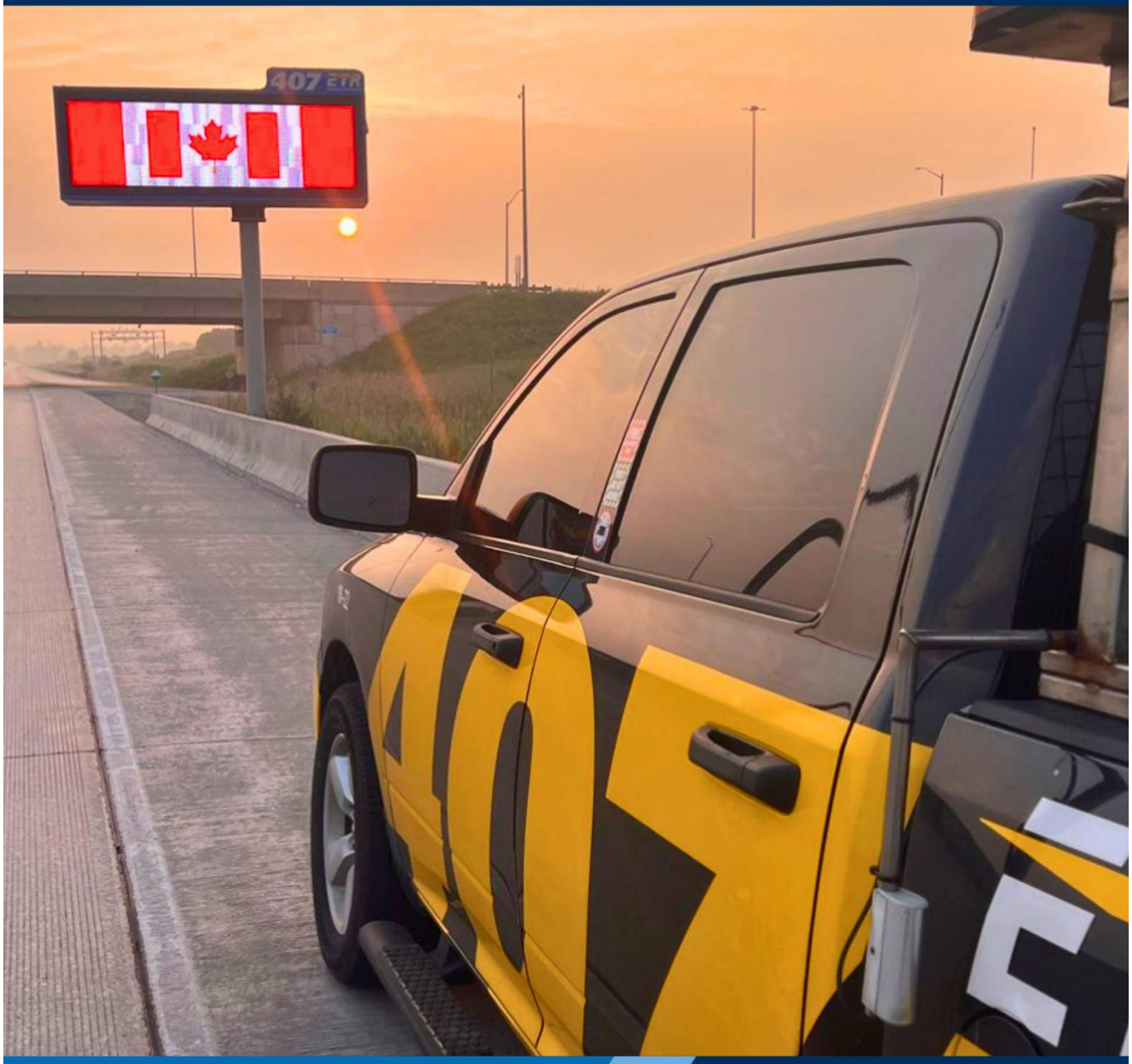
407 International Inc.

Management's Discussion and Analysis



September 30, 2026

407ETR

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The following is management's discussion and analysis (**MD&A**) dated October 21, 2026 of the consolidated financial condition and results of operations of 407 International Inc. and its subsidiaries (collectively, the **Company**), including where the context requires, certain subsidiaries such as 407 ETR Concession Company Limited (407 ETR) for the three and nine months ended September 30, 2026, otherwise referred to as the third quarter of 2026. The MD&A should be read in conjunction with the interim condensed consolidated financial statements of the Company and the related notes for the same periods **(Financial Statements)** and the consolidated financial statements of the Company and the related notes for the years ended December 31, 2025 and 2024, as well as the management's discussion and analysis for the year ended December 31, 2025. Unless otherwise indicated, all financial information presented in the MD&A is in millions of Canadian dollars and is prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board. Additional information about the Company, including the Financial Statements and the Company's 2025 annual information form (**AIF**), dated February 18, 2026, can be accessed on **SEDAR+** (sedarplus.ca) or the Company's website at 407etr.com. Information contained in or otherwise accessible through the websites referenced in the MD&A does not form part of the MD&A and is not incorporated by reference into the MD&A.

Forward-Looking Information

The MD&A includes statements about expected future events and financial and operating results that are forward-looking. Forward-looking statements may include words such as anticipate, believe, could, expect, goal, intend, may, outlook, plan, strive, target and will. These forward-looking statements, including those set out in the Outlook sections of the MD&A, reflect the internal projections, expectations, future growth, performance and business prospects and opportunities of the Company and are based on information currently available to the Company. Actual results and developments may differ materially from results and developments discussed in the forward-looking statements as they are subject to a number of risks and uncertainties discussed under the section entitled Risks and Uncertainties and are made based on certain assumptions including those relating to traffic and the operation and maintenance of Highway 407 ETR (see **Our Business**). These forward-looking statements are also subject to the risks described in the AIF under the heading Risk Factors. Readers are cautioned not to place undue reliance on the Company's forward-looking statements and assumptions as management of the Company (**Management**) cannot provide assurance that actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. These forward-looking statements are made as of October 21, 2026, the date of the MD&A, and are subject to change as a result of new information, future events or other circumstances, as discussed above, in which case they will be updated by the Company as required by law.

Non-IFRS Financial Measures

The MD&A contains certain non-IFRS Accounting Standards financial measures and ratios, including earnings before interest and other expenses, taxes, depreciation and amortization (**EBITDA**) and EBITDA as a percentage of revenues (**EBITDA Margin**). EBITDA and EBITDA Margin are not standardized financial measures under IFRS Accounting Standards, and readers are cautioned that EBITDA and EBITDA Margin should not be construed as an alternative to net income or net income as a percentage of revenues as an indicator of the Company's performance. The Company's method of calculating EBITDA and EBITDA Margin may differ from other companies' methods and may not be comparable to measures used by other companies. Management uses EBITDA and EBITDA Margin to assist in identifying underlying operating trends and they allow for a comparison of the Company's operating performance on a consistent basis. Readers may also use EBITDA and EBITDA Margin, among other financial measures, to assist in the valuation of the Company. A reconciliation of EBITDA to net income can be found under **Results of Operations – EBITDA**.

COMPANY BACKGROUND

407 International Inc. was incorporated on March 17, 1999 under the *Business Corporations Act* (Ontario) (**OBCA**) for the purpose of submitting a bid to the government of the Province of Ontario (**Province**) to acquire all of the issued and outstanding shares of 407 ETR Concession Company Limited (**407 ETR**). On May 5, 1999, the Company completed the acquisition of all of the issued and outstanding shares of 407 ETR. Currently, the principal business of the Company is the ownership of 407 ETR and, through 407 ETR, the operation, maintenance, management and expansion of Highway 407 ETR (see **Our Business**). On October 10, 2003, 407 International Inc. was continued under the *Canada Business Corporations Act* (**CBCA**).

407 International Inc. has two additional subsidiaries, Canadian Tolling Company International Inc. (**Cantoll**) and 14374304 Canada Inc. The registered address of the Company, and the head office of 407 ETR, are located at 6300 Steeles Avenue West, Woodbridge, Ontario, L4H 1J1.

On December 6, 2001, 2007466 Ontario Inc. was incorporated under the OBCA. On October 10, 2003, 2007466 Ontario Inc. was continued under the CBCA as Cantoll. Cantoll owns and is responsible for the development of the integrated automation systems, the implementation and management of road-side tolling technologies and back-office systems and transponder management. 14374304 Canada Inc. was incorporated under the CBCA on September 20, 2022 to assist in the implementation of the Company's tax planning strategies.

The Company is owned by Cintra Global S.E., a subsidiary of Ferrovial S.A. (48.29%), Canada Pension Plan Investment Board (**CPP Investments**) and other institutional investors with non-controlling interests (44.20%), and Public Sector Pension Investment Board (**PSP Investments**) (7.51%).

OUR BUSINESS

The Company, through its wholly-owned subsidiary 407 ETR, operates, maintains and owns the right to toll the world's first all-electronic, open-access toll highway, which is situated just north of Toronto and runs from Burlington to Pickering and consists of six-, eight- and 10-lane sections (expandable to eight and 10 lanes) from Highway 403 / Queen Elizabeth Way (**QEW**) in Burlington in the west, to Brock Road in Pickering in the east for a distance of 108 kilometres (**Highway 407 ETR**). The Company's mission is to serve the Greater Toronto and Hamilton Area (**GTA**) by providing customers with a fast, safe, reliable customer experience on and off the highway.

The Company's ability to create economic value depends largely on its ability to sustain revenue growth and to generate earnings and cash flows from operations growth by controlling the level of its operating expenditures while maintaining a safe highway and a high standard of customer service.

Revenue growth depends on the future demand for this alternate transportation route in the GTA and the levels of toll rates. Factors that could affect future demand include residential and commercial construction along the Highway 407 ETR corridor, the relative congestion of traditional alternative routes, such as Highway 401 and the QEW, and additional traffic from Highway 407. Future demand could also be affected by economic conditions such as shocks to the macroeconomic environment (changes in fuel prices, inflation, employment, general spending patterns and trends relating to work-from-home and remote work).

The Company's ability to remain profitable and improve cash flow from operating activities also depends largely upon other factors, such as its ability to finance operating and capital expenditures, interest to bondholders and income tax payments.


GEORGETOWN
BRAMPTON
VAUGHAN
WOODBRIDGE
RICHMOND HILL
UNIONVILLE
MARKHAM
Zone 6
MALTON
Zone 7
Zone 8
Zone 9
Zone 10
Zone 11
Zone 12
Zone 5
Pearson Int'l Airport
STREETSVILLE
MILTON
Zone 4
MISSISSAUGA
TORONTO
PICKERING
Zone 3
PORT CREDIT
CLARKSON
Zone 2
OAKVILLE
Zone 1
BURLINGTON
BRONTE

SELECT KEY FINANCIAL AND TRAFFIC RESULTS

Financial Results	Three months ended September 30				Nine months ended September 30			
	2026	2025	Change		2026	2025	Change	
Revenues	**682.0**	**577.9**	**104.1**	**18.0%**	**1,789.9**	**1,511.4**	**278.5**	**18.4%**
Expenses	**110.2**	**88.4**	**21.8**	**24.7%**	**320.5**	**310.6**	**9.9**	**3.2%**
Interest and other expenses	144.9	125.3	19.6	15.6%	418.2	358.2	60.0	16.8%
Income before tax	426.9	364.2	62.7	17.2%	1,051.2	842.6	208.6	24.8%
Current income tax expense	112.4	100.5	11.9	11.8%	275.7	227.2	48.5	21.3%
Deferred income tax expense	0.6	(4.1)	4.7	114.6%	2.5	(3.2)	5.7	178.1%
Net Income	**313.9**	**267.8**	**46.1**	**17.2%**	**773.0**	**618.6**	**154.4**	**25.0%**
EBITDA[1]	**599.8**	**517.8**	**82.0**	**15.8%**	**1,551.6**	**1,282.8**	**268.8**	**21.0%**
EBITDA Margin[1]	**87.9%**	**89.6%**	**-**	**(1.7%)**	**86.7%**	**84.9%**	**-**	**1.8%**
Traffic Results								
Traffic/Trips (in millions) [2]	**31.5**	**34.1**	**(2.6)**	**(7.6%)**	**88.2**	**90.1**	**(1.9)**	**(2.1%)**
Average Revenue per Trip ($) [3]	21.34	16.96	4.38	25.8%	20.14	16.69	3.45	20.7%
Vehicle Kilometres Travelled (VKTs) (in millions) [4]	**777.7**	**836.8**	**(59.1)**	**(7.1%)**	**2,066.7**	**2,102.5**	**(35.8)**	**(1.7%)**
Average Workday Trips (in thousands)	396.8	428.8	(32.0)	(7.5%)	377.2	384.2	(7.0)	(1.8%)
Number of Workdays	63.0	63.0	-	-	188.0	188.0	-	-
Average Trip Length (**ATL**) (kilometres) [5]	24.7	24.5	0.2	0.8%	23.4	23.3	0.1	0.4%
Unbillable Trips (percent) [6]	2.4%	2.5%	-	(0.1%)	2.6%	2.4%	-	0.2%
Transponder Penetration Rate (percent) [7]	74.9%	75.0%	-	(0.1%)	77.0%	77.4%	-	(0.4%)
Number of Transponders in Circulation at September 30[8]	2,083,696	1,991,099	92,597	4.7%	2,083,696	1,991,099	92,597	4.7%

1. *EBITDA and EBITDA Margin are non-IFRS measures.*
2. *Trips include trips relating to promotional driving offers and are measured during the reporting period based on the number of vehicle transactions recorded on Highway 407 ETR.*
3. *Average Revenue per Trip is calculated as total revenue less revenue from Highway 407 (as defined below in Fee Revenue) over total number of trips in the reporting period.*
4. *VKTs include VKTs relating to promotional driving offers and refer to the sum of distances travelled on Highway 407 ETR during the reporting period.*
5. *ATL is calculated as the total VKTs divided by the total number of trips in the reporting period.*
6. *Unbillable Trips represents the number of trips that were not billed divided by the number of trips in the reporting period. Unbillable Trips includes unreadable transactions where a licence plate image was not captured, trips taken by vehicles from jurisdictions in which 407 ETR is unable to bill and trips taken by certain toll-exempt vehicles (such as emergency and 407 ETR service vehicles and vehicles with diplomatic plates).*
7. *Transponder Penetration Rate is the ratio of transponder trips to total trips in the reporting period.*
8. *Transponders in Circulation are measured at the end of the reporting period based on the number of transponders registered to customers.*

TRAFFIC RESULTS

Vehicle kilometres travelled (**VKTs**) during the third quarter of 2026 were lower compared to the same period in 2025 due to slower economic growth, decrease in customers enrolled in 407 ETR driving offers reflecting a more targeted approach, unfavourable weather, the timing of holidays (mid-week Canada Day and a later Labour Day) and a decrease in rehabilitation construction on alternative highways.

VKTs during the nine months ended September 30, 2026, were lower than the same period in 2025 due to slower economic growth, unfavourable weather and a decrease in rehabilitation construction activity on alternative highways.

SCHEDULE 22

Under Schedule 22 of the Concession and Ground Lease Agreement, certain Highway 407 ETR traffic levels are measured against annual traffic thresholds, which are prescribed by Schedule 22 and escalate annually up to a specified lane capacity. If the annual traffic level measurements are below the corresponding traffic thresholds, amounts calculated under Schedule 22 are payable to the Province in the following year (**Schedule 22 Payment**).

At the end of each reporting period, Management prepares an estimate of the Schedule 22 Payment for the calendar year (**Schedule 22 Payment Estimate**). The Schedule 22 Payment for the third quarter of 2026 is determined by allocating the Schedule 22 Payment Estimate for 2026, on the basis of dividing the toll revenues of the first nine months of 2026 over the total estimated toll revenues for 2026, less the Schedule 22 Payment expense for the first and second quarters of 2026. The Schedule 22 Payment expense for each quarter of 2026 will fluctuate due to the seasonal nature of the business, and the amount of Schedule 22 Payment expense (or recovery) recorded in the previous quarters of 2026.

RESULTS OF OPERATIONS

REVENUES

	Three months ended September 30				Nine months ended September 30			
	2026	2025	Change		2026	2025	Change	
Toll Revenue	639.4	551.0	88.4	16.0%	1,694.2	1,428.7	265.5	18.6%
Fee Revenue	32.3	26.9	5.4	20.1%	82.2	82.7	(0.5)	(0.6%)
Contract Revenue	10.3	-	10.3	100.0%	13.5	-	13.5	100.0%
Total Revenues	**682.0**	**577.9**	**104.1**	**18.0%**	**1,789.9**	**1,511.4**	**278.5**	**18.4%**

TOLL REVENUE

Toll revenue includes: (a) toll rate charges which are determined by the classification of vehicle, time of day, distance, direction and zone travelled; (b) a camera charge which applies if a vehicle travels without a transponder, and (c) trip toll charge for all trips. Toll revenue is net of discounts relating to driving offers.

A new toll rate and fee schedule came into effect on January 1, 2026.

Toll revenue in the three and nine months ended September 30, 2026, was higher compared to the same periods in 2025, primarily due to higher toll rates effective January 1, 2026.

For further details on the Company's toll rates, please visit 407etr.com.

FEE REVENUE

Fees include transponder lease fees, account fees relating to the maintenance and billing of non-transponder customer accounts, late payment charges, and enforcement fees for past due amounts sent to the Ontario Registrar of Motor Vehicles (**Registrar**) to refuse to renew or issue vehicle permits until outstanding amounts are paid or settled (**Licence Plate Denial**). Account fees are driven by the number of non-transponder customers that travel on Highway 407 ETR and are subject to seasonal fluctuation. Enforcement fees and late payment charges are applied to customers with overdue accounts.

Also included in fees are service fees related to tolling, billing and back-office services billed to the Province for Highway 407 under the **Tolling Services Agreement** (as described below). Highway 407 begins at the eastern terminus of Highway 407 ETR at Brock Road in Pickering and extends to Highways 35/115 (**Highway 407**). The Province maintains public ownership of Highway 407. The Province set tolls and received toll revenues for Highway 407 until June 1, 2025. The Company maintained the roadside tolling technology and provided tolling, billing and back-office services (**Tolling Services Agreement**) for Highway 407 until June 1, 2025. The operational aspect of the Tolling Services Agreement, which commenced in December 2015, had an initial term of 10 years. On May 13, 2025, the Province announced the permanent removal of tolls on Highway 407 effective June 1, 2025. The Tolling Services Agreement expired on December 31, 2025.

Fee revenue was higher in the three months ended September 30, 2026 compared to the same periods in 2025 due to higher lease fees resulting from the rate increase and higher volumes. Fee revenue in the nine months ended September 30, 2026 was comparable to the same periods in 2025. The removal of tolls on Highway 407 resulted in the end of service fee revenues effective June 1, 2025. This was offset by higher lease and account fees due to higher rates and higher volumes.

CONTRACT REVENUE

Contract revenue earned in the three and nine months ended September 30, 2026 was for the reconfiguration of the road-side tolling technology related to the de-tolling of Highway 407.

REVENUE OUTLOOK

Management anticipates higher revenue in 2026 than 2025 due to the new toll rate and fee schedule effective January 1, 2026.

EXPENSES

	Three months ended September 30				Nine months ended September 30			
	2026	2025	Change		2026	2025	Change	
System Operations	18.7	18.1	0.6	3.3%	57.5	52.3	5.2	9.9%
Customer Operations	36.1	34.9	1.2	3.4%	102.0	87.1	14.9	17.1%
Highway Operations	7.2	7.4	(0.2)	(2.7%)	30.5	26.0	4.5	17.3%
General and Adminstration	12.3	9.5	2.8	29.5%	34.7	27.8	6.9	24.8%
Contract Costs	0.8	-	0.8	100.0%	1.0	-	1.0	100.0%
Schedule 22 Payment	7.1	(9.8)	16.9	172.4%	12.6	35.4	(22.8)	(64.4%)
Operating expenses	82.2	60.1	22.1	36.8%	238.3	228.6	9.7	4.2%
Depreciation and amortization	28.0	28.3	(0.3)	(1.1%)	82.2	82.0	0.2	0.2%
Expenses	**110.2**	**88.4**	**21.8**	**24.7%**	**320.5**	**310.6**	**9.9**	**3.2%**

System operations costs include costs for developing, operating and maintaining the Company's tolling system, office computer network and integrated automation systems. System operations costs were higher in the three and nine months ended September 30, 2026, compared to the same periods in 2025. Higher expenses due to certain strategic initiatives and higher cloud usage and investment in system enhancements to support customer satisfaction and targeted customer engagement, as well as general inflationary increases across software and support contracts.

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 the provision for lifetime expected credit loss (**Lifetime ECL**). Customer operations costs were higher in the three and nine months ended September 30, 2026, compared to the same periods in 2025 as a result of a higher provision for Lifetime ECL for certain historical delinquent accounts coupled with higher collections costs due to higher recovery from collections agencies. The Company continues to employ routine collection activities on all 407 ETR customers' accounts as their balances become overdue.

Highway operations include costs to operate the highway such as structural, roadside and seasonal maintenance and police and road safety enforcement. Seasonal maintenance such as snow plowing and salt application occurs in the first and fourth quarters of the year and most other repairs and maintenance take place in the second and third quarters of the year. Highway operations costs in the three months ended September 30, 2026 were comparable to the same period in 2025 and higher in the nine months ended September 30, 2026 compared to the same period in 2025 mainly due to higher winter maintenance costs as a result of unfavourable weather conditions.

General and administration expenses include public relations, finance, administration, facilities, human resources, business process, legal, audit and executive costs. General and administration expenses were higher in the three and nine months ended September 30, 2026, compared to the same periods in 2025 mainly due to higher sponsorship costs.

Contract expenses in the three and nine months ended September 30, 2026 are for the reconfiguration of the road-side tolling technology related to the de-tolling of Highway 407.

Schedule 22 Payment expense is to account for certain Highway 407 ETR traffic levels that are below the annual traffic thresholds. Schedule 22 Payment expense in the three months ended September 30, 2026 was higher compared to the same period in 2025 due to Schedule 22 Payment recovery recorded in 2025. Schedule 22 Payment expense in the nine months ended September 30, 2026 was lower compared to the same period in 2025. The decrease is driven by more effective driving offers expected for 2026, which will result in a lower Schedule 22 Payment for 2026.

Operating Expenses Outlook

Management anticipates higher revenues in 2026 resulting in higher customer operations expenses compared to 2025. Management also anticipates higher general and administration costs due to price increases and higher system operations costs for technology modernization improvements. The Company will continue to incur a Schedule 22 Payment as the traffic levels of certain segments of Highway 407 ETR are expected to be below the annual traffic thresholds. The Schedule 22 Payment for 2026 is expected to be lower than the Schedule 22 Payment for 2025.

Depreciation and Amortization

Depreciation and amortization expenses in the three and nine months ended September 30, 2026, were comparable to the same periods in 2025.

Depreciation and Amortization Outlook

Management anticipates depreciation and amortization in 2026 to be comparable to 2025.

Interest and Other Expenses

	Three months ended September 30				Nine months ended September 30			
	2026	2025	Change		2026	2025	Change	
Interest expense on Bonds and Credit Facilities	146.9	128.8	18.1	14.1%	423.1	377.4	45.7	12.1%
Non-cash inflation component of:								
Interest recovery RRBs	10.4	8.1	2.3	28.4%	24.4	15.6	8.8	56.4%
Interest recovery, Senior Bonds Series 04-A2	1.0	0.1	0.9	900.0%	0.7	(2.4)	3.1	(129.2%)
Fair value adjustment recovery, Senior Bonds, Series 04-A2	(1.8)	2.5	(4.3)	(172.0%)	7.4	6.9	0.5	7.2%
Capitalized Interest	(0.2)	(0.1)	(0.1)	NA	(0.3)	(0.1)	(0.2)	NA
Total Interest Expense on Long-Term Debt	156.3	139.4	16.9	12.1%	455.3	397.4	57.9	14.6%
Interest income on financial assets designated as FVTPL[1]	(11.1)	(13.5)	2.4	(17.8%)	(34.6)	(38.7)	4.1	(10.6%)
Other expense	-	(0.4)	0.4	100.0%	0.6	0.1	0.5	500.0%
Other income:								
Insurance proceeds	-	-	-	-	(2.4)	-	(2.4)	NA
Reclassification of gain and losses on cash flow hedges	(0.3)	(0.2)	(0.1)	50.0%	(0.7)	(0.6)	(0.1)	16.7%
Total Interest and Other Expenses	**144.9**	**125.3**	**19.6**	**15.6%**	**418.2**	**358.2**	**60.0**	**16.8%**

[1] Fair Value Through Profit or Loss

Interest expense on Bonds and Credit Facilities

Interest expense on the Company's senior bonds was higher for the three and nine months ended September 30, 2026, compared to the same periods in 2025, primarily due to interest expense on the issuance of $300.0 million of Senior Bonds, Series 25-A2, and $400.0 million of Senior Bonds, Series 25-A3, both issued on October 3, 2025 as additional leverage, as well as the issuance of $500.0 million of Senior Bonds, Series 26-A1 and $500.0 million of Senior Bonds, Series 26-A2, both issued on April 7, 2026 as additional leverage. Cash interest expenses on the Senior Bonds, Series 99-A6, Senior Bonds, Series 99-A7 and Senior Bonds, Series 00-A2, (the Real Return Bonds or **RRBs**) were higher compared to the prior year, mainly due to a higher increase in inflation. Interest expense on the Syndicated Credit Facility, as defined below, was lower for the three and nine months ended September 30, 2026, due to higher drawdowns on the facility in the prior year. Interest expense on the Company's junior bonds and subordinated bonds for the three and nine months ended September 30, 2026 was comparable to the same periods in 2025.

Non-cash inflation component of interest expense

During the three and nine months ended September 30, 2026, the non-cash inflation component of the RRBs was unfavourable and the non-cash accretion on Senior Bonds, Series 04-A2 was unfavourable compared to the same periods in 2025, in each case, mainly due to a higher increase in the consumer price index (**CPI**) level.

Fair value adjustment, Senior Bonds, Series 04-A2

The non-cash fair value adjustment to Senior Bonds, Series 04-A2 was favourable in the three months ended September 30, 2026 but unfavourable for the nine months ended September 30, 2026, compared to the same periods in 2025. The non-cash fair value adjustment recovery in the three months ended September 30, 2026 was primarily due to an increase in the nominal

discount rate while the increase in the nine months ended September 30, 2026 was primarily due to an increase in the break-even inflation rate (**BEIR**).

INTEREST INCOME ON FINANCIAL ASSETS

Interest income from cash balances and investments was lower in the three and nine months ended September 30, 2026 compared to the same period in 2025 due to lower interest yields on investments partially offset by higher average cash balances resulting from the issuance of additional leverage.

INTEREST AND OTHER EXPENSES OUTLOOK

Except for interest income, the non-cash inflation compensation component of interest expense relating to the RRBs and Senior Bonds, Series 04-A2 and the non-cash fair value adjustment on Senior Bonds, Series 04-A2, the Company expects interest expense on long-term debt for 2026 to be higher than 2025 due to the full year impact of senior bonds issued in 2025, as well as additional leverage in 2026. The Company expects 2026 interest income to be lower than 2025 due to a lower interest rate environment in 2026.

INCOME TAXES

The combined annual current and deferred effective tax rate is 26.5% in 2026, which is comparable to the prior year. Current income tax expense was higher in the three and nine months ended September 30, 2026, compared to the same period in 2025 primarily due to higher earnings before taxes. Deferred income tax expense for the nine months ended September 30, 2026, is higher compared to the same period in 2025 due to higher taxable temporary differences.

With the exception of the non-cash inflation compensation component of interest expense relating to the RRBs and Senior Bonds, Series 04-A2 and the non-cash fair value adjustment on Senior Bonds, Series 04-A2, the Company expects higher income tax expense due to higher earnings before taxes anticipated in 2026.

NET INCOME

During the three and nine months ended September 30, 2026, the Company recorded net income of $313.9 million and $773.0 million, respectively, representing an increase of $46.1 million and $154.4 million or 17.2% and 25.0%, respectively, compared to $267.8 million and $618.6 million, respectively, for the same periods in 2025 mainly due to higher revenues resulting from higher toll rates. These favourable amounts were offset by higher expenses, interest and other expenses and income taxes.

EBITDA

	Three months ended September 30				Nine months ended September 30			
	2026	2025	Change		2026	2025	Change	
Net Income	313.9	267.8	46.1	17.2%	773.0	618.6	154.4	25.0%
Add: Current income tax expense	112.4	100.5	11.9	11.8%	275.7	227.2	48.5	21.3%
Add: Deferred income tax expense	0.6	(4.1)	4.7	114.6%	2.5	(3.2)	5.7	178.1%
Add: Interest and other expenses	144.9	125.3	19.6	15.6%	418.2	358.2	60.0	16.8%
Add: Depreciation and amortization	28.0	28.3	(0.3)	(1.1%)	82.2	82.0	0.2	0.2%
EBITDA	**599.8**	**517.8**	**82**	**15.8%**	**1,551.6**	**1,282.8**	**268.8**	**21.0%**
EBITDA Margin	**87.9%**	**89.6%**		**(1.7%)**	**86.7%**	**84.9%**		**1.8%**

EBITDA Margin[(1)] decreased in the three months ended September 30, 2026, as a result of a downward revision to the estimated Schedule 22 Payment expense for the year 2025, which was reflected in the third quarter of 2025.

EBITDA Margin[(1)] increased in the nine months ended September 30, 2026, as a result of higher revenues.

[(1)]EBITDA and EBITDA Margin are non-IFRS Accounting Standards measures.

SUMMARY OF QUARTERLY RESULTS

Net Income and Net Income per Share	2026			2025				2024
(In $ Millions, except per share amounts)	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenues	682.0	616.1	491.8	497.1	577.9	523.5	410.0	438.0
Operating Expenses	82.2	67.1	89.0	93.0	60.1	79.6	88.9	68.2
Depreciation and amortization	28.0	27.0	27.2	27.9	28.3	27.1	26.6	27.3
Interest and other expenses	144.9	159.1	114.2	114.1	125.3	127.3	105.6	107.9
Income tax expenses	113.0	96.0	69.2	70.2	96.4	77.6	50.0	62.2
Net income	**313.9**	**266.9**	**192.2**	**191.9**	**267.8**	**211.9**	**138.9**	**172.4**
Net income per share (basic and diluted)	0.405	0.344	0.248	0.248	0.346	0.273	0.179	0.222

Toll and fee revenues are subject to seasonal fluctuations that may materially impact quarter-to-quarter financial results. As a result, one quarter's revenues are not necessarily indicative of another quarter's revenues. Seasonal and other trends affecting the Company's revenues include factors such as economic activity, recreational travel, weather conditions, pricing structure, fuel prices, trends related to work-from-home and remote work and traffic volumes on neighbouring infrastructure. In particular, this seasonality generally results in relatively lower revenues during the first and fourth quarter, and relatively higher levels of toll and fee revenues in the remaining quarters. Interest expense on the RRBs and Senior Bonds, Series 04-A2 is calculated based on changes in CPI; as such, interest expense in respect of the RRBs and Senior Bonds, Series 04-A2 will fluctuate due to the volatility of CPI.

STATEMENT OF FINANCIAL POSITION ITEMS

	As at September 30 2026	As at December 31 2025	Change
Total Current Assets	2,006.4	1,198.0	808.4
Total Non-Current Assets	4,553.5	4,624.2	(70.7)
Total Current Liabilities	1,112.2	728.3	383.9
Total Non-Current Liabilities	12,614.8	11,983.3	631.5
Total Shareholders' Deficit	(7,167.1)	(6,889.4)	(277.7)

Total current assets are comprised of cash and cash equivalents, restricted cash and investments, and trade receivables and other. The increase in current assets as at September 30, 2026 compared to December 31, 2025 was primarily due to an increase in cash and cash equivalents mainly from cash receipts, additional leverage from long-term debt, increase in trade receivables and other, and increase in current restricted cash and investments.

Total non-current assets are comprised of restricted cash and investments, other receivables, deferred tax assets, intangible assets and property, plant and equipment. Non-current assets as at September 30, 2026 were lower compared to the balance

as at December 31, 2025, mainly due to lower intangible assets and lower property, plant and equipment partially offset by an increase in the long-term restricted cash and investments.

Total current liabilities are comprised of trade and other payables, contract liabilities, lease obligations, accrued interest on long-term debt and the current portion of long-term debt. The increase in current liabilities as at September 30, 2026 compared to December 31, 2025 was mainly due to the reclassification of Senior Bonds, Series 16-A2 from long-term debt as this series is scheduled to mature within 12 months and an increase in accrued liabilities on long-term debt, together with an increase in contract liabilities partially offset by a decrease in trade and other payables and current portion of lease obligations.

Total non-current liabilities comprise lease obligations, deferred tax liabilities, and long-term debt. The increase in long-term debt as at September 30, 2026, compared with December 31, 2025, was mainly due to additional leverage represented by the issuance of $500.0 million of Senior Bonds, Series 26-A1 and $500.0 million of Senior Bonds, Series 26-A2, an increase in the non-cash inflation compensation component on the RRBs due to higher inflation, and an increase in non-cash fair value adjustment expense on Senior Bonds, Series 04-A2 due to a higher BEIR. These increases were partially offset by the reclassification of Senior Bonds, Series 16-A2 and the principal component of certain bonds payable within the next 12 months from non-current liabilities to current liabilities.

The Company's share capital and contributed surplus remained unchanged as at September 30, 2026, at $775.0 million (775,000,003 common shares issued and outstanding) and $29.6 million, respectively, compared to December 31, 2025.

LIQUIDITY AND CAPITAL RESOURCES

	Three months ended September 30			Nine months ended September 30		
	2026	2025	Change	2026	2025	Change
Cash flows from operating activities						
Receipts from customers	641.8	540.3	101.5	1,657.7	1,413.9	243.8
Payments to suppliers and employees	(105.5)	(50.7)	(54.8)	(239.0)	(172.2)	(66.8)
Cash generated from operations	536.3	489.6	46.7	1,418.7	1,241.7	177.0
Interest received	13.5	13.9	(0.4)	36.6	38.7	(2.1)
Interest paid	(125.7)	(127.7)	2.0	(390.6)	(371.3)	(19.3)
Income tax paid	(71.4)	(62.0)	(9.4)	(259.1)	(237.3)	(21.8)
	352.7	**313.8**	**38.9**	**805.6**	**671.8**	**133.8**
Cash flows from investing activities						
Additions to property, plant and equipment	(18.1)	(19.0)	0.9	(37.0)	(42.7)	5.7
Advance payment	-	(0.1)	0.1	(0.4)	(0.1)	(0.3)
Restricted cash and investments	(27.0)	(9.3)	(17.7)	(50.2)	(33.0)	(17.2)
Non-trade receivables and other	0.7	(1.0)	1.7	1.0	1.2	(0.2)
	(44.4)	**(29.4)**	**(15.0)**	**(86.6)**	**(74.6)**	**(12.0)**
Cash flows from financing activities						
Proceeds from long-term debt and credit facility	-	300.0	(300.0)	1,099.2	749.5	349.7
Debt issue costs	-	-	-	(7.3)	(2.7)	(4.6)
Repayment of long-term debt and credit facility	(4.5)	(4.3)	(0.2)	(113.9)	(363.1)	249.2
Repayment of lease obligations	(0.1)	(0.3)	0.2	(3.0)	(5.2)	2.2
Dividends paid to shareholders	(550.0)	(250.0)	(300.0)	(1,050.0)	(450.0)	(600.0)
	(554.6)	**45.4**	**(600.0)**	**(75.0)**	**(71.5)**	**(3.5)**
(Decrease) Increase in cash and cash equivalents	(246.3)	329.8	(576.1)	644.0	525.7	118.3
Cash and cash equivalents, beginning of period	1,241.4	548.2	693.2	351.1	352.3	(1.2)
Cash and cash equivalents, end of period	**995.1**	**878.0**	**117.1**	**995.1**	**878.0**	**117.1**

Cash and cash equivalents consist of cash, government treasury bills and provincial promissory notes with maturities of three months or less and are used for working capital and other general corporate purposes.

CASH FLOWS GENERATED FROM OPERATING ACTIVITIES

Cash flows generated from operating activities increased for the three and nine months ended September 30, 2026 compared with the same periods in 2025, mainly due to higher cash receipts driven by increased operating revenues. This favourable variance to cash flow from operations was partially offset by higher corporate income tax payments, mainly due to higher earnings before taxes and payments related to the prior year, higher cash payments for operating expenses reflecting increased operating expenses as well as the payment of the 2025 Schedule 22 amount and higher interest payments on the Company's debt primarily due to additional debt issued in the prior year and the refinancing of certain existing debt at higher coupon rates. Interest income received from investments and cash balances was lower for the three and nine months ended September 30, 2026 compared with the same periods in 2025 due to lower yields on investments.

CASH FLOWS USED IN INVESTING ACTIVITIES

Cash used in investing activities for the three and nine months ended September 30, 2026, was higher than in the same periods in 2025. For the third quarter of 2026, the increase to restricted cash was primarily due to higher contributions to debt service funds, partially offset by lower interest received. For the nine month period, the increase to restricted cash was mainly attributable to higher contributions to debt service funds and the establishment of debt service reserve funds, partially offset by coupon payments, transfers of excess reserves to the general fund, and interest received on investments and cash balances. Additions to property, plant and equipment and intangible assets for the three and nine month periods were slightly lower than in the same periods in 2025, mainly due to the timing of payments. Non-trade receivables decreased in both the three and nine months ended September 30, 2026, compared with an increase in the three months and a decrease in the nine months ended September 30, 2025.

CASH FLOWS USED IN FINANCING ACTIVITIES

Cash used in financing activities were higher for the nine months ended September 30, 2026, compared with the same period in 2025. The unfavorable variance was primarily due to higher dividends and debt issuance costs payments, partially offset by increased proceeds from additional leverage and lower debt and lease repayments. For the three months ended September 30, 2026, financing activities incurred a higher cash outflow compared the same period in 2025, driven equally by the absence of debt issuance proceeds and an increase in dividends payments.

LIQUIDITY OUTLOOK

The Company expects to maintain sufficient liquidity and to generate cash from operations to meet all of its ongoing obligations and to pay dividends to its shareholders, as and when determined by the Board of Directors of the Company (**Board**). The Company expects to gradually increase debt, while maintaining existing credit ratings on all debt obligations and being in compliance with the terms of 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 additional leverage, when incurred, will be used to fund operating and capital expenditures, to pay interest to debtholders, and to pay income tax while maintaining sufficient debt service coverage ratios.

OTHER LIQUIDITY INFORMATION

Certain Events of Default under the Indenture would allow bondholders to declare the bonds to be immediately payable. These Events of Default are described in the Company's AIF available at **SEDAR+** (sedarplus.ca).

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Financial instruments used by the Company consist of cash and cash equivalents, restricted cash and investments, trade receivables and other, trade and other payables, long-term debt and derivative financial instruments.

RESTRICTED CASH AND INVESTMENTS

Restricted cash and investments are required to be maintained in reserve accounts under the Indenture and various supplemental indentures for the benefit of the bondholders. Restricted cash and investments consist of cash, bankers' acceptance notes, bank bonds, guaranteed investment certificates, floating rate notes, treasury bills and provincial promissory notes with, from time to time, both short-term and long-term maturities.

SYNDICATED CREDIT FACILITY

The Company has a credit agreement establishing a syndicated credit facility with four Canadian chartered banks (**Syndicated Credit Facility**). The Syndicated Credit Facility will be used to refinance existing debt, fund future operating and capital expenditures, make interest and tax payments and for general corporate purposes. The obligations under the Syndicated Credit Facility rank *pari passu* with the senior debt of the Company. The Syndicated Credit Facility is a sustainability linked loan with three key performance indicators (**KPIs**) (greenhouse gas emissions, Board diversity and employee health and safety) and related targets to be measured against on an annual basis. Annual favourable or unfavourable pricing adjustments to the drawn and undrawn portion of the Syndicated Credit Facility will be made depending on if the targets for each KPI have been met. The amount available to be drawn under the Syndicated Credit Facility is $800.0 million. The Syndicated Credit Facility bears interest at floating rates based, at the option of the Company, on the prime rate for Canadian dollar loans, and the Term Canadian Overnight Repo Rate Average advances, plus an applicable fixed margin. The Company paid an upfront fee in respect of the Syndicated Credit Facility and is also obligated to pay a commitment fee, calculated on the undrawn portion of the Syndicated Credit Facility.

As at September 30, 2026, the Company had drawn $nil ($nil as at December 31, 2025), under the Syndicated Credit Facility.

LONG-TERM DEBT

Long-term debt was used to finance the acquisition of Highway 407 ETR from the Province and to finance the construction of Highway 407 ETR extensions, deferred interchanges, widening projects, operating and capital expenditures, interest to bondholders, corporate income tax payments and other general corporate purposes.

DERIVATIVE FINANCIAL INSTRUMENT

Senior Bonds, Series 04-A2 is a derivative financial instrument and is reported at fair value. The Company is obligated to make semi-annual cash payments to the holders of Senior Bonds, Series 04-A2 (consisting of principal and interest), determined by the product of $13.0 million and the applicable CPI at the time of payment divided by the applicable CPI at time of issue.

EARNINGS COVERAGE

Earnings coverage is calculated as income before income tax expenses and interest expense on long-term debt less interest expense on long-term debt. Earnings coverage ratio is income before income tax expenses and interest expense on long-term debt, divided by interest expense on long-term debt. Earnings coverage and earnings coverage ratio are provided pursuant to and in compliance with National Instrument 44 -102 *Shelf Distributions* of the Canadian Securities Administrators.

	Twelve month period ended September 30			
	2026	2025	Change	
Income before income tax expenses and interest expense on long-term debt	1,895.6	1,598.4	297.2	18.6%
Interest expense on long-term debt	582.3	521.2	61.1	11.7%
Earnings Coverage	**1,313.3**	**1,077.2**	**236.1**	**21.9%**
Earnings Coverage Ratio	**3.26X**	**3.07X**		

The Company's earnings coverage ratio is different from the Company's debt service coverage ratio under the Indenture.

Overview of Current Operations

Construction

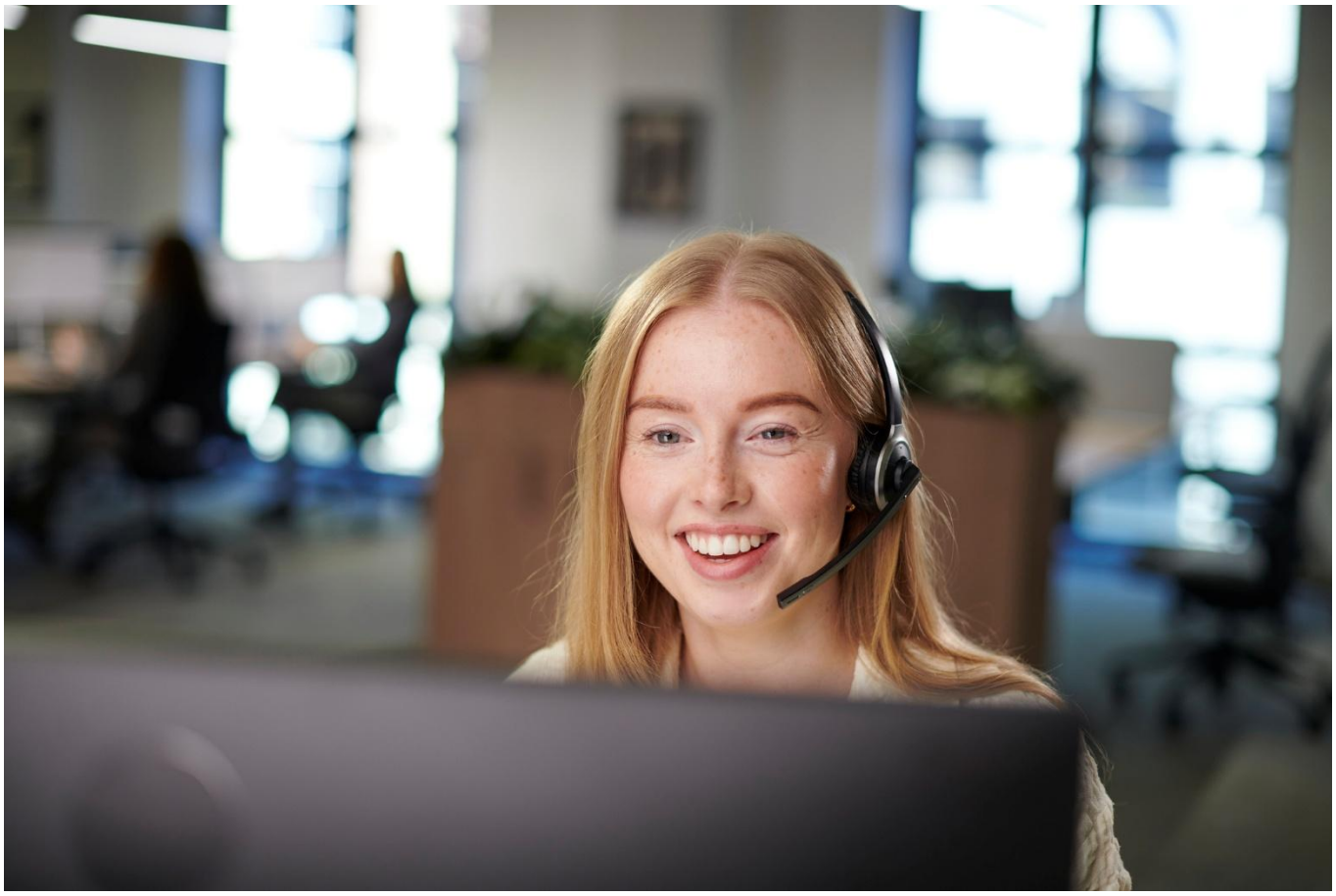


The Company makes improvements to Highway 407 ETR as needed through construction projects designed to increase capacity and improve traffic flow and customer convenience, including investments in adding new lanes, as required. The Company also regularly undertakes various rehabilitation initiatives designed to improve and replace existing elements of Highway 407 ETR infrastructure to continue to provide customers with fast, safe and reliable travel.



During the third quarter of 2026, the Company continued to execute its technology modernization roadmap, advancing strategic investments across core business platforms, digital services, data and analytics capabilities, and supporting infrastructure. These investments supported operational efficiency, enhanced customer and employee capabilities, improved the resilience and security of technology services, and strengthened the Company's ability to support future business objectives.

CUSTOMER SERVICE



The Company prides itself on delivering a world-class experience on and off the roadway. When it comes to customer service channels, the Company provides convenient self-service options for payments and updates through its website, interactive voice response automated telephone attendant, and text or email. Approximately 79.5% of the Company's customers are currently set up with paperless billing, which helps facilitate better account management and lower costs.

The Company's customer service representatives answer calls while the digital support specialists facilitate live artificial intelligence (AI) chatbot conversations with customers and the general public. Digital contacts through the third quarter of 2026 are currently at 45%, compared to 65% during the third quarter of 2025.

The Company invited a select group of customers to pilot a new loyalty program “ETR Rewards” and have been testing to ensure the program delivers the best experience before a broader launch next year. Approximately 50,000 customers have received invitations to date, with additional customers being added as the pilot expands.



In the third quarter of 2026, 407 ETR continued to advance its community investments through initiatives that strengthen the social, cultural and economic well-being of communities across the Greater Toronto Area.

In August, the Company announced a $2.2 million multi-year partnership with the Toronto Symphony Orchestra (TSO). As the inaugural Presenting Partner of **Symphony Where You Are**, 407 ETR's commitment is the largest corporate sponsorship in community programming in the orchestra's history and will bring more community-based musical experiences beginning in Brampton and later expanding to Markham and Scarborough. The partnership kicked off at the TSO Open House & Free Community Concert powered by 407 ETR on September 26, 2026. The free public event welcomed more than 4,000 attendees, providing access to live musical performances, interactive activities and opportunities to experience the orchestra in an inclusive and accessible environment.

In addition, the Company continued to invest in community engagement opportunities across the GTA through longstanding partnerships including the National Bank Open, where it served as the 407 ETR Family Weekend partner. The Company joined the Ontario Honda Dealers Indy Markham as the official highway sponsor and presenting sponsor of Thunder Alley. The Company also supported Hockey Night in Brampton for the second year in support of the William Osler Health System Foundation's campaign to build Brampton's second hospital. Together, these initiatives helped strengthen community connections and support the well-being of residents across the GTA.

Environmental, Social and Governance (ESG) Reporting



In the third quarter of 2026, the Company's MSCI ESG Rating was upgraded from 'BBB' to 'A', reflecting the Company's continued efforts to strengthen its ESG strategy, governance practices, and reporting quality. The improved rating recognizes ongoing enhancements to the Company's ESG management approach, including greater transparency, expanded performance disclosures, and the integration of ESG considerations into business decision-making. The upgrade further validates the progress made in aligning the Company's sustainability initiatives with evolving stakeholder expectations and leading ESG practices. The Company's 2026 Sustainalytics ESG rating was still maintained at Low Risk.

The Company also commenced the use of renewable diesel across its fleet as part of its broader emissions reduction strategy. Renewable diesel is expected to contribute to lowering greenhouse gas emissions associated with fleet operations while supporting the Company's transition toward lower-carbon transportation solutions. This initiative represents a meaningful step in advancing the Company's environmental objectives and demonstrates continued action toward achieving its 25% reduction target by 2030.

Together, these developments underscore the Company's ongoing commitment to responsible and sustainable growth.

Risks and Uncertainties

The risks and uncertainties and risk management practices of the Company, including risks related to toll revenues, operations and maintenance, information technology, and climate change are described in the AIF available at **SEDAR+** (sedarplus.ca).

Credit Risk

Financial assets that are exposed to credit risk consist primarily of cash and cash equivalents, trade receivables and other, and restricted cash and investments.

The Company is exposed to credit loss in the event of non-performance by counterparties to derivative instruments that have a positive fair value, cash and cash equivalents, short-term investments and restricted cash and investments. The Company manages this risk by dealing with reputable organizations having high-quality credit ratings from independent credit rating agencies. The Board sets exposure limits and these are monitored on an ongoing basis.

Concentration of credit risk with respect to trade receivables is minimized due to the millions of accounts comprising the Company's customer base. The amounts disclosed in the statements of financial position are net of the allowance for Lifetime ECL and certain amounts that are billed to customers but excluded from revenues in accordance with the Company's revenue recognition policy for toll and fee revenues. The allowance for Lifetime ECL is estimated based on prior experience, anticipated collection strategies and ultimate recovery of balances for which collection is uncertain.

At September 30, 2026, the Company had $499.3 million (2025 - $460.4 million) in trade receivables net of revenue reserves that were greater than 90 days past due against which the Company has recorded an allowance for expected credit losses of $289.9 million (2025 - $276.8 million).

In accordance with the revenue recognition policy, toll revenues are recognized on the date trips are taken on Highway 407 ETR. Tolls and other charges are recorded in trade receivables as "Unbilled" until invoiced. The provision for Lifetime ECL is based principally on historical collection rates and Management's expectation of success rates for collection of overdue accounts by the Registrar through Licence Plate Denial, as well as Management's expectation of success rates for collection through collection agencies and legal proceedings. When a licence plate associated with a customer's unpaid 407 ETR account becomes unattached from the vehicle or expired, the Registrar is required to refuse to renew another single vehicle permit issued to the same customer or issue a vehicle permit to that customer. The legislation affording 407 ETR the right to Licence Plate Denial requires that a series of notices be sent to customers with delinquent accounts. This process takes a minimum of 150 days from the date an invoice is sent until a customer is subject to Licence Plate Denial, followed by up to one year before a customer's licence plate is subject to renewal. The Licence Plate Denial process, together with other collection strategies, are used for the collection of net trade receivables that are more than 151 days past due. The provision for Lifetime ECL could materially change and may result in significant changes to trade receivables balances as Management continues to monitor the collection of outstanding 407 ETR charges.

In addition to the collection of 407 ETR customers' overdue accounts through the Licence Plate Denial process, Management continues to assign certain delinquent accounts to third-party collection agencies utilizing various programs, employ internal collections staff and take legal action where necessary. In conducting collections litigation, 407 ETR may from time to time receive judicial decisions that impact its ability to recover delinquent amounts through civil proceedings and could result in a material change to the allowance for Lifetime ECL.

Management continuously monitors the collection of overdue accounts in determining the allowance for Lifetime ECL. The Company considers several factors affecting the likelihood of collection. In determining the collectability of customer accounts, the Company does not obtain information about the credit quality of customers whose accounts are not overdue or not impaired.

An increase of 1 percent in the weighted-average provision rate would have increased the provision for Lifetime ECL by approximately $6.8 million and $17.9 million (2025 - $5.8 million and $15.1 million) and decreased net income by approximately $5.0 million and $13.2 million (2025 - $4.2 million and $11.1 million) for the three and nine months ended September 30, 2026, respectively.

LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Cash flow projections are prepared by Management and reviewed by the Board to ensure sufficient continuity of funding. The Company

manages its liquidity risk by dispersing the contractual maturity dates of its financial liabilities, thereby ensuring the Company is not exposed to excessive refinancing risk during any given year. Further, the Company seeks to maintain an optimal level of liquidity through maximizing cash flows by actively pursuing the collection of its trade receivables and by controlling the level of operating and capital expenditures. Cash and cash equivalents and restricted cash and investments are invested in highly-liquid interest-bearing investments.

The following are the Company's commitments, contractual maturities and related interest obligations as at September 30, 2026:

	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	142.1	-	-	-	-	-
Contract liabilities	32.5	-	-	-	-	-
Lease obligations	0.9	0.8	0.5	0.1	-	-
Interest payments on lease obligations	0.1	0.1	-	-	-	-
Long-term debt	759.4	379.9	431.7	333.5	360.5	10,405.0
Derivative financial liability	16.1	16.1	16.1	16.1	16.1	128.6
Interest payments on long-term debt	542.9	514.1	504.8	472.3	465.6	6,102.3
	1,494.0	**911.0**	**953.1**	**822.0**	**842.2**	**16,635.9**

Interest payments on long-term debt and lease obligations are funded by proceeds from long-term debt and the Company's cash generated from operations.

Debt Rating Risk

The Company seeks to maintain an appropriate debt rating to ensure access to capital on commercially reasonable terms to finance its operating and capital expenditures and interest payments to bondholders, provide an appropriate investment return to its shareholders and refinance its existing indebtedness without, in each case, exceeding its debt capacity or resulting in a downgrade to the credit ratings assigned to its existing indebtedness. The Company's ability to do so depends upon a number of factors, including, among other things, market conditions, rating agencies' criteria and the Company's debt structure. To control this risk, Management is focused on maintaining an optimal level of liquidity through maximizing cash flows by actively pursuing the collection of its trade receivables and by controlling operating and capital expenditures.

Interest Rate Risk

As at September 30, 2026, all long-term debt is fixed rate debt (except for the inflation-linked bonds as described below); therefore, changes in interest rates do not impact interest payments on the Company's current bonds but may impact the fair value of such long-term debt.

The Company also manages this risk by investing its cash and cash equivalents and restricted cash and investments in debt instruments with credit ratings equal to or higher than those required by the Indenture. A decrease of 25 basis points in interest rates would have decreased interest income by approximately $1.3 million and $3.7 million (2025 - $0.9 million and $2.9 million) and net income by approximately $1.0 million and $2.8 million (2025 - $0.7 million and $2.2 million) for the three and nine months ended September 30, 2026.

Inflation Risk

The Company is exposed to inflation risk as interest expense and debt service payments relating to RRBs and Senior Bonds, Series 04-A2 are linked to the CPI. An increase of 50 basis points in the CPI would have increased interest expense by approximately $7.5 million (2025 - $7.4 million), decreased net income by approximately $5.5 million (2025 - $5.4 million) and increased debt service payments by approximately $0.7 million and $1.0 million, respectively (2025 - $0.2 million and $0.4 million, respectively) for the three and nine months ended September 30, 2026. BEIR is highly volatile and may lead to significant changes in the fair value of Senior Bonds, Series 04-A2 that may not be representative of actual inflation paid or to be paid to the Senior Bonds, Series 04-A2 bondholders. An increase of 10 basis points in the BEIR would have increased interest expense by approximately $2.9 million (2025 - $3.3 million) and decreased net income by approximately $2.1 million (2025 - $2.4 million) for the three and nine months ended September 30, 2026. A decrease of 10 basis points in the BEIR would have reduced interest expense by approximately $2.9 million (2025 - $3.3 million) and increased net income by approximately $2.1 million (2025 - $2.4 million) for the three and nine months ended September 30, 2026. This inflation risk is partially mitigated by the Company's ability to increase toll rates.

Accounting Matters

Accounting Policies

The Financial Statements are prepared in accordance with IFRS Accounting Standards. The Company has identified the accounting policies and estimates that are critical to the understanding of the Company's operations and financial results, which have been disclosed in the Financial Statements.

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**)

In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7 which became effective beginning January 1, 2026. The standard has been adopted and there is no material impact on the Financial Statements. 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.

Future Changes in 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. The standard will introduce changes to the presentation of the statement of income and comprehensive income, as well as the statement of cash flows. In the Statement of Income and Comprehensive Income, the Company will present additional line items and subtotals, including an operating profit or loss subtotal. Enhanced disaggregation of income and expenses will also be required. In the Statement of Cash Flows, changes in classification and presentation of certain cash flows will affect the grouping and labelling of operating, investing, and financing activities.

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 finalizing its assessment of the impact of IFRS 18 on its financial reporting and expects

to adopt the standard at its effective date using the transition provisions provided in the standard. Comparative information will be restated to reflect the requirements of IFRS 18.

Critical Accounting Estimates

The preparation of the Financial Statements in conformity with IFRS Accounting Standards requires Management 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 notes accompanying the Financial Statements. Judgement is commonly used in determining whether a balance or transaction should be recognized in the 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. These estimates and associated assumptions are based on experience and other factors that are considered relevant. Actual results could differ materially from these estimates.

Related Party Transactions

Transactions with related parties are measured at their exchange amounts, which is the consideration agreed to by the parties.

The Company incurred the following operating expenses with related parties:

Related Party	Relationship	Classification in the Financial Statements	Nature of transaction with the related party	Three months ended September 30 2026	Three months ended September 30 2025	Nine months ended September 30 2026	Nine months ended September 30 2025
Cintra Servicios de Infraestructuras SA	Subsidiary of shareholder	Operating expenses	Administration and consulting services	$ 0.3	$ 0.5	$ 1.0	$ 1.0
Webber Infrastructure Management Canada Limited	Subsidiary of shareholder parent	Operating expenses	Winter maintenance services	$ -	$ -	$ 9.5	$ -

Amounts owed to related parties were as follows:

Related Party	Relationship	Classification in the Financial Statements	Nature of transaction with the related party	As at September 30 2026	As at December 31 2025
Cintra Servicios de Infraestructuras SA	Subsidiary of shareholder	Trade and other payables	Administration and consulting services	$ 0.5	$ 0.3
Webber Infrastructure Management Canada Limited	Subsidiary of shareholder parent	Trade and other payables	Winter maintenance services	$ -	$ 4.7
Webber Infrastructure Management Canada Limited	Subsidiary of shareholder parent	Lease liability - current	Winter maintenance services	$ -	$ 2.4

The Company has future commitments comprised of a winter maintenance contract for $109.9 million for years 2026 through 2033 to a related party, Webber Infrastructure Management Canada Limited, a subsidiary of a shareholder parent company.

The Company entered into agreements with the following related parties for which no income or expense was recognized in the three and nine months ended September 30, 2026:

Related Party	Relationship	Nature of transaction with the related party
Ferrovial Corporate US, LLC	Shareholder parent	Licensing and professional services for artificial intelligence optical character recognition software to support licence plate reading
OM&R 407 East Development Group General Partnership	Subsidiary of shareholder	Bridge and infrastructure inspection services
Blackbird Maintenance 407 General Partnership	Subsidiary of shareholder	Bridge and infrastructure inspection services

Total expenses include employee salary and benefits of $17.6 million and $53.3 million (2025 – $17.6 million and $52.0 million), of which $0.3 million and $1.1 million (2025 - $0.3 million and $1.1 million) relate to short-term benefits of key management personnel for the three and nine months ended September 30, 2026, respectively. 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.

OVERALL OUTLOOK

The outlook for 2026 is positive with revenue growth driven by resilient traffic and higher toll rates and fees. The Company is focused on driving traffic growth and easing congestion on alternate routes across the region. The Company continues to send at least 1.6 million drivers an offer each month which will help increase traffic during times and sections of Highway 407 ETR that can accommodate more vehicles. At the same time, the Company will continue to strengthen its social licence to operate through greater investments in surrounding communities. The Company is also focused on managing expenses, while maintaining a high level of customer satisfaction and achieving efficiencies throughout the organization. As a result, 2026 earnings before income tax expense and interest expense are expected to be higher than 2025.