

**Prince Rupert Port Authority**  
**Consolidated Financial Statements**  
*December 31, 2025*

# Prince Rupert Port Authority Contents

*For the year ended December 31, 2025*

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To the Board of Prince Rupert Port Authority:

## Opinion

We have audited the consolidated financial statements of Prince Rupert Port Authority and its subsidiaries (the "Authority"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of income and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Authority as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

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## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Authority as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Vancouver, British Columbia

April 14, 2026

*MNP LLP*

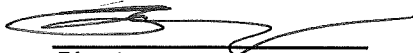
Chartered Professional Accountants

**Prince Rupert Port Authority**  
**Consolidated Statement of Financial Position**

As at December 31, 2025  
(expressed in \$000's)

	Note	2025	2024
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		99,026	59,816
Current portion of term deposits		30,170	59,182
Accounts receivable	4	48,688	49,068
Current portion of finance lease receivable	13	188	-
Prepaid expenses		1,779	1,175
		<b>179,851</b>	<b>169,241</b>
<b>Non-Current Assets</b>			
Property and equipment	6	510,922	409,089
Finance lease receivable	13	4,927	-
Loan receivable	14	19,437	1,878
Intangible assets		-	28
Investments	5	3,795	2,088
Term deposits		6,834	-
Employee benefits	12	5,198	4,681
		<b>551,113</b>	<b>417,764</b>
<b>Total Assets</b>		<b>730,964</b>	<b>587,005</b>
<b>Liabilities and Equity of Canada</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	7, 15	72,799	56,909
Current portion of lease liability	13	16	100
Current portion of deferred revenue	10	1,221	184
Current portion of deferred contributions	10	2,246	5,245
		<b>76,282</b>	<b>62,438</b>
<b>Non-Current Liabilities</b>			
Lease liability	13	1,354	1,370
Long-term debt	8	115,009	55,414
Deferred revenue	10	5,035	6,068
Deferred contributions	10	101,476	62,180
		<b>222,874</b>	<b>125,032</b>
<b>Total Liabilities</b>		<b>299,156</b>	<b>187,470</b>
Commitments	6		
Contingencies	16		
<b>Equity of Canada</b>			
Contributed capital		36,213	36,213
Surplus		395,595	363,322
		<b>431,808</b>	<b>399,535</b>
<b>Total Liabilities and Equity of Canada</b>		<b>730,964</b>	<b>587,005</b>

Approved on behalf of the Board:

  
Director  
H. Cassidy.

  
Director  
PETER LANTIN

The accompanying notes are an integral part of these financial statements

**Prince Rupert Port Authority**  
**Consolidated Statement of Income and Comprehensive Income**

*For the year ended December 31, 2025  
(expressed in \$000's)*

	<i>Note</i>	<b>2025</b>	<b>2024</b>
<b>Revenue</b>			
Fee revenue	13	66,121	60,416
Rental revenue	13	6,628	5,183
Other revenue		14,552	8,976
		<u>87,301</u>	<u>74,575</u>
<b>Expenses</b>			
Depreciation and amortization	6	9,612	9,562
Federal stipend		3,844	3,617
Operating and administrative	15	10,265	8,820
Payments in lieu of municipal taxes		992	932
Professional and consulting fees		8,414	6,268
Repairs and maintenance		1,540	1,317
Salaries and benefits		25,702	20,609
		<u>60,369</u>	<u>51,125</u>
<b>Earnings from operations before other income</b>		<b>26,932</b>	<b>23,450</b>
<b>Other income</b>			
Interest income		4,884	6,272
Gain on sale of assets		(30)	5
Gain on foreign exchange		(10)	9
		<u>4,844</u>	<u>6,286</u>
<b>Net income</b>		<u><b>31,776</b></u>	<u><b>29,736</b></u>
<b>Other comprehensive income</b>			
Defined benefit plan actuarial gain	12	497	402
<b>Total comprehensive income for the year</b>		<u><b>32,273</b></u>	<u><b>30,138</b></u>

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

**Prince Rupert Port Authority**  
**Consolidated Statement of Changes in Equity**  
*For the year ended December 31, 2025*  
*(expressed in \$000's)*

	<i>Contributed capital</i>	<i>Accumulated Surplus</i>	<i>Total</i>
<b>Balance as at December 31, 2023</b>	<b>36,213</b>	<b>333,184</b>	<b>369,397</b>
<b>Total comprehensive income for the year 2024</b>			
Net Income for the year	-	29,736	29,736
Other comprehensive income	-	402	402
<b>Balance as at December 31, 2024</b>	<b>36,213</b>	<b>363,322</b>	<b>399,535</b>
<b>Total comprehensive income for the year 2025</b>			
Net Income for the year	-	31,776	31,776
Other comprehensive income	-	497	497
<b>Balance as at December 31, 2025</b>	<b>36,213</b>	<b>395,595</b>	<b>431,808</b>

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

**Prince Rupert Port Authority**  
**Consolidated Statement of Cash Flows**

*For the year ended December 31, 2025*  
*(expressed in \$000's)*

	<b>Note</b>	<b>2025</b>	<b>2024</b>
<b>Cash flows from operating activities</b>			
Net income for the year		31,776	29,736
Adjustments for depreciation, amortization and other adjustments		9,612	9,562
Interest on lease liabilities	13	104	104
Gain on disposal of property and equipment		30	(5)
Net change in working capital	18	35,396	(7,358)
		<b>76,918</b>	<b>32,039</b>
<b>Cash flows from Investing Activities</b>			
Proceeds from sale of property and equipment		2	5
Acquisition of property and equipment, net of government funding	18	(117,921)	(106,038)
Investment advances	5	(1,707)	(2,088)
Government contributions received	10b	400	600
Net proceeds of term deposits		22,127	13,505
		<b>(97,099)</b>	<b>(94,016)</b>
<b>Cash flows from Financing Activities</b>			
Repayment of right-of-use lease liabilities	13	(204)	(149)
Proceeds from borrowing	8	59,595	55,414
		<b>59,391</b>	<b>55,265</b>
<b>Net increase in cash and cash equivalents</b>		<b>39,210</b>	<b>(6,712)</b>
Cash and cash equivalents - beginning of the year		<b>59,816</b>	<b>66,528</b>
<b>Cash and cash equivalents - end of the year</b>		<b>99,026</b>	<b>59,816</b>
<b>Non-cash transactions</b>			
Recognition of finance lease receivable		5,115	-
Recognition of right-of-use assets and lease liabilities		-	1,515
		<b>-</b>	<b>1,515</b>

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

# Prince Rupert Port Authority

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2025  
(expressed in \$000's)

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### 1. Canadian Port Authority

The Prince Rupert Port Authority (the "Authority") is domiciled in Canada. The address of the Authority's registered office is 200-215 Cow Bay Road, Prince Rupert, British Columbia V8J 1A2. The Authority was established effective May 1, 1999, by the Government of Canada as a port authority pursuant to the Canada Marine Act (the "Act"). At that date, all assets, liabilities, contributed capital and surplus of the predecessor entity, Prince Rupert Port Corporation, were transferred to the Authority at their carrying value.

The Prince Rupert Port Authority is responsible for the overall planning, development, marketing, and management of the commercial port facilities within the Port of Prince Rupert. This includes ensuring competitive, efficient, and timely responses to customer needs and business opportunities. It also means ensuring that we facilitate these opportunities in a manner that is safe, responsible, and sustainable. The continued expansion of Prince Rupert port facilities provided the impetus for development throughout Northwestern Canada and was an engine driving economic growth in the region.

The Authority, Prince Rupert Terminals Inc, Prince Rupert Port Logistics Holding Corp, and Prince Rupert Port Development Corporation, wholly owned subsidiaries, are collectively referred to as the "Group". The Group is exempt from income taxes.

### 2. Basis of preparation

#### Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

The consolidated financial statements were authorized for issue by the Board of Directors on April 14, 2026.

#### Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments measured at fair value where indicated.

#### Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars, which is the Group's functional currency, rounded to the nearest thousand.

#### Use of estimates and judgments

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies, and the reported amounts of assets, liabilities, income, and expenses, and disclosure of contingencies. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The most critical judgments in applying accounting policies that have the most significant impact on the amounts recognized in the Group's consolidated financial statements relate to lease classification (Note 13).

The areas which involve assumptions and estimation uncertainties that have a risk of resulting in adjustment within the next financial year are the measurement of defined benefit obligations (Note 12), determination of the useful lives of property and equipment (Note 3e), estimation of amounts payable in lieu of taxes (Note 3k) and contingencies (Note 16).

# Prince Rupert Port Authority

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2025  
(expressed in \$000's)

### 3. Material accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements unless otherwise indicated.

#### a. Basis of consolidation

These consolidated financial statements include the accounts of the Authority and its 100% owned subsidiaries, Prince Rupert Terminals Inc, Prince Rupert Port Logistics Holding Corp, and Prince Rupert Port Development Corporation. The fiscal year end of the subsidiaries is December 31.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

#### b. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on retranslation are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

#### c. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, and short-term highly liquid investments with original maturity of three months or less that are readily convertible to a known amount of cash, and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than investment or other purposes.

#### d. Financial Instruments

##### Recognition and Initial Measurement

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

##### Classification and subsequent measurement of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding
- Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income ("FVTOCI"):
- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss ("FVTPL").

# Prince Rupert Port Authority

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2025  
(expressed in \$000's)

### 3. Material accounting policies (continued)

#### d. Financial Instruments (continued)

Despite the foregoing, the Group may make the following irrevocable election / designation at initial recognition of a financial asset

- The Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met.
- The Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

#### Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime expected credit losses ("ECL") for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

#### Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in an equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

#### Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost under the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

# Prince Rupert Port Authority

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2025  
(expressed in \$000's)

### 3. Material accounting policies (continued)

#### e. Property and equipment

##### Recognition and measurement

Property and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use and borrowing costs on qualifying assets. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net within other income in profit or loss.

##### Subsequent costs

Subsequent expenditure relating to property and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

The carrying amounts of replaced capital assets are derecognized as incurred. All repairs and maintenance are charged to earnings during the period in which they are incurred.

##### Depreciation

Freehold land and projects under construction that are not yet available for use are not depreciated. Depreciation on other property and equipment is calculated using the straight-line method, commencing when the asset is available for use, over their estimated useful lives, as follows:

<b>Asset</b>	<b>Useful Life</b>
Berthing structures	10-60 years
Leasehold improvements	Term of Lease
Buildings	10-60 years
Roads and surfaces	10-75 years
Utilities	10-30 years
Machinery and equipment	3-25 years
Office furniture and equipment	3-10 years
Right of Use Assets	Term of Lease

Depreciation methods, useful lives and residual values are reviewed and adjusted as appropriate, at each balance sheet date. When changes are made, adjustments are reflected prospectively.

The carrying amounts of the Group's capital assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

##### Impairment of Property and equipment

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated to reduce the carrying amounts of the assets in the unit (group of units) on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

# Prince Rupert Port Authority

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2025  
(expressed in \$000's)

### 3. Material accounting policies (continued)

#### f. Government grants

Government grants are presented on a net basis as a reduction of either the cost of the related property and equipment with amortization calculated on the net amount or the related expenditures in profit or loss, as applicable.

#### g. Non-government contributions

Contributions received from non-government contributors are recognized as revenue in accordance with IFRS 15 Revenue from Contracts with Customers and the timing of revenue recognition is based on the Group's performance obligations following the receipt of the assets acquired through the contributions. Deferred contributions represent contributions from non-government contributors towards the cost of the Group's property and equipment which will benefit the non-government contributors over time, and contributions from government entities for which the corresponding assets have not yet been acquired or constructed or the corresponding expenses have not yet been incurred.

#### h. Employee benefits

The Group has three pension plans. For employees hired before May 1, 1999, a defined benefit plan and a supplemental pension plan and for employees hired after May 1, 1999, a defined contribution plan is available.

##### Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under a short-term variable incentive plan if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

##### Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to a defined contribution pension plan are recognized as an employee benefit expense in the consolidated statement of comprehensive income in the periods during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

##### Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Under IAS 19, the Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net-defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Consequently, the net interest on the net defined benefit liability (asset) comprises interest cost on the defined benefit obligation, interest income on plan assets, and interest on the effect on the asset ceiling. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss. Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any), are recognized immediately in other comprehensive income ("OCI").

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the statement of comprehensive income. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

# Prince Rupert Port Authority

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2025  
(expressed in \$000's)

### 3. Material accounting policies (continued)

#### h. Employee benefits (continued)

##### Termination benefits

Termination benefits are expensed when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

#### i. Leases

Under IFRS 16 a lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

##### The Group as a lessor

As a lessor, the Group classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.

##### The Group as a lessee

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

The lease liability is initially measured at the present value of the lease payments unpaid at that date, discounted using the internal interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are any changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Short term leases as well as leases of low-value assets are recognized in the income statement on a straight-line basis over the lease term.

#### j. Revenue

The Authority generates its revenue from various streams:

##### Fee and Other revenue:

Revenue from operations is recognized when services are rendered, when the control of the promised services are transferred to customers in an amount that reflects consideration the Group expects to be entitled to receive in exchange for those services measured based on the consideration specified in contracts with customers.

##### Rental revenue:

The Group recognizes lease revenue in the period in which the rent becomes due and collection is reasonably assured. Lease revenue is recognized in profit and loss on a straight-line basis over the term of the lease. Lease revenue includes revenue from ground leases and exclusive rights agreements. Deferred revenues represent lease revenue received from tenants, including payments for exclusive use of land for a limited period.

# Prince Rupert Port Authority

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2025  
(expressed in \$000's)

### 3. Material accounting policies (continued)

#### k. Payments in lieu of municipal taxes

The amounts to be paid in lieu of taxes are estimated by the Group in accordance with the Payments in Lieu of Taxes Act based on the best available information. If new information gives rise to adjustments, the adjustments are made in the current period.

#### l. Provisions

A provision is recognized if, as a result of a past event, the Group has a legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The timing or amount of the outflow may still be uncertain. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

#### m. Finance income and finance costs

Finance income comprises interest income on funds invested and changes in the fair value of financial assets. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognized on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the statement of net income using the effective interest method.

#### n. Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee.

The investment in associates is accounted for using the equity method of accounting. Under the equity method, investments in associates are initially accounted for at cost, and thereafter adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of an individual investment. Where losses of an associate exceed the Group's interest in that associate, the excess is recognized only to the extent that the Group has incurred legal or constructive obligations on behalf of the associate.

The Group's net income and other comprehensive income includes its share of associate's profit or loss and other comprehensive income, respectively. Distributions received from an associate reduce the carrying amount of the investment. All other net asset changes are recognized in equity. Profit or losses arising from transactions with associates are eliminated to the extent of the Group's interest in the relevant associate. The financial statements of the associate are prepared for the same reporting period as the Group. Associate's financial statements have been adjusted, where necessary, to ensure consistency with the accounting policies of the Group.

#### o. Accounting standards issued but not yet applied

The Group has not yet applied the following new standards, interpretations and amendments to standards that have been issued as at December 31, 2025, but are not yet effective. Unless otherwise stated, the Group does not plan to early adopt any of these new or amended standards and interpretations.

#### **Classification and Measurement of Financial Instruments (Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures)**

Amendments to IFRS 9 and IFRS 7, issued in May 2024, clarify the date of recognition and derecognition of financial assets and financial liabilities, including that a financial liability is derecognized on the settlement date. The amendments introduce a voluntary election permitting the derecognition of some financial liabilities settled through an electronic cash transfer system before the settlement date, provided specific conditions are met. They also provide further guidance for assessing whether the contractual cash flows of a financial asset are consistent with a basic lending arrangement including those that contain contingent features, non-recourse features or are investments in contractually linked instruments. The amendments also add new disclosure requirements for certain instruments with contractual terms that include a contingent feature and for investments in equity instruments designated at fair value through other comprehensive income.

# Prince Rupert Port Authority

## Notes to the Consolidated Financial Statements

*For the year ended December 31, 2025  
(expressed in \$000's)*

### 3. Material accounting policies (continued)

#### o. Accounting standards issued but not yet applied (continued)

##### **Classification and Measurement of Financial Instruments (Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures)** (continued)

The amendments are effective for annual periods beginning on or after January 1, 2026, and are to be applied retrospectively; restatement of prior periods is not required. The Group is currently assessing the impact of these amendments on its consolidated financial statements.

##### **IFRS 18 Presentation and Disclosure in Financial Statements**

IFRS 18 will replace *IAS 1 Presentation of Financial Statements* and applies for annual reporting periods beginning on or after January 1, 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group is still in the process of assessing the impact of the new standard, particularly with respect to the Group's Consolidated Statement of Income and Comprehensive Income, the Consolidated Statement of Cash Flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as 'other'.

There are no other relevant standards, interpretations or amendments to existing standards that are not yet effective that are expected to have a material impact on the consolidated financial statements of the Group.

### 4. Accounts receivable

	2025	2024
Trade receivable	\$ 4,669	\$ 13,547
Receivable from related party	8,002	20,982
Other receivables	36,017	14,539
	<b>\$ 48,688</b>	<b>\$ 49,068</b>

The Group's exposure to credit and currency risks and expected credit losses related to trade and other receivables, is disclosed in Note 11.

The receivable from related party represents amounts due from the Government of Canada and its related entities; it pertains to contributions for the construction of CANXPORT and other capital and operating projects.

The other receivables include amounts from various leases in accordance with IFRS 16 Leases, guaranteed revenue, GST receivable, and other accrued receivables.

### 5. Investments

The Group has an interest in South Kaien Import Logistics Limited Partnership ("SKILP"), an entity engaged in the development of the South Kaien Logistics Park. Pursuant to the Limited Partnership Agreement, the Group has the right to cast 50% of the votes on matters requiring partner approval. The Group accounts for its investment in SKILP using the equity method. The carrying value of the investment at December 31, 2025 is \$3,795 (2024: \$2,088).

**Prince Rupert Port Authority**  
**Notes to the Consolidated Financial Statements**

*For the year ended December 31, 2025*  
*(expressed in \$000's)*

**6. Property and equipment**

	Land	Berthing structures	Leasehold	Buildings	Right of Use Asset	Roads and surfaces	Utilities	Machinery and equipment	Office furniture and equipment	Construction in progress	Total
<b>Cost:</b>											
Balance, December 31, 2023	90,977	20,740	486	23,978	-	173,861	39,239	9,197	5,451	6,086	<b>370,015</b>
Additions net of government grants	-	-	-	-	1,515	153	-	191	108	105,585	<b>107,552</b>
Transfers	-	-	-	1,244	252	1,270	17	193	264	(3,240)	-
Disposals	-	-	(486)	-	-	-	-	(31)	-	-	<b>(517)</b>
Balance, December 31, 2024	90,977	20,740	-	25,222	1,767	175,284	39,256	9,550	5,823	108,431	<b>477,050</b>
Additions net of government grants	-	-	-	154	-	633	169	391	536	110,924	<b>112,807</b>
Transfers	-	21,295	-	77	-	96	-	117	-	(21,585)	-
Disposals	-	(729)	-	(892)	-	-	(36)	(301)	(425)	-	<b>(2,383)</b>
Balance, December 31, 2025	90,977	41,306	-	24,561	1,767	176,013	39,389	9,757	5,934	197,770	<b>587,474</b>
<b>Accumulated depreciation:</b>											
Balance, December 31, 2023	-	5,902	486	7,236	-	21,441	13,341	5,091	4,333	-	<b>57,830</b>
Depreciation	-	360	-	731	167	6,969	1,519	612	290	-	<b>10,648</b>
Disposals	-	-	(486)	-	-	-	-	(31)	-	-	<b>(517)</b>
Transfers	-	-	-	-	-	-	-	-	-	-	-
Balance, December 31, 2024	-	6,262	-	7,967	167	28,410	14,860	5,672	4,623	-	<b>67,961</b>
Depreciation	-	538	-	757	174	7,017	1,522	622	322	-	<b>10,952</b>
Disposals	-	(730)	-	(869)	-	-	(36)	(301)	(425)	-	<b>(2,361)</b>
Transfers	-	-	-	-	-	-	-	-	-	-	-
Balance, December 31, 2025	-	6,070	-	7,855	341	35,427	16,346	5,993	4,520	-	<b>76,552</b>
<b>Net book value:</b>											
December 31, 2024	90,977	14,478	-	17,255	1,600	146,874	24,396	3,878	1,200	108,431	<b>409,089</b>
December 31, 2025	90,977	35,236	-	16,706	1,426	140,586	23,043	3,764	1,414	197,770	<b>510,922</b>

# Prince Rupert Port Authority

## Notes to the Consolidated Financial Statements

*For the year ended December 31, 2025  
(expressed in \$000's)*

### 6. Property and equipment (continued)

As of December 31, 2025, the Group has outstanding contractual commitments for capital projects totalling \$40,643 (2024: \$120,955), including \$38,413 for CANXPORT, and \$2,230 for various other projects.

Additions to property and equipment are net of funding from government grants of \$25,112 (2024: \$49,752).

Depreciation and amortization expense for the year is net of contributions of \$1,340 (2024: \$1,153).

### 7. Accounts payable and accrued liabilities

The amounts owed to related parties is a gross revenue charge (federal stipend) that the Group remits to the Government of Canada in accordance with the Act. The same amount is included in operating and administrative expenses. Included in accrued liabilities are amounts incurred for habitat compensation arrangements.

		2025		2024
Trade Payables	\$	35,459	\$	21,953
Payables to related parties		3,844		3,617
Accrued Liabilities (note 14)		33,496		31,339
	\$	72,799	\$	56,909

### 8. Long term debt

On March 15, 2024, PRPA entered into a Credit Agreement with Canada Infrastructure Bank (CIB) for a senior secured non-revolving construction and term credit facility of up to CAD \$150,000. The facility carries a fixed interest rate of 3.51% per annum and is secured by first-ranking encumbrances on all CANXPORT assets. Drawdowns are funded on a pro-rata basis among the funding participants. Interest on the facility is capitalized until the commencement of principal amortization, which begins in March 2029, with scheduled principal repayments until the maturity date of March 2054.

This debt incurs borrowing costs directly attributable to the construction of qualifying assets which are capitalized as part of property and equipment. During the year, borrowing costs of \$2,856 (2024: \$751) were capitalized.

The scheduled principal repayments are disclosed in Note 11.

### 9. Line of credit

The Group has available a \$30,000 operating line of credit from a Canadian financial institution. The operating line bears interest on amounts drawn at the bank prime minus 0.75%. The operating line is unsecured and does not require compliance with any financial covenants. As of December 31, 2025, the Group has not drawn on the operating line (2024: Nil).

The Group's exposure to interest rate risk and liquidity risk is discussed in Note 11.

**Prince Rupert Port Authority**  
**Notes to the Consolidated Financial Statements**

*For the year ended December 31, 2025*  
*(expressed in \$000's)*

**10. Deferred revenue and contributions**

a. Deferred revenue

	<b>2025</b>		<b>2024</b>
Opening balance	\$ 6,252	\$	6,281
Amounts received	464		234
Amounts recognized	(460)		(263)
Ending balance	\$ 6,256	\$	6,252
Less: current portion	(1,221)		(184)
Non-current	\$ 5,035	\$	6,068

b. Deferred contributions

	<b>2025</b>			<b>2024</b>				
		<b>Government grants</b>	<b>Other contributions</b>	<b>Total</b>		<b>Government grants</b>	<b>Other contributions</b>	<b>Total</b>
Opening balance	\$	719	\$ 66,706	\$ 67,425	\$	7,394	\$ 63,443	\$ 70,837
Amounts received		1,155	37,820	38,975		600	4,416	5,016
Amounts recognized		(1,338)	(1,340)	2,678		(7,275)	(1,153)	(8,428)
Ending balance	\$	536	\$ 103,186	\$ 103,722	\$	719	\$ 66,706	\$ 67,425
Less: current portion		(536)	(1,710)	(2,246)		(719)	(4,526)	(5,245)
Non-current	\$	-	\$ 101,476	\$ 101,476	\$	-	\$ 62,180	\$ 62,180

Deferred contributions consist of funding received from government entities and customers towards various capital and port development projects. Other contributions of \$1,340 (2024: \$1,153) have been recorded as a reduction of depreciation expense for the related property and equipment.

# Prince Rupert Port Authority

## Notes to the Consolidated Financial Statements

*For the year ended December 31, 2025  
(expressed in \$000's)*

### 11. Financial instruments and financial risk management

The Group's use of financial instruments exposes it to a variety of financial risks including market risk (currency risk and interest rate risk), credit risk and liquidity risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established an Audit Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

#### A. Fair values

A number of the Group's accounting policies require the measurement of fair values. When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The fair values of cash and cash equivalents, term deposits, accounts receivable and accounts payable and accrued liabilities approximate their carrying amounts due to the relatively short periods to maturity of these financial instruments.

The Group does not have any financial assets or liabilities that are carried at fair value.

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	2025		2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets carried at amortized cost				
Cash and cash equivalents	\$ 99,026	\$ 99,026	\$ 59,816	\$ 59,816
Term deposits	37,004	37,004	59,182	59,182
Accounts receivable	48,688	48,688	49,068	49,068
Finance lease receivables	5,115	5,115	-	-
Loan receivable	19,437	19,437	1,878	1,878
	<b>\$ 209,270</b>	<b>\$ 209,270</b>	<b>\$ 169,944</b>	<b>\$ 169,944</b>
Liabilities carried at amortized cost				
Accounts payable and accrued liabilities	\$ 72,799	\$ 72,799	\$ 56,909	\$ 56,909
Long term debt	115,009	115,009	55,414	55,414
	<b>\$ 187,808</b>	<b>\$ 187,808</b>	<b>\$ 112,323</b>	<b>\$ 112,323</b>

# Prince Rupert Port Authority

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2025  
(expressed in \$000's)

### 11. Financial instruments and financial risk management (continued)

#### B. Financial risk management

The Group's finance function provides services to the business, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

##### Currency risk

Currency risk is the risk to the Group's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Group's foreign exchange risk arises with respect to the US dollar. On an ongoing basis, management monitors changes in foreign currency exchange rates. The number of transactions and balances in US dollars is minimal, and as such the risk is not considered to be material.

##### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Group manages exposure through its normal operating and financing activities. The Group is exposed to interest rate risk primarily through its line of credit and fixed income investments.

The Group's objective in managing interest rate risk is to monitor expected volatility in interest rates while also minimizing the Group's financing expense levels. Interest rate risk mainly arises from fluctuations of interest rates.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount	
	2025	2024
Fixed rate instruments		
<b>Financial assets</b>	<b>\$ 136,030</b>	<b>\$ 118,998</b>

The Group is not subject to significant interest rate risk on its long-term debt because the debt is at a fixed rate.

##### Credit risk

Credit risk arises from the potential that a counterpart will fail to perform its obligations. The Group is exposed to credit risk from customers. To reduce its credit risk, the Group reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for expected credit losses is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. As of December 31, 2025, management assessed these factors and recorded no provision for expected credit losses (2024: \$Nil).

**Prince Rupert Port Authority**  
**Notes to the Consolidated Financial Statements**

*For the year ended December 31, 2025*  
*(expressed in \$000's)*

**11. Financial instruments and financial risk management (continued)**

**B. Financial risk management (continued)**

**Credit risk (continued)**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

		2025		2024
Cash and cash equivalents	\$	<b>99,026</b>	\$	59,816
Term deposits		<b>37,004</b>		59,182
Accounts receivable		<b>48,688</b>		49,068
Finance lease receivable		<b>5,115</b>		-
Loan Receivable		<b>19,437</b>		1,878
	<b>\$</b>	<b>209,270</b>	<b>\$</b>	169,944
		2025		2024
Assets carried at amortized cost				
Not past due	\$	<b>52,696</b>	\$	44,217
Past due 0-30 days		<b>445</b>		6,697
Past due 31-360 days		<b>20,099</b>		32
	<b>\$</b>	<b>73,240</b>	<b>\$</b>	50,946

**Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

# Prince Rupert Port Authority

## Notes to the Consolidated Financial Statements

*For the year ended December 31, 2025  
(expressed in \$000's)*

### 11. Financial instruments and financial risk management (continued)

#### B. Financial risk management (continued)

##### Liquidity risk (continued)

The Group uses a variety of tools, techniques, and past experience to assist in monitoring cash flow requirements. Typically, the Group ensures that it has sufficient cash on demand and has an operating line of credit available to meet expected operational expenses for a period of 60 to 180 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The following are the contractual maturities of financial liabilities:

<b>2025</b>					
	<b>Carrying Amount</b>		<b>0-12 months</b>	<b>1-5 years</b>	<b>More than 5 years</b>
Financial Liabilities					
Accounts payable and accrued liabilities	\$ 72,799	\$	72,775	\$ -	\$ 24
Long term debt	115,009		-	6,264	108,745
	<b>\$ 187,808</b>	<b>\$</b>	<b>72,775</b>	<b>\$ 6,264</b>	<b>\$ 108,769</b>

<b>2024</b>					
	<b>Carrying Amount</b>		<b>0-12 months</b>	<b>1-5 years</b>	<b>More than 5 years</b>
Financial Liabilities					
Accounts payable and accrued liabilities	\$ 57,023	\$	56,999	\$ -	\$ 24
Long term debt	\$ 55,414	\$	-	\$ 1,600	\$ 53,814
	<b>\$ 112,437</b>	<b>\$</b>	<b>56,999</b>	<b>\$ 1,600</b>	<b>\$ 53,838</b>

#### Capital management

The Group monitors capital on the basis of its total cash and long-term debt. The Group's objectives when managing capital are to safeguard the Group's ability to continue operating the Port and to further expand its operations. The Group strives to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Group manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying operations. To maintain or adjust the capital structure, the Group may attempt to obtain government grants, or issue additional debt.

There were no changes in the Group's approach to capital management during the year. Statutory restrictions prevent the Group from external borrowing more than \$255,000 (2024: \$255,000). As of December 31, 2025, and 2024, the Group was in compliance with this restriction.

**Prince Rupert Port Authority**  
**Notes to the Consolidated Financial Statements**

*For the year ended December 31, 2025*  
*(expressed in \$000's)*

**12. Employee benefits**

**Defined benefit plans**

	Pension Plan		Supplemental Pension		Total	
	2025	2024	2025	2024	2025	2024
Net defined benefit liability	\$ (5,198)	\$ (4,681)	\$ -	\$ -	\$ (5,198)	\$ (4,681)

The Group contributes to the following post-employment defined benefit plans.

- Registered Pension Plan ("Pension Plan") entitles certain employees to receive an annual pension payment during retirement.
- Supplemental Executive Retirement Plan ("Supplemental Pension") entitles certain executive officers to an annual supplemental pension payment during retirement.

The defined benefit plans are administered by a single pension fund that is legally separated from the Group. The board of the pension fund is required by law to act in the best interests of the plan participants and is responsible for setting certain policies (e.g. investment, contribution and indexation policies) of the fund.

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

*Funding*

The Pension Plan and Supplemental Pension are fully funded by the Group. The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plans. The funding of the plans is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions above. Employees are required to contribute to the Pension Plan but not to the Supplemental Pension.

**Prince Rupert Port Authority**  
**Notes to the Consolidated Financial Statements**

*For the year ended December 31, 2025*  
*(expressed in \$000's)*

**12. Employee benefits (continued)**

**Defined benefit plans (continued)**

*Movement in net defined benefit liability*

The following tables show the reconciliations from the opening balances to the closing balances for the net defined benefit liabilities and their components.

Pension Plan

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability (surplus)	
	2025	2024	2025	2024	2025	2024
Balance, beginning of year	\$ 8,110	\$ 7,874	\$ (12,791)	\$ (11,814)	\$ (4,681)	\$ (3,940)
Included in profit or loss						
Current service cost	56	51	-	-	56	51
Interest cost (income)	374	363	(594)	(548)	(220)	(185)
	430	414	(594)	(548)	(164)	(134)
Included in OCI						
Remeasurements loss (gain):						
Actuarial loss (gain) arising from:						
Experience adjustment	(33)	119	-	-	(33)	119
Return on plan assets excluding interest income		-	(320)	(726)	(320)	(726)
	(33)	119	(320)	(726)	(353)	(607)
Other						
Contributions paid by the employer	-	-	-	-	-	-
Contributions paid by the employees	24	23	(24)	(23)	-	-
Benefits paid	(327)	(320)	327	320	-	-
	(303)	(297)	303	297	-	-
Balance, end of year	\$ 8,204	\$ 8,110	\$ (13,402)	\$ (12,791)	\$ (5,198)	\$ (4,681)

**Prince Rupert Port Authority**  
**Notes to the Consolidated Financial Statements**

*For the year ended December 31, 2025*  
*(expressed in \$000's)*

**12. Employee benefits** (continued)

**Defined benefit plans** (continued)

*Movement in net defined benefit liability* (continued)

Supplemental Plan

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability (surplus)	
	2025	2024	2025	2024	2025	2024
Balance, beginning of year	\$ 8,877	\$ 8,689	\$ (10,368)	\$ (10,339)	\$ (1,491)	\$ (1,650)
Included in profit or loss						
Past service cost (income)	-	(348)	-	-	-	(348)
Current service cost	144	143	-	-	144	143
Interest cost (income)	411	402	(481)	(480)	(70)	(78)
	555	197	(481)	(480)	74	(283)
Included in OCI						
Remeasurements loss (gain):						
Actuarial loss (gain) arising from:						
Experience adjustment	134	248	(614)	194	(480)	442
Return on plan assets excluding interest income		-	-	-	-	-
	134	248	(614)	194	(480)	442
Other						
Contributions paid by the employer	-	-	-	-	-	-
Benefits paid	(264)	(257)	264	257	-	-
	(264)	(257)	264	257	-	-
Balance, end of year	\$ 9,302	\$ 8,877	\$ (11,199)	\$ (10,368)	\$ (1,897)	\$ (1,491)
Asset ceiling restriction					1,897	1,491
Net defined benefit liability (surplus) recognized					-	-

Although the plan is in a surplus position, the Group does not have the ability to access or use this excess amount. Accordingly, the surplus is not recognized as an asset in accordance with IFRIC 14.

*Plan assets*

Plan assets comprise:

	Pension Plan		Supplemental Pension	
	2025	2024	2025	2024
Equity securities	47.9%	44.6%	32.6%	32.5%
Fixed income debt securities	38.1%	40.3%	18.3%	19.4%
Other securities	14.0%	15.1%	49.1%	48.10%
	100.0%	100.0%	100.0%	100.0%

The invested assets of the pension plan and the supplemental pension plan are held in pooled funds.

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**12. Employee benefits** (continued)

**Defined benefit plans** (continued)

*Actuarial assumptions*

The following were the principal actuarial assumptions as at the reporting date:

	Pension Plan		Supplemental Pension	
	2025	2024	2025	2024
Discount rate at end of year	<b>4.9%</b>	4.7%	<b>4.9%</b>	4.7%
Increases in pensionable earnings	<b>2.5%</b>	2.5%	<b>2.5%</b>	2.5%
Inflation rate	<b>2.0%</b>	2.0%	<b>2.0%</b>	2.0%
Future salary growth	<b>2.5%</b>	2.5%	<b>2.5%</b>	2.5%

*Sensitivity analysis*

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have increased (decreased) the defined benefit obligation by the amounts shown below.

	Pension Plan		Supplemental Pension	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	\$ (974)	\$ 1,208	\$ (1,181)	\$ 1,475
Year age (1 year difference)	<b>165</b>	(169)	<b>174</b>	(178)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

The Group's actuary prepares annual valuations of the accrued benefit obligations using January 1 as a measurement date and extrapolated to December 31. The most recent valuations of the pension plan and supplemental pension plan for funding purposes were conducted as of January 1, 2025 and extrapolated to December 31, 2025. The plan assets are valued as at December 31 of each year, and the latest valuation of plan assets is as at December 31, 2025.

**Defined contribution plan**

Defined contribution plan employer contributions:

	2025	2024
Employer contributions	\$ <b>1,039</b>	\$ 924

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**13. Leases**

**Leases (as lessor)**

**Operating leases**

The Group currently leases its land, berthing structures, and buildings to terminal operators under non-cancellable operating lease agreements. The leases have varying terms, break-clauses, and renewal rights.

Lease income from lease contracts in which the Group is a lessor is as follows:

	2025	2024
<b>Operating lease</b>		
Rental revenue	\$ 6,628	\$ 5,183
Variable Lease Income not based on an index or a rate, included within Fee revenue	30,388	28,939

**Maturity Analysis**

The future undiscounted lease payments receivable under operating leases after the reporting date are as follows:

	2025	2024
Year 1	\$ 34,123	\$ 26,997
Year 2	33,502	30,990
Year 3	33,399	30,863
Year 4	33,306	30,758
Year 5	33,048	30,666
After 5 Years	594,695	528,484
Total	762,073	678,758

**Finance lease**

The Group and a counterparty have agreed to enter into a finance lease for equipment and structures, transferring substantially all ownership risks and rewards. No gain, loss, or interest income was reported in the year. The lease receivable balance is \$5,115.

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**13. Leases** (continued)

**Leases (as lessee)**

Right-of-use assets of the Group have been presented within property and equipment in the statement of financial position. Refer to Note 6 for information pertaining to right-of-use assets arising from lease arrangements in which the entity is a lessee.

**Lease liabilities**

The following table sets out a maturity analysis of lease liabilities:

	2025	2024
<b>Maturity analysis – contractual undiscounted cash flows</b>		
Less than one year	118	204
One to five years	912	798
More than five years	850	1,081
<b>Total undiscounted lease liabilities at December 31</b>	<b>1,880</b>	<b>2,083</b>
<b>Less: Imputed interest</b>	<b>(510)</b>	<b>(613)</b>
<b>Lease liabilities included in the statement of financial position</b>	<b>1,370</b>	<b>1,470</b>
Current	16	100
Non-current	1,354	1,370

**14. Loan receivable**

During the year, the Group incurred capital expenditures related to port infrastructure assets that are subject to reimbursement. The reimbursable balance bears interest at a fixed rate of 7.5% per annum and is repayable over a 10-year period, commencing in 2027. As at December 31, 2025, the Group recorded a loan receivable of \$19,437 which includes accrued interest income of \$943.

**15. Provisions**

**Operating and administrative expenses**

Operating and administrative expenses primarily comprise software and information technology, rentals and insurance, travel and meetings, contributions to stakeholder groups, costs associated with events and promotions, and memberships and internally allocated Community Investment Fund contributions from operating activities.

**Community investment fund**

In 2010, the Group established a Community Investment Fund (the "Fund") that will be used to support broad community-based projects, initiatives and events that are deemed to have a meaningful and wide-reaching impact in Prince Rupert, the regional community, and the Skeena River Watershed. In years where the Group reports positive net earnings, a percentage of these earnings will be set aside to grow the Fund. The Group has recorded a provision based on net income, and this amount is included in accounts payable and accrued liabilities and in operating and administrative expense for the year.

	2025	2024
Balance – January 1	\$ 10,271	\$ 9,522
Provisions made during the year	1,876	1,750
Provisions used during the year	(2,186)	(1,001)
<b>Balance – December 31</b>	<b>9,961</b>	<b>10,271</b>

# Prince Rupert Port Authority

## Notes to the Consolidated Financial Statements

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### 16. Contingencies

#### Contingent liabilities

In the normal conduct of operations, there are pending claims by and against the Group. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. In fiscal 2025, the Group has contingent liabilities for claims based on estimated settlement costs but has made no specific provision for those where the outcome is presently indeterminable.

### 17. Remuneration disclosures

Key management personnel include directors (executive and non-executive), members of the Executive committee, and persons who have the authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly, during the financial year. In addition, subsection 37(3) of the Act requires disclosure of remuneration and allowances paid to directors and certain employees. A summary of compensation as at December 31 is as follows:

#### Board of Directors

Name	Title	Fees	Allowances	2025	2024
				Total	Total
Tjallingii, F.	Chair	\$ -	\$ -	\$ -	\$ 59
Lantin, P.	Chair	74	74	148	101
Farrell, J.	Vice Chair	-	-	-	27
Andreone, R.	Vice Chair	16	55	71	75
Brain, L.	Vice Chair	12	43	55	36
Graham, R.	Director	22	67	89	31
Ruest, JJ.	Director	12	76	88	-
Clifton Percival, B.	Director	17	56	73	74
Cassidy, H.	Director	17	55	72	62
<b>Total</b>		170	426	596	465

Included in operating and administrative expenses are director travel, education, and hospitality expenses in the amount of \$120 (2024: \$64)

#### Key Management Personnel

Name	Title	Fees	Allowances	Others	2025	2024
					Total	Total
Stevenson, S	President & CEO	\$ 695	\$ 14	\$ 1,740	\$ 2,449	\$ 660
Veldman, K	VP, Public Affairs & Sustainability	19	1	778	798	414
Piotrowski, A	Chief Financial Officer	378	6	34	418	384
Mulhall, A.	VP, People, Performance & Culture	239	4	173	416	338
O'Brien S	VP, Commercial & Regulatory Affairs & General Counsel	373	6	35	414	410
Slocombe, K	VP, Operations, Planning & Infrastructure	372	6	32	410	467
Friesen, B	VP, Trade Development & Communications	133	1	8	142	415
<b>Total</b>		2,209	38	2,800	5,047	3,088

The amounts disclosed under "Others" include cash payments made during the reporting period as well as accrued amounts of \$1,733 (2024: \$nil) payable to certain individuals in future periods.

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**18. Supplementary cash flow information**

Net change in working capital consists of the following:

	2025		2024
Accounts receivable	\$ 431	\$	(31,047)
Loan receivable	(17,559)		(1,878)
Prepaid expenses	(604)		49
Employee benefits	(20)		(339)
Accounts payable and accrued liabilities	15,889		28,744
Deferred revenue	4		(28)
Deferred contributions	37,255		(2,859)
<b>Net change in working capital</b>	<b>35,396</b>		<b>(7,358)</b>

Net change acquisition of property, plant and equipment consists of the following:

	2025		2024
Property and equipment acquired	\$ (143,033)	\$	(155,790)
Government funding utilized – received prior years	600		7,144
Government funding received in the current year	16,787		21,625
Government funding included in accounts receivable	7,725		20,983
<b>Acquisition of property and equipment</b>	<b>(117,921)</b>		<b>(106,038)</b>

During the year, property and equipment was acquired at an aggregate cost of \$143,033 (2024: \$155,790) by means of utilizing government funding amounting to \$25,112 (2024: \$49,752).

Interest received during the year was \$3,943 (2024: \$5,008).

**19. Comparative figures**

Certain comparative figures have been reclassified to conform with the presentation adopted for the current period.