes 50% equity treatment of junior subordinated notes.



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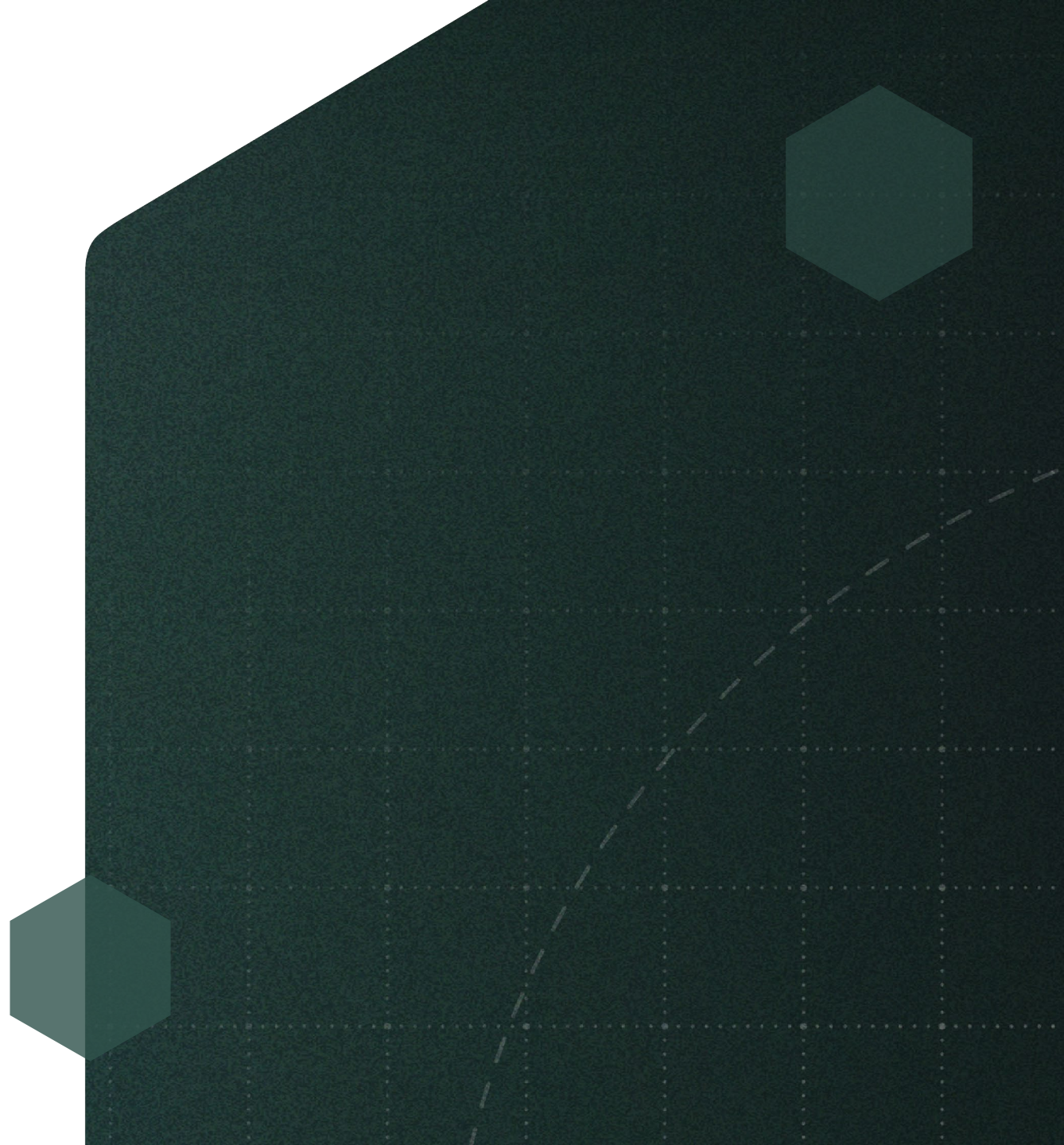
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