HIGHWAY 104 WESTERN ALIGNMENT CORPORATION

Annual Report 2024–2025


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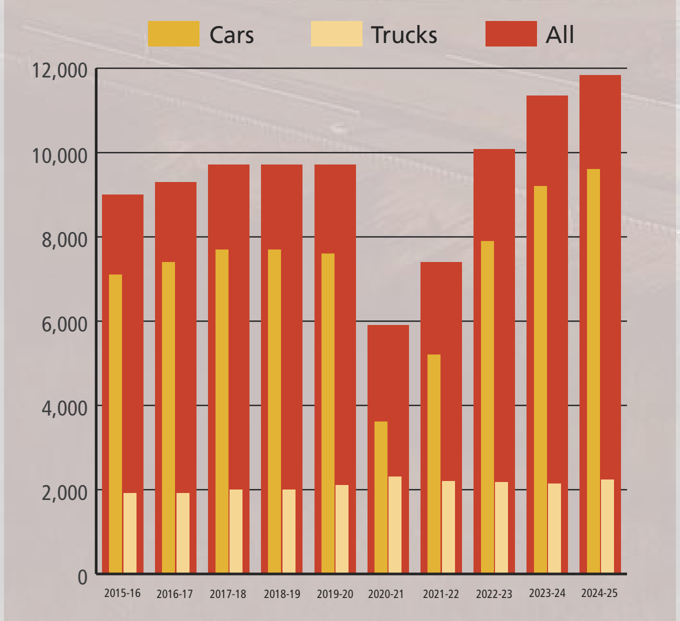
FACTS AT A GLANCE

- 45 kilometres between Masstown and Thomson Station
- Twinned, four lanes
- Wide median: 22.6 metres
- 110 km/hour speed limit
- Five full interchanges
- Six major bridges
- Five large tunnels under the road for access to land parcels, snowmobile trails and wildlife passages
- 18 kilometres of access roads
- Constructed by Atlantic Highways Corporation, a subsidiary of Canadian Highways International Corporation, in 20 months
  A national industry publication called Cobequid Pass the fastest highway ever to be designed and constructed in Canada
- The Highway 104 Corporation contracts the management of the toll plaza to Atlantic Highways Management Corporation Limited
- Opened November 15, 1997
- Average daily traffic for 2024–25: 9600 cars; 2,240 trucks

Annual average daily traffic

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PRESIDENT & GENERAL MANAGER LETTERS

President's Letter

The Highway 104 Western Alignment Corporation has completed its 26th year of operation providing a high level of highway operation and customer service.

The Corporation operates with the mandate to manage revenue collection, and to fund annual and long-term maintenance. KPMG continues to provide audit services and other financial advice to the Corporation.

The Corporation's road maintenance contractor, the Department of Public Works (NSPW), provides summer and winter maintenance on the Cobequid Pass. The Corporation pays NSPW an annual fee for highway maintenance activities. NSPW also provides project management services to the Corporation for any capital contracts such as re-paving, micro-surfacing, structure repairs, and the new rest area design and construction.

The Corporation's management team consists of General Manager Bradley Cleary, P.Eng, Controller Vicki Clark, CPA and Administrative Assistant Patricia Belleza, PCP.

The Corporation works with NSPW's Government Liaison, Don Maillet, as the Public Works Department continues to provide excellent service to the travelling public by maintaining the Cobequid Pass Toll Road as a first-class highway facility.

On behalf of the Corporation, I thank David Ling for his service as General Manager of the Cobequid Pass Toll Plaza, and the entire team at the Toll Plaza.

The Corporation will continue to provide strong management and a safe, well maintained roadway for a quality driving experience.

Mark Peachey, P.Eng
President

General Manager's Letter

The Cobequid Pass is a 45 km section of 100 series twinned highway that runs through Colchester and Cumberland counties in Northern Nova Scotia. This key thoroughfare provides an efficient, safe and well maintained highway, linking people and moving goods and services to the rest of Nova Scotia and Newfoundland.

Annual vehicle traffic volumes for 2024–25 were approximately 4 million vehicle and commercial units representing a 173,500 vehicle increase from 2023–24.

In 2024–25, the Highway 104 Western Alignment Corporation completed the five-year micro-surfacing project with Dexter Construction.

Repairs on the Burntland Brook Culvert, Cumberland Brook Culvert, and the Moose Brook Culvert were also completed in 2024–25.

The two rest areas near the existing Toll Plaza were opened to the public in May 2025. The rest areas have a large parking area for all vehicles, allowing motorists, truckers and their pets to take a break and relax on their journeys.

This report provides a broad overview of the history and administrative structure of the Highway 104 Western Alignment Corporation including traffic and financial reports of the Cobequid Pass for the fiscal year 2024–25.

The financial statements are presented in accordance with the International Financial Reporting Standards. The accompanying notes provide a thorough explanation of the financial details of the Corporation's operations.

Bradley Cleary, P.Eng
General Manager

ADMINISTRATION AND ACCOUNTABILITY

Background

Creating the Highway 104 Western Alignment Corporation was key to constructing the Cobequid Pass Toll Highway. The Nova Scotia Government is the sole shareholder of the Corporation, which is categorized as a Government Business Enterprise. Its sole purpose, by statute, is to oversee the financing, design, construction, operation and maintenance of the Cobequid Pass.

The Corporation's mandate is to manage revenue collection, to maintain the schedule to repay investors, and to fund annual and long term maintenance. During 2021, the Corporation repaid all debts from excess cash reserves.

The Corporation operates independently of Government, is financially sustainable and does not rely on Government funding. The Corporation's main source of revenue is tolls.

Because some public monies were involved in the highway's initial financing, and because the Corporation is wholly owned by the Crown, its annual operations may be scrutinized by the Auditor General of Nova Scotia. The Auditor General conducted audits of the Corporation in 1996 and again in 2002.

Administration

One of the Corporation's primary administrative responsibilities is ensuring toll revenue is collected and distributed according to the agreements signed by the Government of Nova Scotia, Atlantic Highway Management Corporation Limited (AHMCL) and Highway 104 Western Alignment Corporation.

This responsibility includes maintaining budget control, issuing payment directives, and ensuring that parties to the agreements are meeting obligations in timely fashion. It also means keeping communication lines open and direct between all parties.

The administration of Highway 104 Western Alignment Corporation is led by its General Manager, Bradley Cleary, P. Eng and by the Controller, Vicki Clark, CPA. Patricia M. Belleza, PCP provides administrative and accounting support.

Accountability

Highway 104 Western Alignment Corporation works very closely with the Nova Scotia Department of Public Works. In addition, the Corporation engages KPMG LLP to provide audit reports in accordance with International Financial Reporting Standards.

Detailed monthly reports of the highway's financial operations are sent to the Executive Director Highway Engineering & Construction, who is the Department's liaison with the Corporation. This liaison keeps the Deputy Minister and the Minister informed of the Corporation's activities. The Minister is well equipped to respond to questions from the public, Cabinet, Members of the Legislative Assembly, and the media, as is the Corporation's General Manager.

The Corporation, NSPW, AHMCL and the Independent Maintenance Engineer are represented on a Joint Advisory Committee, which meets bi-annually to review and discuss the operations of the Corporation.

The Corporation's Annual General Meeting is held in the Fall of each year.

Maintenance

In fiscal 2024–25, the Corporation paid $1.54 million to NSPW to provide maintenance services to the Cobequid Pass Toll Highway under the terms of the Annual Maintenance Agreement. The majority of this work consists of snow and ice removal in winter and line painting, shoulder repair, guardrail repair, mowing of road shoulders and medians in summer.

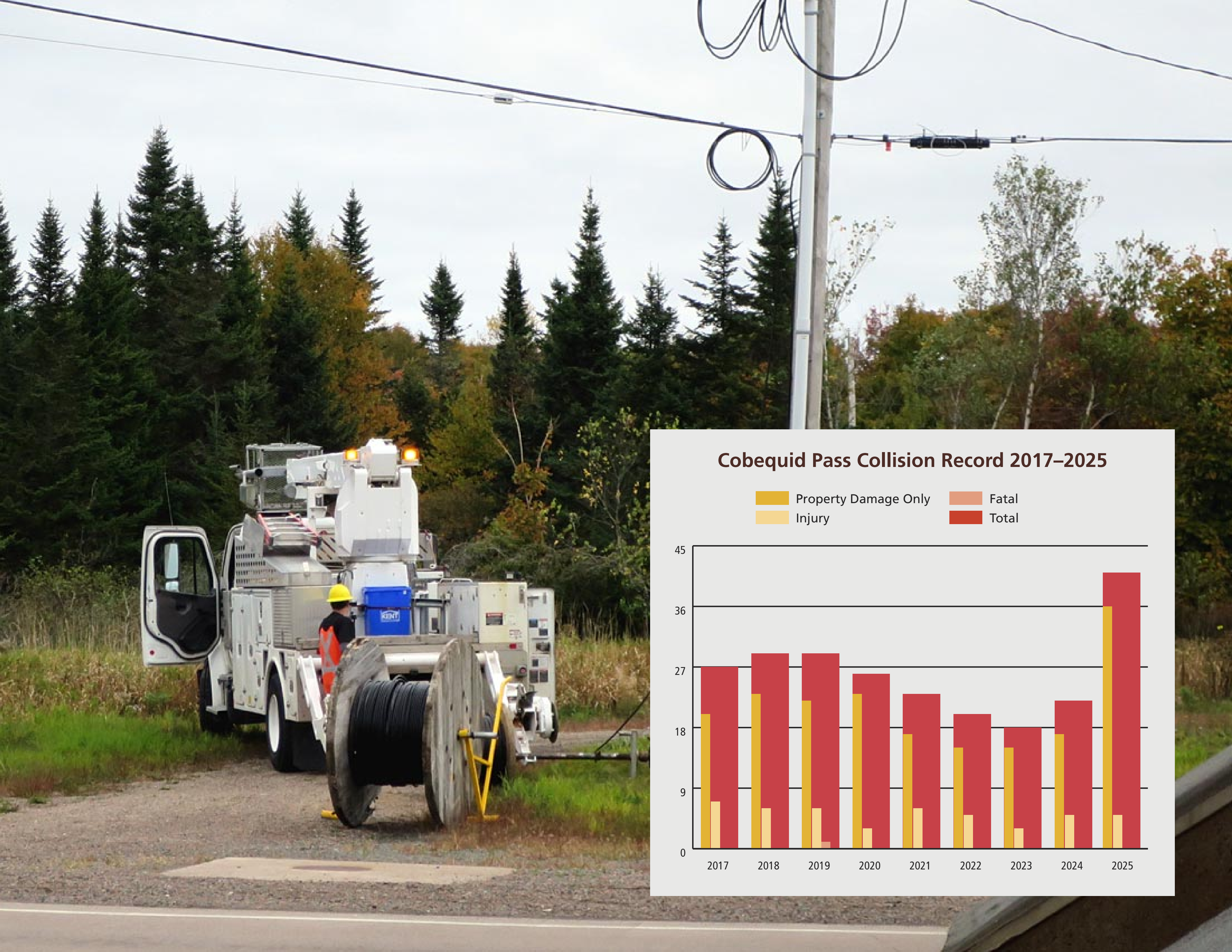
Other capital work included $1.56 million for micro-surfacing of the highway in 2024–25. Toll booth maintenance included $47,400 for technology upgrades and repairs, and $111,000 to replace cameras. Construction in progress on the rest areas was $709,000 on the ramps and parking areas in the lanes and $4.7 million for the buildings. Bridge repairs and maintenance was $984,000.

Toll Operations

The Corporation contracts Atlantic Highway Management Corporation Limited (AHMCL), which is a subsidiary of AECON Group Inc., to run the toll operations for the Cobequid Pass. David Ling is the General Manager of AHMCL and Cheryl Cooke is the Toll Operations Manager.

AHMCL currently employs over 40 staff at the Toll Plaza, mostly from Cumberland and Colchester counties.

Cost of funding for all toll operations and maintenance comes entirely from the tolls collected.


Cobequid Pass Collision Record 2017–2025
Property Damage Only
Fatal
Injury
Total
45
36
27
18
9
0
2017
2018
2019
2020
2021
2022
2023
2024
2025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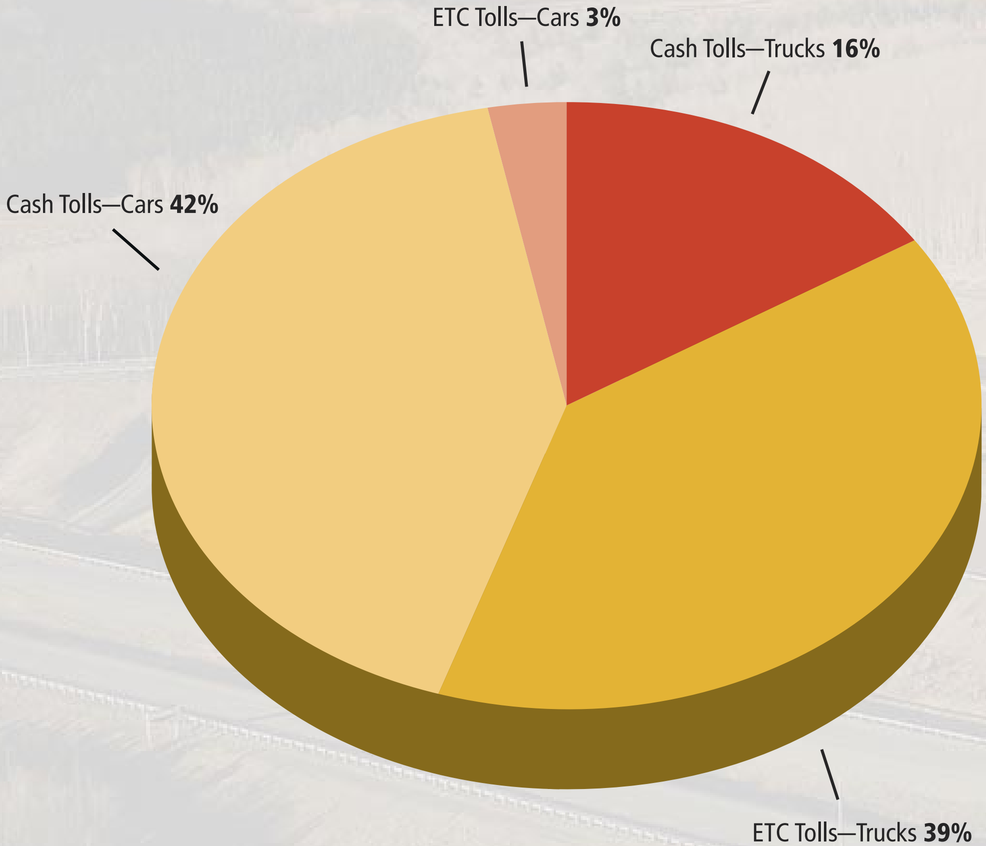
REVENUE

The Corporation's main source of revenues is tolls. Tolls are paid by cash, debit, credit card, and electronic toll collection (ETC).

During April 1, 2024 to March 31, 2025, total revenue was $11.97 million. Revenue from cash tolls was 58% of revenue and revenue from ETC tolls was 42% of revenue. Revenue from cars was 45% of revenue, and revenue from trucks was 55%.

Cash Toll and ETC Revenue



FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

We have audited the financial statements of Highway 104 Western Alignment Corporation (the Entity), which comprise:

Opinion

We have audited the financial statements of Highway 104 Western Alignment Corporation (the Entity), which comprise:

- the statement of financial position as at March 31, 2025
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2025, and its financial performance and its 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 Financial Statements"* section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 the 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 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 Entity'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 Entity'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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

KPMG LLP

Chartered Professional Accountants
Halifax, Canada
June 23, 2025

Statement of Financial Position

March 31, 2025, with comparative information for 2024

	2025	2024
Assets		
Current assets:		
Cash	$ 2,097,196	$ 3,180,873
Short-term investments (note 4)	5,317,913	–
Prepaids and other (note 5)	1,073,116	801,738
Receivables (note 6)	1,673,278	1,749,225
	10,161,503	10,818,224
Non-current assets:		
Long-term investments (note 7)	–	5,076,451
Restricted assets (note 8)	65,253,512	62,168,945
Property, plant and equipment (note 9)	37,841,938	32,484,047
	103,095,450	99,729,443
	$ 113,256,953	$ 110,547,667
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued liabilities (note 8)	$ 10,050,813	$ 12,063,255
Deferred revenue	603,910	764,116
	10,654,723	12,827,371
Non-current liabilities:		
Deferred government grant	627,128	1,004,255
	627,128	1,004,255
Equity:		
Share capital	1	1
Reserve for restricted assets	60,887,240	57,802,675
Retained earnings	41,087,861	38,913,365
	101,975,102	96,716,041
Commitments (note 16)		
	$ 113,256,953	$ 110,547,667

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

Approved on behalf of the Shareholder:

President

Mark Peachey

Statement of Comprehensive Income

Year ended March 31, 2025, with comparative information for 2024

	2025	2024
Revenue:		
Facility revenue	$ 11,973,707	$ 11,253,581
Expenses:		
Fees and banking services	255,971	214,390
Wages and benefits (note 11)	575,052	596,116
Toll collection	2,173,642	1,931,674
Facility maintenance, materials and supplies (note 12)	2,955,396	2,514,174
Engineering and professional fees (note 12)	262,734	299,448
Insurance	109,022	12,778
Other costs (note 12)	771,128	695,779
	7,102,945	6,264,359
Earnings from operations before the following items	4,870,762	4,989,222
Interest income (note 13)	3,242,008	3,811,181
Change in fair value of financial assets (note 13)	(450,186)	62,702
Finance costs (note 13)	(1,237)	(1,235)
Net finance income	2,790,585	3,872,648
Depreciation	(2,780,650)	(2,519,351)
Government grant amortization	378,365	378,363
Net income, being comprehensive income	$ 5,259,062	$ 6,720,882

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

FINANCIAL STATEMENTS

Statement of Changes in Equity

Year ended March 31, 2025, with comparative information for 2024

	2025	2024
Share capital (1 share)	$ 1	$ 1
Retained earnings (deficit)		
Beginning of year	$ 38,913,365	$ 27,027,037
Net income for the year	5,259,062	6,720,882
Transfer (to) from restricted assets	(3,084,566)	5,165,446
End of year	41,087,861	38,913,365
Reserve for restricted assets:		
Beginning of year	57,802,675	62,968,121
Transfers from project account	11,984,508	–
Interest income	2,610,443	3,213,410
Change in market value	(450,186)	62,702
Major maintenance payments, including HST to be recovered	(11,060,200)	(8,441,558)
End of year	60,887,240	57,802,675
Total equity	$ 101,975,102	$ 96,716,041

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

Statement of Cash Flows

Year ended March 31, 2025, with comparative information for 2024

	2025	2024
Increase (decrease) in cash:		
Operating activities:		
Net income	$ 5,259,062	$ 6,720,882
Items not affecting operating cash:		
Government grant amortization	(378,365)	(378,363)
Depreciation	2,780,650	2,519,351
Interest income	(3,242,008)	(3,811,181)
Change in fair value of assets	450,186	(62,702)
Finance costs	1,237	1,235
Change in prepaids and other	(271,378)	(79,112)
Change in receivables	75,947	(318,686)
Change in short-term investments	162,838	(5,000,000)
Change in accounts payable and accrued liabilities	(2,012,442)	3,652,814
Change in deferred revenue	(160,206)	106,072
	2,665,521	3,350,310
Investing:		
Interest received	3,598,174	2,449,435
Net cash increase in long-term investments	5,076,451	(5,000,000)
Net cash (increase) decrease in restricted assets	(4,285,282)	6,427,035
Purchase of property, plant and equipment	(8,138,541)	(10,005,903)
	(3,749,198)	(6,129,433)
Increase in cash	(1,083,677)	(2,779,123)
Cash, beginning of year	3,180,873	5,959,996
Cash, end of year	$ 2,097,196	$ 3,180,873

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

Notes to Financial Statements

Year ended March 31, 2025

1. Reporting entity:

The Highway 104 Western Alignment Corporation (the "Corporation") is a company domiciled in Canada. The registered office is located at 1741 Brunswick Street, Halifax, in the Province of Nova Scotia. The Corporation has been established under the Highway 104 Western Alignment Act for the purpose of financing, designing, constructing, operating and maintaining a 45 km stretch of highway (referred to as the Cobequid Pass) between Masstown and Thomson Station in the Counties of Colchester and Cumberland, Nova Scotia (the "Facility"). The Corporation has been designated a Government Business Enterprise in accordance with the Nova Scotia Provincial Finance Act.

The Corporation's main source of revenue is tolls. The Corporation's mandate is to manage toll revenue collection and to fund annual and long-term maintenance.

On December 16, 2021, the Nova Scotia Governor in Council by Order in Council ("OIC") 2021-288, amended the Highway 104 Western Alignment Regulations with respect to the classification of vehicles and exemption of vehicles registered in Nova Scotia. As a result, payment of tolls is no longer required for vehicles with Nova Scotia registered license plates.

2. Basis of preparation:

(a) Statement of compliance:

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS").

The financial statements were authorized for issue by the President on June 23, 2025.

(b) Basis of measurement:

These financial statements have been prepared on the historical cost basis except for restricted assets that are measured at fair value through profit and loss.

(c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the functional currency for the Corporation.

(d) Use of estimates and judgments:

The preparation of the Corporation's financial statements in conformity with IFRS requires the use of accounting estimates and management's judgment to determine the appropriate application of accounting policies. Estimates and assumptions are required to determine the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

The following judgments and estimates are those deemed by management to be significant to the Corporation's financial statements:

Judgments:

(i) Capitalization and componentization:

Judgment is used when determining if components of a construction project are of a capital or repair nature and as to what components constitute a significant cost in relation to the total cost of an asset and whether these components have similar or dissimilar patterns of consumption and useful lives for purposes of calculating depreciation. Among other factors, these judgments are based on past experience, as well as information obtained from the Corporation's internal and consulting engineers.

Estimates:

(i) Depreciation and amortization:

Depreciation and amortization are calculated to write off the cost, less estimated residual value, of assets on a systematic and rational basis over their expected useful lives. Estimates of residual value and useful lives are based on past experience, as well as information obtained from the internal and consulting engineers. Expected useful lives and residual values are reviewed annually for any change to estimates and assumptions.

3. Material accounting policies:

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

(a) Financial instruments:

Initial measurement and classification

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus 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 are initially recognized when they originate. All other financial assets and financial liabilities are initially recognized when the Corporation becomes a party to the contractual provisions of the instrument.

On initial recognition, a financial asset is classified as measured at amortized cost or Fair Value Through Profit and Loss ("FVTPL") while a debt instrument is recognized at amortized cost.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at Fair Value Through Other Comprehensive Income ("FVOCI") if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or if 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 recognized in profit or loss.

FINANCIAL STATEMENTS

The Corporation derecognizes a financial liability when its contractual obligations are discharged or cancelled. The Corporation also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss

Subsequent measurement

Financial assets at FVTPL	These assets, except derivatives designated as hedging instruments, are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Financial liabilities at amortized cost	These financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.
Debt instruments at FVOCI	These instruments are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss

The Corporation's financial assets include cash, receivables, and investments. The Corporation's financial liabilities include accounts payable and accrued liabilities. Classification of these financial instruments is as follows:

Cash	Financial assets at amortized cost
Receivables	Financial assets at amortized cost
Short-term investments	Financial assets at amortized cost
Long-term investments	Financial assets at amortized cost
Restricted assets	Financial assets at fair value through profit or losst
Accounts payable and accrued liabilities	Financial liabilities at amortized cost

(i) Fair value measurement:_

The Corporation classifies its fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The accounting standard establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The inputs fall into three levels that may be used to measure fair value:

- Level 1–Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- Level 2–Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- Level 3–Applies to assets or liabilities for which there is no observable market data.

Impairment of financial assets

The Corporation recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortized cost. The Corporation measures loss allowances at an amount equal to the lifetime ECLs in accordance with the 'simplified approach' available under the standard. Under this approach, loss allowances on trade accounts receivable are always measured at lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Corporation considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Corporation's historical experience and informed credit assessment and includes forward-looking information.

The Corporation assumes that the credit risk on financial assets has increased if it is more than 30 days past due. The Corporation considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

(b) Property, plant and equipment:

(i) Recognition and measurement:Items of property, plant and equipment are measured 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 working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located. Borrowing costs related to the acquisition, construction or production of qualifying assets are capitalized as a part of the asset.

When the parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognized upon disposal or when no economic benefits are expected to arise from the continued use of the asset.

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

(ii) Repairs and maintenance:

Repairs and maintenance costs are expensed as incurred, except when these repairs significantly extend the life of the asset or result in an operating improvement. In these instances the portion of these repairs relating to the betterment is capitalized as part of plant and equipment.

(iii) Depreciation:

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. This method of depreciation most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for each of the asset categories are as follows:

Category	**Useful life**	**Weighted average remaining useful life at March 31, 2025**
Toll highway	50–80 years	26 years
Road surface treatments	7–15 years	4 years
Tolling system	5 years	4 years
Toll plaza	40 years	11 years
Other assets	10 years	1 year

(c) Impairment:

The carrying amounts of the Corporation's non-financial 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 Corporation consists of a single cash generating unit (CGU), as the Corporation's assets do not generate separate cash inflows.

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 CGU.

An impairment loss is recognized if the carrying amount of the CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

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 CGU'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.

(d) Facility revenue:

Facility revenue is recognized at the time a vehicle utilizes the highway. Customer prepayments of their electronic toll collection crossings are initially recorded as deferred revenue. When the customer utilizes the highway, revenue is recognized, and deferred revenue is reduced accordingly.

(e) Government grants:

Government grants are recognized initially as deferred revenue at fair value when there is reasonable assurance that they will be received and the Corporation will comply with the conditions associated with the grant. Grants that compensate the Corporation for expenses incurred are recognized in profit or loss on a systematic basis in the same periods in which the expenses are recognized. Grants that compensate the Corporation for the cost of an asset are deferred and amortized to income over the expected project life or useful life of the asset commencing at the start of the operating period using the straight-line method.

(f) Finance income and finance costs:

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

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

(g) Accounting changes and recent pronouncements:

(i) New accounting standards:

The Corporation has not adopted any new amendments to accounting standards during the year.

(ii) Future accounting standards

A number of new standards, amendments to standards and interpretations of standards have been issued by the IASB and the IFRIC, the application of which is effective for periods beginning on or after January 1, 2026. The Corporation does not expect the implementation of these new accounting pronouncements to have a significant impact on its accounting policies.

IFRS 18 Presentation and Disclosure in Financial Statements: On April 9, 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements to improve reporting of financial performance. IFRS 18 replaces IAS 1 Presentation of Financial Statements. It carries forward many requirements from IAS 1 unchanged.

IFRS 18 applies for annual reporting periods beginning on or after January 1, 2027. Earlier application is permitted.

IFRS 9 *Financial Instruments and IFRS 7 Financial Instruments: Disclosures:* On May 30, 2024, the IASB issued amendments to IFRS 9 and IFRS 7. The amendments include clarifying the classification of financial assets with environmental, social and corporate governance (ESG) and similar features, and clarified the date on which a financial asset or financial liability is derecognised when settlement is via electronic cash transfers.

The amendments are effective for annual reporting periods beginning on or after January 2026.

IFRS 1 *First-time Adoption of International Financial Reporting Standards*;

IFRS 7 *Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7*;

IFRS 9 *Financial Instruments*;

IFRS 10 Consolidated Financial Statements; and

IAS 7 *Statement of Cash flows:* On July 18, 2024, the IASB issued narrow amendments to these five standards aimed at improving the consistency of the standards.

The amendments are effective for annual reporting periods beginning on or after January 2026. Earlier application is permitted.

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4. Short-term investments:

	2025	2024
Guaranteed Investment Certificates	$ 5,317,913	$ 5,086,388
	$ 5,317,913	$ 5,086,388

Short-term investments are comprised of GIC's recorded at cost and include accrued interest of $317,913 (March 31, 2024 – $86,388), have a weighted average term of 8 months to maturity (March 31, 2024 – 8 months), and a weighted average interest rate of 4.77% (March 31, 2024 – 5.39%).

5. Prepaids and other:

	2025	2024
Advance to facility operator	$ 1,000,860	$ 798,207
Other prepaid expenses	72,256	3,531
	$ 1,073,116	$ 801,738

6. Receivables:

	2025	2024
HST receivable	1,294,509	1,485,038
Other trade receivables	378,769	264,187
	$ 1,673,278	$ 1,749,225

7. Long-term investments:

	2025	2024
Guaranteed Investment Certificates	$ –	$ 5,076,451
	$ –	$ 5,076,451

8. Restricted assets:

	2025	2024
Major maintenance reserve account	65,253,512	62,168,945
	$ 65,253,512	$ 62,168,945

Restricted assets are comprised of bearer deposit notes and banker's acceptances, which are measured at fair value through profit or loss, include accrued interest of $488,378 (March 31, 2024 – $1,198,592), have a weighted average term of 5 months to maturity (March 31, 2024 – 5 months), and a weighted average interest rate of 3.03% (March 31, 2024 – 5.47%). The restricted assets are held in the major maintenance reserve account established under the Senior Toll Revenue Bond Indenture Agreement when the non-recourse financing for the Cobequid Pass was established. The purpose of the major maintenance reserve account is to pay major repair and rehabilitation expenses. The major maintenance reserve account is funded from excess funds transferred from the project bank account.

9. Property, plant and equipment:

	Toll Plaza	Toll Systems	Toll Highway	Construction in Progress	Road Surface Treatments	Other Assets	Total
Cost							
Bal, April 1, 2024	7,392,718	5,731,171	107,903,872	15,818,298	36,520,552	50,498	173,417,109
Additions	23,740	182,408	855,750	5,515,986	1,560,657	–	8,138,541
Bal, March 31, 2025	7,416,458	5,913,579	108,759,622	21,334,284	38,081,209	50,498	181,555,650
Bal, April 1, 2023	6,849,591	5,589,637	107,903,872	6,624,345	36,393,263	50,498	163,411,206
Additions	543,127	141,534	–	9,193,953	127,289	–	10,005,903
Bal, March 31, 2024	7,392,718	5,731,171	107,903,872	15,818,298	36,520,552	50,498	173,417,109
Depreciation							
Bal, April 1, 2024	5,701,177	5,124,559	102,039,427	–	28,019,126	48,773	140,933,062
Depreciation for the year	140,677	285,817	225,002	–	2,128,288	866	2,780,650
Bal, March 31, 2025	5,841,854	5,410,376	102,264,429	–	30,147,414	49,639	143,713,712
Bal, April 1, 2023	5,587,387	4,842,277	101,822,350	–	26,113,789	47,908	138,413,711
Depreciation for the year	113,790	282,282	217,077	–	1,905,337	865	2,519,351
Bal, March 31, 2024	5,701,177	5,124,559	102,039,427	–	28,019,126	48,773	140,933,062
Carrying amounts							
At March 31, 2024	1,691,541	606,612	5,864,445	15,818,298	8,501,426	1,725	32,484,047
At March 31, 2025	1,574,604	503,203	6,495,193	21,334,284	7,933,795	859	37,841,938

During 2023, the Corporation commenced construction of Eastbound and Westbound highway rest areas, with the intention of constructing these rest areas for public use on behalf of the Province. The Corporation has incurred costs of $21,334,284 for this construction. The highway rest areas opened to the public in May 2025.

10. Accounts payable and accrued liabilities:54

	2025	2024
Trade payables	$ 9,886,101	$ 10,601,432
Accrued expenses	164,712	1,461,8230
	$ 10,050,813	$ 12,063,255

Trade payables at March 31, 2025 include $5,392,036 of payables for construction of Eastbound and Westbound highway rest areas (Note 9(b)).

11. Wages and benefits:

		2025		2024
Wages and benefits	$	493,117	$	516,247
Canadian Pension Plan (CPP) and EI remittances		81,935		79,869
	$	575,052	$	596,116

12. Expenses:

(a) Facility maintenance, materials and supplies:

		2025		2024
Highway improvements	$	3,183	$	4,009
Maintenance services		2,696,537		2,123,979
Maintenance materials and supplies		230,306		265,947
Technical services and warranties		25,370		120,239
	$	2,955,396	$	2,514,174

(b) Engineering and professional fees

		2025		2024
Legal fees	$	476	$	15,694
Audit fees		46,787		43,8690
Consulting fees		159,221		93,862
Engineering fees		56,250		146,023
	$	262,734	$	299,448

(c) Other costs

		2025		2024
Training	$	5,020	$	1,473
Office supplies and stationery		15,985		17,761
Office equipment		98,222		101,698
Utilities		119,025		113,317
Travel and transportation costs		11,826		10,449
Security		31,044		23,832
Facility operator management fee		424,263		358,701
Meeting costs		8,087		8,925
Administrative costs		57,656		59,623
	$	771,128	$	695,779

13. Finance income and finance costs:

		2025		2024
Interest income on investments	$	3,035,019	$	3,376,248
Change in fair value of financial assets (FVTPL)	$	(450,186)	$	62,702
Interest income on bank deposits		206,989		434,933
Finance income		2,791,822		3,873,883
Interest expense on financial liabilities		(1,237)		(1,235)
Finance costs		(1,237)		(1,235)
Net finance costs recognized in profit or loss	$	2,790,585	$	3,872,648

14. Financial risk management:

Overview

The Corporation has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Corporation's exposure to each of the above risks, its risk management framework and the Corporation's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management

Management has overall responsibility for the establishment and oversight of the Corporation's risk management framework.

The Corporation's policies are established to minimize the risks faced by the Corporation, to set appropriate controls and to monitor risks. Management policies and systems are reviewed regularly to reflect changes in market conditions and the Corporation's activities. The Corporation, through its management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Corporation's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Corporation's operations.

The Corporation's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Corporation's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall Corporation standards for the management of operational risk in the following areas:

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- requirements for appropriate segregation of duties, when possible
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance when this is effective

Credit risk

Exposure to credit risk

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

Carrying amount	Year ended March 31, 2025	Year ended March 31, 2024
Restricted assets	$ 65,253,512	$ 62,168,945
Long-term investments	–	–
Short-term investments	5,317,913	5,086,388
Receivables	1,673,278	1,749,225
Cash	2,097,196	3,180,873
	$ 74,341,899	$ 77,261,882

The maximum exposure to credit risk for receivables at the reporting date by type of counterparty is outlined in note 6.

The aging of receivables at the reporting date was:

	2025	2024
Not past due	$ 1,645,237	$ 1,584,953
Past due 30-60	–	112,972
Past due 60-90	–	–
Over 90 days	28,041	51,300
	$ 1,673,278	$ 1,749,225

Based on a qualitative and quantitative analysis, taking into account historical losses on the Corporation's receivables, the composition of the Corporation's customers, and the aging of its current receivables, the Corporation estimates the expected credit loss to be $nil at March 31, 2025.

Short-term investments consist of Canadian short-term money market investments. Long-term investments consist of Canadian long-term money market investments. The Corporation has deposited these investments with a third party custodian, and a Schedule 1 Canadian bank, from which management believes the risk of loss is remote.

The Corporation's cash is held with a Schedule 1 commercial Canadian bank and a third party custodian.

Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Corporation'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 Corporation's reputation.

Typically the Corporation ensures that it has sufficient cash and investments on hand to meet expected operational expenses for a period in excess of 365 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Interest rate risk

Interest rate risk on cash flows associated with investments and cash fluctuate due to changes in short-term market interest rates. The Corporation invests in fixed short-term and long-term investments guaranteed by the Government of Canada, provincial governments, or Schedule 1 banks.

15. Financial instruments:

Fair value versus carrying amounts

The carrying amounts of financial assets and financial liabilities recognized approximate their fair values. For cash, short-term investments, receivables, long-term investments, and trade and other payables, the carrying value approximates fair value due to the short-term maturity of these instruments.

16. Commitments:

The following are the estimated contractual obligations for the next three years:

	Roadway maintenance	Office lease
2026	$ $ 1,569,465	$ 75,140
2027	–	79,272
2028	–	80,694
Total contractual obligations	$ $ 1,569,465	$ 235,106

Roadway maintenance

An agreement between the Corporation and the Nova Scotia Department of Public Works provides annual roadway maintenance services. This agreement is renewed annually.

Office Lease

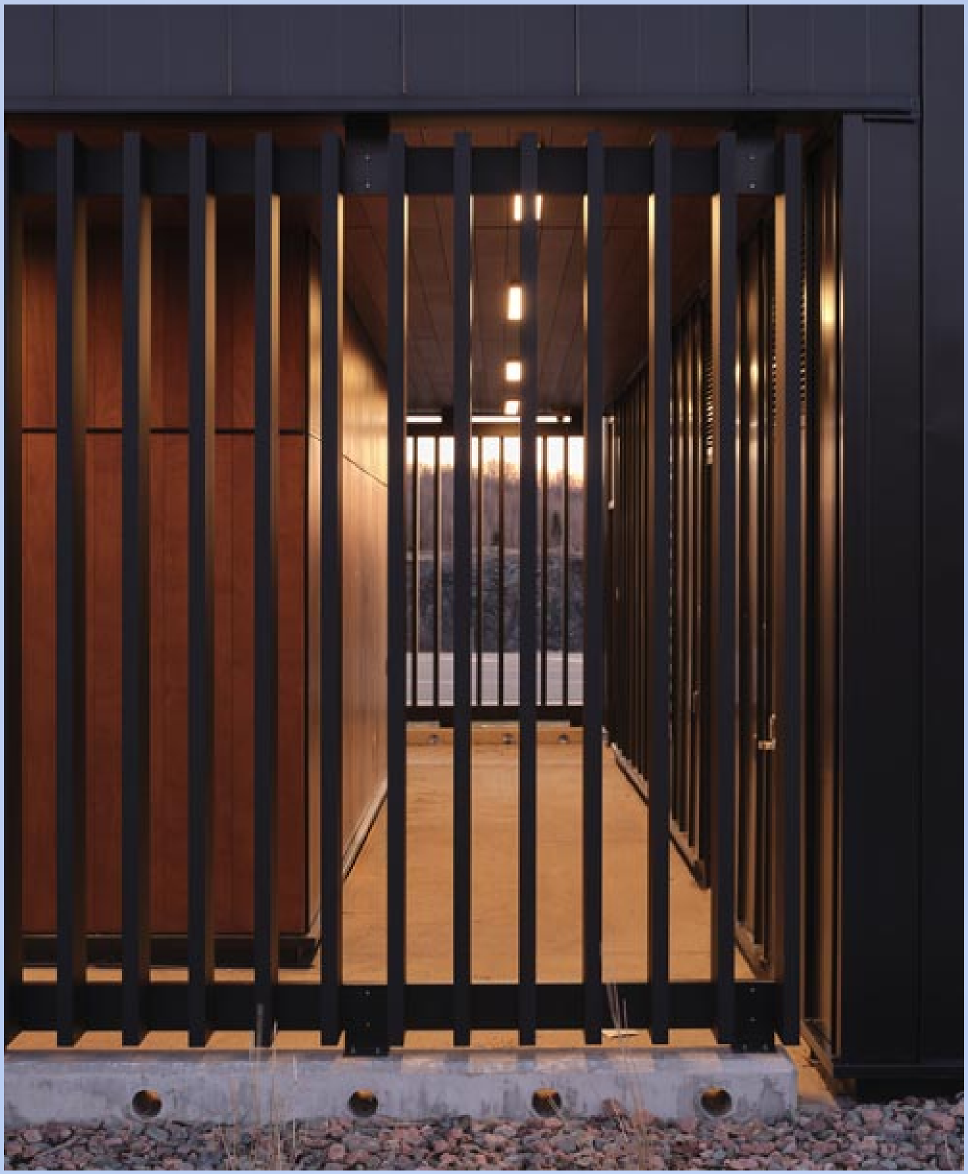
The lease is for the Corporation's office located at 1741 Brunswick Street, Halifax, N.S.

17. Related party transactions

Included in these financial statements are transactions with various Crown corporations, ministries, agencies, boards and commissions related to the Corporation by virtue of common control by the Government of Nova Scotia (the Corporation's controlling shareholder).

The Corporation has applied the modified disclosure requirements under IAS 24, Related Party Disclosures, which exempt government-related entities from providing all disclosures about related party transactions with government or other government-related entities.

All other transactions with parties under the control of the government are routine operating transactions carried out as part of the Corporation's normal day-to-day operations. These routine transactions are individually insignificant and include maintenance services ($1,541,714; 2024 – $1,491,019), and purchase of property, plant and equipment ($371,831; 2024 —– $443,869).



Highway 104
Western Alignment Corporation

1741 Brunswick Street, Suite 700
Halifax, Nova Scotia B3J 3X8
Canada

T (902) 422-6764
F (902) 422-6401
E info@highway104.ns.ca
W www.highway104.ns.ca