



**INTERIM
FINANCIAL
STATEMENTS**

March 31, 2025



Administration
de pilotage
des Laurentides

Laurentian
Pilotage
Authority

Management Discussion and Analysis

Financial Results

In the first quarter of 2025, the Laurentian Pilotage Authority (LPA or Authority) recorded a positive financial performance compared to the same quarter in 2024. The Authority reported total revenues of \$27.1 million, compared to \$25.8 million for the same period in 2024. This increase is directly attributable to a 4% average increase in pilotage charges, in agreement with industry, as well as the actual traffic composition.

Despite the increase in revenue and continued strict budgetary control, the Authority ended the first quarter with a net loss of \$1.1 million, an improvement over the \$1.3 million loss recorded in 2024.

Pilotage Charges

The Authority is mandated to assess and set the pilotage charges payable by its clients. These charges must be fair and reasonable, while enabling the Authority to be financially self-sufficient and to replace its capital assets.

At the end of 2024, the LPA submitted a notice of revision of pilotage charges for 2025, in accordance with its established methodology. A tariff revision schedule has been in place since 2021 to ensure that new rates come into effect at the beginning of each calendar year, thus avoiding revenue recognition discrepancies.

Pilotage Services

Pilotage services for the three compulsory pilotage districts under the jurisdiction of the LPA are provided by contract pilots who are not employees of the Authority. The Authority negotiates separate service agreements with these pilot corporations.

The *Pilotage Act* does not permit competition, which significantly influences the negotiation dynamics between the Authority and the pilot corporations, who hold monopolistic positions. In case of dispute during negotiations, the Act provides a dispute resolution mechanism to ensure the business relationship continues without disrupting pilotage services or clients' commercial operations.

Pilotage service contracts generally represent approximately 77% of the Authority's total annual expenditures. The outcome of these contractual negotiations has a significant impact on the Authority's current and future financial position, as well as its ability to comply with the *Pilotage Act*, which requires pilotage charges to be fair and reasonable while ensuring financial self-sufficiency.

Pilotage services also include pilot boarding operations, which are largely subcontracted, except for those performed at the Les Escoumins pilot station. Annually, these pilot boat services represent approximately 11% of the Authority's total expenditures.

Marine Traffic

Marine traffic on the St. Lawrence River and the Saguenay River varies significantly by season. In the winter (Q1), traffic is generally at its lowest due to the closure of the St. Lawrence Seaway, restricting navigation to the Port of Montreal. Ice and weather conditions may further limit vessel movements.

In spring (Q2), traffic gradually resumes, reaching its peak in the fall (Q4) with the arrival of domestic and international cruise ships. Just before winter and the seaway's seasonal closure, bulk carriers typically depart loaded with grain, legumes, salt, sugar, ore, aluminum, and steel.

Traffic fluctuations are a key consideration in forecasting the Authority's cash flows to meet its financial obligations, along with vessel size and transit times. Despite rigorous analysis and forecasts, the Authority cannot predict or influence traffic volumes. External factors impacting traffic beyond the Authority's control include:

- Provincial, national, North American, and global economic conditions
- Weather conditions
- The value of the Canadian dollar
- Inflation, interest rates, import/export taxes
- Competition from other modes of transportation

Administrative Expenses

Administrative expenses account for approximately 12% of the Authority's total annual expenditures. The largest portion of these costs relates to salaries and employee benefits, amortization, and professional and specialized services.

Summary of Financial Performance

in thousands \$	3 months ended March 31, 2025	3 months ended March 31, 2024	Favorable (unfavorable) Variance	%	Commentary
Produits					
Pilotage charges	23 035	21 867	1 168	+5,3%	Mainly due to the 4% rate increase.
Pilot boat revenue	3 957	3 895	62	+1,6%	Increase in boarding volume.
Other revenues	129	85	44	+51,8%	
Total revenues	27 121	25 847	1 274	+4,9%	
Coûts d'opération					
Pilot fees	20 769	20 133	636	+3,2%	Correlated with revenue growth.
Pilot boat service	3 602	3 585	17	+0,5%	Volume-based increase.
Total operating costs	24 371	23 718	653	+3,6%	
Administrative costs	3 886	3 394	492	+14,5%	Primarily due to increased salaries and costs related to the enforcement of the <i>Pilotage Act</i> .
Comprehensive loss	(1 136)	(1 265)	129	-10,2%	

Risk Management

The Authority believes risk management is a fundamental part of corporate governance. Risks are categorized as follows: occupational health and safety, environmental, operational, information technology, financial, and reputational risks. Each is assessed based on probability and impact, and accompanied by mitigation measures. Senior management reports regularly on risk oversight to the Audit Committee.

UNAUDITED FINANCIAL STATEMENTS

Quarterly results
Three months ended March 31st, 2025

LAURENTIAN PILOTAGE AUTHORITY

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Statement of Management Responsibility

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.



M. Marc-Yves Bertin
Chief Executive Officer
Montreal, Canada
May 22, 2025



M. Antony Sebastiampillai, CPA
Chief Finance and Administration Officer
Montreal, Canada
May 22, 2025

LAURENTIAN PILOTAGE AUTHORITY

STATEMENT OF FINANCIAL POSITION

Unaudited

In Canadian dollars

	March 31, 2025		December 31, 2024	
ASSETS				
Cash and cash equivalents	7 761 280	\$	9 116 191	\$
Accounts receivable and other receivables	13 153 406		16 023 128	
Prepaid expenses	507 267		489 044	
Current	21 421 953		25 628 363	
Property and equipment	19 130 066		19 513 454	
Intangible assets	2 096 060		2 259 700	
Right-of-Use Asset	977 701		1 017 308	
Total	43 625 780	\$	48 418 825	\$
LIABILITIES				
Accounts payable and accrued liabilities	15 112 795	\$	18 764 279	\$
Lease Obligation	195 015		193 850	
Current	15 307 810		18 958 129	
Employee benefits	588 385		546 551	
Lease Obligation	1 200 602		1 249 731	
Total liabilities	17 096 797	\$	20 754 411	\$
Retained earnings	26 528 983		27 664 414	
EQUITY	26 528 983	\$	27 664 414	\$
Total liabilities and equity	43 625 780	\$	48 418 825	\$

LAURENTIAN PILOTAGE AUTHORITY

STATEMENT OF COMPREHENSIVE INCOME

Unaudited

In Canadian dollars

	3 months ended March 31st,	
	2025	2024
Pilot charges	23 035 411	21 867 233
Pilot boat revenue	3 957 087	3 894 839
Other revenues	128 930	85 264
Revenues	27 121 428	25 847 336
Pilot fees	20 768 978	20 132 824
Pilot boat service- Outsourced	2 978 418	2 942 739
Employee salaries and benefits - others	2 012 047	1 830 705
Depreciation and amortization	609 076	562 156
Employee salaries and benefits - Boarding services	465 381	422 815
Professional and special services	447 128	432 443
<i>Pilotage Act</i> administration fees	416 337	187 964
Pilot boat and shuttle maintenance and operating costs	158 481	219 723
Utilities, material and supplies	152 587	126 135
Rental fees	105 656	94 906
Maintenance	46 205	32 294
Transportation, travel and hospitality	37 086	52 304
Communications	20 808	19 965
Insurance	15 936	16 466
Financial charges	14 180	16 477
Other expenses	8 555	22 328
Loss on asset disposal	-	294
Expenses	28 256 859	27 112 538
Comprehensive loss	1 135 431	1 265 202

LAURENTIAN PILOTAGE AUTHORITY

STATEMENT OF CHANGES IN EQUITY

Unaudited

In Canadian dollars

	3 months ended March 31st,	
	2025	2024
Retained earnings, beginning of the period	27 664 414 \$	26 640 997 \$
Comprehensive loss for the period	(1 135 431)	(1 265 202)
Retained earnings, end of the period	26 528 983	25 375 795

LAURENTIAN PILOTAGE AUTHORITY

STATEMENT OF CASH FLOW

Unaudited

In Canadian dollars

	3 months ended March 31st,	
	2025	2024
Comprehensive loss for the period	(1 135 431) \$	(1 265 202) \$
Adjustment to determine net cash flows generated by (used for) operating activities:		
Depreciation and amortization	609 077	562 157
Interest on lease obligation	12 877	14 752
Change in long-term portion of employee benefits	41 834	21 236
Loss on asset disposals	-	296
Interest Income	(68 711)	(69 808)
Net change in working capital items:		
Change in accounts receivable and other receivables	2 869 722	2 575 028
Change in prepaid expenses	(18 223)	(65 162)
Change in accounts payable and accrued liabilities	(3 651 484)	(2 562 584)
Cash flows from operating activities	(1 340 339) \$	(789 287) \$
Acquisition of property and equipment	(22 442) \$	(4 336) \$
Acquisition of intangible assets	-	(122 124)
Interest received	68 711	69 808
Cash flows from investing activities	46 269 \$	(56 652) \$
Repayment of lease obligation	(47 964) \$	(46 093) \$
Interest paid on lease obligation	(12 877)	(14 752)
Cash flows from financing activities	(60 841) \$	(60 845) \$
Change for the period	(1 354 911) \$	(906 784) \$
Balance, beginning of period	9 116 191	5 765 926
Balance, end of period	7 761 280 \$	4 859 142 \$

LAURENTIAN PILOTAGE AUTHORITY

NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)

1. Authority and Objectives

The Laurentian Pilotage Authority (the “Authority”) was established in 1972 in Canada under the *Pilotage Act*. Its mission is to establish, operate, maintain and administer, for the safety of navigation, an effective pilotage service within certain designated Canadian waters in and around the Province of Québec. In accordance with the Canada Marine Act assented on June 11, 1998, that modified the *Pilotage Act*, the Authority no longer uses parliamentary appropriations.

The Authority is a Crown corporation listed under Part I of Schedule III to the Financial Administration Act. In July 2015, the Authority received a directive (C.P. 2015-1114) pursuant to section 89 of the Financial Administration Act to harmonize its travel, hospitality, conference and event expenditure policies, guidelines and practices with 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 its next Corporate plan. The Authority has been complying with the instruction since 2016.

The Authority is not an agent of the Crown and is exempt from income tax.

The *Pilotage Act* regulates the approval process for the establishment and revision of pilotage charges. The Authority may, by resolution, determine the charges applicable for the provision of services involving compulsory pilotage. The Act provides that the pilotage charges must be fair and reasonable and allow the Authority to operate on a self-sustaining financial basis. Thus, the required pilotage charges are intended to create a reasonable financial reserve that allows the Authority to meet its current and future financial requirements related to the provision of compulsory pilotage services, among other things, the renewal of its property and equipment and intangible assets.

Under the *Pilotage Act*, the Authority must pay the Minister of Transport the amount specified by the Minister to cover the costs associated with the administration of the Act, including the development of regulations and the enforcement of the act.

2. Basis of Preparation

The Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). The current financial statements do not include all of 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 Authority's Audit Committee has recommended to the Board of Directors the approval of these interim financial statements for issue on May 22, 2025.

The Authority's cost structure is largely composed of variable costs based on its revenues, which reduces potential unfavorable economic impact in the event of reduced revenues

3. Informations significatives sur les méthodes comptables

The March 31, 2025 interim financial statements of the Laurentian Pilotage Authority have been prepared in accordance with accounting policies outlined in Note 3 of its audited annual financial statements as of December 31, 2024.