



Interim Condensed Consolidated Financial Statements

September 30, 2025

407 INTERNATIONAL INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(in millions of Canadian dollars)
(Unaudited)

	Notes	As at September 30, 2025	As at December 31, 2024
Assets			
Current assets			
Cash and cash equivalents	14	\$ 878.0	\$ 352.3
Restricted cash and investments	5	362.6	367.8
Trade receivables and other	8	512.6	442.6
Total current assets		1,753.2	1,162.7
Non-current assets			
Restricted cash and investments	5	646.1	608.6
Other receivable		2.0	2.0
Deferred tax assets		62.3	62.3
Intangible assets	7	1,403.1	1,418.3
Property, plant and equipment	6	2,481.2	2,502.7
Total non-current assets		4,594.7	4,593.9
Total assets		\$ 6,347.9	\$ 5,756.6
Liabilities and equity			
Current liabilities			
Trade and other payables		\$ 137.3	\$ 117.9
Contract liabilities		16.7	15.0
Accrued interest on long-term debt		122.6	120.3
Lease obligations		0.9	5.3
Long-term debt	9	441.0	388.7
Total current liabilities		718.5	647.2
Non-current liabilities			
Lease obligations		1.9	1.5
Deferred tax liabilities		589.6	592.8
Long-term debt	9	11,069.0	10,714.2
Total non-current liabilities		11,660.5	11,308.5
Total liabilities		12,379.0	11,955.7
Equity			
Issued capital		804.6	804.6
Reserve		7.1	7.7
Retained deficit		(6,842.8)	(7,011.4)
Total deficit		(6,031.1)	(6,199.1)
Total liabilities and equity		\$ 6,347.9	\$ 5,756.6

On behalf of the Board:

(signed)
ROB MACISAAC
Director

(signed)
MICHAEL BERNASIEWICZ
Director

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

407 INTERNATIONAL INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(in millions of Canadian dollars, except per share amounts)
(Unaudited)

		Three month period ended September 30		Nine month period ended September 30	
	Notes	2025	2024	2025	2024
Revenues	11	\$ 577.9	\$ 487.1	\$ 1,511.4	\$ 1,267.2
Expenses	12	88.4	82.7	310.6	238.1
Interest expense		139.4	133.3	397.4	370.9
Interest income		(13.5)	(19.1)	(38.7)	(50.3)
Other expense		(0.4)	1.1	0.1	1.5
Other income		(0.2)	(0.2)	(0.6)	(0.6)
Interest and other expenses	9	125.3	115.1	358.2	321.5
Income before tax		364.2	289.3	842.6	707.6
Current income tax expense		100.5	76.7	227.2	187.1
Deferred income tax (recovery) expense		(4.1)	0.3	(3.2)	0.7
Income tax expense		96.4	77.0	224.0	187.8
Net income		\$ 267.8	\$ 212.3	\$ 618.6	\$ 519.8
Net income		267.8	212.3	618.6	519.8
Other comprehensive loss:					
Reclassification to income of gains on cash flow hedges, net		(0.2)	(0.2)	(0.6)	(0.6)
Total comprehensive income		\$ 267.6	\$ 212.1	\$ 618.0	\$ 519.2
Earnings per share					
Net income per share, basic and diluted		\$ 0.346	\$ 0.274	\$ 0.798	\$ 0.671

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

407 INTERNATIONAL INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(in millions of Canadian dollars)
(Unaudited)

	Issued capital	Reserve	Retained deficit	Total deficit
Balance at January 1, 2025	\$ 804.6	\$ 7.7	\$ (7,011.4)	\$ (6,199.1)
Payment of dividends	-	-	(450.0)	(450.0)
Net income for the period	-	-	618.6	618.6
Other comprehensive loss for the period	-	(0.6)	-	(0.6)
Balance at September 30, 2025	\$ 804.6	\$ 7.1	\$ (6,842.8)	\$ (6,031.1)
Balance at January 1, 2024	\$ 804.6	\$ 8.5	\$ (6,603.6)	\$ (5,790.5)
Payment of dividends	-	-	(400.0)	(400.0)
Net income for the period	-	-	519.8	519.8
Other comprehensive loss for the period	-	(0.6)	-	(0.6)
Balance at September 30, 2024	\$ 804.6	\$ 7.9	\$ (6,483.8)	\$ (5,671.3)

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

407 INTERNATIONAL INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions of Canadian dollars)
(Unaudited)

		Three month period ended September 30		Nine month period ended September 30	
	Notes	2025	2024	2025	2024
Cash flows from operating activities					
Receipts from customers		\$ 540.3	\$ 442.5	\$ 1,413.9	\$ 1,123.4
Payments to suppliers and employees		(50.7)	(46.9)	(172.2)	(148.4)
Cash generated from operations		489.6	395.6	1,241.7	975.0
Interest received		13.9	18.6	38.7	46.4
Interest paid		(127.7)	(118.5)	(371.3)	(348.1)
Income tax paid		(62.0)	(52.5)	(237.3)	(150.5)
		313.8	243.2	671.8	522.8
Cash flows from investing activities					
Additions to property, plant and equipment		(19.0)	(17.9)	(42.7)	(43.1)
Additions to intangible assets		-	-	-	(0.9)
Advance payment		(0.1)	-	(0.1)	(3.1)
Restricted cash and investments	5	(9.3)	(11.6)	(33.0)	(31.6)
Non-trade receivables and other		(1.0)	0.3	1.2	2.4
		(29.4)	(29.2)	(74.6)	(76.3)
Cash flows from financing activities					
Proceeds from long-term debt and credit facility		300.0	240.0	749.5	489.6
Debt issue costs		-	(0.3)	(2.7)	(2.4)
Repayment of long-term debt and credit facility		(4.3)	(4.0)	(363.1)	(262.3)
Repayment of lease obligations		(0.3)	(0.3)	(5.2)	(4.1)
Dividends paid to shareholders		(250.0)	(225.0)	(450.0)	(400.0)
		45.4	10.4	(71.5)	(179.2)
Increase in cash and cash equivalents		329.8	224.4	525.7	267.3
Cash and cash equivalents, beginning of period		548.2	453.3	352.3	410.4
Cash and cash equivalents, end of period		\$ 878.0	\$ 677.7	\$ 878.0	\$ 677.7
Supplementary Cash Flow Information					
Net change in financial liabilities	15	307.8	250.6	405.4	244.5

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

407 INTERNATIONAL INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Period ended September 30, 2025
(in millions of Canadian dollars, except per share amounts)

1. GENERAL INFORMATION

407 International Inc. and its subsidiaries (**Company**) are privately held companies existing under the laws of Canada. The Company's address and principal place of business is 6300 Steeles Avenue West, Woodbridge, Ontario, L4H 1J1, Canada. The principal business of the Company is the ownership of 407 ETR Concession Company Limited (**407 ETR**) and, through 407 ETR, the operation, maintenance and management of Highway 407 ETR (**Highway**) along with the construction of extensions and certain deferred interchanges, lane widenings and additional interchanges under the 99-year Highway 407 Concession and Ground Lease Agreement (**CGLA**) with the Province of Ontario dated April 6, 1999. The interim condensed consolidated financial statements of the Company for the three and nine month periods ended September 30, 2025 (**Financial Statements**) were approved by the Board of Directors of the Company (**Board**) on October 16, 2025.

The Financial Statements include the accounts of 407 International Inc., consolidated with those of its wholly owned subsidiaries, 407 ETR, Canadian Tolling Company International Inc. (**Cantoll**) and 14374304 Canada Inc. (**14374304 Inc.**). Cantoll was incorporated in December 2001 to assume ownership of an integrated computerized accounting, billing and customer relationship management system and new transponders, and is responsible for the development of its integrated automation systems and the implementation and management of roadside tolling technologies and back-office systems. 14374304 Inc. was incorporated in September 2022 to assist in the implementation of the Company's tax planning strategies. All inter-company transactions, balances, revenues and expenses have been eliminated on consolidation.

2. BASIS OF PRESENTATION

The Financial Statements are prepared on a going concern basis and have been presented in millions of Canadian dollars. These Financial Statements have been prepared in accordance with IFRS[®] Accounting Standards (**IFRS**), Interim Financial Reporting (**IAS 34**) as issued by the International Accounting Standards Board (**IASB**).

The Financial Statements have been prepared using the same accounting policies and methods as were used for the Company's consolidated financial statements and the notes thereto for the years ended December 31, 2024 and 2023 (**2024 Annual Financial Statements**). The Financial Statements should be read in conjunction with the 2024 Annual Financial Statements.

407 INTERNATIONAL INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Period ended September 30, 2025
(in millions of Canadian dollars, except per share amounts)

3. FUTURE CHANGES TO ACCOUNTING POLICIES

IFRS 18 *Presentation and Disclosure in the Financial Statements (IFRS 18):*

IFRS 18 replaces IAS 1, Presentation of Financial Statements (**IAS 1**), carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements, including specified categories and defined subtotals in the statement of profit or loss. IFRS 18 is required to be applied retrospectively for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. The Company is currently assessing the impact of adoption of this standard.

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

The Amendments to IFRS 9 and IFRS 7 clarify the requirements related to the date of recognition and derecognition of financial assets and financial liabilities, with an exception for derecognition of financial liabilities settled via an electronic transfer, clarify the requirements for assessing contractual cash flow characteristics of financial assets and clarify the characteristics of non-recourse loans and contractually linked instruments. The amendments to IFRS 9 and IFRS 7 will be effective for annual reporting periods beginning on or after January 1, 2026. The Company is currently assessing the impact of adoption of this standard.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGEMENT

The preparation of the Financial Statements in conformity with IFRS Accounting Standards requires management of the Company to make certain judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities as at the date of the Financial Statements, the reported amounts of revenues and expenses of the reporting period, as well as disclosures made in the accompanying notes to the Financial Statements. Judgement is commonly used in determining whether a balance or transaction should be recognized in the consolidated financial statements and estimates and assumptions are more commonly used in determining the measurement of recognized transactions and balances. However, judgements and estimates are often interrelated.

There have been no significant changes relating to accounting judgments, estimates and assumptions in the preparation of the Financial Statements from those judgments, estimates and assumptions disclosed in note 5 to the 2024 Annual Financial Statements.

407 INTERNATIONAL INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Period ended September 30, 2025
(in millions of Canadian dollars, except per share amounts)

5. RESTRICTED CASH AND INVESTMENTS

Pursuant to the Master Trust Indenture dated as of July 20, 1999 and effective as of May 5, 1999 between the Company, 407 ETR and The Trust Company of Bank of Montreal (now Computershare Advantage Trust of Canada) (**Indenture**), the Company established the debt service funds, the operating and maintenance and renewal and replacement funds, and debt service reserve funds, all of which are fully funded with Qualified Investments (as defined in the Indenture). The current portion is expected to become unrestricted within the next twelve months.

Pursuant to an agreement to provide tolling, billing and back-office services relating to Highway 407 (**Tolling Services Agreement**), the Company established a Tolling Services Agreement segregated funds account which is funded with cash and cash equivalents.

	As at	
	September 30, 2025	December 31, 2024
Current		
Debt service funds	\$ 139.3	\$ 130.6
Debt service reserve funds	-	17.1
Operating and maintenance reserve and renewal and replacement funds (O&M and R&R Funds)	223.3	220.1
	\$ 362.6	\$ 367.8
Non-current		
Debt service reserve funds	\$ 639.6	\$ 602.1
Tolling Services Agreement segregated funds	6.5	6.5
	\$ 646.1	\$ 608.6
Total	\$ 1,008.7	\$ 976.4

Restricted cash and investments consist of:

	September 30, 2025	December 31, 2024
Cash	\$ 185.2	\$ 261.7
Deposit Notes	23.8	23.5
Guaranteed Investment Certificates	130.4	149.5
Bank Bonds	47.1	106.1
Federal Notes	107.2	92.3
Floating Rate Notes	145.4	30.5
Treasury Bills	258.4	246.2
Provincial Promissory Notes	111.2	66.6
Total	\$ 1,008.7	\$ 976.4

407 INTERNATIONAL INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Period ended September 30, 2025
(in millions of Canadian dollars, except per share amounts)

5. RESTRICTED CASH AND INVESTMENTS (continued)

Cash movements in restricted cash and investments were as follows:

	Three month period ended September 30		Nine month period ended September 30	
	2025	2024	2025	2024
Contributions to debt service funds	\$ 130.0	\$ 120.0	\$ 386.5	\$ 359.7
Contributions to refunding bond fund	-	-	350.0	250.0
Interest payments on long-term debt	(125.1)	(117.0)	(367.9)	(345.8)
Repayments of long-term debt	(4.3)	(4.0)	(363.1)	(262.3)
Interest received	8.7	12.6	23.6	27.7
Establishment of debt service reserve fund	-	-	21.2	16.0
Release of debt service reserve fund	-	-	(17.3)	(13.7)
Total	\$ 9.3	\$ 11.6	\$ 33.0	\$ 31.6

6. PROPERTY, PLANT AND EQUIPMENT

	Toll highway	Toll equipment	Back Office Systems	Transponders	Operations centre	Office equipment	Motor vehicles	Leased Equipment	Assets under construction	Total
<i>Cost</i>										
Balance at December 31, 2024	\$ 2,867.3	\$ 142.3	\$ 222.1	\$ 40.5	\$ 100.6	\$ 20.4	\$ 12.5	\$ 18.4	\$ 13.6	3,437.7
Additions	(1.0)	-	0.1	2.7	0.4	3.3	13.9	1.2	24.7	45.3
Retirements	-	-	-	(1.9)	-	(0.6)	(2.6)	(6.0)	-	(11.1)
Transfers	-	0.2	8.1	-	-	-	-	-	(8.3)	-
Balance at September 30, 2025	\$ 2,866.3	\$ 142.5	\$ 230.3	\$ 41.3	\$ 101.0	\$ 23.1	\$ 23.8	\$ 13.6	\$ 30.0	\$ 3,471.9
<i>Accumulated depreciation</i>										
Balance at December 31, 2024	\$ 620.8	\$ 94.6	\$ 112.3	\$ 30.8	\$ 39.2	\$ 17.0	\$ 7.3	\$ 13.0	\$ -	935.0
Depreciation expense	33.4	6.6	13.4	2.9	2.9	1.6	1.8	4.2	-	66.8
Retirements	-	-	-	(1.9)	-	(0.6)	(2.6)	(6.0)	-	(11.1)
Balance at September 30, 2025	\$ 654.2	\$ 101.2	\$ 125.7	\$ 31.8	\$ 42.1	\$ 18.0	\$ 6.5	\$ 11.2	\$ -	\$ 990.7
<i>Carrying amount, December 31, 2024</i>	<i>\$ 2,246.5</i>	<i>\$ 47.7</i>	<i>\$ 109.8</i>	<i>\$ 9.7</i>	<i>\$ 61.4</i>	<i>\$ 3.4</i>	<i>\$ 5.2</i>	<i>\$ 5.4</i>	<i>\$ 13.6</i>	<i>\$ 2,502.7</i>
<i>Carrying amount, September 30, 2025</i>	<i>\$ 2,212.1</i>	<i>\$ 41.3</i>	<i>\$ 104.6</i>	<i>\$ 9.5</i>	<i>\$ 58.9</i>	<i>\$ 5.1</i>	<i>\$ 17.3</i>	<i>\$ 2.4</i>	<i>\$ 30.0</i>	<i>\$ 2,481.2</i>

During the three and nine month periods ended September 30, 2025, capitalized borrowing costs aggregating to \$0.1 and \$0.1 respectively (2024 - \$0.1 and \$0.6, respectively), were included as additions to assets under construction. The average interest capitalization rate relating to the borrowing cost was 3.8% and 4.0% for the three and nine month periods ended September 30, 2025 respectively (2024 – 5.07% and 4.23%, respectively).

Assets under construction mainly include work in progress on highway improvement projects, back-office systems development projects, tolling and roadside equipment and buildings.

407 INTERNATIONAL INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Period ended September 30, 2025
(in millions of Canadian dollars, except per share amounts)

7. INTANGIBLE ASSETS

	Concession Rights		Licences		Total
<i>Cost</i>					
Balance at December 31, 2024	\$	1,676.1	\$	10.7	\$ 1,686.8
Retirements	\$	-	\$	(0.9)	\$ (0.9)
Balance at September 30, 2025	\$	1,676.1	\$	9.8	\$ 1,685.9
<i>Accumulated amortization</i>					
Balance at December 31, 2024	\$	262.7	\$	5.8	\$ 268.5
Amortization expense		14.5		0.7	15.2
Retirements		-		(0.9)	(0.9)
Balance at September 30, 2025	\$	277.2	\$	5.6	\$ 282.8
<i>Carrying amount, December 31, 2024</i>	<i>\$</i>	<i>1,413.4</i>	<i>\$</i>	<i>4.9</i>	<i>\$ 1,418.3</i>
<i>Carrying amount, September 30, 2025</i>	<i>\$</i>	<i>1,398.9</i>	<i>\$</i>	<i>4.2</i>	<i>\$ 1,403.1</i>

8. TRADE RECEIVABLES AND OTHER

Movement in Trade Receivables

	Three month period ended September 30		Nine month period ended September 30	
	2025	2024	2025	2024
Balance, beginning of period	\$ 741.6	\$ 611.9	\$ 681.3	\$ 511.3
Revenues (excluding contract)	577.9	487.1	1,511.4	1,267.2
Bad debts written off, net of recoveries	(1.7)	(1.3)	(7.8)	(3.3)
Receipts from customers	(540.3)	(442.5)	(1,413.9)	(1,123.4)
Other	3.5	4.1	10.0	7.5
Balance, end of period	\$ 781.0	\$ 659.3	\$ 781.0	\$ 659.3

Movement in Allowance for Lifetime Expected Credit Loss (Lifetime ECL)

Changes in the Allowance for Lifetime ECL are as follows:

	Three month period ended September 30		Nine month period ended September 30	
	2025	2024	2025	2024
Balance, beginning of period	\$ 271.2	\$ 221.3	\$ 259.3	\$ 208.1
Provision for Lifetime ECL expense	17.3	9.8	35.9	25.4
Bad debts written off, net of recoveries	(1.7)	(1.3)	(7.8)	(3.3)
Other adjustments	(0.3)	-	(0.9)	(0.4)
Balance, end of period	\$ 286.5	\$ 229.8	\$ 286.5	\$ 229.8

The provision for Lifetime ECL expense has been included in expenses and is net of any recoveries that were provided for in prior periods.

407 INTERNATIONAL INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Period ended September 30, 2025
(in millions of Canadian dollars, except per share amounts)

8. TRADE RECEIVABLES AND OTHER (continued)

	September 30, 2025		December 31, 2024
Trade receivables	\$ 781.0	\$	681.3
Allowance for Lifetime ECL	(286.5)		(259.3)
	494.5		422.0
Prepayments and other receivables	18.1		20.6
Total	\$ 512.6	\$	442.6

Trade receivables are net of certain amounts that were billed to customers but excluded from revenues in accordance with the revenue recognition policy for toll and fee revenues. Prepayments and other receivables include prepaids, other non-trade related receivables and an advance payment to a supplier.

At September 30, 2025, the Company had \$409.3 (2024 - \$401.5) in trade receivables that were 90 days past due against which the Company has recorded an allowance for expected credit losses of \$246.5 (2024 - \$231.3).

407 INTERNATIONAL INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Period ended September 30, 2025
(in millions of Canadian dollars, except per share amounts)

9. LONG-TERM DEBT

	September 30, 2025	December 31, 2024
Senior Bonds:		
\$400.0, Series 99-A2, 6.47%, maturing July 27, 2029	396.7	396.2
\$300.0, Series 99-A3, 6.75%, maturing July 27, 2039	199.2	207.5
\$208.3, Series 99-A6, 5.328%, maturing December 1, 2026	369.7	362.6
\$208.3, Series 99-A7, 5.328%, maturing December 1, 2031	368.8	361.9
\$325.0, Series 00-A2, 5.29%, maturing December 1, 2039	357.6	360.7
\$340.0, Series 04-A3, 5.96%, maturing December 3, 2035	338.8	338.7
\$350.0, Series 11-A1, 4.45%, maturing November 15, 2041	347.9	347.8
\$400.0, Series 12-A1, 4.19%, maturing April 25, 2042	397.7	397.6
\$400.0, Series 12-A2, 3.98%, maturing September 11, 2052	395.9	395.8
\$200.0, Series 13-A1, 4.68%, maturing October 7, 2053	198.8	198.8
\$150.0, Series 15-A1, 3.30%, maturing March 27, 2045	148.8	148.7
\$500.0, Series 15-A2, 3.83%, maturing May 11, 2046	496.6	496.5
\$500.0, Series 16-A1, 3.60%, maturing May 21, 2047	496.5	496.5
\$350.0, Series 16-A2, 2.43%, maturing May 4, 2027	349.6	349.5
\$250.0, Series 17-A1, 3.43%, maturing June 1, 2033	248.9	248.8
\$500.0, Series 17-A2, 3.65%, maturing September 8, 2044	496.6	496.5
\$500.0, Series 18-A1, 3.72%, maturing May 11, 2048	497.2	497.1
\$300.0, Series 19-A1, 3.14%, maturing March 6, 2030	299.0	298.9
\$500.0, Series 19-A2, 3.67%, maturing March 6, 2049	496.3	496.2
\$700.0, Series 20-A1, 2.84%, maturing March 7, 2050	694.9	694.8
\$350.0, Series 20-A2, 1.80%, maturing May 22, 2025	-	349.8
\$400.0, Series 20-A3, 2.59%, maturing May 22, 2032	398.3	398.2
\$500.0, Series 23-A1, 4.86%, maturing on July 31, 2053	495.6	495.6
\$250.0, Series 24-A1, 4.89%, maturing on April 4, 2054	247.5	247.5
\$500.0, Series 24-A2, 4.54%, maturing on October 9, 2054	495.7	495.7
\$350.0, Series 25-A1, 4.45%, maturing September 11, 2052	346.9	-
Other Senior Bonds:		
\$162.3, Series 04-A2, 3.276%, maturing July 27, 2039 (note 10)	215.6	210.7
Credit Facilities	400.0	-
Junior Bonds:		
\$165.0, Series 00-B1, 7.125%, maturing July 26, 2040	164.5	164.5
Subordinated Bonds:		
\$480.0, Series 06-D1, 5.75%, maturing February 14, 2036	478.2	478.1
\$350.0, Series 22-D1, 4.2%, maturing February 14, 2028	348.9	348.6
\$325.0, Series 22-D2, 4.45%, maturing August 14, 2031	323.3	323.1
	\$ 11,510.0	\$ 11,102.9
Financial liabilities carried at Fair Value		
Through Profit or Loss ("FVTPL")		
Other Senior Bonds: Series 04-A2	\$ 215.6	\$ 210.7
Financial liabilities carried at amortized cost		
Senior Bonds	\$ 9,979.5	\$ 9,577.9
Junior Bonds	164.5	164.5
Subordinated Bonds	1,150.4	1,149.8
	11,294.4	10,892.2
	\$ 11,510.0	\$ 11,102.9
Current	\$ 441.0	\$ 388.7
Non-current	11,069.0	10,714.2
	\$ 11,510.0	\$ 11,102.9

407 INTERNATIONAL INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Period ended September 30, 2025
(in millions of Canadian dollars, except per share amounts)

9. LONG-TERM DEBT (continued)

Interest and Other Expenses

	Three month period ended September 30		Nine month period ended September 30	
	2025	2024	2025	2024
Interest expense on bonds and credit facility	\$ 128.8	\$ 120.2	\$ 377.4	\$ 352.4
Non-cash inflation component of:				
Interest expense RRBs	8.1	8.5	15.6	18.9
Interest expense (recovery), Senior Bond, Series 04-A2	0.1	0.9	(2.4)	-
Fair value adjustment expense (recovery), Senior Bond, Series 04-A2	2.5	3.8	6.9	0.2
Capitalized interest	(0.1)	(0.1)	(0.1)	(0.6)
Total interest expense on long-term debt	139.4	133.3	397.4	370.9
Interest income on financial assets designated as FVTPL	(13.5)	(19.1)	(38.7)	(50.3)
Other interest expense	(0.4)	1.1	0.1	1.5
Other income:				
Reclassification of gains on cash flow hedges	(0.2)	(0.2)	(0.6)	(0.6)
Total interest and other expenses	\$ 125.3	\$ 115.1	\$ 358.2	\$ 321.5

Senior Bonds

All Senior Bonds are repayable at maturity except for Series 99-A3, which is repayable in fixed semi-annual scheduled installments of interest and principal of \$11.2. Senior Bonds are redeemable, in whole or in part, at the option of the Company. Interest is payable semi-annually.

On March 5, 2025, the Company issued \$350.0 of 4.45% Senior Bonds, Series 25-A1. The net proceeds of the bonds were used to fund a related debt service reserve fund and to repay, in part, \$350.0 of 1.80% Senior Bonds, Series 20-A2 on May 22, 2025.

On October 3, 2025, the Company issued \$300.0 of 4.81% Senior Bonds, Series 25-A2 and \$400.0 of 4.11% of Senior Bonds, Series 25-A3. The net proceeds of the bonds were used to repay the outstanding balance on the Company's Syndicated Credit Facility on October 8, 2025, to fund the related debt service reserve funds and for other general corporate purposes.

Real Return Bonds

The Company issued Senior Bonds Series 99-A6 and Series 99-A7 in August 1999 with interest payable semi-annually and Senior Bonds amortizing Series 00-A2 in February 2000 (collectively, the **RRBs**).

As at September 30, 2025, the inflation compensation component of all RRBs was \$475.9 (2024 - \$460.3).

Syndicated Credit Facility

Refer to note 12 to the 2024 Annual Financial Statements for information on the credit agreement establishing a syndicated credit facility with four Canadian chartered banks (the **Syndicated Credit Facility**).

As at September 30, 2025, the Company had an outstanding balance of \$400.0 (2024 – \$nil) under the Syndicated Credit Facility.

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9. LONG-TERM DEBT (continued)

Current Portion of Long-Term Debt

As at September 30, 2025, the current portion of long-term debt of \$441.0 (2024 - \$388.7) includes the outstanding balance of \$400.0 on the Syndicated Credit Facility repaid on October 8, 2025 (2024 - \$nil), Senior Bonds, Series 20-A2, which matured on May 22, 2025, \$nil (2024 - \$349.8), Senior Bonds, Series 99-A3 - \$9.0 (2024 - \$8.4), Senior Bonds, Series 00-A2 - \$17.2 (2024 - \$16.4), and Senior Bonds, Series 04-A2 - \$14.8 (2024 - \$14.1).

10. FINANCIAL INSTRUMENTS

Refer to note 15 to the 2024 Annual Financial Statements for information on the Company's risks and risk management strategy. There were no changes in the Company's risks and approach to risk management during the three and nine month periods ended September 30, 2025.

Fair value measurement

	Assets Measured at Fair Value					
	As at September 30, 2025			As at December 31, 2024		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets measured at FVTPL						
Cash and cash equivalents	\$ 878.0	\$ -	\$ -	\$ 352.3	\$ -	\$ -
Restricted cash and investments	1,008.7	-	-	976.4	-	-
Total fair value	\$ 1,886.7	\$ -	\$ -	\$ 1,328.7	\$ -	\$ -
	Liabilities Measured at Fair Value					
	As at September 30, 2025			As at December 31, 2024		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial liabilities measured at FVTPL						
Senior Bonds, Series 04-A2	\$ -	\$ 215.6	\$ -	-	\$ 210.7	\$ -
Total fair value	\$ -	\$ 215.6	\$ -	\$ -	\$ 210.7	\$ -

Level 1 of the fair value hierarchy includes unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 includes inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 includes inputs for the asset or liability that are not based on observable market data.

The fair value of the long-term debt (including the current portion) as at September 30, 2025 was \$11,188.0 (2024 - \$10,867.9) determined using publicly available quotations provided by a major Canadian financial institution, except for Senior Bonds, Series 04-A2, which was determined by using a valuation technique. These instruments are Level 2.

Senior Bonds, Series 04-A2 is a derivative financial instrument and is reported at fair value. The fair value of Senior Bonds, Series 04-A2 as at September 30, 2025 was \$215.6 (2024 - \$210.7) which was determined by using a valuation technique which estimated future inflation of 2.0% (2024 - 1.9%) based on the break-even inflation rate and applied a nominal discount rate of 4.1% (2024 - 4.2%). During the nine month period ended September 30, 2025, the fair value of Senior Bonds, Series 04-A2 increased by \$3.2 (2024 - \$2.8 increase) due to the change in the Company's corporate spread.

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10. FINANCIAL INSTRUMENTS (continued)

Current financial assets are amounts that are expected to be settled within one year. Current financial liabilities are settled at the contractual maturity date within one year. The carrying amounts approximate fair value because of the short-term nature of these instruments. For non-current restricted cash and investments, the Company compares and uses publicly available quotations to determine the fair values. The carrying amounts approximate fair values.

11. REVENUES

	Three month period ended September 30		Nine month period ended September 30	
	2025	2024	2025	2024
Revenues				
Tolling	\$ 551.0	\$ 461.9	\$ 1,428.7	\$ 1,197.5
Fee	26.9	25.2	82.7	69.7
Total	\$ 577.9	\$ 487.1	\$ 1,511.4	\$ 1,267.2

12. EXPENSES

	Three month period ended September 30		Nine month period ended September 30	
	2025	2024	2025	2024
Systems operations	\$ 18.1	\$ 16.1	\$ 52.3	\$ 45.7
Customer operations	34.9	24.3	87.1	64.5
Highway operations	7.4	6.7	26.0	22.5
General and administration	9.5	9.0	27.8	26.7
Schedule 22 payment	(9.8)	-	35.4	-
Operating expenses	60.1	56.1	228.6	159.4
Depreciation and amortization	28.3	26.6	82.0	78.7
Total	\$ 88.4	\$ 82.7	\$ 310.6	\$ 238.1

Systems operations costs include costs for developing, operating and maintaining the Company's tolling system, office computer network and integrated automation systems.

Customer operations include all costs to support the customer lifecycle including the Company's call centre, transponder distribution, billing and the collection of overdue accounts. Also included in customer operations is provision for Lifetime ECL.

Highway operations include costs to operate the highway such as structural, roadside and seasonal maintenance and police and road safety enforcement.

General and administration expenses include public relations, finance, administration, facilities, human resources, business process, legal, audit and executive costs.

Schedule 22 Payment expense is due to certain Highway 407 ETR traffic levels not being met against annual minimum traffic thresholds for each of the 24 segments of the Highway, which escalate annually up to a prescribed lane capacity under Schedule 22 of the CGLA.

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12. EXPENSES (continued)

Depreciation and amortization expenses reflect the expense of property, plant and equipment and intangible assets over their respective useful lives. Substantially all the depreciation and amortization expenses relate to highway operations and systems operations assets.

Total expenses include employee salary and benefits of \$17.6 and \$52.0 for the three and nine months ended September 30, 2025, respectively (2024 – \$14.2 and \$42.3, respectively), of which \$0.3 and \$1.1 (2024 - \$0.2 and \$0.8) relate to short-term benefits of key management personnel. Key management personnel of the Company include the President and Chief Executive Officer and the Chief Financial Officer. Short-term benefits of key management personnel include wages, annual incentives and other benefits. The Company does not provide for share-based payments or other long-term benefits but does provide post-employment benefits and termination benefits.

13. COMMITMENTS AND CONTINGENCIES

The following are the commitments, contractual maturities and related interest obligations as at September 30, 2025:

	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Beyond 5 years
Trade and other payables	\$ 137.3	\$ -	\$ -	\$ -	\$ -	\$ -
Contract liabilities	16.7	-	-	-	-	-
Lease obligations	0.9	0.8	0.7	0.4	-	-
Interest payments on lease obligations	0.2	0.1	0.1	-	-	-
Long-term debt	26.8	747.7	379.3	431.1	332.9	9,046.3
Derivative financial liability	14.8	14.8	14.8	14.8	14.8	133.5
Interest payments on long-term debt	474.2	462.9	434.4	425.1	392.7	5,302.9
Total	\$ 670.9	\$ 1,226.3	\$ 829.3	\$ 871.4	\$ 740.4	\$ 14,482.7

These commitments include \$124.4 for years 2025 to 2033 to a related party, Webber Infrastructure Management Canada Limited, a subsidiary of the parent company for Cintra 4352238 Investments Inc., a wholly owned subsidiary of Cintra Global S.E., for winter maintenance costs included in operating costs.

Refer to note 18 to the 2024 Annual Financial Statements for information on the Company's contingencies. There were no changes to the contingencies during the nine month period ended September 30, 2025.

14. CASH AND CASH EQUIVALENTS

	September 30, 2025	December 31, 2024
Cash and cash equivalents consist of:		
Cash	\$ 377.1	\$ 214.7
Government Treasury Bills	500.9	137.6
Total	\$ 878.0	\$ 352.3

Pursuant to the Indenture, the Company maintains a minimum cash balance of \$10.0 to fund working capital requirements. This amount is included as Cash and cash equivalents.

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15. SUPPLEMENTARY CASH FLOW INFORMATION

Net increase/(decrease) in financial liabilities:

	Three month period ended September 30		Nine month period ended September 30	
	2025	2024	2025	2024
Long-term debt	\$ 307.5	\$ 250.3	\$ 407.1	\$ 247.5
Lease obligations	0.5	0.7	(4.0)	(3.1)
Accrued interest on long-term debt	(0.2)	(0.4)	2.3	0.1
	\$ 307.8	\$ 250.6	\$ 405.4	\$ 244.5

Cash and non-cash movements in financial liabilities:

Cash movements:

Proceeds from issuance of bonds in long-term debt	\$ -	\$ -	\$ 349.5	\$ 249.6
Proceeds from Credit Facilities in long-term debt	300.0	240.0	400.0	240.0
Repayment of bonds in long-term debt	(4.3)	(4.0)	(363.1)	(262.3)
Interest paid	(127.7)	(118.5)	(371.3)	(348.1)
Debt issue costs paid	-	(0.3)	(2.7)	(2.4)
Repayment of lease obligations	(0.3)	(0.3)	(5.2)	(4.1)
	\$ 167.7	\$ 116.9	\$ 7.2	\$ (127.3)

Non-cash movements:

Interest expense on long-term debt and credit facility	\$ 128.8	\$ 120.2	\$ 377.4	\$ 352.4
Interest expense - RRBs	8.1	8.5	15.6	18.9
Interest expense - Senior Bonds, Series 04-A2	0.1	0.9	(2.4)	-
Fair value adjustment - Senior Bonds, Series 04-A2	2.5	3.8	6.9	0.2
Decrease in accrued financing charges	(0.2)	(0.6)	(0.5)	(0.6)
Leased equipment additions	0.8	0.9	1.2	0.9
	\$ 140.1	\$ 133.7	\$ 398.2	\$ 371.8

Total net change	\$ 307.8	\$ 250.6	\$ 405.4	\$ 244.5
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16. RELATED PARTY TRANSACTIONS

Transactions with related parties are measured at their exchange amounts, which is the consideration agreed to by the parties. For the three and nine month periods ended September 30, 2025 the Company expensed \$0.5 and \$1.0, respectively (2024 - \$0.2 and \$0.6, respectively) for administration costs included in operating expenses to a subsidiary of its shareholder, Cintra Global S.E. Amounts owed to Cintra Servicios de Infraestructuras S.A., are \$0.9 (2024 - \$nil) and included in current liabilities as at September 30, 2025. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

17. SEASONAL NATURE OF THE BUSINESS

The Company's results for the three and nine month periods ended September 30, 2025 are not necessarily indicative of the results that may be expected for the full year due to seasonal variations in traffic volumes. The Company has historically experienced a higher volume of travellers on the Highway during the third quarter as a result of leisure and recreational travellers, while the winter months in the first and fourth quarters generally result in lower trip volumes. Operating expenses remain relatively steady throughout the year. The Company's interest expense on the RRBs and Senior Bond, Series 04-A2 is calculated based on changes in the consumer price index (**CPI**); as such, interest expense in respect of these bonds will fluctuate due to the volatility and seasonal nature of the CPI.