



Atlantic Pilotage Authority

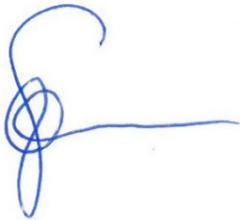
Third Quarter 2025

Interim Unaudited
Condensed Financial Statements and Notes

Management's Responsibility for Financial Reporting

Management is responsible for the preparation and fair presentation of these quarterly financial statements in accordance with the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations, and for such internal controls as management determines is necessary to enable the preparation of quarterly 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 quarterly financial statements.

Based on our knowledge, these unaudited quarterly financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the corporation, as at the date of and for the periods presented in the quarterly financial statements.



Sean Griffiths
Chief Executive Officer



Brian Bradley, CPA, CGA
Chief Financial Officer

Halifax, Canada
November 24, 2025

ATLANTIC PILOTAGE AUTHORITY

Statement of Financial Position

Unaudited

(in thousands of Canadian dollars)	September 30, 2025	December 31, 2024
Assets		
Current		
Cash and cash equivalents	\$ 5,747	\$ 4,622
Trade and other receivables	6,046	4,417
Prepaid expenses	512	426
	12,305	9,465
Non-current		
Intangible assets	23	30
Property and equipment (Note 4)	23,315	24,309
	23,338	24,339
	\$ 35,643	\$ 33,804
Liabilities		
Current		
Trade and other payables	\$ 4,936	\$ 4,480
Bank loans (Note 5)	3,869	10,671
Employee severance benefits	137	207
Lease liabilities	361	351
	9,303	15,709
Non-current		
Bank loans (Note 5)	6,161	-
Employee severance benefits	963	1,057
Lease liabilities	639	911
	7,763	1,968
	17,066	17,677
Equity		
Retained earnings	18,577	16,127
	\$ 35,643	\$ 33,804

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

ATLANTIC PILOTAGE AUTHORITY

Statement of Comprehensive Income (Loss)

Unaudited

(in thousands of Canadian dollars)	Three Months Ended September 30		Nine Months Ended September 30	
	2025	2024	2025	2024
Revenues				
Pilotage charges	\$ 12,315	\$ 11,361	\$ 31,688	\$ 28,353
Other income	218	3	580	56
	12,533	11,364	32,268	28,409
Expenses				
Pilots' fees, salaries and benefits	4,955	4,602	12,991	11,845
Contracted pilot boat services	1,302	1,410	3,146	3,100
Pilot boat crews' salaries and benefits	987	860	2,948	2,409
Staff salaries and benefits	674	667	2,223	2,094
Amortization and depreciation (Note 4)	667	674	1,986	1,673
Fuel	585	680	1,680	1,761
Repairs and maintenance	544	745	1,310	1,628
Professional and special services (Note 6)	374	193	960	537
Utilities, materials and supplies	322	337	930	891
Transportation and travel	355	299	868	787
Finance costs	107	95	337	209
Training	27	42	183	331
Rentals	38	69	141	196
Communications	34	39	115	125
	10,973	10,712	29,819	27,586
Gain for the period	1,560	652	2,450	823

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

ATLANTIC PILOTAGE AUTHORITY

Statement of Changes in Equity

Unaudited

(in thousands of Canadian dollars)	Three Months Ended September 30		Nine Months Ended September 30	
	2025	2024	2025	2024
Retained earnings, beginning of the period	\$ 17,017	\$ 16,579	\$ 16,127	\$ 16,408
Gain for the period	1,560	652	2,450	823
Other comprehensive gain	-	-	-	-
Total comprehensive gain	1,560	652	2,450	823
Retained earnings, end of the period	\$ 18,577	\$ 17,231	\$ 18,577	\$ 17,231

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

ATLANTIC PILOTAGE AUTHORITY

Statement of Cash Flows

Unaudited

(in thousands of Canadian dollars)	Three Months Ended September 30		Nine Months Ended September 30	
	2025	2024	2025	2024
Operating Activities				
Receipts from customers	\$ 10,798	\$ 10,098	\$ 29,928	\$ 26,850
Payments to and on behalf of employees	(5,726)	(5,427)	(16,579)	(15,675)
Payments to suppliers and others	(3,798)	(2,541)	(10,502)	(9,602)
Finance costs paid	(107)	(95)	(337)	(209)
Other income received	218	3	580	55
Net cash from (used in) operating activities	1,385	2,038	3,091	1,419
Investing Activities				
Proceeds of sold assets	1	-	1	124
Purchases of intangible assets	-	-	-	(1)
Purchases of property and equipment	(388)	(2,210)	(1,063)	(5,817)
Net cash from (used in) investing activities	(387)	(2,210)	(1,062)	(5,694)
Financing Activities				
Proceeds from bank loan	-	1,500	-	1,500
Repayment of bank loans	(209)	(185)	(641)	(551)
Repayment of lease liabilities	(88)	(76)	(262)	(223)
Net cash from (used in) financing activities	(297)	1,239	(903)	726
Effect of exchange rate changes	-	-	-	9
Increase (decrease) in cash and cash equivalents	701	1,067	1,125	(3,540)
Cash and cash equivalents, beginning of the period	5,046	2,398	4,622	7,005
Cash and cash equivalents, end of the period	\$ 5,747	\$ 3,465	\$ 5,747	\$ 3,465

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

ATLANTIC PILOTAGE AUTHORITY

Notes to the Unaudited Financial Statements

September 30, 2025

(in thousands of Canadian dollars)

1. OBJECTIVES AND ACTIVITIES

The Atlantic Pilotage Authority (the “Authority”) was established in 1972 pursuant to the *Pilotage Act*. The principal registered address of the Authority is 1791 Barrington Street, Halifax, Nova Scotia. The objects of the Authority are to establish, operate, maintain, and administer, in the interests of safety of navigation, an efficient pilotage service within designated Canadian waters. The *Pilotage Act* provides that pilotage charges be set at levels that allow the Authority to be financially self-sufficient and be fair and reasonable. Under the *Pilotage Act*, no payment to the Authority may be made under an appropriation by Parliament to discharge an obligation or liability.

The Authority is a Crown corporation listed in Schedule III, Part I of the *Financial Administration Act* and is not subject to the provisions of the *Income Tax Act*.

In July 2015, the Authority was issued a directive (PC 2015-1114) pursuant to section 89 of the *Financial Administration Act* to align its travel, hospitality, conference, and event expenditure policies, guidelines, and practices with the Treasury Board policies, directives, and related instruments on travel, hospitality, conference, and event expenditures in a manner that is consistent with its legal obligations, and to report on the implementation of this directive in the Authority’s next corporate plan. The Authority finalized its implementation of this directive in July 2017. The Authority confirms that the requirements of the directive have been met.

2. ESTABLISHING OR REVISING PILOTAGE CHARGES

The approval process for establishing or revising pilotage charges is set out in the *Pilotage Act*. The Authority may, by resolution, determine the charges to be paid to the Authority for the provision of services in relation to compulsory pilotage.

To establish or revise pilotage charges, the Authority must publish a notice of the proposed charges on its website and allow any party at least 30 days to make representations about the proposal to the Authority. After considering all written representations, the Authority shall publish an announcement that sets out its decision in respect of the proposal, including the date on which it will take effect, which is not to be earlier than 60 days after the date the announcement is published.

Within 90 days of the announcement, a person who has reason to believe that the pilotage charges are not in accordance with the charging principles specified in the *Pilotage Act*, or that the Authority did not follow the proper process to establish or revise the charges, may file a notice of objection with the Canadian Transportation

Agency (CTA).

If the CTA determines that an objection is well founded, it may order the Authority to cancel the establishment or revision of the pilotage charge and to refund, with interest, each user of compulsory pilotage services the amount paid in excess of the charge in previously in effect. The CTA shall also provide the person who filed the notice of objection and the Authority with written reasons for any decision that is made and, if applicable, any decision to fix the period within which the Authority is to make a refund to a user of compulsory pilotage services.

3. ACCOUNTING POLICY INFORMATION

(a) Basis of presentation

These financial statements have been prepared by management in accordance with IAS 34 *Interim financial reporting* of the IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

The interim financial statements do not include all the financial statement disclosures required for annual financial statements and should be read in conjunction with the annual audited financial statements of the Authority for the year ended December 31, 2024.

The interim financial statements as of September 30, 2025 were authorized for issue by the Authority's Audit Committee on November 24, 2025.

(b) Material accounting policies and managements estimates and judgements

The interim financial statements as of September 30, 2025 have been prepared in accordance with accounting policies and managements estimates and judgements outlined in Notes 3 and 4 of its audited annual financial statements as of December 31, 2024.

4. PROPERTY AND EQUIPMENT

As at 30 September 2025

	Pilot boat hulls and structures	Pilot boat equipment	Pilot boat generators	Pilot boat engines	Pilot boat inspections	Wharves and structures	Furniture and equipment	Leasehold improvements	Right-of-use assets	Total
Cost, beginning of the year	\$ 20,944	\$ 6,576	\$ 705	\$ 5,290	\$ 389	\$ 1,829	\$ 1,006	\$ 854	\$ 2,845	\$ 40,438
Additions, year to date	88	257	61	369	19	43	146	25	-	1,008
Disposals, year to date	(8)	(81)	-	(116)	-	(10)	(11)	-	-	(226)
Cost, end of the quarter	21,024	6,752	766	5,543	408	1,862	1,141	879	2,845	41,220
Accumulated depreciation, beginning of the year	(6,267)	(3,928)	(282)	(2,101)	(183)	(536)	(750)	(367)	(1,715)	(16,129)
Depreciation of disposals, year to date	8	60	-	116	-	10	11	-	-	205
Depreciation, year to date	(694)	(295)	(37)	(427)	(63)	(59)	(62)	(104)	(240)	(1,981)
Accumulated depreciation, end of the quarter	\$ (6,953)	\$ (4,163)	\$ (319)	\$ (2,412)	\$ (246)	\$ (585)	\$ (801)	\$ (471)	\$ (1,955)	\$ (17,905)
Carrying amount, end of the quarter	\$ 14,071	\$ 2,589	\$ 447	\$ 3,131	\$ 162	\$ 1,277	\$ 340	\$ 408	\$ 890	\$ 23,315

As at 31 December 2024

	Pilot boat hulls and structures	Pilot boat equipment	Pilot boat generators	Pilot boat engines	Pilot boat inspections	Pilot boats under construction	Wharves and structures	Furniture and equipment	Leasehold improvements	Right-of-use assets	Total
Cost, beginning of the year	\$ 15,395	\$ 6,426	\$ 664	\$ 4,083	\$ 516	\$ 6,734	\$ 1,641	\$ 996	\$ 758	\$ 2,791	\$ 40,004
Additions	3,895	636	82	1,004	33	-	302	82	110	95	6,239
Transfer from pilot boats under construction	4,751	885	130	968	-	(6,734)	-	-	-	-	-
Disposals	(3,097)	(1,371)	(171)	(765)	(160)	-	(114)	(72)	(14)	(41)	(5,805)
Cost, end of the year	20,944	6,576	705	5,290	389	-	1,829	1,006	854	2,845	40,438
Accumulated depreciation, beginning of the year	(6,824)	(4,500)	(389)	(2,246)	(256)	-	(551)	(735)	(237)	(1,435)	(17,173)
Depreciation of disposals during the year	1,388	965	149	610	153	-	82	72	5	41	3,465
Depreciation for the year	(831)	(393)	(42)	(465)	(80)	-	(67)	(87)	(135)	(321)	(2,421)
Accumulated depreciation, end of the year	(6,267)	(3,928)	(282)	(2,101)	(183)	-	(536)	(750)	(367)	(1,715)	(16,129)
Carrying amount, end of the year	\$ 14,677	\$ 2,648	\$ 423	\$ 3,189	\$ 206	\$ -	\$ 1,293	\$ 256	\$ 487	\$ 1,130	\$ 24,309

There is no impairment of property and equipment at the end of the first nine months of 2025 (2024 – nil).

5. BANK LOANS

The Authority's outstanding bank loans at quarter end are:

	Q3 2025	2024
Non-revolving term facility, payable in monthly instalments including interest at 4.90%, amortized over 15 years, term ending on May 10, 2026, unsecured.	1,778	1,853
Non-revolving term facility, payable in monthly instalments including interest at 3.71%, amortized over 15 years, term ending on April 21, 2027, unsecured.	4,913	5,164
Non-revolving term facility, payable in monthly instalments including interest at 3.68%, amortized over 15 years, term ending on April 21, 2027, unsecured.	1,398	1,537
Non-revolving term demand facility, payable in monthly instalments of principle plus interest at 4.14%, amortized over 15 years, term ending on September 30, 2027, unsecured.	1,400	1,466
Non-revolving term facility, payable in monthly instalments including interest at 4.87%, amortized over 5 years, term ending on January 14, 2029, unsecured.	541	651
	\$ 10,030	\$ 10,671
Current portion	\$ 3,869	\$ 10,671
Non-current portion	6,161	-
	\$ 10,030	\$ 10,671

During the first nine months of 2025 and 2024, all the Authority's bank loans are subject to covenants. The nature of the covenants requires the Authority, among other things, to maintain operations under current mandate while complying with legislative authorities. Any material change to operations must be disclosed to the lender. During the first nine months, no breaches occurred. In 2024, one breach occurred and a waiver was obtained from a lender after the financial reporting period but before the financial statements were authorized for issue. Loan maturity analysis is disclosed in Note 7.

6. RELATED PARTY TRANSACTIONS

The Authority is related in terms of common ownership to all Government of Canada created departments, agencies, and Crown corporations. The Authority enters into transactions with these entities in the normal course of business, under the same terms and conditions that apply to unrelated parties. The majority of these transactions are not of significance and do not have a material effect on these financial statements.

The Authority entered into an arrangement with Transport Canada beginning April 1, 2020 for the provision of regulatory services and expertise. This is an on-going arrangement subject to review every 10 years. The costs incurred are included in the statement of comprehensive income (loss) for the nine-months ended with \$305 (2024 – \$186) under professional and special services.

7. COMMITMENTS

No new material contracts were entered into during the first nine months of 2025. In the past, the Authority has entered into contracts for bank loans, leased office space, pilot boat services, software development and maintenance, and support for weather buoy operations requiring the following minimum payments:

As at September 30, 2025	Operational commitments	Loan commitments	Lease commitments
Remaining of 2025	\$ 784	\$ 321	\$ 96
2026-2029	297	10,253	836
2030-2035	227	-	126
	\$ 1,308	\$ 10,574	\$ 1,058

Third Quarter 2025

Management's Discussion and Analysis

November 24, 2025

TRAFFIC REVIEW AND ANALYSIS

Assignments

Pilotage Area	Actual Traffic through through 3rd Qtr 2024	Actual Traffic through through 3rd Qtr 2025	Variance from 2024	Percentage Variance from 2024
Halifax	2,165	2,203	38	2%
Saint John	1,526	1,440	(86)	-6%
Placentia Bay	700	904	204	29%
Canso	468	562	94	20%
St. John's	506	366	(140)	-28%
Sydney	291	258	(33)	-11%
Other Newfoundland	321	337	16	5%
Other Compulsory	433	403	(30)	-7%
Total	6,410	6,473	63	1.0%

Revenue (in thousands of Canadian dollars)

Pilotage Area	Actual Revenues through 3rd Qtr 2024	Actual Revenues through 3rd Qtr 2025	Variance from 2024	Percentage Variance 2024
Halifax	7,284	7,827	542	7%
Saint John	5,796	6,022	226	4%
Placentia Bay	6,178	8,307	2,129	34%
Canso	2,601	3,330	729	28%
St. John's	1,861	1,511	(350)	-19%
Sydney	1,507	1,511	4	0%
Other Newfoundland	1,724	1,857	133	8%
Other Compulsory	1,073	1,227	154	14%
Total	28,024	31,591	3,568	12.7%

The following discussion regarding the amount of activity in individual ports refers to pilotage assignments only, and not the level of cargo or vessel traffic experienced by a port. There are several factors that may result in a difference between the activity reported by the Authority and that reported by another body such as a port authority. These factors include ships not subject to compulsory pilotage, ships utilizing mariners who have pilotage certificates, and the amount of cargo carried on a ship. The Authority reports on pilotage assignments performed by its pilots but does not track the amount of cargo being carried on a vessel.

Overall, pilotage assignment traffic levels are above 2024's pace by 1% for the first nine months of 2025 and pilotage revenue has increased by 12.7% when compared to the same period in 2024.

Traffic in Halifax, NS has increased by 2% from the previous year. A decline in piloted container movements and bulk carrier traffic has been mostly offset by increased piloted assignments on general cargo vessels as well as tugs and barges.

In Saint John, NB, pilotage activity has decreased by 6% from 2024 with pilotage revenues for the

port increasing by 4%. Bulk carrier traffic declined as maintenance was being completed at a potash facility while LNG vessel traffic and piloted container movements has increased.

Pilotage traffic in Placentia Bay, NL has increased by 29% and revenues have increased 34% from 2024 levels. Tanker traffic has increased by 37% at Whiffen Head due to the increased need for transfers via ship-to-ship. Tanker traffic has decreased by 32% at Come-by-Chance due to a temporary shutdown at the refinery that is now operational. Also, there was an increase in dredging activity in Argentia along with the float of the Gravity base structure drilling rig to Grand Banks, NL.

In the Strait of Canso, NS, tanker traffic has increased when compared to the same period of 2024 and bulk carrier movements have increased compared to the previous year. Overall, the piloted activity in the port has increased by 20% with the related revenue increasing 28% through September 2025.

FINANCIAL AND STATISTICAL REVIEW

Overall, traffic has increased by 1% from 2024 levels through September 2025, with total revenues increasing by 12.7%. Revenues have increased due to rate increases, and higher levels of activity, specifically in Placentia Bay, NL and Strait of Canso, NS.

Salaries, benefits, and fees through September 2025 increased from the same period in 2024 due to the additional hiring of FTEs, the third crew manning requirement on certain boats and the related employment costs. Pilot salary and benefits have grown with increase in salaries and overtime costs. Other costs that have increased include the amortization of vessels as new vessels are now in operation.

The Authority had a gain at the end of the third quarter of \$2,450,000 (gain of \$823,000 in 2024). A gain of \$1,389,000 was expected at this point in the year.

CUSTOMER COMPLAINTS AND LEVEL OF SERVICE

The Authority has a structured methodology for handling complaints. The mechanism is designed to be as user friendly as possible, and the goal of the Authority is to ensure that timely feedback is provided to the complainant. The most common reason for a complaint to be submitted is due to a delay in an assignment. In some cases, the delay is caused by factors beyond the control of the Authority, such as weather or delays caused by the non-availability of port services such as tugs.

The Authority received 23 complaints out of a total of 6,473 assignments through September 30, 2025. For the same period of 2024, there were 25 complaints received out of 6,410 assignments. Most of the complaints were for the Placentia Bay area due to the increase in traffic in this port putting a strain on resources. The other complaints were registered in Halifax due to pilot availability. The Authority has been actively trying to increase resources and mitigate these constraints.

Through September 2025 the Authority had 1 shipping incident. There was 1 incident reported at this point in 2024.

RISK ANALYSIS

The major financial risk faced by the Authority is the variability of traffic in major ports. The Authority does not control or influence the activity in each port. Variations in the number of ships, or the average ship size, from the budget may result in a positive or negative result.

The Authority had an increase in tanker traffic in Placentia Bay, NL. An increase in certificated masters is having a significant impact on traffic in various ports with this effect expected to grow, leading to reduced revenues.

The negotiation of a new contractual model for the Halifax pilots is also increasing uncertainty and risk for future years.

TRAVEL, HOSPITALITY, AND CONFERENCE EXPENSES

The Atlantic Pilotage Authority's area of operation is defined as all the Canadian waters in and around the provinces of New Brunswick, Prince Edward Island, Nova Scotia, and Newfoundland and Labrador, including the waters of Chaleur Bay in the Province of Quebec. Within this region, the Authority has designated 20 compulsory pilotage areas. Each one has its unique industries and are serviced by licensed pilots and the required infrastructure such as pilot boat services.

Conducting regular pilotage operations requires travel to be conducted by the Authority's pilots and boat crew. These costs are recovered directly from the customers for whom the services were delivered. Travel costs are also incurred for training of operational personnel as much of the training is done in Europe and Quebec City. These costs are included in the Authority's training budget. Included in the Pilot boats, operating costs category of the Authority's financial statements are travel costs associated with vessel maintenance personnel performing their regular duties.

Travel of pilotage authority board and management representatives is required to meet the needs of stakeholders in each area and manage the Authority's resources effectively. Periodic travel outside of the Authority's area of operation is also required to meet with Government representatives, industry associations, and the other pilotage authorities. Conferences include port specific marine business conferences and pilotage specific conferences. Board travel costs are captured with all other Board costs under Professional and special services in the Authority's financial statements.

The table below shows the travel, hospitality, and conference expenses for operations, and for administrative employees and the Board.

Travel, Hospitality, and Conference Expenses		
As at September 30 (in thousands of Canadian dollars)		
	2025	2024
Operations	751	648
Training	20	86
Engineering	4	17
Total Operational Travel	775	751
Administration	118	140
Board	9	36
Total Administration Travel	127	176
Hospitality	10	8
Conference Fees	25	12
Total Hospitality and Conference Expenses	35	20
Total Travel, Hospitality, and Conference Expenses	937	947

KEY PERFORMANCE INDICATORS

Corporate Objective	Indicator	2025 Q3 Actual	2025 Year-end Target	2024 Annual Actual
<u>Operational Excellence - Operational excellence, efficiency and sustainability with priority and focus on the protection of people, property and the environment.</u>	% of incident-free assignments	99.98%	99.95%	99.97%
	% of assignments without complaint	99.64%	99.75%	99.71%
	% of assignments without 1+ hour pilotage delay	98.15%	99.00%	97.82%
	Number of work related injuries	2	0	2
	% of customers who reported that they are satisfied with the Authority's commitment to safety as registered through the annual customer survey process	-	100%	98%
	Delays caused by unplanned pilot boat maintenance issues	4	0	3
	Total downtime caused by unplanned maintenance as a % of time available	-	1.00%	1.42%
	% of customers who reported that they are satisfied with the efficiency of marine pilotage services provided by the Authority as registered through the annual customer survey process	-	80%	78%
<u>Future Readiness - Organizational readiness for industry transformation and development; with a special focus on innovation, technology, environmental stewardship and new competencies.</u>	Formal Consultation Meetings	12	15	21
	Short-term borrowing (\$ 000's)	\$ -	\$ -	\$ -
	Profit Before Loss on Disposal of Assets (\$ 000's)	\$ 2,450	\$ 2,200	\$ 807
	Operating Cash on Hand (\$ 000's)	\$ 5,747	\$ 4,500	\$ 4,122
	Accumulated Savings (\$ 000's) Severance	\$ -	\$ -	\$ 500
	Accumulated Savings (\$ 000's) Capital	\$ -	\$ -	\$ -
	New pilots hired	7	3	3
	Number of environmental spills or damages related to pilot boat operations	0	0	0