



# Annual Report 2025

**25** AÑOS  
EN MANOS  
PANAMEÑAS



CANAL DE PANAMÁ

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Agua Clara Locks

## Message from the President of the Board of Directors and Minister for Canal Affairs

### Jose Ramón Icaza Clément

I am honored to present to the nation a comprehensive overview of the management carried out by the Panama Canal during Fiscal Year 2025\*, a period in which we reaffirmed our mission to serve the country and the international community with efficiency, responsibility, and a forward looking vision. As I emphasized throughout my tenure as Minister for Canal Affairs and President of its Board of Directors during Fiscal Year 2025, the interoceanic waterway has remained grounded in the pillars of operational efficiency, resilience in the face of climatic challenges, and the unwavering commitment of more than 9,000 collaborators who work every day to ensure the continuity of this essential national asset.

The experience of confronting the El Niño phenomenon in 2024 strengthened our institutional obligation to rigorously manage water resources—vital both for the operation of the waterway and for supplying more than half of the country's population. During Fiscal Year 2025, we continued fulfilling this responsibility through actions that enhanced water administration efficiency and long term planning. The progressive recovery of water contributions to lakes Gatún and Alhajuela helped sustain operations, consistent with the projections we presented when submitting the Canal's budget for this period.

From a financial perspective, we executed the approved budget with discipline, delivering B/.2.965 billion to the National Treasury and projecting 13,404 transits for this



fiscal year. These figures reflect the strength and stability of the interoceanic waterway as a fundamental driver of Panama's economic development. Each projection was the result of responsible water management, operational efficiency, and the collective effort of those who support the Canal's operations.

Our national focus was also reflected in the strengthening of the hydrographic basin, whose delimitation process—presented in Fiscal Year 2024 as a strategic national achievement—continued advancing in its integration into Panama's water resource planning. This instrument has become the foundation for evaluating long term projects, such as the Río Indio initiative, designed to ensure water for both human consumption and the operation of the waterway. This comprehensive basin vision will continue guiding our decisions in the years ahead.

*\*Fiscal Year 2025: period from October 2024 to September 2025.*



Cruise ship transiting the Panamax locks

During the final quarter of the period, we reinforced our presence in basin communities through actions aimed at improving access to potable water and strengthening essential infrastructure—initiatives fully aligned with the strategic importance this territory holds for the country's water future. These interventions reflect our commitment to the communities that coexist with the waterway and ensure that the Canal's sustainability progresses hand in hand with community well being.

Moreover, we successfully concluded Fiscal Year 2025 by announcing an ambitious roadmap for the next decade, designed to strengthen our strategic role in global trade, ensure sustainability, and generate tangible benefits for the population.

In addition to bolstering water security, this roadmap includes business diversification and expanded transport capacity without increasing water consumption. Through these measures, we aim to capture the greatest possible value from the route and maintain the Canal as the preferred option for our customers.

Fiscal Year 2025 confirmed, through concrete actions and results, that the Panama Canal is a national project. Its strength lies in its people, its vision for the future, and its unwavering commitment to Panama's development. With institutional discipline and strategic clarity, we continue honoring the historic responsibility of managing, safeguarding, and projecting this asset that belongs to all Panamanians.

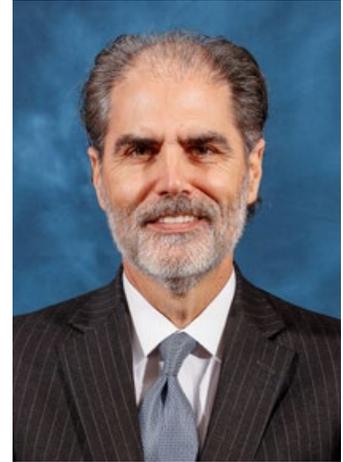
## Board of Directors



**Jose Ramón Icaza Clément**  
President of the Board of Directors



**Nicolás González Revilla**  
Director



**Ricardo Manuel Arango**  
Director



**Luis Navas Pájaro**  
Director



**Óscar Ramírez**  
Director



**Laury Melo de Alfaro**  
Director



**Jorge L. González**  
Director



**Dora M. Perez Balladares B.**  
Director



**Enrique Sánchez Salmon**  
Director



**Francisco Sierra Fábrega**  
Director



**Nelson Jackson Palma**  
Director

*\*Members of the Board of Directors for fiscal year 2025  
(October 1, 2024 to September 30, 2025).*

# Message from the Administrator of the Panama Canal

## Ricaurte (Catín) Vásquez Morales

The performance of the Panama Canal during Fiscal Year 2025 confirms the institution's ability to maintain a safe, efficient, and resilient operation in the face of today's global challenges.

Operationally, the interoceanic waterway moved 489.2 million PC/UMS tons through 13,404 transits, results that reflect a progressive recovery in commercial flow and the effectiveness of the protocols implemented to manage lockage cycles under scenarios of climate variability. Dynamic transit scheduling, adjustments to booking slots, and hydrometeorological monitoring ensured that operations remained stable without compromising water availability for human consumption.

From a financial perspective, the Canal recorded B/5.705 billion in total revenue, supported by an operating matrix that prioritizes resource efficiency, service reliability, and a rate structure aligned with the parameters established in multiyear projection models. These results enabled the transfer of B/2.965 billion to the National Treasury, in addition to generating B/4.241 billion in direct and indirect contributions to the country's economy. This performance reaffirms the fiscal strength of the waterway and its strategic importance to Panama.

In terms of water planning, significant progress was made in consolidating technical instruments derived from the expanded boundary of the hydrographic basin, integrating inputs that strengthen the assessment of structural projects such as the Río Indio reservoir, which aims to increase storage capacity and enhance the operational reliability of the waterway amid extended drought cycles.



This year also marked a decisive milestone with the presentation of the Future Vision 2025-2035 strategy, a roadmap that guides the modernization of the Canal through investments exceeding B/8 billion. Key initiatives include increasing water capacity through new storage systems; diversifying logistics services without increasing water use; developing the Interoceanic Energy Corridor, which will enable the movement of energy products between both oceans without transiting through the locks; and integrating the Port of Corozal into the intermodal network through road and rail infrastructure. The strategy is grounded in principles of transparency, international competitiveness, and the strengthening of national capabilities, with a particular emphasis on the social development of communities within the Canal watershed.

Finally, it is essential to acknowledge the decisive role of our more than 9,000 employees. Their technical expertise, operational discipline, and commitment to safety and

An aerial photograph of a large container ship, the 'CMA CGM' vessel 'CMA CGM LA BELLA', transiting the Panama Canal. The ship is heavily loaded with colorful shipping containers and is moving through the narrow waterway. The surrounding area includes canal infrastructure, buildings, and greenery. A dark blue banner is overlaid on the top left of the image.

## Containership Transiting the Expanded Canal

efficiency standards form the foundation upon which every achievement this year was made possible. Thanks to their professionalism, the Canal maintains its position as critical infrastructure for the country and for global maritime trade.

Fiscal Year 2025 reaffirms that the management of the Panama Canal is rooted in informed decision-making, strategic planning, and rigorous operations. With these pillars, the institution is prepared to face the challenges of the coming years and continue contributing to Panama's stability, development, and competitiveness.

## Senior Management Team



**Ricaurte Vásquez Morales**  
Administrator



**Rubén G. Pérez**  
Vice Presidency for  
Human Capital



**Agenor Correa P.**  
Vice Presidency for  
General Counsel



**Ilya Espino de Marotta**  
Deputy Administrator and  
Sustainability Officer



**Luis A. Rovira R.**  
Vice Presidency for  
Water Resources  
Management



**John D. Langman K.**  
Vice Presidency for  
Water Projects

*\*Members of the senior management team for the fiscal year 2025,  
from October 1, 2024, to September 30, 2025.*



**Salvatore F. Bacile L.**  
Vice Presidency for  
Corporate Affairs



**Miguel A. Lorenzo F.**  
Vice Presidency for  
Infrastructure and  
Engineering



**Eduardo A. Quirós B.**  
Vice Presidency for Communication  
and Corporate Image



**Víctor Vial C.**  
Vice Presidency for  
Finance



**Boris M. Moreno V.**  
Vice Presidency for  
Operations



**Antonio A. Córdoba**  
Vice Presidency for  
Digital Transformation

# Advisory Board

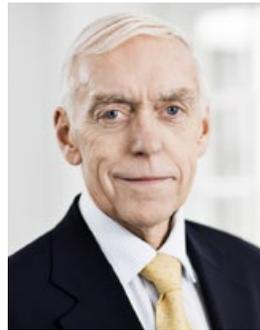
In view of the international service provided by the Panama Canal, the Office of the Secretary of the Board of Directors assumed the responsibility of acting as secretariat for the Advisory Board. As an advisory body, the members of the Advisory Board are primarily responsible for providing guidance and recommendations to the Board of Directors, which in turn guide the Canal Administration. This responsibility includes coordinating the scheduling and execution of its meetings. It also facilitates and fosters a fluid relationship and collaborative communication between the two bodies, ensuring their effective interaction so that the Advisory Board can fulfill its advisory role.

The Advisory Board is composed of prominent figures from the maritime and business worlds who meet at the invitation of the Board of Directors.

This fiscal year, the Panama Canal Advisory Board held its 37th and 38th meetings with the Board of Directors. These meetings took place in Panama City from November 19-21, 2024, and from April 1-3, 2025, respectively. Topics discussed included financial results; a new commercial strategy; technology; a succession plan; water forecasting; and Canal operations under extreme water conditions. The Advisory Board presented its recommendations at the end of the meetings.



**Almirante William J. Flanagan**  
(president)



**Flemming Jacobs**



**Salvador Jurado**



**Albert Nahmad**



**Joe Reeder**



**Mikio Sasaki**



**Tommy Thomsen**



**Anthony Chiarello**



**Wang Haimin**



**Hani Mahmassani**



**Patrick Murphy**



**Mario Maffei**



**Gerhard Kurz**



**Andrónico Luksic Craig**



**Richard Gabrielson**



**Eman Abdalla**



**Han Kyu Lim**

*\*Members of the Advisory Board for the fiscal year 2025, from October 1, 2024, to September 30, 2025.*

# The Panama Canal as an international logistics hub



## The Panama Canal's main trade routes (by tonnage):

- U.S. East Coast - Asia
- U.S. East Coast - South America's West Coast
- South America's West Coast - Europe
- South America's Intercostal route
- South America's East Coast - Asia



Nearly 3% of Global Maritime Trade Transits the Panama Canal.



The Canal connects 180 routes in 170 countries, through 1,920 ports worldwide.

# Strategic Focus

## Vision

Global connectivity leader and driver of Panama's progress.

## Mission

Contribute sustainably to Panama's prosperity, through our valuable team, connecting production with the global markets, to bring value to our customers.

## Strategic Objectives



### Objective 1

Grow our business by increasing the tonnage to generate more revenue.



### Objective 2

Diversify revenues through strategic businesses.



### Objective 3

Maximize business profitability through efficiency, productivity and effective risk management.



### Objective 4

Strengthen customer relations and business intelligence.



### Objective 5

Ensure water volume and quality for human consumption and for Canal operations.



### Objective 6

Guarantee the use of best business practices and good corporate governance.



### Objective 7

Transform the organization by developing its capabilities and competencies.



### Objective 8

Proactively strengthen the image, respect and credibility of the Canal.

## Values

Transparency • Reliability • Responsibility • Honesty • Loyalty • Competitiveness



## Annual Key Results

- **PC/UMS tonnage: 489.2 million**
- **Transits: 13,404**
- **Total revenue: B/.5.705 billion**
- **Workforce: 9,014 employees**
- **Direct contributions to the National Treasury: B/.2.965 billion**
- **Total contribution to the national economy: B/.4.241 billion**
- **Direct contribution of the Canal to the Gross Domestic Product (GDP): 3.4%**



Tugboat assisting a vessel in the expanded locks



## Future Vision 2025-2035

### A Strategy for the Development of Panama and Its Canal

In September 2025, the Panama Canal presented a decade-long transformation strategy aimed at strengthening its role as a driver of global trade, ensuring long-term operational sustainability, and generating tangible benefits for the Panamanian population.

This roadmap is built on two main pillars: (1) safeguarding water security through increased storage capacity, and (2) promoting sustained growth by diversifying logistics services without increasing water consumption.

The strategy includes an investment of more than B/8 billion in strategic projects that will boost the national economy, generate employment, and contribute higher annual transfers to the State—resources that can support social programs.

Among these initiatives, the development of the Río Indio lake stands out. This project will ensure water supply for more than one million Panamanians and enhance the reliability of transits through the waterway, maintaining operational efficiency in the face of climate challenges.

A key pillar of this transformation is the Interoceanic Energy Corridor, which will incorporate a 76kilometer pipeline and two maritime terminals capable of moving

up to 2.5 million barrels of energy products per day between the Atlantic and Pacific Oceans without passing through the locks.

Additionally, progress continues on integrating the Port of Corozal into a landbased logistics platform connected by road and rail, strengthening Panama's position as an intermodal hub for regional trade.

Selection processes for concessionaires and companies participating in these projects are being designed with principles of transparency and international openness, including defined timelines for bidding and prefeasibility studies to attract global expertise.

Finally, the execution of these projects incorporates a social and inclusive development approach, with ongoing dialogue with communities, training programs, and the participation of local suppliers to strengthen national capacities.

Through this plan, the Panama Canal reaffirms its commitment to driving sustainable economic development, consolidating its role as strategic infrastructure for Panama and the international community.



**Human Capital**

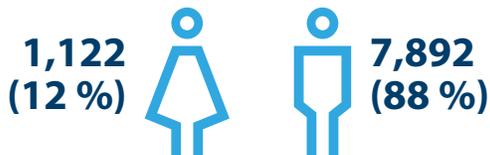
# Human capital management

## Staffing

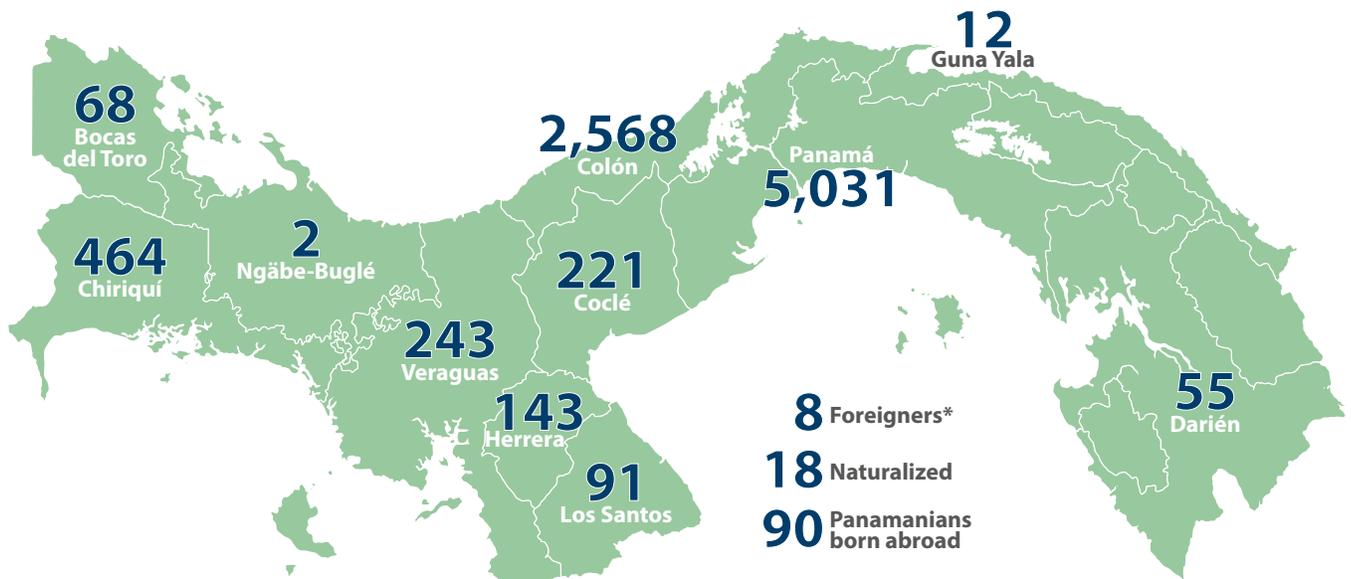
**9,014** employees  
**45 years** - average age

The Panama Canal is supported by a highly skilled workforce composed of top-level technical, administrative, and specialized personnel. Thanks to this talent, the organization continuously strengthens its institutional capacity, and develops programs that empower each employee to contribute to the achievement of strategic objectives and to the processes of corporate transformation.

## Diversity and Gender



## Employees by Province or Place of Origin



\*Permanent employees hired prior to December 31<sup>st</sup> 1999 with the right to continue working according to legal provision.

## Learning and Development

Human talent development remains a strategic pillar for operational efficiency and the sustainability of the Panama Canal, with training as an essential tool to raise performance standards, drive innovation, and ensure adaptability.

In the operational area, in-person and virtual training programs were implemented with an emphasis on the Locks Division, covering topics such as soft skills, technology use, and industrial technical competencies, benefiting 124 employees. Likewise, 138 workers participated in the English Language Leveling Program, aimed at strengthening communication skills among operational personnel. In total, 7,047 employees received training during this period, accumulating 478,270 training hours, reflecting the institution's commitment to continuous talent development.

The ACP prioritized continuity in technical development at the external level. This materialized through the agreement with ITSE, a key effort for the training of 292 students in specialized trades. Additionally, the math skills reinforcement program remained active, essential

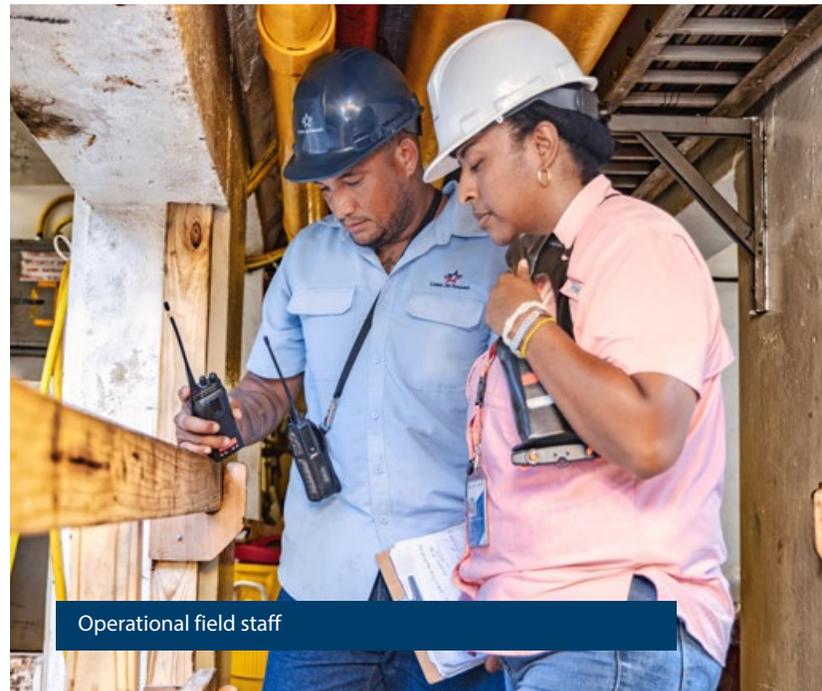
for the technical foundation of personnel. This program concluded with four call cycles (January, March, May, and July), impacting 243 participants with a total of 840 hours of instruction.

In terms of specialized maritime training, the Scale Model Ship Handling Center (CMBE), located in Summit, reaffirmed its position as an international benchmark. Since its creation more than nine years ago, the center has hosted Canal pilots as well as pilots from countries such as Mexico, Uruguay, Brazil, Trinidad and Tobago, and the United States, among others. During FY2025, essential maintenance work was carried out, including a comprehensive hull painting of the 1:25 scale tanker model, as well as a complete rehabilitation of the lake bottom and shores. These actions enhanced maneuvering precision and increased the realism of navigation practices, ensuring the continuity and quality of the program.

## Labor Management Plan

The Labor Management Plan stands out as a mechanism that reinforces meritocracy and internal mobility. This program has enabled employees to compete for permanent positions under a transparent, merit-based system, fostering a culture of competitiveness and professional growth. By opening opportunities to both permanent and temporary staff, the Labor Management Plan strengthens organizational resilience and ensures alignment with talent sustainability objectives.

In fiscal year 2025, 939 permanent positions were successfully filled, reflecting the effectiveness of this strategy. Of these, 356 correspond to hires of applicants or employees previously serving in temporary roles, while 583 represent placements of existing permanent employees. These results underscore Canal's commitment to workforce optimization and its proactive approach to addressing demographic shifts, ensuring that institutional knowledge and technical expertise remain at the core of its operations.



Operational field staff

## Collective Bargaining



The Canal is staffed by professionals with diverse expertise and educational backgrounds

On December 18, 2024, the Administration and the designated contact of the Maritime/Metal Trades Council, Exclusive Representative of the Non-Professional Workers Unit, notified of their intention to negotiate the entire collective agreement. As of September 30, 2025, the parties continue negotiations and 180 days have passed, corresponding to the first negotiation period.

On December 27, 2024, after a 6-week negotiation, the Panama Canal Administration and the Security Guards of the Panama Canal union signed their first collective agreement, valid for 6 years, with a basic salary adjustment of 19.5% over the term of the agreement: 2% in January 2025, 3.5% in 2026, 4% in 2027, 3.5% in 2028, 3.5% in 2029, and 3% in 2030.

On July 14, 2025, the Third Chamber of the Supreme Court of Justice revoked the decision of the Labor Relations Board regarding the stalled negotiations of the Collective Agreement for the Unit of Masters and Mates, which had decided the full text of the agreement that had come into effect on August 4, 2024. Therefore, the agreement effective from August 7, 2016 to August 6,

2020, remains in force, as provided in Article 76 of the Panama Canal Authority Labor Relations Regulations, and it is necessary to reverse actions taken during the term of the revoked agreement.

Negotiations of the Professional Workers Unit Agreement began on July 14, 2025, and concluded in 9 weeks with the signing of an agreement on October 15, 2025. The new agreement is valid for 6 years, with a basic salary adjustment of 21%, which corresponds to 3.5% each year, starting in January 2026.

Additionally, during the fiscal year 2025, the Collective Bargaining Agreement applicable to the Panama Canal Pilots was extended until the last day of the last pay period of the leave administrative year 2027.

## Occupational Health and Safety: Our Priority



We believe in a culture of preventive health, which is why we conducted more than 350 training sessions for operational and administrative personnel. We also organized Health and Safety fairs across various operational areas, the First Cardiovascular Forum, and the Second Mental Health Congress—events that featured the participation of nationally and internationally recognized physicians and specialists.

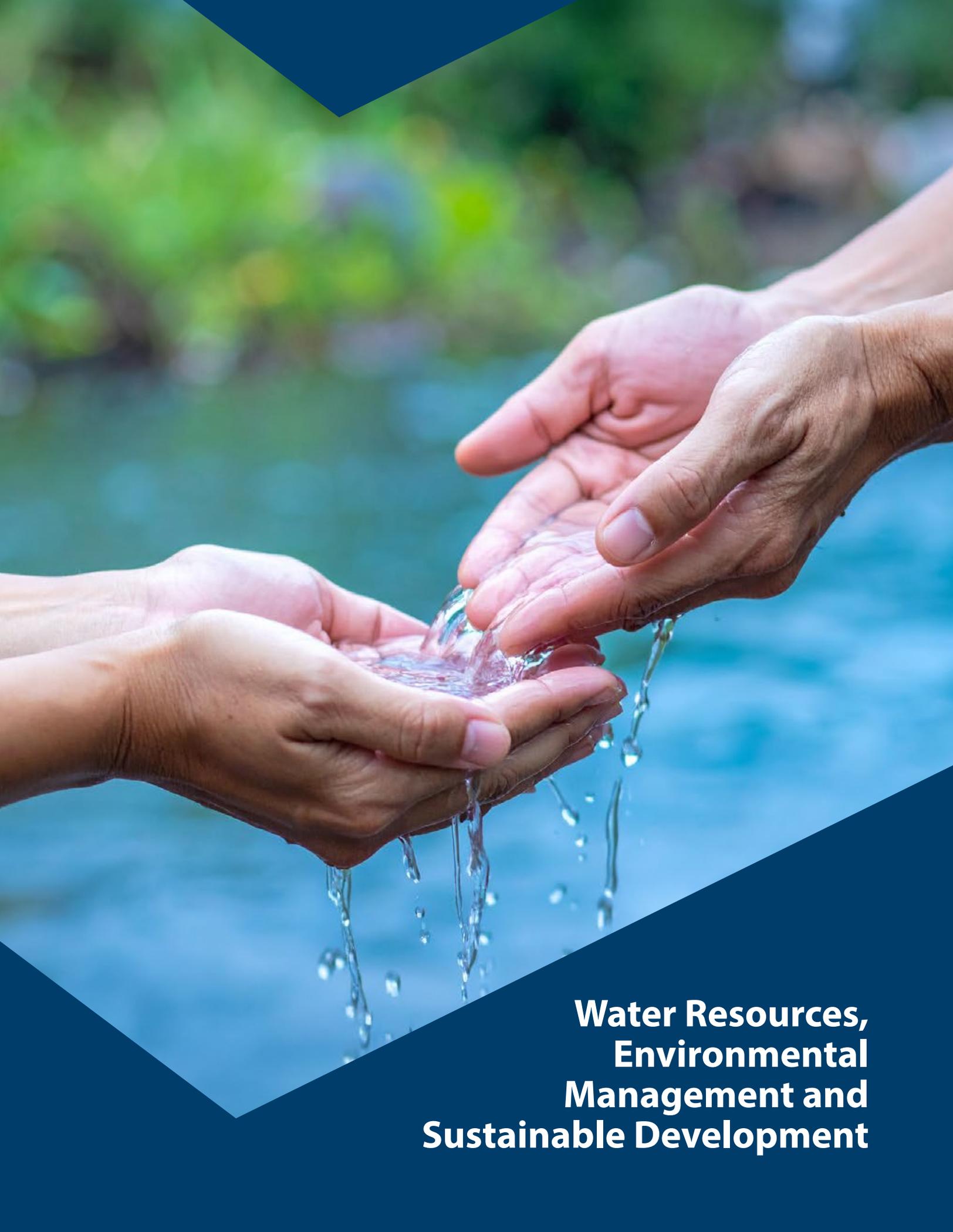
In terms of clinical services, 5,972 audiometries were performed, along with 7,277 daily nursing consultations and more than 4,600 physical examinations conducted by the Canal's medical and nursing staff. In the area of mental health, 989 individual psychology appointments were provided.

Our Health Improvement Program expanded its scope with evaluations for patients at cardiovascular risk, surpassing the goal of more than 700 patients with at least four follow up appointments, and achieving improvements in at least one health parameter for over 80% of them.

With regard to physical well being, we organized recreational and sports activities such as sports leagues, an open water marathon, *Canalero de Acero*, *Verano Feliz* (for dependents), powerlifting competitions, dance marathons, spinning, track and field competitions, and the Canal's First Triathlon. All these events have become true festivals that foster a spirit of healthy competition, strengthen Canal identity, and promote valuable exchanges of experience.

We also reaffirmed our commitment to safety as an organizational value by encouraging the participation of managers and leaders in communication activities such as safety meetings, joint inspections in work areas, and discussions on initiatives aimed at improving accident prevention in employees' daily tasks.

In this context, 134 activities were carried out by the management team, including meetings with work crews and participation in the Safety Committees of several operational units.



**Water Resources,  
Environmental  
Management and  
Sustainable Development**

## Water Resources

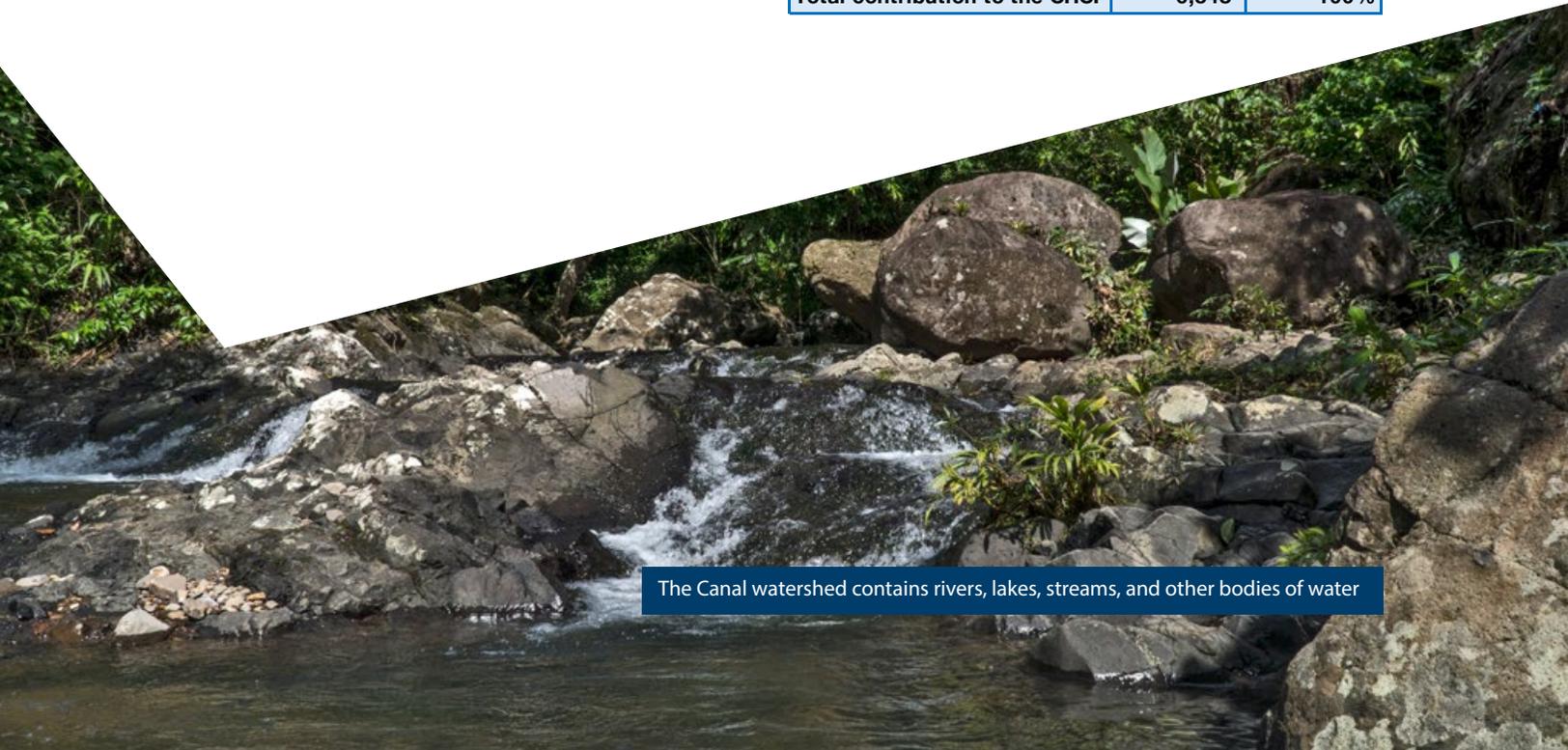
The reservoirs within the Panama Canal Watershed (CHCP) supply approximately 2.5 million inhabitants in the country, primarily concentrated in the provinces of Panama, Colón, and Panama Oeste. At the same time, these freshwater reserves sustain the operation of the waterway and support other socioeconomic purposes. During FY-2025, the Gatun and Alhajuela reservoirs maintained adequate water availability for human and industrial consumption. The average water level of Gatun reservoir during FY-2025 was 87.028 feet (26.53 m), which allowed the Canal to sustain the maximum allowable drafts, 50 feet at the Neopanamax locks and 39.50 feet at the Panamax locks.

### Water Balance

Total inflows to the Panama Canal Watershed (CHCP) during FY-2025 amounted to 6,348 hm<sup>3</sup> (201 m<sup>3</sup>/s), consisting of 5,866 hm<sup>3</sup> (186 m<sup>3</sup>/s) of net inflows and 482 hm<sup>3</sup> (15 m<sup>3</sup>/s) of reservoir evaporation losses. The total inflows to the CHCP during FY-2025 were 11% above the historical average of 181 m<sup>3</sup>/s. Water use at the Panama Canal locks during FY-2025 was 3,179 hm<sup>3</sup>, of which 3,167 hm<sup>3</sup> correspond to lockages and 12 hm<sup>3</sup> to salinity mitigation outflows. Of this volume, 53% (1,695 hm<sup>3</sup>) was used at the Panamax locks, and 47% (1,484 hm<sup>3</sup>) at the Neopanamax locks. The average daily water use at the locks was 8.68 hm<sup>3</sup> (100.42 m<sup>3</sup>/s).

**Table 1. Contribution of water sources to the Canal Watershed**

Source	Quantity of water (hm <sup>3</sup> )	% of total
Chagres river	1236	19.5%
Pequeni river	592	9.3%
Boqueron river	332	5.2%
Indio Este river	157	2.5%
Madden Local	417	6.6%
Alhajuela reservoir	100	1.6%
<b>Alhajuela reservoir sub-watershed</b>	<b>2,834</b>	<b>44.7%</b>
Gatun river	271	4.3%
Gatun Norte	724	11.4%
Ciri Grande river	305	4.8%
Trinidad river	268	4.2%
Cano Quebrado river	65.8	1.0%
Gatun Sur	786	12.4%
Gatun reservoir	1094	17.2%
<b>Gatun reservoir sub-watershed</b>	<b>3,514</b>	<b>55.3%</b>
<b>Total contribution to the CHCP</b>	<b>6,348</b>	<b>100%</b>



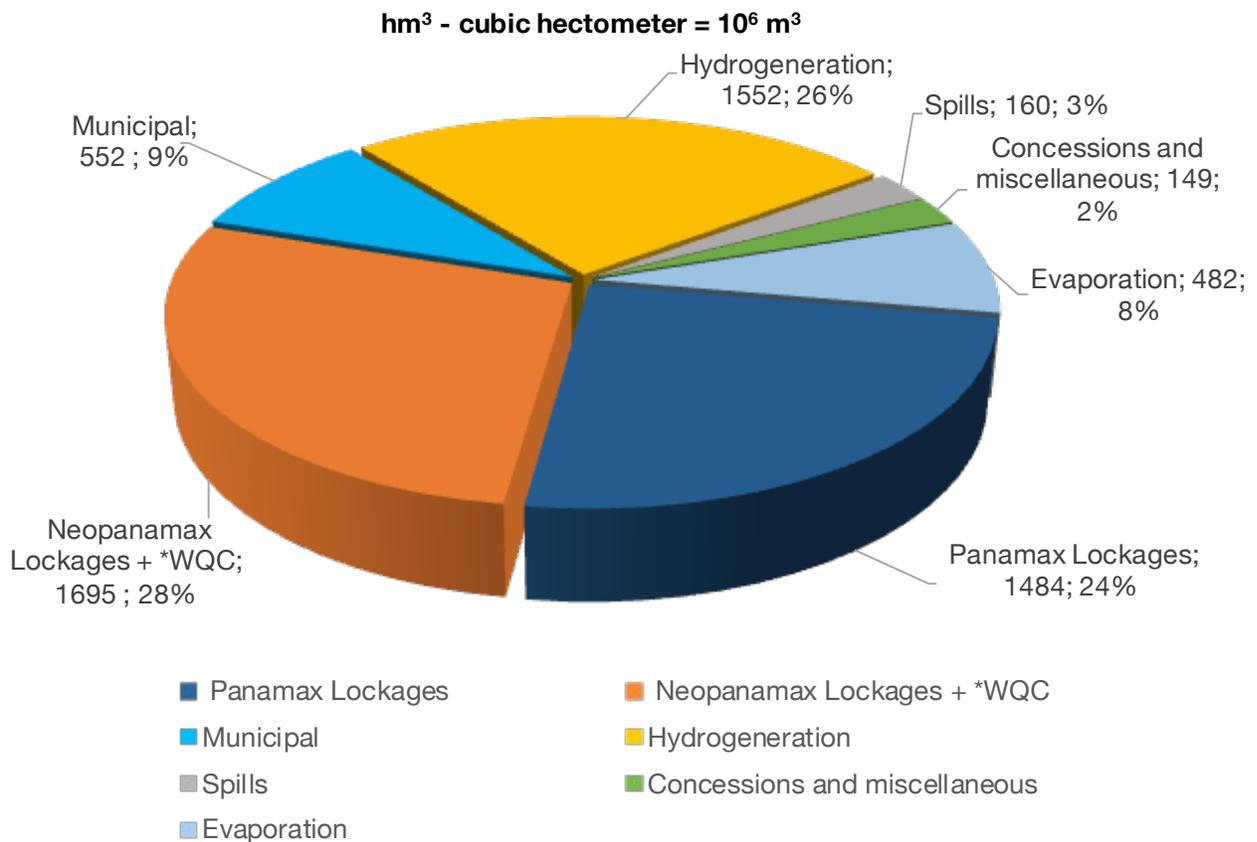
The Canal watershed contains rivers, lakes, streams, and other bodies of water

## Water Use

The water savings volume achieved during FY-2025 at the Panamax locks amounted 109 hm<sup>3</sup>, distributed as follows: Gatun locks, 0 hm<sup>3</sup> (0%), and Pedro Miguel locks, 109 hm<sup>3</sup> (100%). It is worth noting that this volume is equivalent to a water layer in Gatun reservoir of 0.82 feet (0.25 m). The average water use per Panamax vessel transit was 0.194 hm<sup>3</sup>, representing 88% of an equivalent lockage (EE). For a Neopanamax vessel transit, an average of 0.4368 hm<sup>3</sup> of water was required. Of this volume, 0.2432 hm<sup>3</sup> (56%) was consumed for Gatun reservoir water quality conservation (WQC) purposes.

The average daily salinity during FY-2025 in the Gatun reservoir navigation channel was 0.2403 practical salinity units (psu). Meanwhile, the weighted average salinity (SPV) was 0.2711 psu, representing a 18.4% decrease compared to the maximum historical average recorded in FY-2020. During FY-2025, a total of 274 hm<sup>3</sup> of water was stored and reserved, equivalent to 8.68 m<sup>3</sup>/s or 3.6 daily EE. This ensured reservoir stability while maintaining optimal conditions for vessel transit and potable water supply.

**Graph 1. Water use distribution (6,074 hm<sup>3</sup>).  
Panama Canal Watershed for fiscal year 2025**

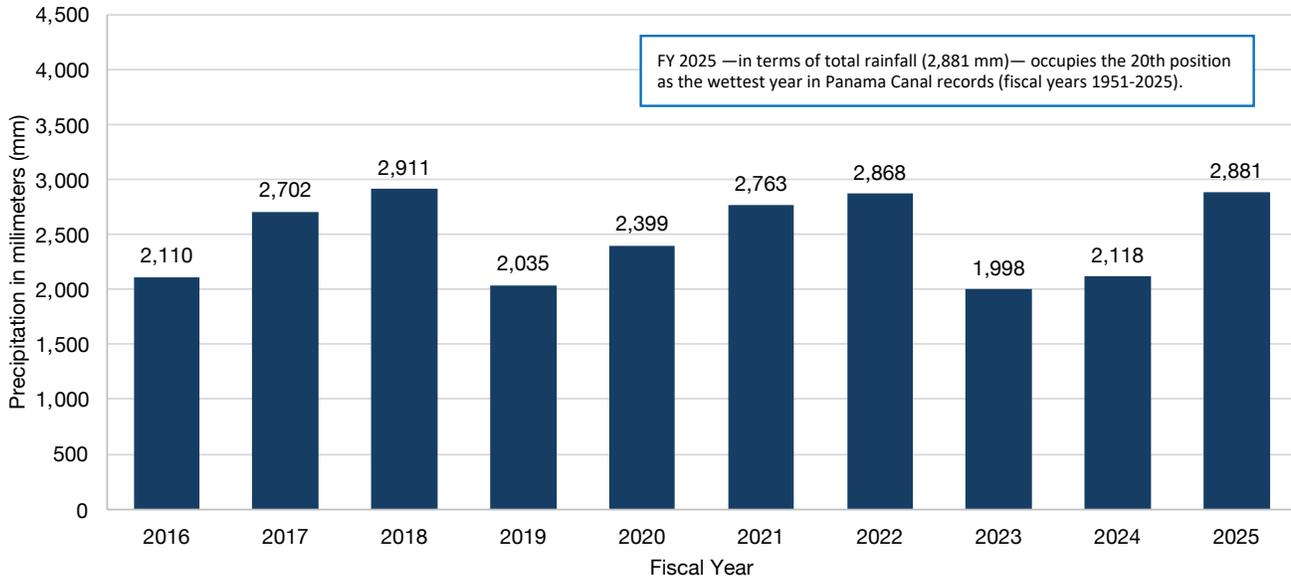


\*WQC: Water Quality Conservation

## Rainfall

For FY-2025, rainfall over the Panama Canal Watershed (CHCP) was 2,881 mm, 8.3% above the historical average of 2,659 mm. The surplus of 542 mm has been the 20th wettest recorded in the period 1951-2024.

**Graph 2. Precipitation by fiscal year from 2016 to 2025 in the Panama Canal Watershed**



## Our Water Treatment Plants: Serving the Population

We focus on ensuring the continuity and efficiency of our water treatment plants by prioritizing resource optimization and process improvement. These efforts helped limit unplanned interruptions, achieving an operational performance rate of 99.97%.

Our water treatment plants—Miraflores, Mendoza, and Monte Esperanza—produced a monthly average of 115 MGD (million gallons per day), supplying drinking water to approximately 591,000 people across the provinces of Panamá, Panamá Oeste, and Colón.

**Table 2. Water Treatment Plants – Supplied Flow**

Water Treatment Plant	Supplied Flow (million gallons per day)	Estimated Population Served
Miraflores	42 MGD	255 mil
Monte Esperanza	32 MGD	94 mil
Mendoza	41 MGD	242 mil
TOTAL	115 MGD	591 mil

The expansion of the Mendoza water treatment plant has reached 28% progress and is expected to be completed in February 2027. This expansion will benefit approximately 150,000 people.



## Wastewater Treatment Plants (WWTPs)

During FY 2025, contracts were managed for the operation and maintenance of 17 wastewater treatment plants, and work is currently underway on a new tender to provide maintenance for four additional plants, for a total of 21.

In addition, progress continues on the formulation of design and construction projects, including the wastewater treatment plant in Monte Esperanza, the Industrial Division, and the Gatún Island wastewater treatment plant.

## Socio Environmental Management and Protection



Interinstitutional meetings

During fiscal year 2025, the Interinstitutional Commission of the Panama Canal Watershed (CICH) held three Commissioners' meetings in which priority topics were addressed, including the reintegration of the Panama Canal into the western region of the watershed, the Río Indio reservoir project, and the Sustainable Development and Decarbonization Strategy (EDSD), along with the Indicative Environmental Land Use Plan (PIOTA) for the Eastern Region of the Panama Canal Hydrographic Basin (CHCP).

Among the most significant achievements was the meeting held on July 31, 2025, during which Resolution No. 006 was formally signed, officially adopting the EDSD and the PIOTA for the Eastern Region. This milestone consolidated both instruments as guiding mechanisms for policies, programs, and projects.

As part of its mandate, the CICH Executive Secretariat promoted awareness building activities for commissioners, focusing on the socio environmental management model, community participation, and territorial planning. These efforts included individual meetings, field visits to sustainable productive projects, and participation in watershed advisory councils.

Additionally, as one of the priority projects under the PIOTA, the Strategy for Rural Water and Sanitation Intervention for the Eastern Region of the CHCP was completed, with technical support from the Inter American Development Bank (IDB). This strategy aims to improve access to and the quality of water and sanitation services in the region.

A notable milestone was the conceptual design of the INFOCUENCA technological platform, developed in response to Panama's commitments under the United Nations Framework Convention on Climate Change (UNFCCC), as established in the Nationally Determined Contributions (NDC2, 2024). By 2026, the platform is expected to be fully structured to enable monitoring, tracking, and evaluation of the PIOTA.

## Environmental Compliance

During fiscal year 2025, the Environmental Compliance Unit completed 490 environmental follow up inspections in operational areas and 71 inspections in compatibility areas. In addition, 230 contractor deliverables were reviewed, and 43 Preliminary Environmental Assessments (PEA) were conducted for ACP projects. A total of 74 project approval processes (AP) within the Panama Canal watershed were also completed.

Environmental assessment and monitoring continue across all areas under the Canal's responsibility, with a firm commitment to strengthening the technical team's capabilities to effectively oversee future megaprojects, thereby ensuring responsible and sustainable environmental compliance.



Evaluation and follow-up of the Omar Torrijos Road Expansion Project, in coordination with the Ministry of Public Works.

## Success Story

In the project "*Study, Design, Construction, and Financing of the Quebrada Ancha – María Chiquita Road (Santa Rita – Sierra Llorona Section)*", the ACP actively participated in six interinstitutional inspections and four working sessions with the Ministry of Public Works. As a result, 10 surface crossings in the upper Chagres River watershed were protected, 32 hectares of forest were preserved, and three new plant species were recorded for the country: *Inga* sp., *Theobroma* sp., and *Selaginella* sp.



Three new species recorded for the country belonging to the genera *Inga* sp., *Theobroma* sp., and *Selaginella* sp.

## Water Quality Monitoring

The Environmental Quality team carried out more than 165 technical field visits and processed over 81,000 water quality analyses across regular and special programs, which included drinking water, wastewater, sediments, macroinvertebrates, rainwater, and environmental surveillance.

Monthly monitoring was maintained at 40 permanent stations within the Panama Canal Watershed, with more than 16,000 analyses performed.

Drinking water quality control was strengthened at the Miraflores, Monte Esperanza, and Mendoza water treatment plants through the execution of more than 46,000 analyses, including specialized studies of biological agents, cyanotoxins, and taste and odor compounds.

The Water Quality Surveillance and Monitoring Program of the Panama Canal Watershed (PVSCA CHCP) continued its implementation across 40 stations located in the Chagres, Pequení, Boquerón, Gatún, Ciri Grande, Trinidad, and Río Indio rivers; the Gatún, Alhajuela, and Miraflores reservoirs; and priority sub watersheds of the Tinajones, Caño Quebrado, Chilibre, and Los Hules rivers.

Additionally, 328 evaluations were conducted on wastewater treatment systems of floating equipment, in compliance with Annex IV of the MARPOL Convention (MEPC 55/64) and Standard 2610 HIP 111 regarding effluent discharges and verification procedures.



Water analysis of the Canal watershed

## Environmental Management System (EMS)

To ensure compliance with the requirements of the Environmental Management System (EMS), certified under ISO 14001:2015, two internal and two external audits were conducted during the year. As a result, progress was made in addressing 50 observations and improvement opportunities identified through these audits.

In an effort to strengthen continuous improvement in corporate environmental management, progress continued on the implementation of the Change Management Plan, whose upcoming milestones include the integration of the water treatment plants administered by the Canal.

## Environmental Management in the Expanded Watershed

This year, progress was achieved in interinstitutional coordination to transfer water use concessions in this area to the Panama Canal Authority, with the objective of protecting water resources within the territory.

During this fiscal year, the surface water and sediment monitoring program commenced in the watersheds of the Indio, Coclé del Norte, and Miguel de La Borda rivers. An inventory of economic activities is also planned, along with an environmental characterization of these sub watersheds, which will include a groundwater study.

These efforts will enable the establishment of a solid baseline for decision making and oversight, ensuring compliance with environmental regulations and promoting sustainable management of natural resources.



Monitoring of water and sediments in the Western Region area.

## Participatory Platforms

Participatory platforms constitute the primary mechanism for consultation and community engagement within the territories of the Panama Canal Watershed.

During fiscal year 2025, 24 Quarterly Assemblies of Watershed Advisory Councils (CCC) and 106 bimonthly Local Committee meetings were held, with participation from 2,174 individuals—55% of whom were women.

Key topics addressed in the assemblies included road infrastructure, environmental matters, electrification and connectivity, health, water, sanitation, security, and education.

This year marked the celebration of the “20<sup>th</sup> Anniversary of the Participatory Platform,” which included two regional gatherings—one in the Eastern sector and another in the Western sector—along with a central anniversary event.



20<sup>th</sup> Anniversary of the Participatory Platform

In commemoration of World Environment Day, the forum “Water Governance and Sustainability: A Balance for the Future” was held with the participation of approximately 550 people. The event aimed to create a space for knowledge exchange on the effects of hydrological climate variability and to analyze how public policies can help reverse this situation and strengthen water governance in the Panama Canal Watershed.



Commemoration of World Environment Day.

## Environmental Education

The Environmental Education and Culture Program (EyCA) carried out various activities aimed at both Canal employees and the educational community within the watershed. The objective is to strengthen environmental awareness among watershed residents and Canal personnel.

The following results are presented below:



**11**  
Water Regions in the ROR  
and ROCC



**58**  
Eco educational field trips



**184**  
Schools served



**2,145**  
Members of the educational  
community participating in eco  
educational field trips



**1,650**  
Students trained as  
Watershed Guardians



**933**  
Canal employees reached through  
**11** internal events



**54,738**  
Students and teachers reached  
through *Hechos del Canal*



**6,292**  
External engagements at **27** fairs



**60**  
Teachers and delegates graduated  
from the EyCA course



Teachers, members of the youth network, and community delegates who graduated from the High-Level Course in Environmental Education and Culture.

## Environmental Economic Incentives Program

In the areas of Environmental Restoration and Sustainable Production, various projects were carried out in 2025 under multiple modalities, including:

- **Reforestation for conservation:** Maintenance was provided for 774 hectares of forest plantations developed in operational areas and protected zones.
- **Restoration of riverbanks and erosion control:** A total of 70 hectares were restored along the banks of the Cirí and Trinidad rivers, as well as in the areas of Hules, Tinajones, and Caño Quebrado. Additionally, 8 kilometers of vetiver live barriers were established on pineapple farms as an erosion control measure.



- **Strengthening coffee production in the watershed:** Improvement and maintenance projects were implemented across 94 hectares of coffee farms, benefiting 77 families in 35 communities. Monitoring of the coffee berry borer was also conducted in 50 plots across 30 communities, allowing informed decision making for the integrated management of this pest, considered the main threat to coffee cultivation.
- **Silvopastoral systems:** In direct collaboration with cattle ranchers, 100 hectares of silvopastoral systems were established, benefiting 10 producers in 6 communities in the Colón area.



- **Food and nutritional security:** As part of integrated watershed management, family and commercial agriculture projects were developed, promoting good agricultural practices. These initiatives benefited 175 families in 12 communities, contributing to access to healthy and nutritious foods.
- **Sustainable beekeeping:** Support was provided to the organizations APICUENCA and UCLA through training in best beekeeping production practices aimed at improving honey quality. These actions benefited 35 beekeepers.
- **Incentives for Forest Protection and Surveillance:** Through this modality, 650 additional hectares were incorporated into the conservation program, and conservation responsibility was verified over 6,150 hectares of forest in the eastern region. Three events were also held to deliver economic incentives in the communities of El Cacao and Nueva Arenosa (Panamá Oeste Province) and Buena Vista (Colón Province). The total amount allocated for these incentives was B/.788,318, benefiting 478 families.



Additionally, 800 hectares of forest were incorporated into the conservation program, located in the sub watersheds of the Indio, Coclé del Norte, and Toabré rivers in the Canal's Western Region. A total of 59 families will benefit.

This forest conservation incentive system is the largest established in the country, with more than 7,600 hectares under protection.

The Environmental Economic Incentives Program concluded Fiscal Year 2025 with more than 20,000 hectares under management and 7 million seedlings established across all its modalities, benefiting more than 3,500 families.

## Agribusiness

Projects were carried out to strengthen the technical and administrative capacities of the Association of Coffee Producers of the Cirí Grande and Trinidad sub watersheds of the Panama Canal (ACACPA). The project "Marketing and Commercialization Strategies to Boost Cuencafé Sales" aimed to strengthen the corporate image of coffee producers and ACACPA, and improve their market connections. As a result of this initiative, Cuencafé is now sold in eight establishments across the country.



Land title handover ceremony

Likewise, the project "Study of the Demand for Medicinal Plants and Their Derived Products in Panama" was completed, with the purpose of generating estimates of the demand for medicinal plants and derived products with the highest production potential in the sub watersheds of the Chilibre and Chilibrillo rivers.



Coffee production in the Canal watershed

## Improvement of Rural Aqueducts

At the beginning of Fiscal Year 2025, activities were launched to improve rural aqueduct systems, benefiting ten communities in the district of Capira. By the end of the fiscal year, the installation of pipeline lines and improvements to existing infrastructure had been completed. The beneficiary communities are: Escobalito, Dos Aguas, Cacao, Trinidad de las Minas, Cirí Grande, Las Zanguengas, Caño Quebrado, El Lirio, El Cañito, and La Florida.

In May, activities began for the strengthening of 14 Rural Aqueduct Administrative Boards (JAAR), with a duration of 12 months. This project benefits five communities



Inauguration of the rural aqueduct system in the community of Dos Aguas, Capira.

in the district of Capira, four in the district of La Chorrera, and four in the corregimiento of Caimitillo in Colón, including two Indigenous communities. Its objective is to strengthen the capacities of the Rural Aqueduct Administrative Boards (JAAR) in areas such as administration, operation, and management of monthly tariff collection, in order to ensure the sustainability of the systems.

Additionally, in June, activities began to carry out improvements to three rural aqueducts in the province of Colón, benefiting the communities of Cartagenita, Nueva Italia, and El Limón.



## Cadastral and Land Titling Program

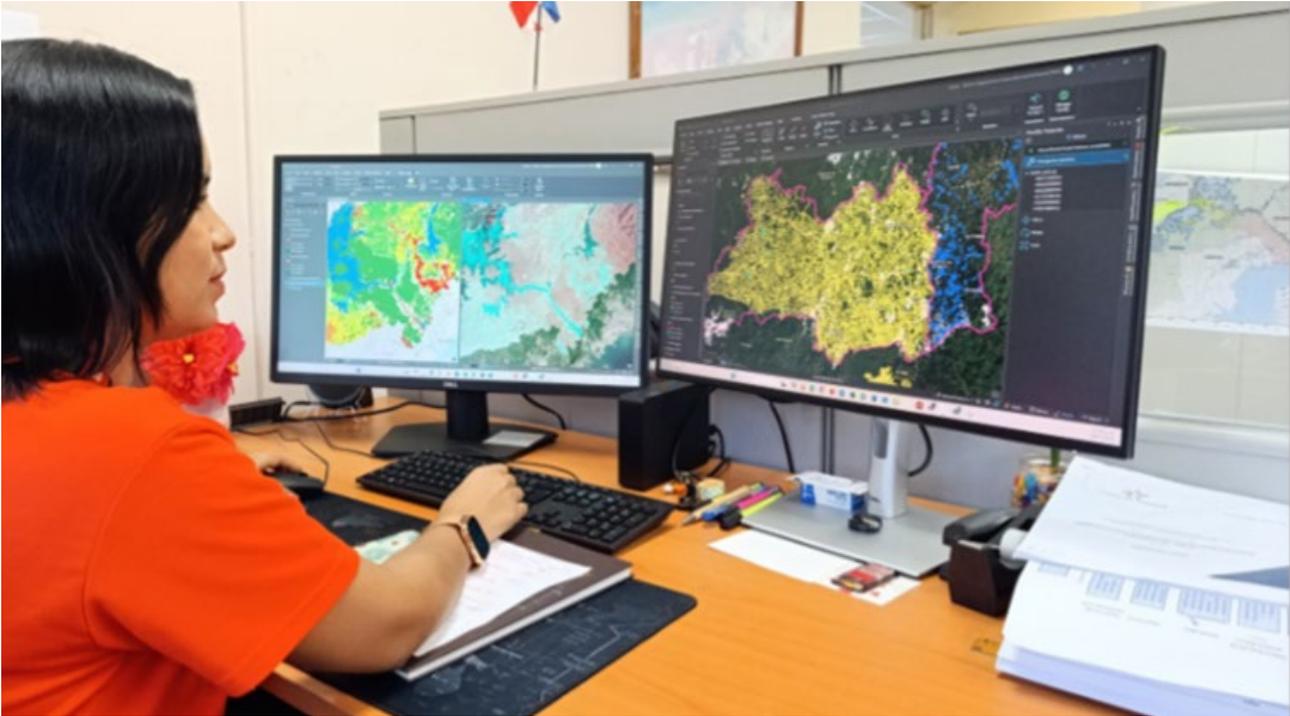
In coordination with the National Land Authority (ANATI) and the United Nations Development Programme (UNDP), work continues on the implementation of this program, which began in 2006 for the Eastern region of the watershed.

As of September 30, 2025, a total of 98,706.5 hectares have been surveyed, representing 56.20% of the areas eligible for cadastral registration within the Canal watershed. A total of 11,897 land titles have been issued, 3,605 of which correspond to women. Approximately 59,200 people have directly benefited from this program.



Watershed resident holding his land title

## New Integrated Environmental Surveillance and Monitoring System



The new Surveillance and Monitoring team established the technical and methodological foundations for the development of an integrated system for environmental monitoring, analysis, and surveillance in the watershed. This system relies on geotechnologies, digital platforms, field patrols, and specialized projects to generate accurate, timely, and accessible information that supports decision making, promotes the conservation of natural resources, and contributes to the sustainable management of the territory, with special emphasis on the protection and monitoring of forest cover and fragile ecosystems.

For 2025, progress has been made in the development of the watershed's Vegetation Cover Map, which includes an analysis of the changes that have occurred over the past five years. Additionally, studies were initiated to determine soils susceptible to landslides and areas prone to flooding within the watershed.





World Schools Debating Championship 2025 Ceremony

## Corporate Social Responsibility

Corporate Social Responsibility (CSR) at the Panama Canal is a strategic pillar that promotes balanced development by integrating environmental, social, and economic dimensions of sustainability.

Each initiative aligns with the United Nations Sustainable Development Goals, ensuring measurable, relevant, and transformative contributions to both communities and the environment. Within this framework, the Canal's Corporate Volunteer Corps plays a vital role, amplifying program impact, fostering social engagement, and strengthening ties between the organization and society —affirming our commitment to responsible and sustainable progress for Panama and the world.

### **PILANDO ANDO (“HITTING THE BOOKS”) SUMMER 2025 - CITY OF KNOWLEDGE**

During January, the Panama Canal's CSR Team, in collaboration with the City of Knowledge, the Panama American Center, and the Ayudinga Foundation, conducted three free tutoring sessions in the subjects of Algebra, Arithmetic, and Geometry, for students in grades 7-10.

### **PILANDO ANDO UNIVERSITY PROGRAM**

Throughout 2025, the Panama Canal partnered with the Ayudinga Foundation in the Pilando Ando University Program to deliver free tutoring sessions in different mathematical subjects, preparing undergraduate students for the Academic Aptitude Test (PAA) of the Panama Technological University (UTP), the leading scientific university in Panama.

## PILANDO ANDO TOUR: LOS SANTOS, CHIRIQUI, COCLE, AND COLON

As part of the 25th anniversary of the Canal in Panamanian hands, the Corporate Social Responsibility (CSR) Team—in collaboration with the Ayudinga Foundation— organized and carried out the Pilando Ando Tour to bring free tutoring sessions in mathematical subjects to a large part of the country, visiting the provinces of Los Santos, Chiriqui, Cocle, and Colon. Furthermore, in the provinces of Los Santos, Chiriqui, and Cocle, these sessions were held at the regional centers of the Technological University of Panama. In the province of Colon, we had the support of SSA Marine MIT, and the free sessions were held in the MIT training room at Manzanillo Port.

The goal was to reinforce essential math skills for students in grades 7–10.



## WORLD SCHOOLS DEBATING CHAMPIONSHIP 2025 / BREAK NIGHT

From July 22 to 31, Panama hosted the World Schools Debating Championship (WSDC) 2025, the premier international school debating competition in English. The activity was organized by the Panamanian Debate Association (ASPADE), in partnership with the Panama Canal. This was a debate championship on issues of

global relevance that brought together more than 600 young people, including students, judges, coaches, observers, and volunteers, representing more than 60 nations. This event included the celebration of its traditional Break Night, an activity that took place at the Panama Canal facilities and was the setting to highlight our national folklore as part of the celebration of the 25th anniversary of the Canal in Panamanian hands.

The elimination and final rounds were held at the Panama Canal's Ascanio Arosemena Training Center, the official headquarters of the tournament during its final stage. This is the first time that Panama hosts this event, consolidating its role as host of high-level international educational events.





### **THIRD MEETING OF YOUNG LEADERS AND THE 2025 LATIN AMERICAN CITIZEN ACTION LABORATORY (LLAC)**

The Latin American Citizen Action Laboratory (LLAC) is a program focused on training young leaders from all over the country in community action, responsible citizenship, and leadership, with a special emphasis on the contribution of youth to face national challenges.

With this program, the Panama Canal shows a clear commitment to the creation of spaces for young leaders to be heard as a fundamental axis of the actions and activities designed by the Canal to build a better country.

This year, during the graduation of these young social entrepreneurs, and as part of the 25 years of the Canal in Panamanian hands celebrations, each young person was presented with the new Commitment to History and Future. The medal was presented as a symbol of the Canal's commitment to bring these young people closer to the Canal's history and as a reminder of the role each of them plays in building the future of the Canal and our country.

### **WATER HARVESTING PROGRAM**

Banistmo and the Panama Canal Authority—in partnership with the Natura Foundation and Panama Rain Water— inaugurated the first water harvesting system at the Bajo Bonito School, located in the Ciri Grande and Trinidad Rivers' sub-watershed.

The project, being part of a comprehensive climate change adaptation strategy, seeks to ensure water security in schools where a proper water supply is irregular or scarce.

The implemented solution includes four key interconnected technologies: a rainwater harvesting and purification system, a biodigester for organic waste treatment, a school garden with organic fertigation, and a solar energy system. In addition to improving access to water, the project promotes environmental education among students, providing them with knowledge about tools that can enable them to face climate change in their communities.

## RECONDITIONING OF THE BOQUERON RIVER BRIDGE – BOTTLES OF LOVE

The Foreign Trade Bank of Latin America (Bladex) and the Panama Canal combined their efforts with the Botellas de Amor Foundation (“Bottles of Love Foundation”), supported the reconditioning of a pedestrian bridge over the Boquerón River, rebuilt with more than 7 tons of plastic waste recycled through the Foundation, benefiting the communities of La Peluca, San Juan de Pequení, Boquerón Arriba, and Boquerón Abajo.

The bridge improves the mobility and safety of residents, transforming an environmental problem into a functional, safe, and planet-friendly infrastructure. This project was accompanied by awareness campaigns, plastic collection days, and volunteer activities, reaffirming that sustainability is a shared task.



## PUBLIC SPEAKING CONTEST

Committed to the development of young leaders who can contribute to the progress of our country as agents of change, the Panama Canal partnered with the Cable & Wireless Panama Foundation to host the 2024 National Public Speaking Contest.

Throughout the year, the facilities of the Panama Canal’s Ascanio Arosemena Training Center became the stage for regional and national pre-selections of participants in this important contest. During this process, young people from all over the country receive informative talks on different national topics, including the operation and institutional framework of the Panama Canal.

## BEACH, COAST, AND RIVER CLEAN-UP

As part of the activities aimed at preserving and caring for the environment, corporate volunteers were called upon during the year to support the Panama City Mayor’s Office in beach clean-up days in the Costa del Este area. The main purpose of these activities is to raise public awareness about waste management and clean-up to prevent pollution of our beaches, coasts, and rivers.



## FANLYC'S "RELAY FOR LIFE" RACE

Like every year, the Canal Team, made up of employees and volunteers, joined their efforts to contribute in solidarity with a noble cause, in honor of our godchild Josué Vergara and the more than 800 children with cancer throughout the country.

As part of the activities, Josué visited the Panama Canal and had the opportunity to tour several of the organization's offices, the Visitor Center, and the Miraflores Fire Station.

In each visit, Josué was received with much joy, love, gifts, and donations, showing the solidarity and human quality of the Canal worker and his deep commitment to this great social cause.

During the 24-hour FANLYC "Relay for Life" Race, Canal employees and volunteers were part of a collective effort that, at the end of the event, placed the Canal



Team in 9th position, with a total of 1,600 laps, placing the institution in the top 10 nationwide once again.

## ILLUSION AMBASSADORS (EDI)

The "Illusion Ambassadors" program is an activity in which teams of employees and corporate volunteers join efforts to leave a positive mark in different communities of the Panama Canal Watershed.

These activities —in addition to including a Christmas party where employees share moments of joy with children and members of the community— provide a space to have talks on moral values, first aid, environmental education, recycling, and integral improvements, among many other important subjects.

This year, when we celebrated 25 years of the Canal in Panamanian hands, EDI events were held in Quebrada Ancha, San Juan de Pequení, and Emberá Puru, as well as in the Las Gaitas School, the Coclesana Educational Center, Los Faldares, Boca de Uracillo in Río Indio, and for the children undergoing treatment at the City of Health's Hemodialysis Center.

## GOOD DEEDS DAY

For the celebration of Good Deeds Day, Panama Canal employees and corporate volunteers are organizing different activities to bring a ray of hope to the most vulnerable sectors of our society. This year, activities included the collection of school supplies to be delivered by groups of volunteers to students from different vulnerable communities in the Panama Canal Watershed. In addition, a company-wide collection of supplies and necessities for the "Luz y Vida" Nursing Home was made.

## WOMEN'S DAY – PINK RACE ON MARCH 8

As an entity committed to the empowerment of women and the well-being of the Panamanian community, the Panama Canal, in partnership with the social development agency Panama Capital de Emociones, was present at the Tour Mujer Rosa - La Carrera Rosa de Panamá ("The Pink Race of Panama") held at the Amador Causeway. This special event was held in commemoration of World Breast Cancer Day. It was an event that not only sought to promote physical activity but also to raise awareness about the importance of early detection and support for those facing this disease. More than 1,000 women raced, and it was a great opportunity for the Panama Canal to show an image of support and commitment to Panamanian society and the impact of this disease on women.

## MAKE-A-WISH FOUNDATION

The Make-A-Wish Foundation has the beautiful mission of granting wishes to children with life-threatening medical conditions and to enrich the human experience with hope, strength, and joy. The Panama Canal had the opportunity to collaborate so that two children from this foundation could see their dreams come true.

The first boy, 11-year-old Diego Arauz, who lives in Chiriqui and has Duchenne's syndrome (a degenerative muscle disease), wanted to see the Panama Canal. The visit was coordinated, and Diego and his family had the opportunity to visit the Miraflores Visitor Center, receive a tour showcasing Canal operations, and take pictures near the Locks' area.

The second child, 6-year-old Kael Viteri, who also bravely faces Duchenne's and a possible diagnosis of autism with language delay, had a desire to be able to visit a fire station and interact with the life-saving heroes. The visit was coordinated, and we were able to take Kael and his family to the Panama Canal Fire Station in Miraflores. Kael had the opportunity to live the full experience of a day as a firefighter, wear the uniform, get to know the facilities, and enjoy a ride in the official fire engine, listening to the sirens together with Sparky, the Firefighters' mascot. Committed to social causes, the Panama Canal gave these two children and their families an unforgettable experience full of emotions and joy.

## CANAL ANIMAL RESCUE

Canal Animal Rescue is a Corporate Volunteer program in which a group of animal rescue employees join to provide a service to the community by controlling the animal population in operational areas and promoting public health by protecting against animal diseases through vaccination and deworming. Throughout the year, these committed volunteers hold adoption and food collection fairs, showing the Canal as a company that respects wildlife and animal welfare laws. Finally, it is a great opportunity to raise public awareness about these issues.

## HOGAR LUZ Y VIDA NURSING HOME

In March, the Corporate Social Responsibility (CSR) Team coordinated a visit to the Hogar Luz y Vida Nursing Home for the Elderly, located in the Paraíso district. It all began with a request made by the nursing home; after that, qualified Panama Canal staff conducted a visit to assess the current condition of the facility's roof and recommend the work necessary to repair it and refurbish other areas of the nursing home.

## CHRISTMAS PARADE: GUESTS FROM CANAL WATERSHED COMMUNITIES

For the annual Christmas Parade organized by the Panama City Mayor's Office, the CSR Team, in partnership with other ACP offices, managed the Canal's invitation to 300 guests from the Panama Canal Watershed to enjoy this great event. This activity allowed the Canal's CSR Team and volunteers to give hundreds of children the opportunity to enjoy a Christmas atmosphere full of lights, joy, gifts, and fun, dancing to the rhythm of live music from Panamanian artists and bands, which paraded along with the different parade floats of government entities and private organizations. Not to be missed was the Panama Canal parade float, filled with the Canal's history, which not only celebrated the family Christmas season but also represented a tribute to the Canal's 25 years in Panamanian hands.



## Corporate volunteering

The annual results of the Corporate Volunteering program are shown below:

### Volunteerism in numbers



**261,435 cumulative  
volunteer hours from  
2008 to 2025**



**151 volunteer days executed  
in fiscal year 2025**



**21,915 hours achieved  
in fiscal year 2025**



**More than 30,000 people  
benefited from activities in  
fiscal year 2025**



**5,418 registered  
volunteers by 2025**



Administrator of the Canal during the presentation of the Future Vision 2025–2035

## Nationwide Communication Efforts

During this period, the Panama Canal strengthened its public outreach through spaces for dialogue and strategic visibility. We highlight our participation in *Inside LatAm: Panama 2025*, organized by Moody's, where the Administrator presented the Canal's global importance and its sustainability achievements to regional leaders from the public and private sectors. Additionally, the opening of the 2024–2025 cruise season served as an international communication platform, reinforcing the Canal's image among thousands of tourists transiting the waterway and generating media coverage that underscores its relevance as an iconic point of global maritime tourism.

Community engagement was reinforced through cultural activities and institutional presentations. *Verano Canal 2025* played a central role, with more than 25,000 attendees at its inaugural parade in Santiago, consolidating itself as a cultural showcase that highlights Canal identity (and later traveled to Chiriquí and Panama City).

In the Azuero region, the Canal presented the work *"Panama Canal: 25 Years in Panamanian Hands,"* bringing together authorities, community leaders, media, and students to share the milestones and lessons of modern Canal management. This effort was complemented by another editorial presentation in Chiriquí, where the book *"30 Years of the Constitutional Title of the Waterway"* was launched, creating a space for historical and legal reflection with the participation of authors, jurists, guild representatives, students, and local leaders.

The cycle concluded with the grand finale of *Verano Canal 2025* at the steps of the Administration Building, where more than 75,000 people took part in a cultural celebration that brought together art, music, and Canal pride, reinforcing the emotional bond between the Canal and communities across the country.





In addition, as part of its direct and transparent communication strategy, the Canal Administrator held meetings with media outlets from the central provinces and the capital. During these sessions, he provided a detailed update on the waterway's operations, current challenges—including the water situation—and the planned investments aimed at strengthening the Canal's sustainability, technology, and operational efficiency. These exchanges allowed journalists and local audiences to receive first-hand information, reinforcing public trust and understanding of Canal management and its strategic role for Panama.

To mark the 25<sup>th</sup> anniversary of the transfer of the waterway to Panamanian hands, the Panama Canal held a solemn formal ceremony on the steps of the iconic Administration Building on December 31, 2024. The event was attended by the President of the Republic, José Raúl Mulino, Cabinet ministers, and other Canal authorities.

In addition, in Fiscal Year 2025 we launched the campaign *"Hechos del Canal"*, an initiative that pays tribute to the history, achievements, and challenges of the Panama Canal, highlighting its importance as a driver of national development and a symbol of Panama's identity.



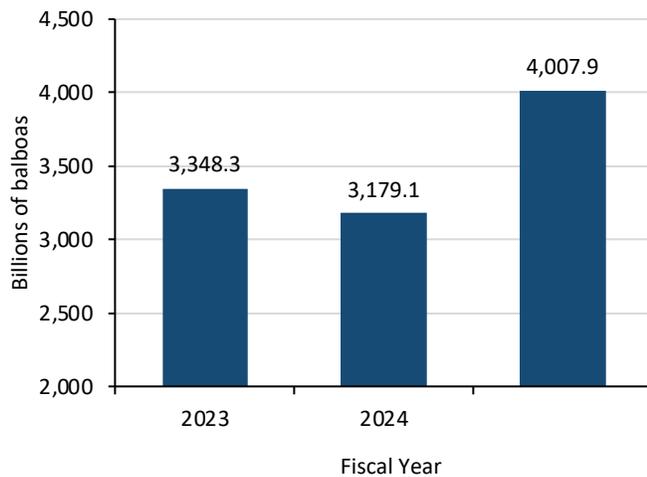


# Operations Performance

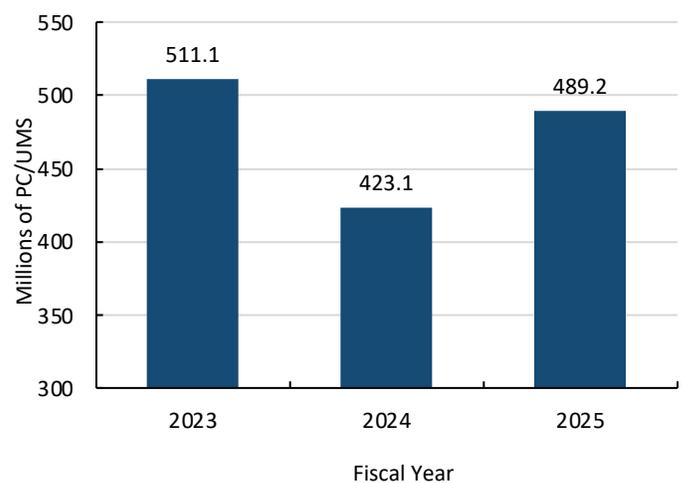
## The Canal and its Operations

At the end of the fiscal year, the Panama Canal recorded 489.2 million PC/UMS tons, an increase of 66.1 million tons, equivalent to 15.6% more than the previous fiscal year. Toll revenues totaled B/4,007.9 million, representing an increase of 26.07%.

**Graph 3. Toll Revenue**



**Graph 4. Vessel Tonnage**

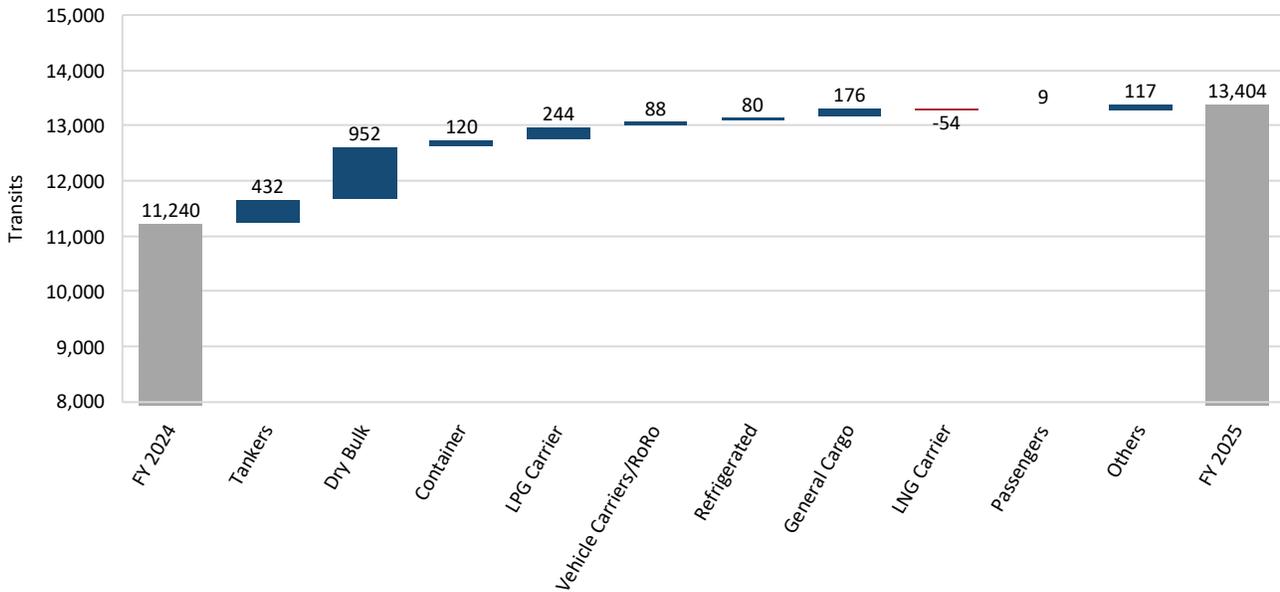


Launch operators

The main driver of the increase in tonnage during FY-2025 was the bulk carrier segment, which rose by 27.3 million PC/UMS tons, equivalent to an 83% growth. They were followed by container ships, which added 13.1 million PC/UMS tons (+6.7%), and LPG carriers, with 11.5 million PC/UMS tons (+19.3%).

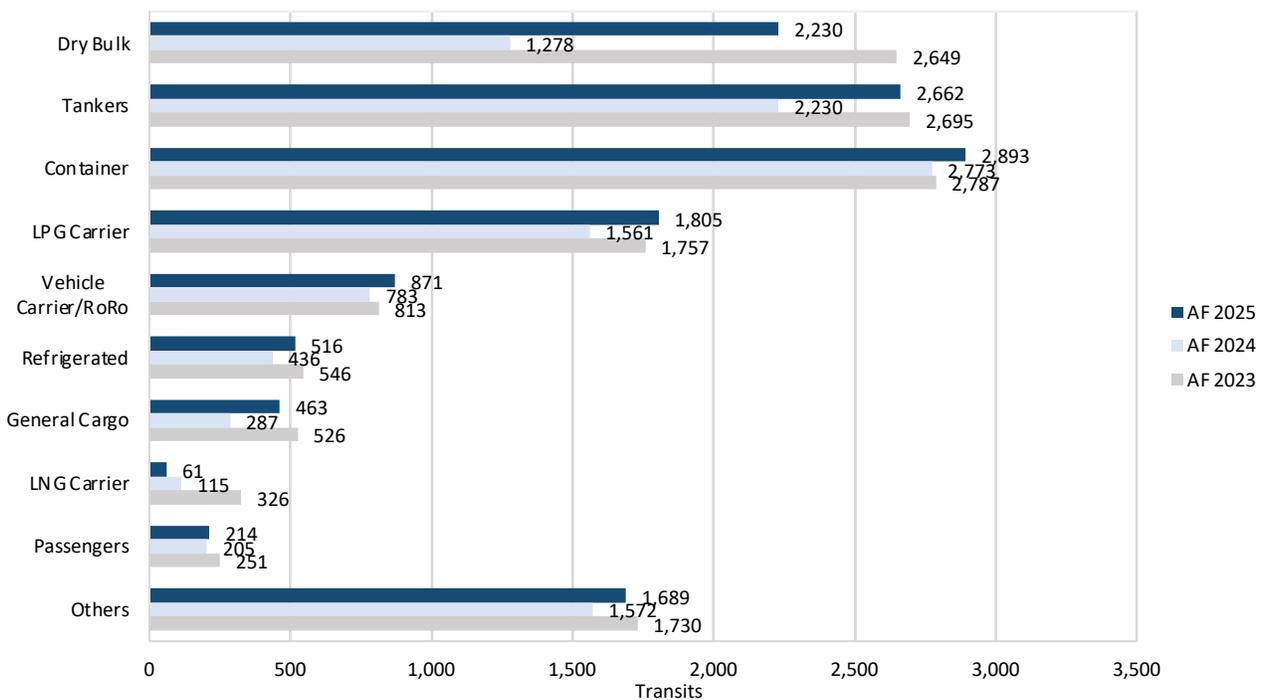
Transits totaled 13,404, an increase of 19.3% compared to the previous fiscal year. A higher number of transits was recorded for bulk carriers (952), tankers and chemical carriers (432), LPG carriers (244), and general cargo vessels (176).

**Graph 5. Variation in the Number of Transits by Market Segment FY-2024 vs FY-2025**



The number of transits by market segment is detailed below:

**Graph 6. Transits per Market Segment**



Approximately 69.9% of the Canal's cargo has its origin or destination in the United States, mainly ports on the East Coast and the Gulf of Mexico. Containers, grain traffic, and energy products are the main goods that use the Canal route.

**Table 3. Ranking of Countries by Origin and Destination of Cargo (Long Tons) FY-2025**

Rank	Country	Origin	Destiny	Intercoastal	Total Excluding Intercoastal
1	United States	116,459,579	66,947,531	1,917,157	183,407,110
2	China	28,473,050	24,997,237		53,470,287
3	Japan	6,360,992	28,178,263		34,539,255
4	Chile	12,230,311	11,189,165		23,419,476
5	Korea, Republic of	11,649,158	10,486,501		22,135,659
6	Peru	9,214,330	12,379,246		21,593,576
7	Mexico	7,816,830	12,737,747	425,678	20,554,577
8	Colombia	8,135,029	9,624,467	375,534	17,759,496
9	Ecuador	5,707,798	9,818,972		15,526,770
10	Canada	10,110,910	2,641,015	14,584	12,751,925
11	Panama	1,000,271	9,725,201	11,328	10,725,472
12	Guatemala	2,043,883	8,405,765	9,744	10,449,648
13	Brazil	2,801,772	3,008,858		5,810,630
14	Spain	2,213,688	3,090,172		5,303,860
15	Netherlands	1,131,812	3,442,127		4,573,939
16	Russian Federation	2,480,200	2,084,375	29	4,564,575
17	Vietnam	3,589,576	314,246		3,903,822
18	Taiwan, Province of China	2,909,218	945,307		3,854,525
19	Belgium	1,471,204	1,913,478		3,384,682
20	Trinidad and Tobago	2,985,472	298,482		3,283,954

**Table 4. Main Commodities (Long Tons)**

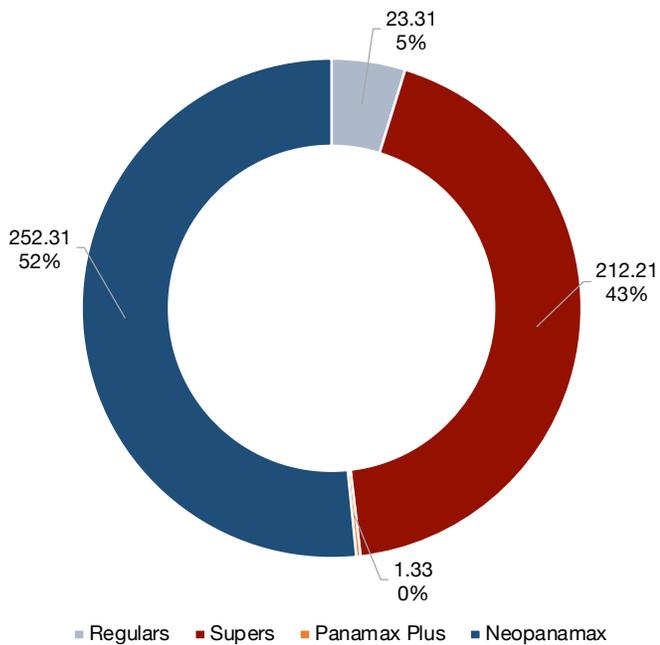
Commodity	FY-2023	FY-2024	FY-2025
Crude Petroleum	86,324,552	70,511,776	76,539,225
Petroleum products	63,018,898	62,785,682	68,094,497
Grain:	35,819,427	13,330,465	24,732,474
Corn	7,988,837	4,443,457	7,683,209
Soybeans	15,548,389	2,222,541	5,619,682
Sorghum	6,728,819	3,930,538	5,404,679
Wheat	2,549,926	1,666,331	3,645,645
Grain, Misc	3,003,457	1,067,598	2,379,259
Coal and Coke (Excl. Petroleum Coke)	17,201,879	12,526,451	16,041,356
Container Cargo	8,913,129	6,137,780	9,934,736
Autos, trucks, accesories and parts	9,422,778	6,081,147	9,545,552
Canned and refrigerated foods	10,906,600	5,664,521	9,477,263
Nitrates, phosphates and potash	13,805,760	3,279,462	8,670,815
Lumber and products	6,009,028	5,219,729	5,680,245
Manufactures of iron and steel	3,380,097	2,552,623	4,725,608
Chemicals and petroleum chemicals	2,282,621	1,862,541	1,767,449
Ores and Metals	437,933	389,181	430,078
<b>Subtotal</b>	<b>257,522,704</b>	<b>190,341,359</b>	<b>235,639,298</b>
Others	28,256,568	19,965,488	26,699,382
<b>Total</b>	<b>285,779,272</b>	<b>210,306,847</b>	<b>262,338,680</b>



Pedro Miguel Locks

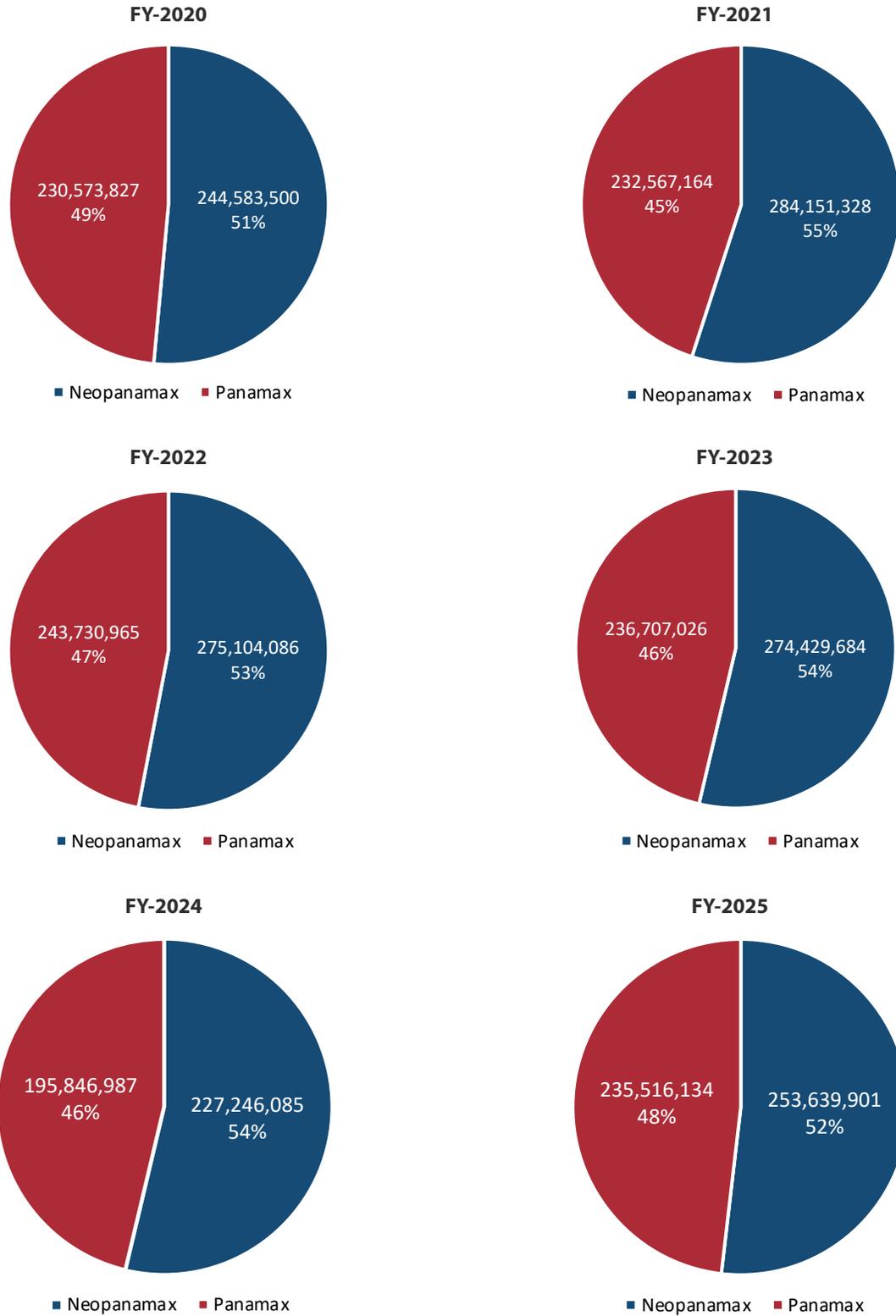
Of a total of 489,2 million PC/UMS tons, 52% correspond to Neopanamax vessels, 43% to Super vessels, 5% to Regular vessels, and 0% to Panamax Plus vessels.

**Graph 7. PC/UMS Tons per Vessel Size (Million)**



Container ship on its passage through the Canal

**Graph 8. Evolution of PC/UMS Tonnage per Locks (FY 2020 – FY 2025)**





# Financial Performance

# Statement of Financial Results

Throughout fiscal year 2025, the Panama Canal operated under stable conditions, despite an international context marked by uncertainty and volatility, primarily driven by tariff fluctuations in some global economies. During the year, there were no draft restrictions, and more predictable operating conditions were restored. This stability was key to sustaining solid financial management and delivering reliable service to our customers.

## Revenues

The Panama Canal closed fiscal year 2025 with revenue of B/.5.705 billion, representing an increase of B/.719 million or 14.4% compared to fiscal year 2024. These results highlight the Panama Canal's financial and operational strength, as well as the efficiency in resource management amid a volatile and challenging global environment.

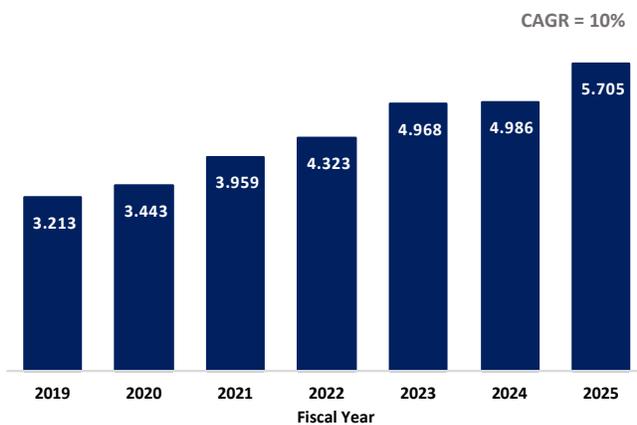
Revenue growth during fiscal year 2025 was mainly driven by the Panama Canal's handling of 489.2 million PC/UMS<sup>1</sup> tons, which represents an increase of 66.1 million tons or 15.6% compared to fiscal year 2024. A total of 13,404 transits were recorded, reflecting a 19.3% increase over the previous fiscal year.

In fiscal year 2025 the Panama Canal implemented the Long-Term Slot Allocation (LoTSA) Program designed for Neopanamax vessels. LoTSA empowers customers to secure transit slots in advance through a transparent

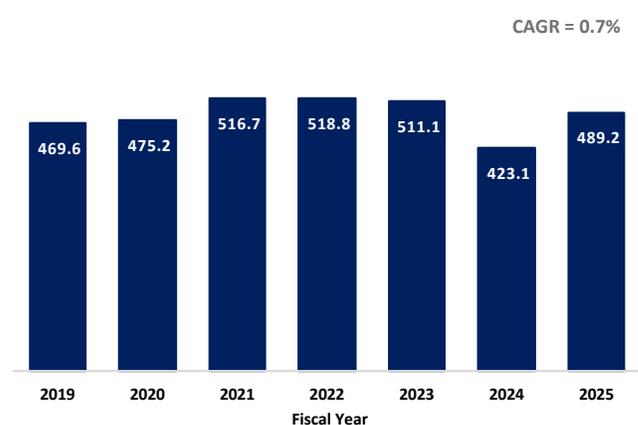
sealed-bid auction system. This innovative approach allows clients to plan long-term operations with confidence, reduce exposure to market volatility, and optimize their logistics strategies. Between January 5 and September 30, 2025, 900 slots were billed, totaling B/.251 million, with an average of B/.278 thousand per slot.

Since fiscal year 2019, revenues have grown at a compound annual growth rate (CAGR)<sup>2</sup> of 10.0%, while the volume of tonnage handled has increased by 0.7%. This performance reaffirms Panama's ability to reliably and efficiently manage one of the world's most important maritime routes.

**Graph 9. Total Revenue**  
(in billions of Balboas)



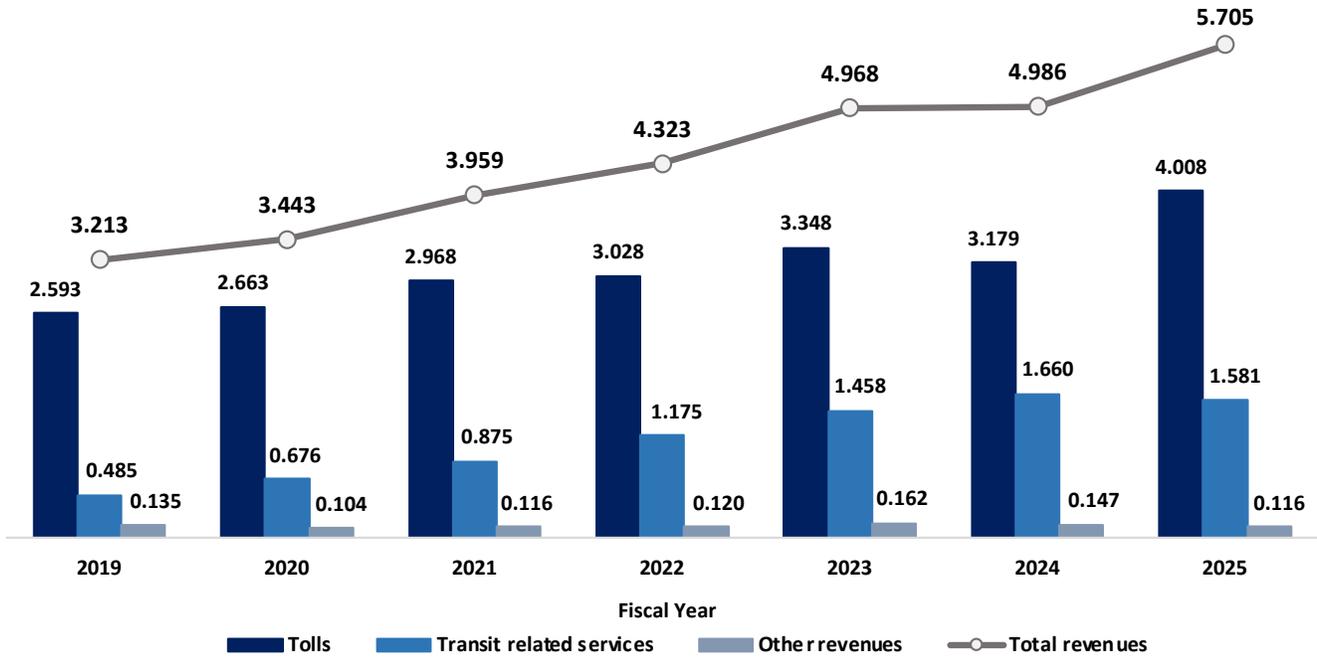
**Graph 10. Total Tonnage**  
(in million PC/UMS)



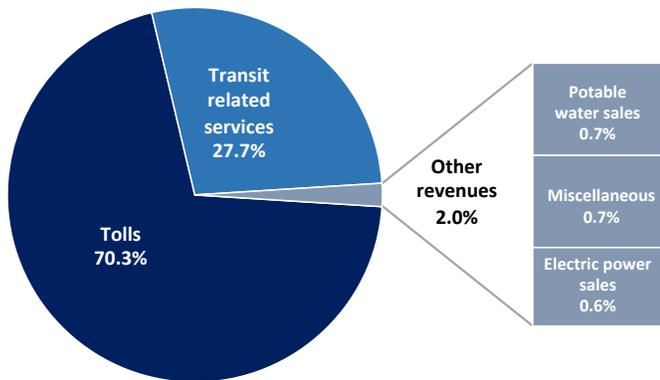
<sup>[1]</sup> Panama Canal Universal Measurement System (PC/UMS) is a measurement unit employed by the Panama Canal to account for the cargo volume passing through the interoceanic route.

<sup>[2]</sup> CAGR: Compound Annual Growth Rate. Financial metric that represents the average annual growth rate of a value over a specified period of time.

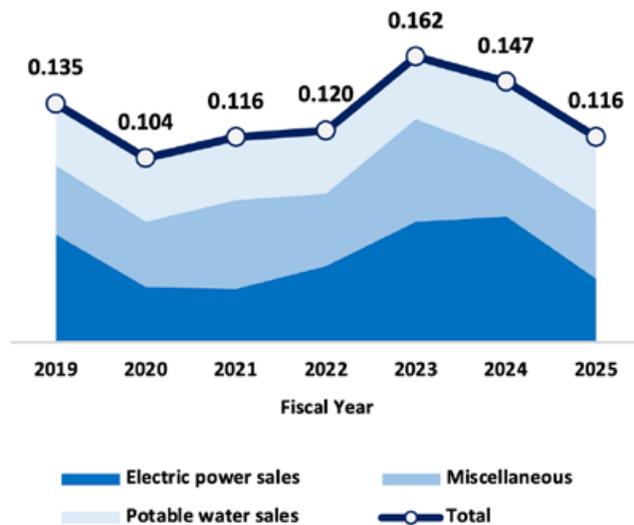
**Graph 11. Total Revenues (in billions of Balboas)**



**Graph 12. Revenue Distribution**



**Graph 13. Other Revenues (in billions of Balboas)**



## Expenses

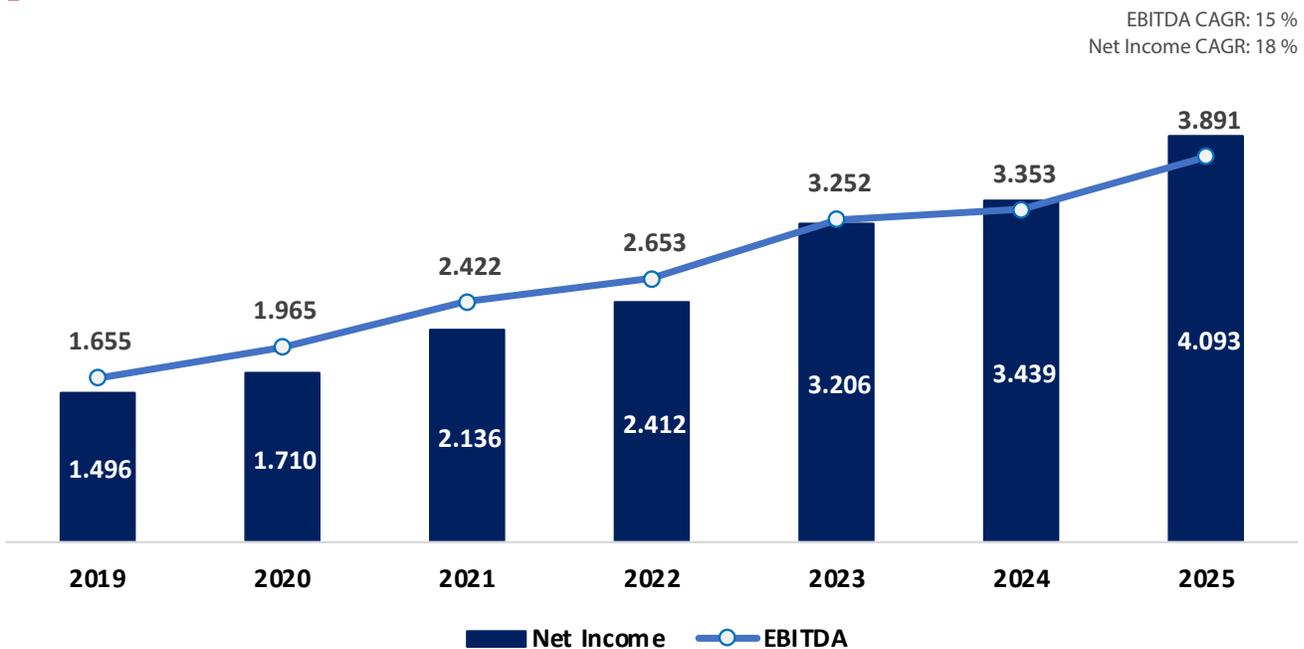
During fiscal year 2025, the Panama Canal reported total expenses<sup>3</sup> of B/.2.026 billion, reflecting an increase of B/.146 million or 7.8% compared to fiscal year 2024. The main contributors to this rise were higher tonnage right payments, which rose by 14.4% due to the higher volume of cargo transiting the Canal and a 52.8% increase in service contracts and professional fees.

## Net income

In fiscal year 2025, the Panama Canal achieved a net profit of B/.4.093 billion, an increase of B/.654 million or 19.0% compared to the net income recorded in fiscal year 2024. These results reaffirm the Panama Canal's robust financial standing and its strategic focus on future investments scheduled to begin in 2026, aimed at improving water capacity and the competitiveness of the interoceanic route.



**Graph 14. EBITDA<sup>4</sup> and Net Income (in billions of Balboas)**



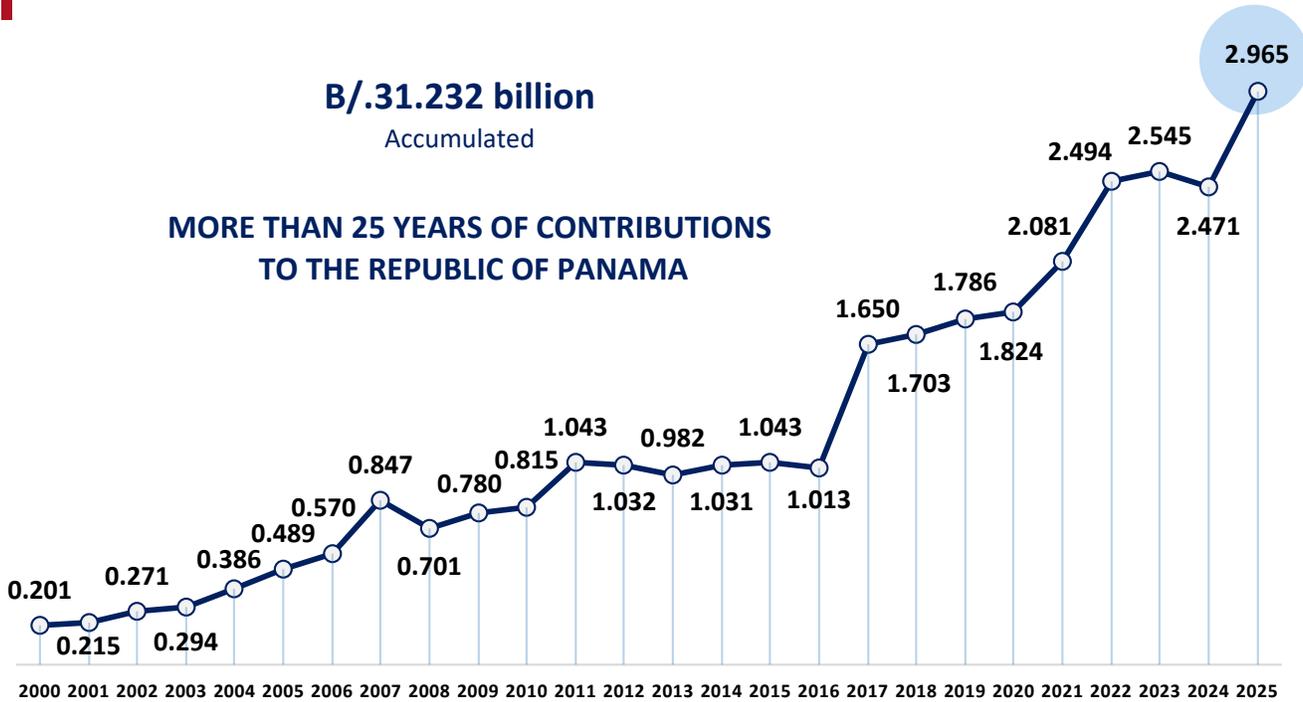
<sup>[3]</sup> Includes salaries and wages, employee benefits, materials and supplies, fuel, service contracts and professional fees, insurance, depreciation and impairment loss, fee per net tonnage, services provided by other government entities, among others.

<sup>[4]</sup> Earnings before interest, taxes, depreciation, and amortization.

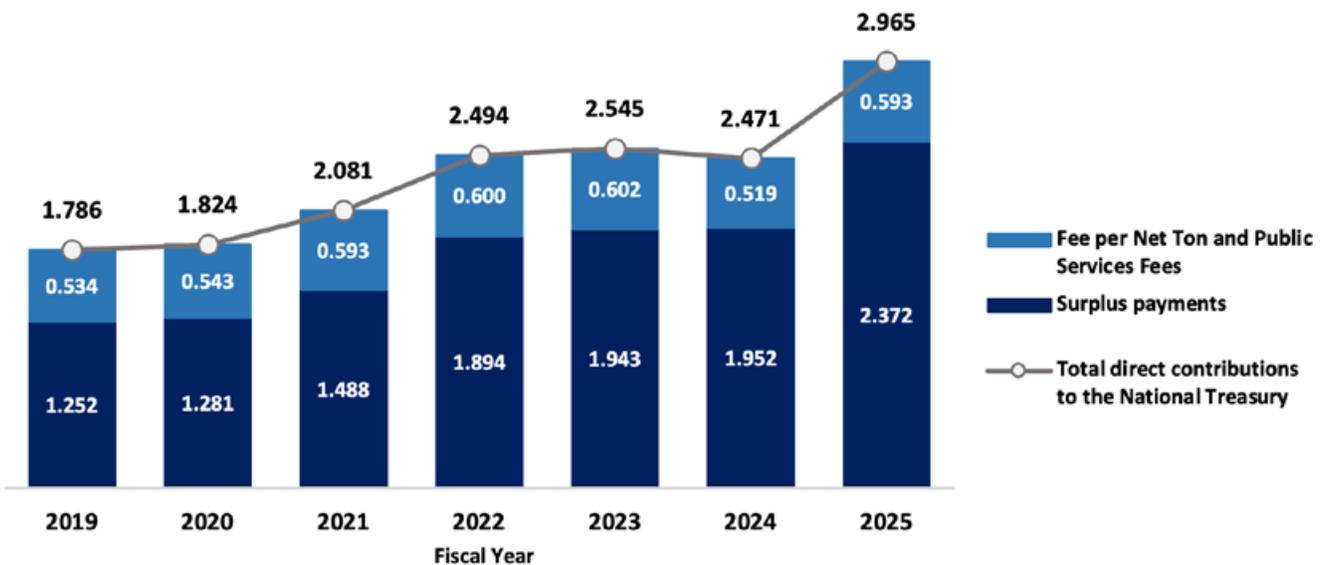
## Direct contributions to the National Treasury

In fiscal year 2025 the Panama Canal Authority delivered to the Panamanian State B/2.965 billion in direct contributions to the National Treasury<sup>5</sup>, raising the total to B/.31.232 billion since the Canal’s transfer to Panama over 25 years ago. This performance confirms the Panama Canal’s strong financial position and its sustained contribution to the national economy.

**Graph 15. Direct contributions to the National Treasury (in billions of Balboas)**



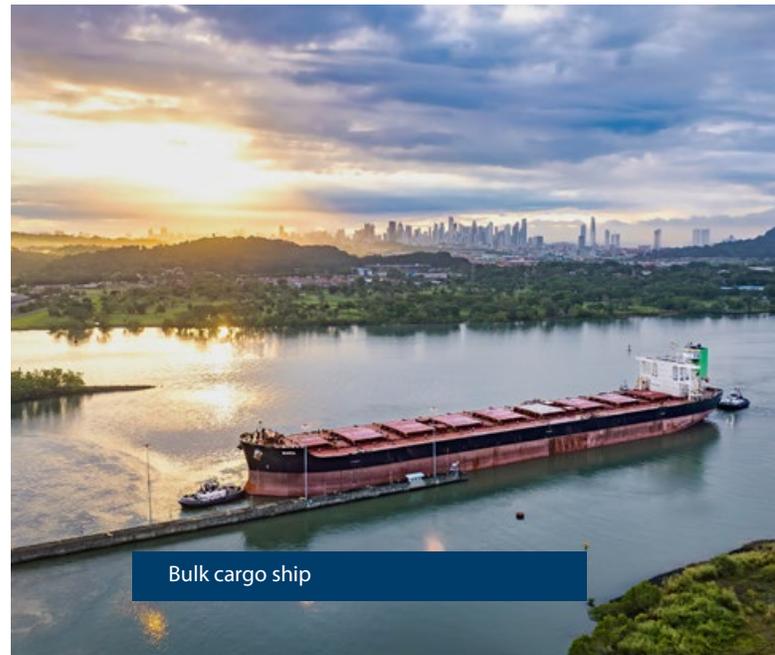
**Graph 16. Distribution of Contributions to the Treasury (in billions of Balboas)**



<sup>[5]</sup> Direct contributions to the National Treasury include net tonnage rights, fees for public services provided by other government entities, and economic surpluses, after covering operating, investment, modernization and Canal expansion costs, as well as the reserves required for contingencies, in accordance with the Law and its Administration.

## Indirect Contributions to Other State Public Entities

In addition to the direct contributions, the Panama Canal provides indirect support to the Panamanian State through the fulfillment of tax and social obligations related to its workforce. In fiscal year 2025, these contributions amounted to B/.259 million, representing a decrease of B/.2 million compared to fiscal year 2024. These contributions include payments to social security totaling B/.136.5 million, educational insurance of B/.14.1 million, and income tax payments of B/.108.4 million.



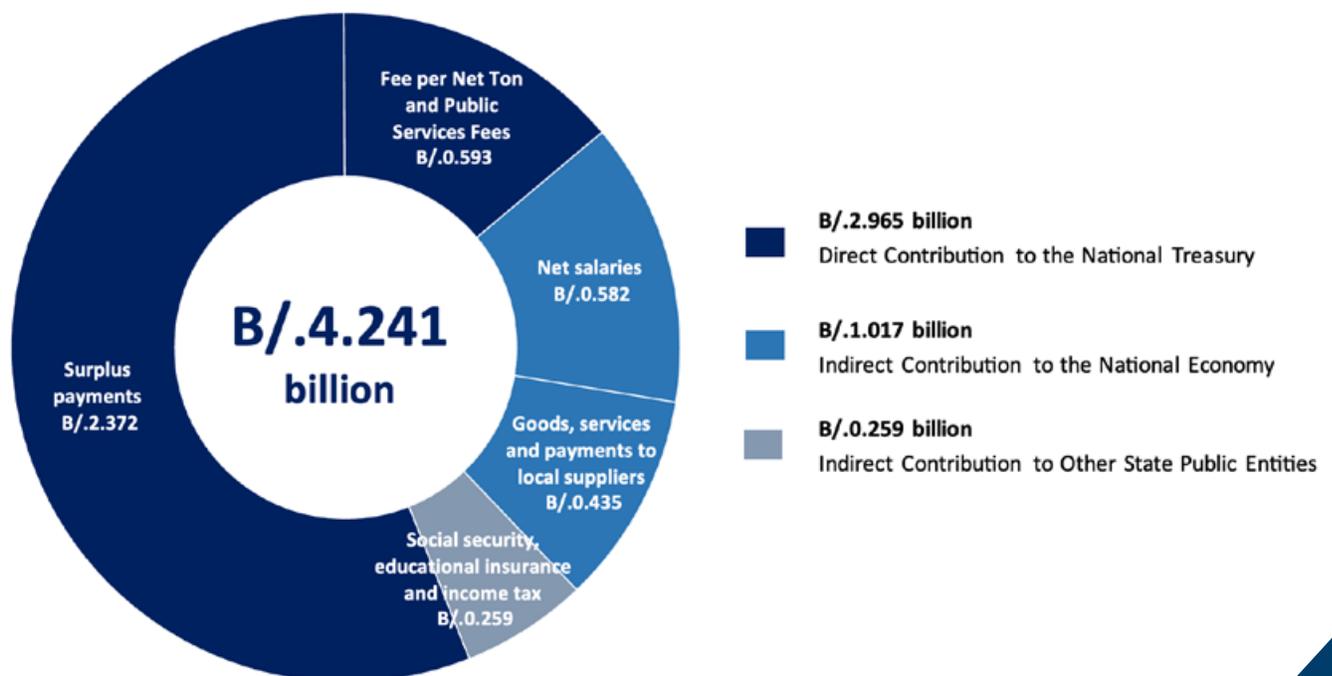
Bulk cargo ship

## Other Indirect Contributions to the National Economy

In fiscal year 2025, the Panama Canal indirectly contributed B/.1.017 billion to the national economy. These contributions consist of net salary payments to employees totaling B/.582 million, and local purchases of goods and services, including payments to domestic suppliers as part of the Panama Canal's annual investments in equipment and infrastructure, reaching B/.435 million.

By the end of fiscal year 2025, the Panama Canal's total contribution to the national economy, including both direct and indirect contributions, totaled B/.4.241 billion.

**Graph 17. Impact of the Panama Canal on the National Economy (in billions of Balboas)**

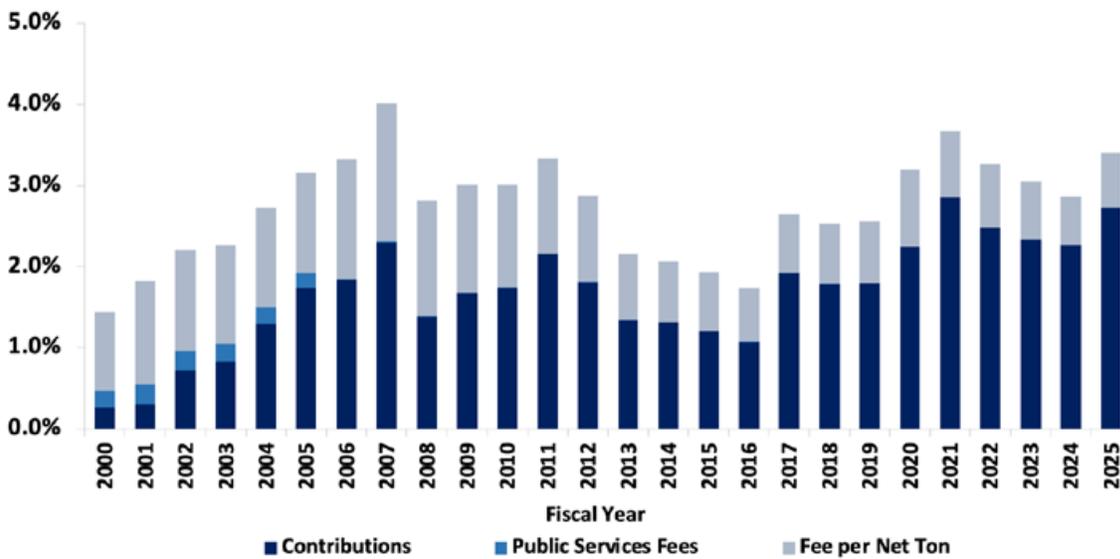


## Direct Contributions to the National Economy in relation to the Gross Domestic Product (GDP)

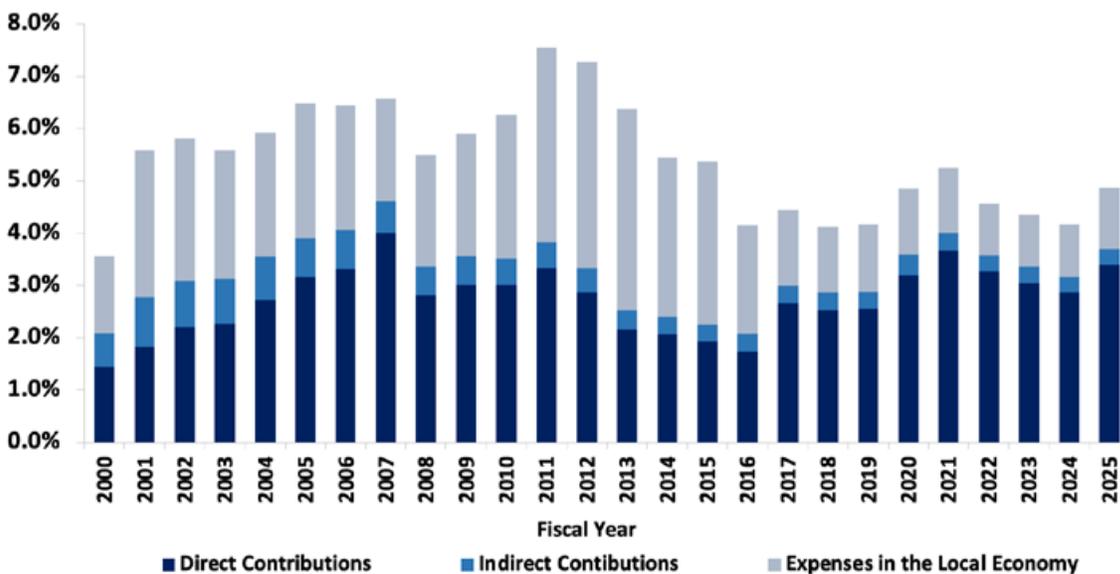
In fiscal year 2025, estimated Panama Canal direct contributions were 3.4% in relation to the Gross Domestic Product (GDP), including the indirect contributions and the expenses in the local economy; direct and indirect contributions represent an estimated 4.9% of the GDP<sup>6</sup>.

It should be noted that, according to studies conducted on the Canal's contribution to the country's economy, it has been identified that there is a multiplying effect on these contributions, and for fiscal year 2025, it is estimated that there is an additional 1.4%. Therefore, the Canal's total contribution accounts for an estimated 6.3% of the GDP.

**Graph 18. Direct contributions of the Panama Canal in relation to the National Nominal GDP**



**Graph 19. Total contributions of the Panama Canal in relation to the National Nominal GDP**

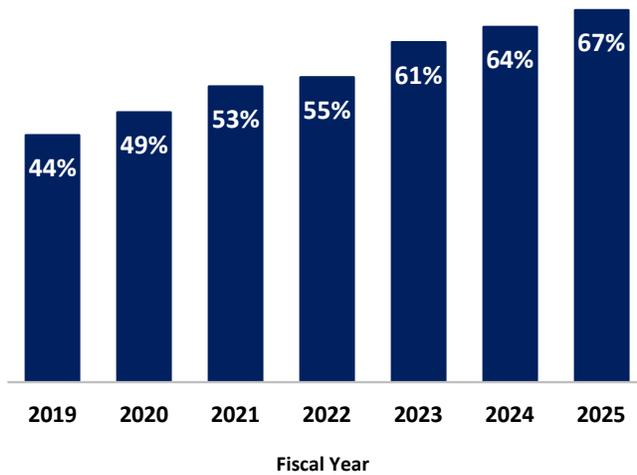


<sup>6</sup>The 2025 GDP is an estimate. The Office of the Comptroller General of the Republic of Panamá changed the base year from 2007 to 2018 in February 2023. This implies that there were revisions to the GDP estimates. We estimate a growth rate of 4.0% for the country's GDP in 2025.

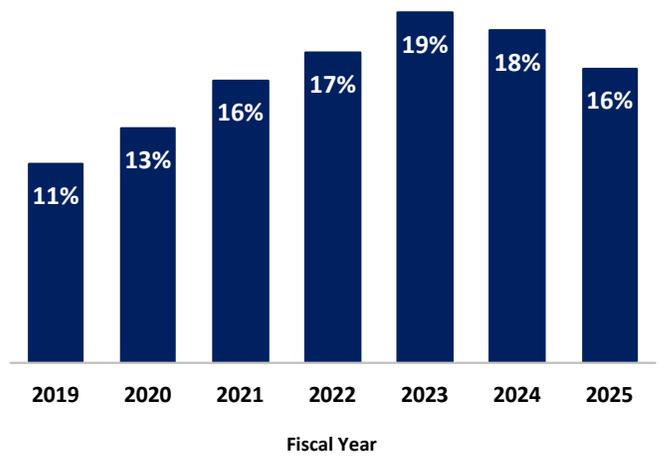
## Financial Performance

The profitability achieved in fiscal year 2025 confirms the financial strength of the Panama Canal. A net profit of B/.0.67 cents was reported for every balboa of revenue, reflecting a 3% increase compared to fiscal year 2024. During the year, the return on capital employed stood at 16%, while return on assets reached 17%, and return on equity was 19%.

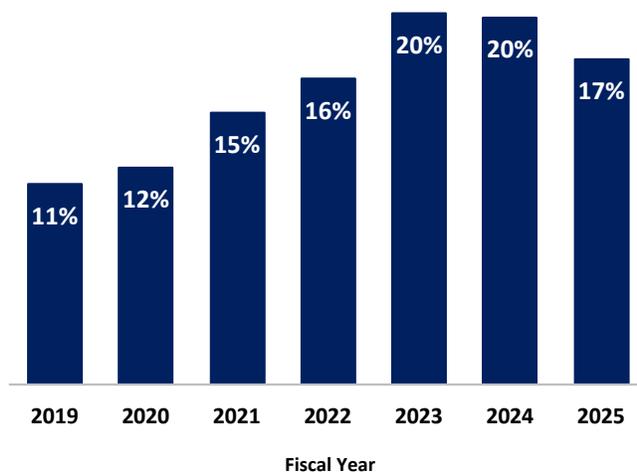
**Graph 20. Return on Sales (ROS)**  
Net Income / Operating Income<sup>7</sup>



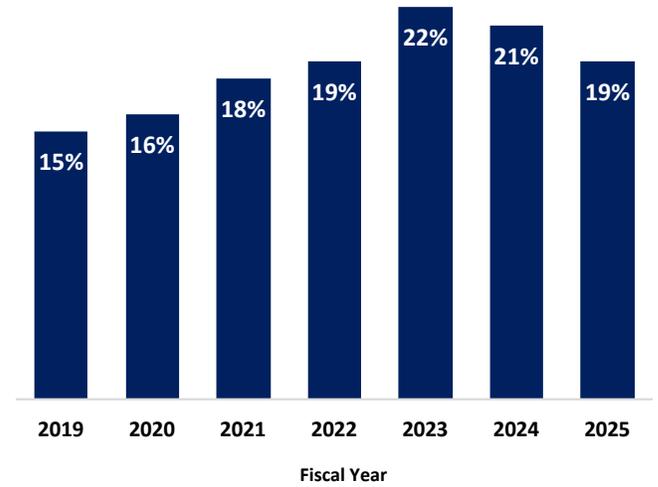
**Graph 21. Return on Capital Employed (ROCE)**  
EBIT / (Total Equity + Non-Current Liabilities)



**Graph 22. Return on Assets (ROA)<sup>8</sup>**  
Net Income / Total Assets



**Graph 23. Return on Equity (ROE)<sup>8</sup>**  
Net Income / Total Equity



<sup>[7]</sup> Includes financial income.

<sup>[8]</sup> The variation between fiscal year 2024 and 2025 is primarily due to the revaluation of assets classified under Land, as well as the net effect of the business profit and investments in securities and other financial instruments.

## Credit Ratings and Financial Strength Summary

In December 2024, Moody's reaffirmed the Panama Canal Authority's A3 rating but changed its outlook from stable to negative. This decision aligns with the outlook revision for the Government of Panama (Baa3 negative), driven by a greater-than-expected fiscal deterioration and challenges in implementing rapid fiscal consolidation. Although the Panama Canal Authority maintains a rating three notches above the sovereign, Moody's warns that its credit quality cannot be fully detached from the country's economic and fiscal challenges.

Moody's highlights that the Panama Canal's credit strength is grounded in its robust institutional framework, strong corporate governance, and international treaties that protect its operations from political or external interference. Despite a 20% drop in vessel transits during 2024, the Panama Canal maintained a solid financial health thanks to new revenue management strategies, including an auction model and a reservation system. Additionally, Moody's assigns the Panama Canal Authority a positive ESG Credit Impact Score (CIS-1), recognizing its governance strength while also noting significant environmental risks, particularly those related to climate change.

In December 2024, S&P Global reaffirmed the Panama Canal Authority's credit rating at BBB+ with a stable outlook, maintaining it two notches above Panama's sovereign rating. This decision reflects the Panama Canal's strategic and economic importance to the country, as well as its strong position as a regional logistics hub. S&P projects that the Panama Canal will remain vital to Panama, not only due to its role in global trade—handling nearly 3% of worldwide traffic—but also for its direct and indirect contributions to the national treasury, which account for 10% to 20% of government revenues.



Panama Canal Administration Building

The agency underscores the Panama Canal's institutional strength, supported by its legal framework, corporate governance, and financial autonomy. Despite climate-related challenges such as prolonged droughts, the Panama Canal has demonstrated resilience and financial prudence, with a strategic investment plan that includes a B/8.5 billion program to ensure long-term water availability. S&P positively assesses the Panama Canal's management and governance, noting that its standalone credit profile remains solid thanks to a stable financial structure, strong liquidity, and a responsible dividend policy.

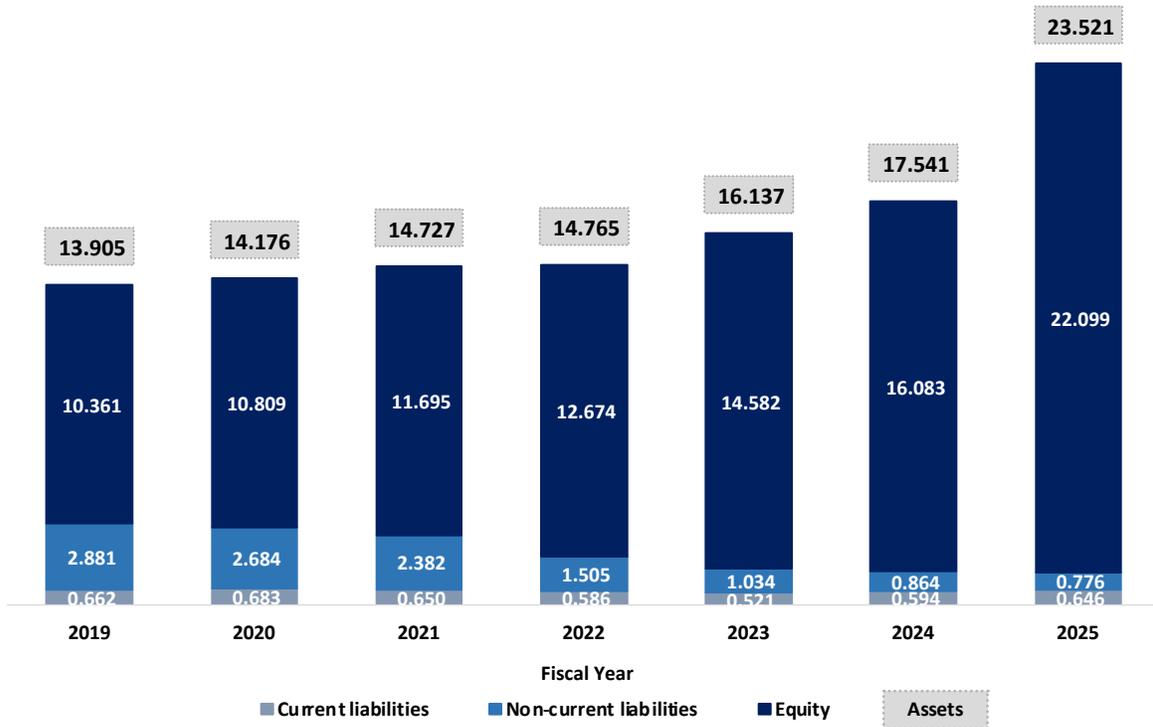
**Table 5. Panama Canal Authority's Credit Ratings**

Rating Agency	Rating	Outlook	Date
Moody's	A3	Negative	Dec. 2024
S&P Global	BBB+	Stable	Dec. 2024

# Balance Sheet

At the end of fiscal year 2025, the Panama Canal’s assets totaled B/.23.521 billion, which is B/.5.980 billion or 34.1% higher than in fiscal year 2024. This variation is primarily due to the revaluation of assets classified under Land, as well as the net effect of the business profit and investments in securities and other financial instruments. The assets consist of B/.10.096 billion in current assets and B/.13.425 billion in non-current assets. Meanwhile, total equity and liabilities totaled B/.22.099 billion and B/.1.422 billion, respectively.

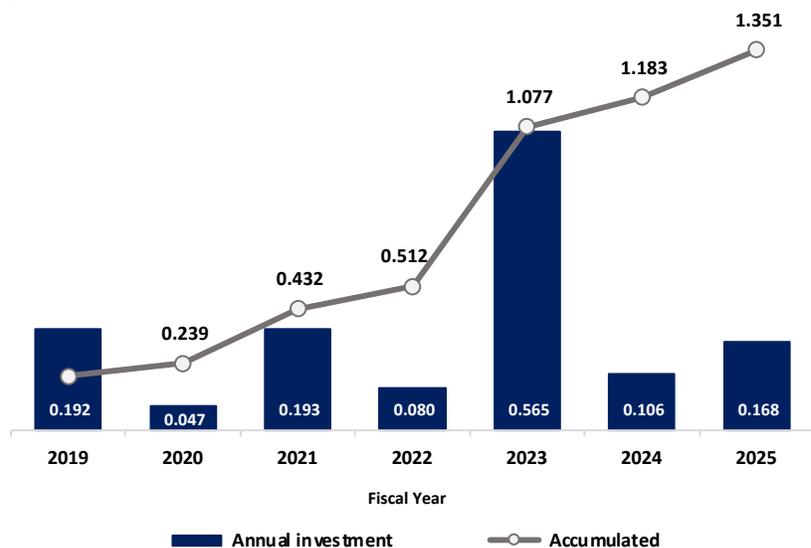
**Graph 24. Assets, Liabilities and Equity (in billions of Balboas)**



# Capital Investment Program

The capital investment program for fiscal year 2025 consisted in 179 projects, with a total expense of B/.168 million, primarily intended at increasing the Canal’s operational efficiency, maintaining its continued reliability, safeguarding water quality and preserving the sustainability of the Panama Canal watershed’s water resources.

**Graph 25. Regular Investment Program Expenses (in billions of Balboas)**





**Appendix:  
Audited Financial  
Statements**

**AUTORIDAD DEL CANAL DE PANAMÁ**  
(Panama, Republic of Panama)

**Financial Statements**

September 30, 2025

(With Independent Auditors' Report thereon)

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**AUTORIDAD DEL CANAL DE PANAMÁ**  
(Panama, Republic of Panama)

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Statement of Profit or Loss  
Statement of Comprehensive Income  
Statement of Changes in Equity  
Statement of Cash Flows  
Notes to the Financial Statements





## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Autoridad del Canal de Panamá

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the financial statements of Autoridad del Canal de Panamá, (hereinafter, "ACP"), which comprise the statement of financial position as of September 30, 2025, the statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of ACP as of September 30, 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

#### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of ACP in accordance with International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants* (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Panama and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

*Contingent Liabilities for Contractor Claims*  
*See Note 30 to the financial statements*

The key audit matter

Contingencies arising from contractor claims are considered a key audit matter due to the significant uncertainty associated with the outcome of the arbitration, the magnitude of the amount involved (B/.3.96 billion), and the high degree of judgment applied by management and its legal advisors to determine the appropriate accounting recognition or disclosure in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

How the matter was addressed in our audit

Our audit procedures included:

- Assessing, with the assistance of our legal specialists, the available evidence and the conclusions reached by management and its legal advisors regarding each claim.
- Confirm with ACP’s internal and external legal advisors the status of the arbitration and evaluate the disclosures made.”

*Property, Plant, and Equipment, Net*  
*See Notes 4 and 34 (g) to the financial statements*

The key audit matter

Property, Plant and Equipment (PPE), with a carrying amount of B/.12.936 billion (55% of total assets), constitute a key audit matter due to their magnitude and the significant judgments required for (i) capitalization of additions, (ii) determination of useful lives, (iii) estimation of impairment losses, and (iv) the adoption, for the first time in fiscal year 2025, of the revaluation model for land in accordance with IAS 16 Property, Plant and Equipment.

How the matter was addressed in our audit

Our procedures in this area included:

- Assessing the design and effectiveness of controls over additions and reclassifications of PPE;
- Evaluating the determination of useful lives by asset category and their reasonableness;
- Inspecting, through selective testing of additions, invoices, disbursements, and technical documentation;
- Assessing the competence and objectivity of external experts who performed the land appraisals;
- Involving our valuation specialists to assist in evaluating the revaluation methodology used and its compliance with IFRS 13 Fair Value Measurement; and
- Evaluating the adequacy of the disclosure of the effects of the revaluation on equity and the revised accounting policies.

### *Other Information*

Management is responsible for the other information. The other information comprises the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

### *Auditors' Responsibilities for the Audit of the Financial Statements*

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ACP's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on ACP's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause ACP to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal Requirements**

In compliance with Law 280 of December 30, 2021, which regulates the certified public accounting profession in the Republic of Panama, we declare the following:

- The direction, execution and supervision of this audit engagement has been physically performed in the Panamanian territory.
- The partner in charge of the audit who has prepared this independent auditors' report is Alexis Muñoz Giroldi.
- The engagement team that has participated in the audit to which this report refers to, is formed by Alexis Muñoz Giroldi, Partner, and Carmen Caballero, Manager.

KPMG

Panama, Republic of Panama  
December 18, 2025

  
Alexis Muñoz Giroldi  
Partner  
C.P.A. 702-2003

# AUTORIDAD DEL CANAL DE PANAMÁ

(Panama, Republic of Panama)

## Statement of Financial Position

September 30, 2025

(In thousands of balboas B/.)

	<u>Note</u>	<u>2025</u>	<u>2024</u>
<b>Assets:</b>			
Non-current assets:			
Property, plant and equipment:			
Property, plant and equipment, net		12,731,955	8,957,393
Constructions in progress		204,707	136,453
<b>Total property, plant and equipment, net</b>	4	<u>12,936,662</u>	<u>9,093,846</u>
Investment properties	5	104,166	104,426
Reimbursement right of ACP	17	282,220	284,540
Inventories, net	6	97,273	90,164
Right-of-use assets	28	5,160	8,896
<b>Total non-current assets</b>		<u>13,425,481</u>	<u>9,581,872</u>
Current assets:			
Inventories	6	11,390	6,749
Investment securities and other financial assets	8, 22	8,715,520	6,516,316
Accrued interest receivable	9	57,987	57,624
Trade and other receivables	7, 22, 31	36,412	28,637
Other assets		37,384	21,183
Cash and cash equivalents	10, 22	1,236,927	1,328,778
<b>Total current assets</b>		<u>10,095,620</u>	<u>7,959,287</u>
<b>Total assets</b>		<u><u>23,521,101</u></u>	<u><u>17,541,159</u></u>

*The statement of financial position must be read in conjunction with the notes that are an integral part of the financial statements.*

	<u>Note</u>	<u>2025</u>	<u>2024</u>
<b>Equity and liabilities:</b>			
Equity:			
Contributed capital	11	2,474,422	2,474,422
Investment program contributions	12	9,138,690	8,143,803
Reserves	12	4,232,677	3,506,094
Other equity accounts	13	29	6,607
Revaluation surplus	4	3,882,042	0
Earnings available for distribution	14, 33	2,371,617	1,952,410
<b>Total equity</b>		<u>22,099,477</u>	<u>16,083,336</u>
Non-current liabilities:			
Borrowings and debt, net	15, 16, 22	504,728	587,456
Employee benefits	17	266,477	264,878
Lease liabilities	22, 28	1,000	5,805
Other financial liabilities	18, 22	3,563	5,998
<b>Total non-current liabilities</b>		<u>775,768</u>	<u>864,137</u>
Current liabilities:			
Provision for marine accidents	19	43,831	40,556
Accrued salaries and vacations payable		191,499	169,508
Borrowings and debt	15, 16, 22	91,961	95,271
Employee benefits	17	29,382	33,382
Other liabilities	20	46,164	47,986
Lease liabilities	22, 28	4,541	3,346
Trade and other payables	21, 22, 31	238,478	203,637
<b>Total current liabilities</b>		<u>645,856</u>	<u>593,686</u>
<b>Total liabilities</b>		<u>1,421,624</u>	<u>1,457,823</u>
<b>Total equity and liabilities</b>		<u>23,521,101</u>	<u>17,541,159</u>

# AUTORIDAD DEL CANAL DE PANAMÁ

(Panama, Republic of Panama)

## Statement of Profit or Loss

For the year ended September 30, 2025

(In thousands of balboas B/.)

	<u>Note</u>	<u>2025</u>	<u>2024</u>
<b>Revenue:</b>			
Toll revenue		4,007,917	3,179,082
Other Canal transit services	23	1,580,614	1,659,572
		<u>5,588,531</u>	<u>4,838,654</u>
Other revenue:			
Sales of electricity and power		35,957	71,146
Sales of potable water	31	41,646	40,360
Miscellaneous	24	38,457	35,802
<b>Total other revenue</b>		<u>116,060</u>	<u>147,308</u>
<b>Total revenue</b>		<u>5,704,591</u>	<u>4,985,962</u>
<b>Expenses:</b>			
Salaries and wages		720,913	658,864
Employee benefits	25, 31	90,746	82,052
Materials and supplies		83,938	86,031
Fuel		45,804	80,849
Transportation and allowances		2,731	2,233
Contracted services and fees		210,153	137,491
Insurance		37,115	29,703
Provision for marine accidents	19	5,904	14,223
Provision for impairment of inventories	6	(432)	320
Depreciation and impairment loss	4, 5, 25	207,211	242,783
Depreciation of right-of-use assets	28	5,543	4,247
Fees paid to the National Treasury	14, 31	593,001	518,375
Other expenses		23,494	22,592
<b>Total expenses</b>	25	<u>2,026,121</u>	<u>1,879,763</u>
<b>Results of operations</b>		<u>3,678,470</u>	<u>3,106,199</u>
Finance income		448,589	370,971
Finance costs		(33,972)	(38,612)
<b>Net finance income</b>	26	<u>414,617</u>	<u>332,359</u>
<b>Profit for the year</b>		<u>4,093,087</u>	<u>3,438,558</u>

*The statement of profit or loss must be read in conjunction with the notes that are an integral part of the financial statements.*

**AUTORIDAD DEL CANAL DE PANAMÁ**

(Panama, Republic of Panama)

**Statement of Comprehensive Income**

For the year ended September 30, 2025

(In thousands of balboas B/.)

	<u>Note</u>	<u>2025</u>	<u>2024</u>
<b>Profit for the year</b>		4,093,087	3,438,558
<b>Other comprehensive income (loss):</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Net remeasurement of employee defined benefit plans		(405)	(20)
Revaluations of property, plant and equipment	4	3,882,042	0
		<u>3,881,637</u>	<u>(20)</u>
<b>Items that are or may be reclassified to profit or loss:</b>			
Reclassification to profit or loss - instruments at fair value through other comprehensive income (FVOCI)		(1,149)	1,142
Net change in fair value - FVOCI	8, 13	(8,929)	15,618
Net gain (loss) on cash flow hedges - diesel purchase call options		1,665	(1,444)
Net gain (loss) on cash flow hedges - interest rate swap contracts		2,240	(9,611)
	13	<u>(6,173)</u>	<u>5,705</u>
<b>Total other comprehensive income</b>		<u>3,875,464</u>	<u>5,685</u>
<b>Total comprehensive income</b>		<u>7,968,551</u>	<u>3,444,243</u>

*The statement of comprehensive income must be read in conjunction with the notes that are an integral part of the financial statements.*

**AUTORIDAD DEL CANAL DE PANAMÁ**

(Panama, Republic of Panama)

**Statement of Changes in Equity**

For the year ended September 30, 2025

(In thousands of balboas B/.)

	<u>Note</u>	<u>Contributed capital</u>	<u>Investment program contributions</u>	<u>Reserves</u>	<u>Other equity accounts</u>	<u>Revaluation surplus</u>	<u>Earnings available for distribution</u>	<u>Total equity</u>
<b>Balance as of September 30, 2023</b>		2,474,422	7,390,362	2,773,387	922	0	1,942,705	14,581,798
Profit for the year		0	0	0	0	0	3,438,558	3,438,558
<b>Other comprehensive income (loss):</b>								
Net remeasurement of employee defined benefit plans		0	0	0	(20)	0	0	(20)
Reclassification to profit or loss for the year on instruments at FVOCI		0	0	0	1,142	0	0	1,142
Net change in fair value on instruments at FVOCI		0	0	0	15,618	0	0	15,618
Net loss on cash flow hedges		0	0	0	(11,055)	0	0	(11,055)
<b>Total other comprehensive income</b>		<u>0</u>	<u>0</u>	<u>0</u>	<u>5,685</u>	<u>0</u>	<u>0</u>	<u>5,685</u>
<b>Total comprehensive income of the year</b>		<u>0</u>	<u>0</u>	<u>0</u>	<u>5,685</u>	<u>0</u>	<u>3,438,558</u>	<u>3,444,243</u>
Transfer to the National Treasury		0	0	0	0	0	(1,942,705)	(1,942,705)
Net increase in contributions	12	0	753,441	0	0	0	(753,441)	0
Net increase in equity reserves	12	0	0	732,707	0	0	(732,707)	0
<b>Balance as of September 30, 2024</b>		<u>2,474,422</u>	<u>8,143,803</u>	<u>3,506,094</u>	<u>6,607</u>	<u>0</u>	<u>1,952,410</u>	<u>16,083,336</u>
Profit for the year		0	0	0	0	0	4,093,087	4,093,087
<b>Other comprehensive income (loss):</b>								
Net remeasurement of employee defined benefit plans		0	0	0	(405)	0	0	(405)
Reclassification to profit or loss for the year on instruments at FVOCI		0	0	0	(1,149)	0	0	(1,149)
Net change in fair value on instruments at FVOCI		0	0	0	(8,929)	0	0	(8,929)
Net gain on cash flow hedges		0	0	0	3,905	0	0	3,905
Revaluation surplus	4	0	0	0	0	3,882,042	0	3,882,042
<b>Total other comprehensive income</b>		<u>0</u>	<u>0</u>	<u>0</u>	<u>(6,578)</u>	<u>3,882,042</u>	<u>0</u>	<u>3,875,464</u>
<b>Total comprehensive income of the year</b>		<u>0</u>	<u>0</u>	<u>0</u>	<u>(6,578)</u>	<u>3,882,042</u>	<u>4,093,087</u>	<u>7,968,551</u>
Transfer to the National Treasury	14	0	0	0	0	0	(1,952,410)	(1,952,410)
Net increase in contributions	12	0	994,887	0	0	0	(994,887)	0
Net increase in equity reserves	12	0	0	726,583	0	0	(726,583)	0
<b>Balance as of September 30, 2025</b>		<u>2,474,422</u>	<u>9,138,690</u>	<u>4,232,677</u>	<u>29</u>	<u>3,882,042</u>	<u>2,371,617</u>	<u>22,099,477</u>

The statement of changes in equity must be read in conjunction with the notes that are an integral part of the financial statements.

**AUTORIDAD DEL CANAL DE PANAMÁ**

(Panama, Republic of Panama)

**Statement of Cash Flows**

For the year ended September 30, 2025

(In thousands of balboas B/.)

	<u>Note</u>	<u>2025</u>	<u>2024</u>
<b>Cash flows from operating activities:</b>			
Profit for the year		4,093,087	3,438,558
Adjustments to reconcile profit for the year to cash from operating activities:			
Depreciation and impairment loss	4, 5, 25	207,211	242,783
Depreciation of right-of-use assets	28	5,543	4,247
Change in fair value of biological assets	24	140	(2,581)
Deferred income	20	(6,431)	(3,978)
Amortization of diesel option premium		2,066	4,878
Loss on disposal of property, plant and equipment	4	255	41
Provision for marine accidents	19	5,904	14,223
(Reversal of) provision for impairment of inventories	6	(432)	320
Materials and supplies inventory usages		52,813	46,878
Amortized discount on debt		363	1,133
Net finance income		(414,617)	(332,359)
Changes in operating assets and liabilities:			
(Increase) decrease in trade and other receivables		(7,901)	21,250
(Increase) decrease in fuel inventory		(4,641)	5,372
Increase in other assets		(16,201)	(8,817)
Increase in trade and other payables		34,841	14,377
Payments of marine accident claims	19	(2,629)	(3,849)
Increase in accrued salaries and vacations payable		21,991	2,030
Employee benefit plans		(486)	4,392
Increase in other liabilities		4,251	17,538
Cash provided by operating activities:		<u>3,975,127</u>	<u>3,466,436</u>
Interest paid		(35,485)	(40,066)
<b>Net cash provided by operating activities</b>		<u>3,939,642</u>	<u>3,426,370</u>
<b>Cash flows from investing activities:</b>			
Acquisition of property, plant and equipment		(167,762)	(105,475)
Acquisition of inventories		(59,490)	(61,206)
Acquisition of diesel purchase call options		(834)	(2,077)
Acquisition of investment securities and other financial assets		(10,654,649)	(10,300,119)
Proceeds from sale and redemption of investment securities and other financial assets		8,562,809	9,850,126
Interest received		329,342	207,366
<b>Net cash used in investing activities</b>		<u>(1,990,584)</u>	<u>(411,385)</u>
<b>Cash flows from financing activities:</b>			
Payments of borrowings and debt		(83,091)	(136,989)
Payments of lease liabilities	28	(5,408)	(4,258)
Transfer to the National Treasury		(1,952,410)	(1,942,705)
<b>Net cash used in financing activities</b>		<u>(2,040,909)</u>	<u>(2,083,952)</u>
Net (decrease) increase in cash and cash equivalents		(91,851)	931,033
Cash and cash equivalents at the beginning of year		1,328,778	397,745
Cash and cash equivalents at the end of year	10	<u>1,236,927</u>	<u>1,328,778</u>

*The statement of cash flows must be read in conjunction with the notes that are an integral part of the financial statements.*

**Notes to the Financial Statements**

September 30, 2025

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**Notes to the Financial Statements**

September 30, 2025

(In thousands of balboas B/.)

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**(1) General Information**

The Autoridad del Canal de Panamá (ACP) is an autonomous public law legal entity. It was established by Article 316 under Title XIV of the Political Constitution of the Republic of Panama and is subject to a special regime comprised of the provisions of the aforementioned Title, of Law No. 19 of June 11, 1997 (Law No. 19), and of the regulations mandated by the Board of Directors in accordance with Articles 319 and 323 of that Title. This legal framework stipulates, among other things, that the administration, operation, conservation, maintenance, and modernization of the Panama Canal (the Canal) and its related activities are the exclusive responsibility of ACP, for which it establishes a special labor regime applicable to ACP and its workforce, as well as allowing it to hold its own capital and the right to its administration.

ACP, in coordination with government entities designated by law, is also responsible for the management, maintenance, use, and conservation of the water resources of the Canal watershed, including lakes and their tributary rivers (see Note 32). As part of this responsibility, ACP has broadened its revenue base by including electric power generation, water sales, and tourism activities within the Canal, among other sources.

In accordance with the Torrijos-Carter Treaty signed in 1977, at noon on December 31, 1999, the Canal was transferred to the Republic of Panama, free of debts and liens, open to the peaceful and uninterrupted transit of vessels of all nations and whose use will be subject to the requirements and conditions stated in Article 315 of the Political Constitution of the Republic of Panama, the Organic Law of ACP (Organic Law), and its Administration.

The Panama Canal, as stated in Articles 2 and 3 of the Organic Law, is an inalienable patrimony of the Republic of Panama and includes (i) the waterway itself, (ii) its anchorages, berths, and entrances, (iii) land and sea, river, and lake waters, (iv) locks, (v) auxiliary dams, (vi) dikes and water control structures. ACP patrimony is comprised of the facilities, buildings, structures, equipment, and other long-lived assets required for the Canal operation. These assets include, among others, electric power plants and water purification plants, piers and docks, dry docks, radio stations, telemetric and hydro-meteorological stations, dredge spoil areas, spillways, lighthouses, buoys, pipelines, and other aids to navigation. In addition, under Article 49 of Law No. 19, ACP is entitled to dispose of any movable or immovable assets if these are deemed not necessary for the functioning of the Panama Canal.

ACP headquarters are located at the Administration Building No. 101, Balboa, Township of Ancon, Republic of Panama.

**(2) Basis of Preparation**

**(a) Statement of compliance**

The financial statements of ACP, as of September 30, 2025, and for the year then ended, have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards), authorized for issue by the Board of Directors on December 16, 2025.

**Notes to the Financial Statements**

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**(2) Basis of Preparation, continued**

*(b) Measurement basis*

The financial statements have been prepared based on historical cost, except for the following items in the statement of financial position:

1. Financial assets measured at fair value through other comprehensive income (FVOCI);
2. Derivative financial instruments;
3. Reimbursement right of ACP;
4. Employee benefits; and
5. Land

*(c) Functional and presentation currency*

These financial statements are presented in balboas (B/.), the monetary unit of the Republic of Panama, which is at par and freely exchangeable with the U.S. dollar (USD). The Republic of Panama does not issue its own paper currency; instead, it uses the USD as legal tender and functional currency. ACP's financial statements are expressed in thousands of balboas (B/.).

*(d) Foreign currency*

Transactions in currencies other than the functional currency (balboas, B/.) are recorded using the exchange rates prevailing on the transaction date. At the end of each reporting period, monetary items denominated in foreign currencies are translated into the functional currency using the exchange rates in effect at the reporting date. Any differences resulting from the exchanges are recognized in profit or loss for the period.

**(3) Critical Accounting Judgments and Key Sources of Estimation Uncertainty**

These financial statements are prepared in conformity with the IFRS Accounting Standards which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the reporting date and reported revenues and expenses during the reporting period. Future actual results could differ from those estimates. Significant estimates for these financial statements are included, but are not limited to:

- determination of whether revenue is recognized over time or at a point in time (Note 34c);
- determination of the useful lives of property, plant, and equipment, net (Note 34g);
- recoverability of property, plant, and equipment, net (Note 4);
- measurement of fair value of land and revaluation process (Note 4);
- estimated actuarial liability for the defined benefit plans for employee retirement and the right to reimbursement on these plans (Note 17);
- measurement of expected credit loss model (ECL) allowance and key assumptions in determining the weighted average loss rate and financial instruments' fair value (Note 22); and
- estimates for the provision for marine accidents, contingent liabilities, and other claims (Notes 19 and 30, respectively).

# AUTORIDAD DEL CANAL DE PANAMÁ

(Panama, Republic of Panama)

## Notes to the Financial Statements

### (4) Property, Plant and Equipment, Net

The reconciliation of property, plant, and equipment is detailed as follows:

	<u>Buildings</u>	<u>Structures</u>	<u>Equipment</u>	<u>Land</u>	<u>Natural and Hydrographic Resources</u>	<u>Constructions in progress</u>	<u>Total</u>
<b>Cost:</b>							
Balance at October 1, 2023	237,660	6,317,530	3,017,743	2,088,602	0	108,925	11,770,460
Additions and other adjustments	(633)	2,595	0	(3,381)	0	105,605	104,186
Reclassifications	0	0	0	(806,208)	806,208	0	0
Transfers	4,527	43,765	29,276	509	0	(78,077)	0
Retirements	0	0	(9,205)	0	0	0	(9,205)
<b>Balance at September 30, 2024</b>	<u>241,554</u>	<u>6,363,890</u>	<u>3,037,814</u>	<u>1,279,522</u>	<u>806,208</u>	<u>136,453</u>	<u>11,865,441</u>
Additions and other adjustments	(62)	(140)	0	0	0	167,778	167,576
Transfers	4,780	9,714	84,385	645	0	(99,524)	0
Revaluation surplus	0	0	0	3,882,042	0	0	3,882,042
Revaluation loss	0	0	0	(4,354)	0	0	(4,354)
Retirements	(298)	(22)	(25,421)	0	0	0	(25,741)
<b>Balance at September 30, 2025</b>	<u>245,974</u>	<u>6,373,442</u>	<u>3,096,778</u>	<u>5,157,855</u>	<u>806,208</u>	<u>204,707</u>	<u>15,884,964</u>
<b>Accumulated depreciation and impairment loss:</b>							
Balance at October 1, 2023	(73,705)	(1,088,637)	(1,376,088)	0	0	0	(2,538,430)
Depreciation	(5,725)	(108,923)	(104,882)	0	0	0	(219,530)
Adjustments	633	(15)	0	0	0	0	618
Impairment loss	(20,590)	(515)	(2,312)	0	0	0	(23,417)
Retirements	0	0	9,164	0	0	0	9,164
<b>Balance at September 30, 2024</b>	<u>(99,387)</u>	<u>(1,198,090)</u>	<u>(1,474,118)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(2,771,595)</u>
Depreciation	(4,130)	(106,290)	(91,835)	0	0	0	(202,255)
Adjustments	62	0	0	0	0	0	62
Retirements	298	22	25,166	0	0	0	25,486
<b>Balance at September 30, 2025</b>	<u>(103,157)</u>	<u>(1,304,358)</u>	<u>(1,540,787)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(2,948,302)</u>
<b>Net carrying amount:</b>							
<b>Balance at September 30, 2024</b>	<u>142,167</u>	<u>5,165,800</u>	<u>1,563,696</u>	<u>1,279,522</u>	<u>806,208</u>	<u>136,453</u>	<u>9,093,846</u>
<b>Balance at September 30, 2025</b>	<u>142,817</u>	<u>5,069,084</u>	<u>1,555,991</u>	<u>5,157,855</u>	<u>806,208</u>	<u>204,707</u>	<u>12,936,662</u>

# AUTORIDAD DEL CANAL DE PANAMÁ

(Panama, Republic of Panama)

## Notes to the Financial Statements

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### (4) Property, Plant and Equipment, Net, continued

During fiscal year 2025, ACP derecognized assets at a cost of B/.25,741 (2024: B/.9,205), mainly comprised of tugs for B/.6,108, vehicles for B/.4,804, and signal lights for B/.2,376 (2024: vehicles for B/.2,723, telephone exchange for B/.1,205 and radars for B/.1,029). The remaining B/.12,453 corresponds to other assets (2024 B/.4,248).

As a result, ACP recognized losses on disposal of assets for an amount of B/.255 (2024: B/.41).

Depreciation expense for B/.16 (2024: B/.438) corresponds to equipment used in investment projects that were capitalized as property, plant, and equipment.

During fiscal year 2025, fully depreciated buildings located in La Boca were reclassified to investment properties (2024: buildings fully depreciated and land located in La Boca with a carrying amount of B/.3,381), see Note 5.

### Measurement of fair value of land and valuation process

As of fiscal year 2025, ACP adopted the revaluation model as its accounting policy for subsequent measurement of the asset class "Land". The fair value measurements of ACP's land were carried out by Panamericana de Avalúos, S. A., local firm specializing in land valuation, with an effective date of September 25, 2024, followed by a desk review dated July 3, 2025. The valuation was conducted in accordance with International Valuation Standards and was based on recent market transactions for similar properties.

As of September 30, 2025, the carrying value of land under the cost and revaluation models is detailed as follows:

	<b><u>2025</u></b>
Cost model	1,280,167
Revaluation surplus	3,882,042
Revaluation loss	<u>(4,354)</u>
<b>Revaluation model</b>	<b><u>5,157,855</u></b>

The revaluation surplus reflects increases in the value of assets, which are not distributed or recognized as income until the asset is disposed of. Revaluation losses are recognized in the profit or loss for the year, unless there is a credit balance in the revaluation surplus related to that asset.

The valuation techniques used to measure the fair value of the assets classified under 'Land' was market approach (Level 3), see Note 5.

### Impairment of non-financial assets

During fiscal year 2025, ACP did not recognize any impairment losses (2024: an impairment loss of B/.23,417 was recognized, specifically related to the buildings and auxiliary assets that housed the thermal generation units).

**Notes to the Financial Statements**

**(5) Investment Properties**

The reconciliation of the carrying amounts of investment properties, which are measured by ACP using the cost model, is as follows:

	<u>Buildings</u>	<u>Structures</u>	<u>Equipment</u>	<u>Land</u>	<u>Total</u>
<b><u>Cost:</u></b>					
Balance at October 1, 2023	7,036	185	1,891	93,433	102,545
Additions and other adjustments	<u>926</u>	<u>0</u>	<u>0</u>	<u>3,381</u>	<u>4,307</u>
<b>Balance at September 30, 2024</b>	<u>7,962</u>	<u>185</u>	<u>1,891</u>	<u>96,814</u>	<u>106,852</u>
Additions and other adjustments	62	0	0	0	62
Retirements	<u>(76)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(76)</u>
<b>Balance at September 30, 2025</b>	<u>7,948</u>	<u>185</u>	<u>1,891</u>	<u>96,814</u>	<u>106,838</u>
<b><u>Accumulated depreciation and impairment loss:</u></b>					
Balance at October 1, 2023	(2,357)	(141)	(608)	0	(3,106)
Depreciation	(116)	(33)	(125)	0	(274)
Other adjustments	(618)	0	0	0	(618)
Reversal of impairment loss	<u>1,572</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,572</u>
<b>Balance at September 30, 2024</b>	<u>(1,519)</u>	<u>(174)</u>	<u>(733)</u>	<u>0</u>	<u>(2,426)</u>
Depreciation	(155)	(11)	(94)	0	(260)
Other adjustments	(62)	0	0	0	(62)
Retirements	<u>76</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>76</u>
<b>Balance at September 30, 2025</b>	<u>(1,660)</u>	<u>(185)</u>	<u>(827)</u>	<u>0</u>	<u>(2,672)</u>
<b><u>Net carrying amount:</u></b>					
<b>Balance at September 30, 2024</b>	<u>6,443</u>	<u>11</u>	<u>1,158</u>	<u>96,814</u>	<u>104,426</u>
<b>Balance at September 30, 2025</b>	<u>6,288</u>	<u>0</u>	<u>1,064</u>	<u>96,814</u>	<u>104,166</u>

ACP's investment properties include the following:

- An area of 180,345 square meters of land, water surface and subaquatic bottom, with a carrying amount of B/.52 (2024: B/.52) and fair value of B/.67,459 (2024: B/.60,168), granted in concession to the PSA Panama International Terminal, S.A. for a period of twenty (20) years, with a renewal option for the same period subject to ACP approval to develop, build, operate and manage a container yard and two docks.
- A plot of land of 1,499.95 square meters with a carrying amount of B/.22 (2024: B/.22); and a large format cinema consisting of a building, improvements, and equipment with a fair value of B/.7,705 on its initial recognition date, built on that plot, granted in concession to Large Screen Cinema Corp. for a period of ten (10) years.

On June 30, 2025, ACP carried out an impairment test applying the value in use method on the group of assets that have been granted in concession. According to this method, the value in use of the group of assets is equal to the expected present value of the projected cash flows over the life of the concession contract. The assessment of the value in use of these assets did not show signs of impairment.

The estimated value in use was determined using a discount rate of 12% (2024: 12%) and a future value growth rate of 4.91% from 2029 (2024: 1.68% from 2028).

As of September 30, 2025, the carrying amount of the concession is B/.6,430 (2024: B/.6,642). The value in use was determined at B/.12,467 (2024: B/.8,620).

# AUTORIDAD DEL CANAL DE PANAMÁ

(Panama, Republic of Panama)

## Notes to the Financial Statements

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### (5) Investment Properties, continued

- Land with an area of 464,759.71 square meters, located on the east bank to the south end (Pacific) bordering the Canal channel and other land owned by ACP, with a carrying amount of B/.89,757 (2024: B/.89,757) and fair value of B/.108,274 (2024: B/.169,727).
- Buildings leased to third parties with a carrying amount of B/.280 (2024 B/.295) and fair value of B/.12,713 (2024: B/.16,432).
- Toll road structures and equipment with a carrying amount of B/.642 (2024: B/.697) and fair value of B/.3,327 (2024: B/.14,616).
- Land with an area of 39,964.92 square meters located in Balboa with a carrying amount of B/.3,602 (2024: B/.3,602) and fair value of B/.15,263 (2024: B/.18,373). These properties were required by the Public Works Ministry (MOP, for its acronym in Spanish) for the construction of the fourth bridge over the Panama Canal and Line 3 of the Panama Metro.
- Fully depreciated buildings and land with 33,808.46 square meters located in La Boca with a carrying amount of B/.3,381 (2024: B/.3,381) and fair value of B/.16,978 (2024: B/.20,880). These properties were also required by MOP for the construction of the fourth bridge over the Panama Canal.

During fiscal year 2025, income resulting from the rental of buildings and land concessions was B/.8,125 (2024: B/.11,350).

**Notes to the Financial Statements**

**(5) Investment Properties, continued**

**Valuation techniques and significant unobservable inputs**

The following table shows the valuation techniques used to measure the fair value in Level 3 of the investment properties and assets classified under 'Land' of property, plant and equipment (Note 4).

<b>Class</b>	<b>Valuation technique</b>	<b>Significant Unobservable inputs</b>	<b>Inter-relationship between key unobservable inputs and fair value measurement</b>
Land	Market comparison: The fair value was estimated by a qualified valuator, applying a methodology based on three main components: the market comparison approach, a valuation matrix, and the application of special factors.	- Comparative market approach: homogenization factors.  - Valuation matrix: location, potential, topography, public infrastructure, accessibility, shape and proportion, soil type, forest composition, and marketing.  - Application of special factors.	The estimated fair value would increase (decrease) if: - market comparables present a homogenization factor with a positive (negative) impact;  - the result of the valuation matrix were higher (lower); or  - special factors were resolved (aggravated).
Buildings, structures and equipment	Discounted cash flows: The valuation model considers the present value of the net cash flows to be generated from the property, taking into account the compound annual growth rate, inflation rate, discount rate, maintenance costs, occupancy rate, and useful life of the assets. Other factors include the disposal value of the assets, the value of concession contracts, and the terms of lease agreements.	-Compound annual growth rate (2025: 4.91%; 2024: 1.68%).  -Inflation rate (2025 and 2024: 1.5%).  -Discount rates (2025: Tourism 12% and Transit 9.5%; 2024: Tourism 12% and Transit 10%).  -Maintenance costs (2025 and 2024: B/.20 per m2).  -Occupancy rate (2025: 64%; 2024: 71%).	The estimated fair value would increase (decrease) if:  -the compound annual growth rate were higher (lower);  -the inflation rate were higher (lower);  -the discount rates were lower (higher);  -maintenance costs were lower (higher); or  -the occupancy rate were higher (lower).

**(6) Inventories, Net**

Net inventories are detailed as follows:

	<u><b>2025</b></u>	<u><b>2024</b></u>
Supplies and materials	101,273	94,864
Fuel	11,390	6,749
Less: estimate for inventories impairment	<u>(4,000)</u>	<u>(4,700)</u>
<b>Inventories, net</b>	<u><b>108,663</b></u>	<u><b>96,913</b></u>
Non-current	97,273	90,164
Current	<u>11,390</u>	<u>6,749</u>
<b>Total</b>	<u><b>108,663</b></u>	<u><b>96,913</b></u>

**Notes to the Financial Statements**

**(6) Inventories, Net, continued**

Changes in the estimate for impairment of supplies and materials inventories are as follows:

	<b><u>2025</u></b>	<b><u>2024</u></b>
Balance at the beginning of the year	4,700	4,810
Increase	0	320
Reversal	(432)	0
Write-off	<u>(268)</u>	<u>(430)</u>
<b>Balance at the end of the year</b>	<b><u>4,000</u></b>	<b><u>4,700</u></b>

**(7) Trade and Other Receivables**

Trade and other receivables are detailed as follows:

	<b><u>2025</u></b>	<b><u>2024</u></b>
Tolls and other maritime services	14,417	10,291
Sale of electricity and power	9,954	8,413
Sale of potable water (Note 31)	5,189	5,330
Other government entities	1,443	712
Other services	<u>5,616</u>	<u>3,971</u>
<b>Sub-total</b>	36,619	28,717
Less: allowance for expected credit loss (ECL)	<u>(207)</u>	<u>(80)</u>
<b>Total trade and other receivables</b>	<b><u>36,412</u></b>	<b><u>28,637</u></b>

Accounts receivable due within 30 days or less. The aging analysis of past due, but not impaired receivables, is the following:

	<b><u>2025</u></b>	<b><u>2024</u></b>
31 – 60 days	19	11
61 – 90 days	10	262
91 – 180 days	15	9
More than 181 days	<u>1,727</u>	<u>23</u>
<b>Total</b>	<b><u>1,771</u></b>	<b><u>305</u></b>

**Notes to the Financial Statements**

**(8) Investment Securities and Other Financial Assets**

Investment securities and other financial assets are detailed as follows:

	<u>2025</u>		<u>2024</u>	
	<u>Carrying amount</u>	<u>Fair value</u>	<u>Carrying amount</u>	<u>Fair value</u>
<b>Financial instruments measured at amortized cost:</b>				
Time deposits with maturities over 90 days	2,222,926	2,227,797	1,289,448	1,295,528
Accrued interest receivable	50,099	49,842	23,391	22,977
	<u>2,273,025</u>	<u>2,277,639</u>	<u>1,312,839</u>	<u>1,318,505</u>
<b>Financial instruments measured at fair value with changes in other comprehensive income (FVOCI):</b>				
Corporate debt securities	6,441,746	6,441,746	5,203,149	5,203,149
<b>Financial instruments designated as cash flow hedging instruments:</b>				
Diesel purchase call option contract	749	749	328	328
	<u>749</u>	<u>749</u>	<u>328</u>	<u>328</u>
	<u>8,715,520</u>	<u>8,720,134</u>	<u>6,516,316</u>	<u>6,521,982</u>

On September 30, 2025, the unrealized gain on financial instruments measured at FVOCI amounted to B/.4,948 (2024: B/.13,877), recognized in OCI.

During fiscal year 2025, ACP sold financial instruments measured at FVOCI amounting to B/.162,597 (2024: B/.520,030), recognizing a net realized gain of B/.153 (2024: loss of B/.160); and redeemed corporate debt securities that were collected upon maturity amounting to B/.5,613,888 (2024: B/.7,111,929).

According to the Organic Law, ACP's funds may be placed in short-term investment grade debt instruments and may not be used to buy other types of investment instruments issued by public or private entities, Panamanian or foreign, neither to grant loans to those entities nor the Panamanian Government. Investments in securities and time deposits are negotiated and recorded in USD. On September 30, 2025, all ACP's investments were placed in banks and financial instruments with an investment grade and short-term maturity, for a period of up to twelve months. The average annual interest rate of return of the investments and other financial assets (excluding current and savings accounts) was 4.9250% (2024: 5.8148%).

*Financial instruments designated as hedge instruments:*

In August 2025 (2024: May 2024), ACP subscribed an Asian style call option contract effective October 1, 2025 (2024: September 1, 2024), to hedge the variability risk of future cash flows attributable to the price fluctuation of light diesel that ACP expects to purchase for its forecasted operations for fiscal year 2026 (2024: for fiscal year 2025).

**Notes to the Financial Statements**

**(9) Accrued Interest Receivable**

Accrued interest receivable is detailed as follows:

	<u>2025</u>	<u>2024</u>
<b>Accrued interest receivable on:</b>		
Corporate debt securities at FVOCI	57,968	56,169
Interest rate swap contracts	<u>19</u>	<u>1,455</u>
	<u>57,987</u>	<u>57,624</u>

**(10) Cash and Cash Equivalents**

Cash and cash equivalents are comprised of the following:

	<u>2025</u>	<u>2024</u>
Cash on hand	47	37
Cash deposits in demand deposit accounts	24,680	176,810
Cash deposits in savings accounts	60,569	0
Time deposits with maturities under 90 days	1,150,368	1,149,462
Accrued interest receivable	<u>1,263</u>	<u>2,469</u>
<b>Total cash and cash equivalents</b>	<u>1,236,927</u>	<u>1,328,778</u>

Cash deposits in bank accounts are used primarily to cover ACP obligations and earn interest based on daily rates quoted by banks. As of September 30, 2025, interest rates ranged from 0.01% to 4.29% (2024: From 0.01% to 5.20%).

**(11) Contributed Capital**

Article 316 of the Political Constitution of the Republic of Panama states that ACP has its own patrimony and the right to manage it. On September 30, 2025, the contributed capital of ACP amounted to B/.2,474,422 (2024: B/.2,474,422).

**(12) Investment Program Contributions and Reserves**

Changes in investment program contributions, debt repayment, and reserves, as of September 30, 2025, are detailed as follows:

	<u>2025</u>	<u>Increase</u>	<u>2024</u>	<u>Increase</u>	<u>2023</u>
<b>Contributions:</b>					
Investment program	6,980,075	911,796	6,068,279	612,917	5,455,362
Debt repayment	<u>2,158,615</u>	<u>83,091</u>	<u>2,075,524</u>	<u>140,524</u>	<u>1,935,000</u>
	<u>9,138,690</u>	<u>994,887</u>	<u>8,143,803</u>	<u>753,441</u>	<u>7,390,362</u>
<b>Reserves:</b>					
Working capital, contingencies, and catastrophic events	1,348,803	171,928	1,176,875	160,286	1,016,589
Strategic for growth, sustainability, and debt service	1,612,606	354,655	1,257,951	171,928	1,086,023
Financing relevant projects	<u>1,271,268</u>	<u>200,000</u>	<u>1,071,268</u>	<u>400,493</u>	<u>670,775</u>
	<u>4,232,677</u>	<u>726,583</u>	<u>3,506,094</u>	<u>732,707</u>	<u>2,773,387</u>
<b>Total</b>	<u>13,371,367</u>	<u>1,721,470</u>	<u>11,649,897</u>	<u>1,486,148</u>	<u>10,163,749</u>

**Notes to the Financial Statements**

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**(12) Investment Program Contributions and Reserves, continued**

***Contributions***

*Investment program*

On September 30, 2025, ACP increased the investment program funds by a net amount of B/.911,796 (2024: B/.612,917). This amount includes a contingency amount for the Investment Program - Others, which is set each year. The unused balance is transferred to earnings available for distribution at the end of the year.

*Debt repayment*

ACP established an equity contribution to segregate the funds required for the scheduled and unscheduled repayments of its long-term debt used to finance the investment program.

***Reserves***

*Working capital, contingencies, and catastrophic events*

ACP maintains an equity reserve for working capital and contingencies, including a sum to cover deductible amounts related to catastrophic risks insurance policies, to ensure and facilitate its long-term financial standing.

*Strategic reserves to cover growth, sustainability, and debt service*

ACP established an equity reserve to maintain the strategic sustainability and competitiveness of the Canal, ensuring the availability of funds to meet additional needs of existing investment projects, and take advantage of growth opportunities requiring the implementation of new investment projects, as well as to cover debt service.

*Financing relevant projects*

ACP established an equity reserve to meet the financing needs of the projects of Construction of a multipurpose reservoir in the Indio River watershed, the Consolidation of facilities in the Atlantic and the Pacific and Improvements to Gatun Dam.

**Notes to the Financial Statements**

**(13) Other Equity Accounts – Components of Other Comprehensive Income (OCI)**

Other equity accounts are composed of the unrealized gain (loss) in actuarial valuations of the defined post-employment benefit plans, the unrealized gain (loss) on financial instruments, and the unrealized gain (loss) for the valuation of the cash flow hedging instruments.

Account movements of other equity accounts- other comprehensive income during the fiscal year are as follows:

	<u>2025</u>	<u>2024</u>
<b>Balance at the beginning of the year</b>	6,607	922
<b><u>Actuarial valuations:</u></b>		
Net remeasurement of employee defined benefit plans	<u>(405)</u>	<u>(20)</u>
<b>Other comprehensive loss not to be reclassified to profit or loss</b>	<u>(405)</u>	<u>(20)</u>
<b><u>Financial instruments with changes in OCI:</u></b>		
Reclassified to profit or loss for the year	(1,149)	1,142
Net change in fair value in valuation of investments	(8,929)	15,618
<b><u>Cash flow hedges:</u></b>		
Light diesel purchase call option contracts:		
Net gain (loss) of current contracts	1,665	(1,444)
Interest rate swap contracts:		
Reclassification to profit or loss for the year	840	(3,564)
Net gain (loss) of current contracts	<u>1,400</u>	<u>(6,047)</u>
<b>Other comprehensive (loss) income that may be reclassified to profit or loss</b>	<u>(6,173)</u>	<u>5,705</u>
<b>Other comprehensive (loss) income for the year</b>	<u>(6,578)</u>	<u>5,685</u>
<b>Balance at the end of the year</b>	<u>29</u>	<u>6,607</u>

**(14) Earnings Available for Distribution and Transfers to National Treasury**

The Organic Law establishes that, after covering the costs for operation, investment, modernization, and expansion costs of the Canal, as well as the necessary reserves provided by law and regulations, any surplus shall be transferred to the National Treasury in the following fiscal year, subject to the approval of the Board of Directors when surpluses are declared. Therefore, upon the order from the Board of Directors, ACP will transfer the total amount of B/.2,371,617 to the National Treasury, corresponding to the earnings available for distribution for the year ended September 30, 2025 (2024: B/.1,952,410), see Note 33.

The contributions transferred and to be transferred to the National Treasury are as follows:

	<u>2025</u>	<u>2024</u>
<b><u>Payments to the National Treasury:</u></b>		
Per net ton transit fees (Note 21)	590,908	516,404
Public service fees	<u>2,093</u>	<u>1,971</u>
<b>Sub-total (Note 31)</b>	593,001	518,375
Earnings available for distribution (Note 33)	<u>2,371,617</u>	<u>1,952,410</u>
<b>Total</b>	<u>2,964,618</u>	<u>2,470,785</u>

**Notes to the Financial Statements**

**(15) Borrowings**

Borrowings are detailed as follows:

<u>Credit Facilities</u>	<u>Interest rate %</u>	<u>Maturity</u>	<u>2025</u>	<u>2024</u>
European Investment Bank (EIB)	Adjusted Term SOFR + 0.811	15-Nov-28	25,455	32,727
Development Bank of Latin America and the Caribbean (CAF)	Adjusted Term SOFR + 1.20	15-Nov-28	21,000	27,000
Development Bank of Latin America and the Caribbean (CAF)	Adjusted Term SOFR + 1.40	15-Nov-28	21,000	27,000
International Finance Corporation (IFC)	Adjusted Term SOFR + 1.30	15-Nov-28	42,636	54,818
Inter-American Development Bank (IDB)	Adjusted Term SOFR + 1.05	15-Nov-28	56,636	72,818
Japan Bank for International Cooperation (JBIC)	Adjusted Term SOFR + 0.75	15-Nov-28	<u>124,091</u>	<u>159,546</u>
	<b>Sub-total</b>		290,818	373,909
	Accrued Interest payable		<u>6,349</u>	<u>9,659</u>
	<b>Total borrowings</b>		<u>297,167</u>	<u>383,568</u>

Adjusted Term SOFR means, for purposes of any calculation, the 6-month Term SOFR plus the Term SOFR Adjustment.

During fiscal year 2025, no prepayments were applied to the principal owed to the credit facilities. Principal payments remain at B/.41,545 until their maturity on November 15, 2028.

The classification analysis of the borrowings for these credit facilities, in accordance with their repayment schedule, is as follows:

	<u>2025</u>	<u>2024</u>
Non-current borrowings	207,727	290,818
Current borrowings	83,091	83,091
Accrued interest payable	<u>6,349</u>	<u>9,659</u>
<b>Total</b>	<u>297,167</u>	<u>383,568</u>

Through the life of these credit facilities, ACP (the Borrower) shall demonstrate compliance with the following two (2) financial ratios:

- **Total debt to EBITDA:** ACP shall maintain, as of the end of every semi-annual fiscal period, a ratio of less than 2.5 at the end of such measurement period; and
- **Debt service coverage:** ACP shall maintain at the end of every semi-annual fiscal period, a ratio of not less than 3.0 at the end of such measurement period.

Compliance with the financial covenants is reported on an annual basis to the five credit facility lenders. The following are the key definitions from the Common Terms Agreement that are used to calculate the financial ratios:

- EBITDA means, for any period, the sum, without duplication, of (a) net income (or net loss), (b) interest expense (if it has not been capitalized for purposes of calculating net income), (c) depreciation expense, and (d) amortization expense, in each case determined by reference to and in accordance with the Borrower's financial statements for such period.

**Notes to the Financial Statements**

**(15) Borrowings, continued**

- Debt for borrowed money means, without duplication, (a) all credit facility obligations, (b) all indebtedness of the Borrower for borrowed money, (c) all obligations of the Borrower evidenced by notes, bonds, debentures or other similar instruments, (d) all obligations of the Borrower under acceptance, letters of credit or similar facilities, (e) all obligations of the Borrower as lessee under any capitalized, synthetic or financial lease, (f) all obligations of the Borrower created or arising under any conditional sale or other title retention agreement with respect to property acquired by the Borrower (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (g) all obligations arising under any other instrument or transaction related to project financings, all contingent liabilities and all operating leases, considered as a borrowing for purposes of IFRS Accounting Standards (and quantified in accordance with IFRS Accounting Standards and set forth (or to be set forth) in the Borrower's financial statements), and (h) any debt of the type referred to in clauses (a), (b), (c), (d), (e), (f) or (g) hereof of any other person, which is guaranteed by the Borrower or secured by the liens permitted pursuant to Section 5.02 (a) (Limitations on Liens) of the Common Terms Agreement.
- Debt service means, for any period or at any time, as the context may require, the sum of regularly scheduled interest payable and amortization of debt discount, in respect of all debt for borrowed money, plus regularly scheduled principal amounts of all debt for borrowed money payable, in each case, by the Borrower during such period or at such time (it being understood that regularly scheduled payments do not include mandatory or optional prepayments or redemptions).

As of September 30, 2025, ACP complies with the financial covenants as set forth:

	<u>2025</u>	<u>2024</u>
Total debt to EBITDA	0.2	0.2
Debt service coverage	40.5	34.4

**(16) Debt**

Debt consists of bonds payable which are detailed as follows:

	<u>Interest rate%</u>	<u>Maturity</u>	<u>2025</u>	<u>2024</u>
Bond 2035	4.95	July 29, 2035	300,567	300,567
Less: discount and issuing costs			<u>(3,566)</u>	<u>(3,929)</u>
Total bonds payable – non current			297,001	296,638
Plus: accrued interest payable - current			<u>2,521</u>	<u>2,521</u>
<b>Total bonds payable</b>			<u>299,522</u>	<u>299,159</u>

These bonds have not been and will not be registered under the United State of America (USA) Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any other jurisdiction. The bonds have been offered and sold in the USA only to persons reasonably believed to be qualified institutional buyers according to Rule 144A under the Securities Act ("Rule 144A") and to certain non-U.S. persons in transactions outside the USA according to Regulation S under the Securities Act ("Regulation S").

# AUTORIDAD DEL CANAL DE PANAMÁ

(Panama, Republic of Panama)

## Notes to the Financial Statements

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### (16) Debt, continued

These bonds have a fixed annual rate of 4.95% and their effective interest rate is 4.92%. During fiscal year 2025, ACP did not repurchase any bonds in the open market (2024: B/.53,898 with a face value of B/.50,198). Consequently, there were no unamortized issuance and discount costs associated with repurchases during the period (2024: B/.733). The principal amount will be amortized in semiannual installments of B/.75,142 (2024: B/.75,142), from January 29, 2034, and maturing on July 29, 2035.

As long as the bonds remain outstanding, ACP (the Issuer) will furnish to holders:

- as soon as available, but in any event within 120 calendar days after the end of each fiscal year of the Issuer, copies of its audited financial statements in respect of such fiscal year, in English, prepared under IFRS Accounting Standards and audited by an internationally recognized firm of independent public accountants; and
- as soon as available, but in any event within 90 calendar days after the end of each of the first, second and third fiscal quarters of the Issuer, copies of its unaudited financial statements in respect of the relevant period, which includes statement of financial position, statement of profit and loss, and statement of cash flows, in English, prepared on a basis consistent with the audited financial statements of the Issuer and under IFRS Accounting Standards.

The movement of borrowings and debt is presented below for reconciliation purposes with the statement of cash flows:

	<u>2025</u>	<u>2024</u>
Balance at the beginning of the year	674,476	811,465
Payments of borrowings and debt	<u>(83,091)</u>	<u>(136,989)</u>
Balance at the end of the year	<u>591,385</u>	<u>674,476</u>

### (17) Employee Benefits

The constructive and formal liability of the employee benefit plans is as follows:

	<u>2025</u>	<u>2024</u>
Benefit for employment retirement	<u>295,859</u>	<u>298,260</u>

In July 2012, ACP established the Voluntary Retirement Incentive Plan (VRI) for ACP's permanent employees and heads of principal offices who, at the required retirement age, voluntarily retire. Prior to the establishment of the VRI, the Labor Retirement Benefit Plan (LRB) existed and remains active to date in six of the collective bargaining agreements. Employees who are willing to accept the incentive by retiring voluntarily must select between the two plans; that is, in no event will they be able to choose both. The VRI plan was established for an indefinite period and could be suspended, modified, or terminated by the Board of Directors.

As long as both plans are in effect, the probability that the employees will choose the LRB over VRI is very low, as the latter offers better benefits.

**Notes to the Financial Statements**

**(17) Employee Benefits, continued**

The eligibility requirements for both plans include, among others, that employees must retire from ACP within the period of time between the age of early retirement (55 years old for women and 60 years old for men) and up to 60 days after reaching the regular retirement age (57 years old for women and 62 years old for men). Officials and permanent employees covered by the Canal pilots' collective agreements are only eligible for VRI.

In the event that an employee has expressed the intention to accept the VRI offer and meets the necessary requirements but dies before receiving the VRI payment, the calculated amount as of the date of death will be paid to their beneficiaries who are registered in accordance with the ACP procedures.

The employees who have been separated for more than two years from ACP will lose their eligibility to receive the VRI.

ACP contracted an independent actuarial service to estimate the present value of the total expected cash flows to be paid by ACP provided that the plan is maintained through the years and to determine the accrued liability on September 30, 2025. This estimate is formulated by using the projected unit credit method and by taking into consideration actuarial assumptions, such as: personnel average age statistics, frequency of dismissals, retirements, early retirements, mortality, salary increase, and plan acceptance rates, among other related factors which allow to reliably estimate, following the IFRS Accounting Standards, the present value of the liability of both post-employment benefit plans.

The fair value was calculated using different interest rates and scenarios, incorporating historical data provided by ACP to the actuary and using a discount rate equivalent to the yield curve for corporate bonds with investment grade in the USA (AAA, AA, A).

Expenses related to the employee benefit plans are recorded in the bonus account for voluntary separation, mutual agreement, or voluntary retirement, within the line item *Salaries and wages* in profit or loss.

The components recognized in the statements of financial position, profit or loss, and other comprehensive income for retirement plans are detailed as follows:

	Statement of Financial Position	Statement of Profit or Loss	Statement of Financial Position	Statement of Comprehensive Income	Statement of Financial Position	
<u>2025</u>	<u>October 1, 2024</u>	<u>Benefit costs</u>	<u>Net interest</u>	<u>Benefits paid</u>	<u>Actuarial adjustments</u>	<u>September 30, 2025</u>
<b>Fair value of the benefits</b>	<u>298,260</u>	<u>14,196</u>	<u>11,758</u>	<u>(37,147)</u>	<u>8,792</u>	<u>295,859</u>

During fiscal year 2025, the actuarial adjustments mainly include a loss recognition associated to the following events:

- Increase in the discount rate;
- Salary increases for new collective bargaining unit agreements;
- Increase of additional compensation to the base salary.

**Notes to the Financial Statements**

**(17) Employee Benefits, continued**

	Statement of Financial Position	Statement of Profit or Loss		Statement of Financial Position	Statement of Comprehensive Income	Statement of Financial Position
<u>2024</u>	October 1, 2023	Benefit costs	Net interest	Benefits paid	Actuarial adjustments	September 30, 2024
Fair value of the benefits	<u>303,196</u>	<u>14,105</u>	<u>16,093</u>	<u>(35,573)</u>	<u>439</u>	<u>298,260</u>

During fiscal year 2024, the actuarial adjustments mainly include a loss recognition associated with the decrease of additional compensation to the base salary.

The main actuarial assumptions used in the estimate calculations are presented below:

	<u>Age</u>	<u>2025</u> <u>%</u>	<u>2024</u> <u>%</u>
Discount rate		4.46	4.17
Salary increases		2.2 – 3.5	2.2 – 3.5
Mortality			
Female	57 years	2.8	2.8
Male	62 years	5.9	5.9
Disability			
Female	57 years	1.2	1.2
Male	62 years	1.9	1.9

In the event the plans are maintained without modification, the projected disbursements for voluntary retirement benefits expected in future years are as follows:

	<u>2025</u>
<b><u>Maturity of the obligation:</u></b>	
From 0 to 1 year	29,900
From 1 to 5 years	130,056
From 5 to 10 years	176,624
From 10 to 25 years	318,705
Beyond 25 years	73,112

As of September 30, 2025, the average duration of the obligation for the defined benefit plans for voluntary retirement of employees (VRI/LRB) is approximately 5.90 years (2024: 5.86 years).

A quantitative sensitivity analysis, based on variation in basis points (bp), for significant assumptions, on September 30, 2025, is as follows:

<u>Assumption</u>	<u>2025</u>			
	<u>Discount rate</u>		<u>Salary</u>	
	<u>Increase 25 bp</u>	<u>Decrease 25 bp</u>	<u>Increase 25 bp</u>	<u>Decrease 25 bp</u>
<b>Sensitivity level</b>				
Impact on defined benefit obligation	<u>(5,572)</u>	<u>5,935</u>	<u>5,653</u>	<u>(5,493)</u>

**Notes to the Financial Statements**

**(17) Employee Benefits, continued**

<u>Assumption</u>	<u>2024</u>			
	<u>Discount rate</u>		<u>Salary</u>	
	<u>Increase 25 bp</u>	<u>Decrease 25 bp</u>	<u>Increase 25 bp</u>	<u>Decrease 25 bp</u>
<b>Sensitivity level</b>				
Impact on defined benefit obligation	<u>(5,546)</u>	<u>5,905</u>	<u>5,627</u>	<u>(5,468)</u>

**Reimbursement right of ACP**

ACP contracted a reimbursement policy for the defined benefit plans for voluntary employee retirement. The policy ensures the reimbursement of all payments made by ACP in respect of defined benefit plans for voluntary employee retirement during the term of the plan. This reimbursement is valid if ACP makes annual installments to the insurance company as a guaranteed deposit equal to the probable amount that ACP would pay during the year for the retirement benefit plans. In addition, the reimbursement policy provides protection in each year of its term against the risk that ACP suffers any event that financially prevents it from complying with payment of obligations to its employees, for any reason, including illiquidity. This protection will be provided if the event occurs during the term of the policy, ACP is current in its premium payments and the defined benefit plans for voluntary retirement are in effect.

The policy does not cover default risk that could arise from internal fraud, catastrophic physical risks, nuclear war, terrorism, and epidemics, which has been estimated at 4.6% (2024: 4.6%) of the total insured amount.

Changes in the reimbursement right of ACP during fiscal year 2025 are detailed as follows:

	<u>Statement of Financial Position</u>	<u>Statement of Profit or Loss</u>	<u>Statement of Financial Position</u>	<u>Statement of Comprehensive Income</u>	<u>Statement of Financial Position</u>	
	<u>October 1, 2024</u>	<u>Reimbursement right cost of the year</u>	<u>Net interest</u>	<u>Reimbursements during fiscal year</u>	<u>Actuarial adjustments</u>	<u>September 30, 2025</u>
<b>2025</b>						
Reimbursement right of ACP	<u>284,540</u>	<u>15,136</u>	<u>11,216</u>	<u>(37,059)</u>	<u>8,387</u>	<u>282,220</u>
	<u>Statement of Financial Position</u>	<u>Statement of Profit or Loss</u>	<u>Statement of Financial Position</u>	<u>Statement of Comprehensive Income</u>	<u>Statement of Financial Position</u>	
	<u>October 1, 2023</u>	<u>Reimbursement right cost of the year</u>	<u>Net interest</u>	<u>Reimbursements during fiscal year</u>	<u>Actuarial adjustments</u>	<u>September 30, 2024</u>
<b>2024</b>						
Reimbursement right of ACP	<u>293,888</u>	<u>10,465</u>	<u>15,353</u>	<u>(35,585)</u>	<u>419</u>	<u>284,540</u>

As of September 30, 2025, ACP paid the insurer B/.37,504 (2024: B/.36,622) for the benefits of the reimbursement insurance policy.

**Notes to the Financial Statements**

**(18) Other Financial Liabilities**

Other financial liabilities are detailed as follows:

	<u>2025</u>	<u>2024</u>
<b>Derivative financial instruments designated as hedging instruments recognized at fair value:</b>		
Interest rate swaps – cash flows hedges	<u>3,563</u>	<u>5,998</u>

**(19) Provision for Marine Accidents**

Provision for marine accidents represents the estimated value of filed or expected claims for accidents in Canal waters for which ACP expects to be liable.

The movement in the provision for marine accidents is detailed below:

	<u>2025</u>	<u>2024</u>
<b>Balance at the beginning of the year</b>	40,556	30,182
Provision for the year	5,904	14,223
Payments made	<u>(2,629)</u>	<u>(3,849)</u>
<b>Balance at the end of the year</b>	<u>43,831</u>	<u>40,556</u>

The provision for the year is included as an expense under *Provision for marine accidents* in profit or loss.

**(20) Other Liabilities**

Other liabilities are detailed as follows:

	<u>2025</u>	<u>2024</u>
Suppliers – inventories in transit	12,019	8,251
Deferred contract liability	29,213	35,287
Other	<u>4,932</u>	<u>4,448</u>
<b>Total other liabilities</b>	<u>46,164</u>	<u>47,986</u>

In 2017, ACP subscribed an agreement with MOP, for the use of certain buildings and land owned by ACP in the Balboa area required for the construction of the fourth bridge over the Panama Canal and Line 3 of the Panama Metro, either through demolition or for its occupation during the construction period. In exchange, MOP paid ACP B/.33,663, recognized as a deferred liability. During fiscal year 2025, the deferred liability was amortized by B/.2,700 (2024: B/.2,700) representing the fair value of the right of use of the land and buildings made available to MOP for an indefinite term.

In 2024, MOP paid ACP B/.14,814 under a second agreement signed between both parties for the use of certain buildings and land owned by ACP in La Boca area, also required for the construction of the fourth bridge over the Panama Canal. The payments were recognized as a deferred liability. During fiscal year 2025, the deferred liability was amortized by B/.2,397 (2024: B/.394) representing the fair value of the right of use of the land and buildings made available to MOP for an indefinite term.

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## Notes to the Financial Statements

### (20) Other Liabilities, continued

During fiscal year 2025, the deferred liability of the large format cinema concession contract was amortized for an amount of B/.1,334 (2024: B/.884), which was recognized under *other revenue* in profit or loss. In addition, during fiscal year 2024 a reversal of the impairment loss from previous years was recognized in the amount of B/.1,572 (see Note 5), completing the total reversal of the impairment.

### (21) Trade and Other Payables

Trade and other payables are as follows:

	<u>2025</u>	<u>2024</u>
National Treasury (Note 31)	50,237	48,223
Suppliers and others	<u>188,241</u>	<u>155,414</u>
<b>Total trade and other payables</b>	<u><b>238,478</b></u>	<u><b>203,637</b></u>

The amount payable to the National Treasury relates to the net ton transit fees. The Organic Law establishes that ACP shall annually pay the National Treasury a net ton transit fee, or its equivalent, collected from vessels paying tolls for use of the Canal. This fee shall be set by ACP. During fiscal year 2025, the total net transit fees amounted to B/.590,908 (2024: B/.516,404), see Note 14.

### (22) Risk Management

ACP maintains a conservative and prudent financial policy oriented to preserve its capital and generate optimal performance with low risk levels throughout the year, including various risk management to identify, assess and mitigate risks. This allows management to plan and make decisions that enhance the economic contribution to the Republic of Panama and operational excellence, improving the probabilities of achieving the strategic goals.

ACP's capital structure consists of net debt (borrowings and bonds as detailed in Notes 15 and 16), offset by cash and cash equivalents (Note 10), investment securities and other financial assets (Note 8), in addition to its equity (contributed capital, investment program contributions, reserves, other equity accounts, and earnings available for distribution, as disclosed in Notes 11, 12, 13 and 14, respectively).

### Categories of financial instruments

	<u>2025</u>	<u>2024</u>
<b>Financial assets</b>		
Investment securities and other financial assets (Note 8)	8,715,520	6,516,316
Trade and other receivables (Note 7)	36,412	28,637
Cash and cash equivalents (Note 10)	<u>1,236,927</u>	<u>1,328,778</u>
	<u><b>9,988,859</b></u>	<u><b>7,873,731</b></u>
<b>Financial liabilities</b>		
Borrowings and debt, net (Notes 15 and 16)	596,689	682,727
Lease liabilities (Note 28)	5,541	9,151
Other financial liabilities (Note 18)	3,563	5,998
Trade and other payables (Note 21)	<u>238,478</u>	<u>203,637</u>
	<u><b>844,271</b></u>	<u><b>901,513</b></u>

**Notes to the Financial Statements**

**(22) Risk Management, continued**

**Accounting classifications and fair values**

The following tables shows the carrying amounts and the fair values of financial assets and liabilities, including their levels fair value hierarchy, except bank deposits, short-term accounts receivable and payable for which the carrying amount is a reasonable approximation of fair value:

	Carrying amount					Fair Value			
	Hedging instruments at fair value	Debt securities at FVOCI	Financial assets at amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
<b>2025</b>									
<b>Financial assets measured at fair value:</b>									
Investment securities and other financial assets									
Corporate debt securities	0	6,441,746	0	0	6,441,746	3,334,421	3,107,325	0	6,441,746
Instruments designated in cash flow hedging relationships:									
Diesel purchase call option contracts	749	0	0	0	749	0	749	0	749
	<u>749</u>	<u>6,441,746</u>	<u>0</u>	<u>0</u>	<u>6,442,495</u>	<u>3,334,421</u>	<u>3,108,074</u>	<u>0</u>	<u>6,442,495</u>
<b>Financial assets not measured at fair value:</b>									
Investment securities and other financial assets									
Time deposits with maturities over 90 days	0	0	2,222,926	0	2,222,926	0	2,227,797	0	2,227,797
Accrued interest receivable	0	0	50,099	0	50,099	0	49,842	0	49,842
	<u>0</u>	<u>0</u>	<u>2,273,025</u>	<u>0</u>	<u>2,273,025</u>	<u>0</u>	<u>2,277,639</u>	<u>0</u>	<u>2,277,639</u>
<b>Financial liabilities measured at fair value:</b>									
Other financial liabilities:									
Instruments designated in cash flow hedging relationships:									
Interest rate swap	3,563	0	0	0	3,563	0	3,563	0	3,563
	<u>3,563</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,563</u>	<u>0</u>	<u>3,563</u>	<u>0</u>	<u>3,563</u>
<b>Financial liabilities not measured at fair value:</b>									
Borrowings	0	0	0	297,167	297,167	0	0	303,902	303,902
Debt	0	0	0	299,522	299,522	0	0	291,682	291,682
	<u>0</u>	<u>0</u>	<u>0</u>	<u>596,689</u>	<u>596,689</u>	<u>0</u>	<u>0</u>	<u>595,584</u>	<u>595,584</u>

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**(22) Risk Management, continued**

	Carrying amount					Fair Value			
	Hedging instruments at fair value	Debt securities at FVOCI	Financial assets at amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
<b>2024</b>									
<b>Financial assets measured at fair value:</b>									
Investment securities and other financial assets									
Corporate debt securities	0	5,203,149	0	0	5,203,149	1,765,090	3,438,059	0	5,203,149
Instruments designated in cash flow hedging relationships:									
Diesel purchase call option contracts	<u>328</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>328</u>	<u>0</u>	<u>328</u>	<u>0</u>	<u>328</u>
	<u>328</u>	<u>5,203,149</u>	<u>0</u>	<u>0</u>	<u>5,203,477</u>	<u>1,765,090</u>	<u>3,438,387</u>	<u>0</u>	<u>5,203,477</u>
<b>Financial assets not measured at fair value:</b>									
Investment securities and other financial assets									
Time deposits with maturities over 90 days	0	0	1,289,448	0	1,289,448	0	1,295,528	0	1,295,528
Accrued interest receivable	<u>0</u>	<u>0</u>	<u>23,391</u>	<u>0</u>	<u>23,391</u>	<u>0</u>	<u>22,977</u>	<u>0</u>	<u>22,977</u>
	<u>0</u>	<u>0</u>	<u>1,312,839</u>	<u>0</u>	<u>1,312,839</u>	<u>0</u>	<u>1,318,505</u>	<u>0</u>	<u>1,318,505</u>
<b>Financial liabilities measured at fair value:</b>									
Other financial liabilities:									
Instruments designated in cash flow hedging relationships:									
Interest rate swap	<u>5,998</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,998</u>	<u>0</u>	<u>5,998</u>	<u>0</u>	<u>5,998</u>
	<u>5,998</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,998</u>	<u>0</u>	<u>5,998</u>	<u>0</u>	<u>5,998</u>
<b>Financial liabilities not measured at fair value:</b>									
Borrowings	0	0	0	383,568	383,568	0	0	392,512	392,512
Debt	<u>0</u>	<u>0</u>	<u>0</u>	<u>299,159</u>	<u>299,159</u>	<u>0</u>	<u>0</u>	<u>288,610</u>	<u>288,610</u>
	<u>0</u>	<u>0</u>	<u>0</u>	<u>682,727</u>	<u>682,727</u>	<u>0</u>	<u>0</u>	<u>681,122</u>	<u>681,122</u>

Hedging instruments are recognized at their clean price and interest is recognized under the line item of accrued interest payable on other financial liabilities in the statement of financial position.

**Notes to the Financial Statements**

**(22) Risk Management, continued**

**Fair value measurement**

**i. Valuation techniques and significant unobservable inputs**

The following table shows the valuation techniques used to measure the Level 2 and Level 3 fair value for financial instruments recognized at fair value on the statement of financial position, as well as significant unobservable inputs. The valuation process is described in Note 34.

Type	Valuation technique	Unobservable significant inputs	Interrelation between unobservable significant inputs and fair value measurement
Corporate debt securities	<i>Market comparison.</i> Fair value is estimated considering recent or current quoted prices for identical instruments on an inactive market; or prices obtained through alternative pricing models supported by observable inputs such as yield curves of instruments with similar credit quality.	None	Not applicable
Diesel purchase option contracts	<i>Option Model:</i> the fair value is calculated using the Black Scholes Model, which determines the reasonable price or theoretical price of an option based on six variables: volatility, type of option, underlying price, time, strike price and risk-free rate.	None	Not applicable
Interest rate swap contracts	<i>Swap model:</i> the fair value is calculated as the present values of the estimated cash flows. The future cash flow estimates of variable rate curves are based on quoted swap rates, future prices, and interbank rates. Future cash flows are discounted using a yield curve composed of similar sources used by market participants for this purpose when valuing interest rate swap contracts. The fair value is subject to an adjustment due to the credit risk of both ACP and the counterparty, calculated using credit margins derived from credit default swaps or bond prices.	None	Not applicable

**Financial risk management objectives**

ACP's main financial liabilities consist of borrowings, debt, lease liabilities, other financial liabilities, and trade accounts payable. The main purpose of these financial liabilities was to finance the Canal Expansion Program and the bridge on the Atlantic coast of the Canal. ACP also has cash, bank deposits, trade and other receivables, and funds invested in short-term debt instruments. ACP also contracts hedging instruments.

ACP is exposed to market, liquidity, and credit risks.

ACP's Administration monitors and manages these risks. ACP's Treasury coordinates access to international financial markets and monitors and manages the financial risks related to ACP operations through internal risk reports, in which it analyzes the exposures depending on their degree and magnitude. These risks include market risk (exchange risk and price risk), credit risk, liquidity risk, and interest rate risk. Teams of specialists with the appropriate knowledge, experience, and supervision perform all the activities related to risk hedging.

**Notes to the Financial Statements**

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**(22) Risk Management, continued**

ACP maintains policies that establish written principles for managing foreign exchange risk, interest rate risk, credit risk, the use of hedging financial instruments, and liquidity investments. ACP does not subscribe to or negotiate financial instruments for speculative purposes.

ACP's Treasury updates the Board of Directors' Finance and Strategic Planning Committee on a quarterly basis and follows up on the risks and the implemented policies to mitigate risk exposure. The Inspector General Office periodically audits treasury operations and reports to the Board of Directors.

The Board of Directors reviews and approves the policies for managing each of the following risks:

***Market risk management***

Market risk is the risk that changes in market prices of interest rates may affect the income of ACP or the value of its financial instruments. The objective of market risk management is to control exposures within acceptable parameters to ensure ACP's solvency while optimizing the return on risk.

ACP's activities are exposed primarily to financial risks due to interest rates variations and commodity prices volatility that are beyond its control. ACP's financial instruments are carried at fixed rates; however, borrowings for B/.290,818 (2024: B/.373,909), are subject to variable interest rates (Note 15). To manage this exposure, ACP subscribes to various hedging instruments, approved by its Board of Directors, based on the recommendations of the Liquidity and Hedging Management Committee, including:

- Interest rate swaps to mitigate the risk of increases in interest rates.
- Diesel price options to mitigate the risk of fluctuations in the price of this commodity which is required for Canal's regular operations.

**Non-derivative financial liabilities**

ACP borrowings agreements subject to the alternative reference rate Term SOFR detailed in Note 15 – Borrowings.

**Derivative financial instruments for risk management purposes**

ACP contracts interest rate swaps for risk management purposes, that are designated in cash flow hedging relationships. ACP's derivative instruments are governed by contracts, under the International Swaps and Derivatives Association (ISDA) master agreements.

**Hedge accounting**

ACP uses a floating rate option: USD-SOFR Term with designated maturity of 6 months, until November 15, 2028, for the interest rate swap transactions.

# AUTORIDAD DEL CANAL DE PANAMÁ

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## Notes to the Financial Statements

### (22) Risk Management, continued

#### Exchange rate risk management

During the fiscal year 2025, the Board of Directors authorized the placement of deposits in euros (EUR), with a value of €350,000 (2024: €0). ACP has established a policy to minimize the foreign currency risk related to its functional currency. ACP only accepts payments in USD and the investment criteria and applicable guidelines require that all deposits and investments shall be made in USD, or in other currencies authorized by the Board of Directors.

The following table summarizes the ACP's exposure, in nominal values for transactions in currencies other than the functional currency:

	<u>Sep-25</u>	<u>Sep-24</u>
	<u>EUR</u>	<u>EUR</u>
Time deposits	350,000	0
Interest receivables	210	0
Net exposure to the financial statement	<u>350,210</u>	<u>0</u>

The following table presents the exchange rates applied during the translation process of transactions placed in currencies other than the functional currency:

	<u>Annual average rate</u>		<u>Close month spot rate</u>	
<u>Currency</u>	<u>Sep-25</u>	<u>Sep-24</u>	<u>Sep-25</u>	<u>Sep-24</u>
EUR	1.1055	1.0845	1.1734	1.1135

ACP performs simulations on its financial assets denominated in foreign currencies to evaluate the exchange rate risk and its potential impact on the fair value of financial instruments recognized in profit or loss. The following analysis assumes that all other variables, particularly interest rates, remain constant:

	<u>Profit or Loss</u>		
	<u>Sep-25</u>	<u>increase</u>	<u>decrease</u>
EUR (9% movement)		36,962	(36,962)

#### Cash flow and fair value interest rate risk

The interest rate risk related to cash flow and fair value arises because future cash flows and the value of financial instruments fluctuate due to changes in market interest rates. The net financial cost of ACP can fluctuate because of unanticipated variations in interest rates.

**Notes to the Financial Statements**

**(22) Risk Management, continued**

The following table summarizes ACP's exposure to interest rate risk, in nominal values, based on the interest rate repricing terms or the maturity dates of financial assets and liabilities:

	<b>2025</b>					<b>Total</b>
	<b>Up to 3 months</b>	<b>3 to 6 months</b>	<b>6 months to 1 year</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>	
<b>Financial assets:</b>						
Corporate debt securities – FVOCI	666,559	3,167,355	2,607,832	0	0	6,441,746
Demand deposits and time deposits with banks	<u>2,995,589</u>	<u>463,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,458,589</u>
	<u>3,662,148</u>	<u>3,630,355</u>	<u>2,607,832</u>	<u>0</u>	<u>0</u>	<u>9,900,335</u>
<b>Financial liabilities:</b>						
Borrowings	290,818	0	0	0	0	290,818
Debt	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>300,567</u>	<u>300,567</u>
	290,818	0	0	0	300,567	591,385
Interest rate swap contracts	<u>(240,000)</u>	<u>0</u>	<u>40,000</u>	<u>200,000</u>	<u>0</u>	<u>0</u>
<b>Total interest rate sensitivities</b>	<u>3,611,330</u>	<u>3,630,355</u>	<u>2,567,832</u>	<u>(200,000)</u>	<u>(300,567)</u>	<u>9,308,950</u>
<b>2024</b>						
	<b>Up to 3 months</b>	<b>3 to 6 months</b>	<b>6 months to 1 year</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
<b>Financial assets:</b>						
Corporate debt securities – FVOCI	956,610	2,029,102	2,189,104	28,333	0	5,203,149
Demand deposits and time deposits with banks	<u>1,925,757</u>	<u>380,000</u>	<u>310,000</u>	<u>0</u>	<u>0</u>	<u>2,615,757</u>
	<u>2,882,367</u>	<u>2,409,102</u>	<u>2,499,104</u>	<u>28,333</u>	<u>0</u>	<u>7,818,906</u>
<b>Financial liabilities:</b>						
Borrowings	373,909	0	0	0	0	373,909
Debt	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>300,567</u>	<u>300,567</u>
	373,909	0	0	0	300,567	674,476
Interest rate swap contracts	<u>(320,000)</u>	<u>0</u>	<u>40,000</u>	<u>280,000</u>	<u>0</u>	<u>0</u>
<b>Total interest rate sensitivities</b>	<u>2,828,458</u>	<u>2,409,102</u>	<u>2,459,104</u>	<u>(251,667)</u>	<u>(300,567)</u>	<u>7,144,430</u>

ACP partially manages its exposure to interest rate risk variations by contracting fixed rate instruments and variable rate financing and uses interest rate swap contracts to hedge cash flow variability attributable to the risk.

ACP does not recognize any of its financial instruments, whether assets or liabilities, at fair value through profit or loss, nor does it designate derivative instruments as fair value hedges. Therefore, a change in interest rates on the reporting date would not affect net income.

ACP performs simulations on its financial assets and liabilities to evaluate interest rate risk and its impact on the fair value of financial instruments. To manage this risk, ACP has defined an interval on the limits to monitor the sensitivity of its financial assets and liabilities.

The interest rate change impact estimation by category assumes a 100 basis points (bp) increase or decrease in the financial assets and liabilities.

**Notes to the Financial Statements**

**(22) Risk Management, continued**

The following table reflects the impact of applying those interest rate variations:

	<b><u>Net interest income sensitivity</u></b>			
	<b><u>100 bp increase</u></b>		<b><u>100 bp decrease</u></b>	
	<b><u>2025</u></b>	<b><u>2024</u></b>	<b><u>2025</u></b>	<b><u>2024</u></b>
Corporate debt securities – FVOCI	34,108	28,713	(34,108)	(27,460)
Demand deposits and time deposits with banks	18,729	8,493	(18,729)	(8,493)
Debt with multilateral credit agencies	(2,036)	(2,786)	2,036	2,786
Interest rate swap contracts	<u>1,960</u>	<u>2,682</u>	<u>(1,960)</u>	<u>(2,682)</u>
<b>At the end of the year</b>	<b><u>52,761</u></b>	<b><u>37,102</u></b>	<b><u>(52,761)</u></b>	<b><u>(35,849)</u></b>
	<b><u>OCI sensitivity</u></b>			
	<b><u>100 bp increase</u></b>		<b><u>100 bp decrease</u></b>	
	<b><u>2025</u></b>	<b><u>2024</u></b>	<b><u>2025</u></b>	<b><u>2024</u></b>
Corporate debt securities – FVOCI	(15,562)	(23,275)	15,562	23,265
Interest rate swap contracts	<u>3,954</u>	<u>6,713</u>	<u>(3,974)</u>	<u>(6,748)</u>
<b>At the end of the year</b>	<b><u>(11,608)</u></b>	<b><u>(16,562)</u></b>	<b><u>11,588</u></b>	<b><u>16,517</u></b>

**Interest rate risk management**

ACP is exposed to interest rate risk because it borrowed funds at variable rates and issued bonds at a fixed rate. A portion of the risk attributable to borrowed funds at variable interest rates is managed with the use of interest rate swap contracts. Given market conditions, hedging activities are assessed regularly to consider interest rate volatility and risk tolerance, ensuring that the most conservative hedging strategies are applied.

ACP determines whether an economic relationship between the hedged item and the hedging instrument exists based on the reference interest rates, terms, maturity dates and notional amounts.

**Interest rate swap contracts**

Starting in March 2010, ACP established unsecured interest rate swap contracts to fix the interest rate on B/.800,000 variable rate loans, with semi-annual amortizations for B/.40,000 each, until their maturity on November 15, 2028 (see Note 15).

According to interest rate swap contracts, ACP agreed to swap the difference between the fixed and floating interest rates amounts calculated on the agreed notional principal amounts. Such contracts allow ACP to mitigate the risk of interest rate changes that impact the cash flows of part of the hedged floating rate debt. The fair value of interest rate swaps at the end of the reporting period is determined by discounting future cash flows using the yield curves at the end of the reporting period in question and the inherent credit risk in the contract, as it is explained further below.

**Notes to the Financial Statements**

**(22) Risk Management, continued**

The following table details the notional principal amounts and the remaining terms of the outstanding interest rate swap contracts at the end of the reporting period:

	<u>Notional</u>	<u>Effective date</u>	<u>Maturity date</u>			
	280,000	May 17, 2010	November 15, 2028			
Interest rate swap contracts, variable receipts and fixed payments	Average contracted fixed interest rate		Notional principal value		Fair value	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
3 years or more	4.67%	4.67%	280,000	360,000	(3,563)	(5,998)

Interest rate swaps are settled on a semi-annual basis. The floating rate on the interest rate swaps is the 6-month SOFR rate. ACP will pay or receive the difference between the floating and the fixed interest rate on a net basis. All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts, are designated as cash flow hedges, to reduce ACP's cash flow exposure resulting from floating interest rates on borrowings. The interest rate swap contracts subscribed with ACP's counterparties stipulate that ACP would not cover with collateral guarantees any unrealized loss resulting from the periodic valuations of these financial instruments.

Asset and liability derivative instruments designated as cash flow hedges

The following table indicates the periods in which the cash flows associated with cash flow hedges are expected to occur, as well as the hedging instruments carrying amount; at the same time, represent the moment when they are realized in profit or loss:

	<u>2025</u>					<u>2024</u>				
	<u>Carrying amount</u>	<u>Total</u>	<u>Expected cash flows</u>			<u>Carrying amount</u>	<u>Total</u>	<u>Expected cash flows</u>		
			<u>1-6 months</u>	<u>6-12 months</u>	<u>More than 1 year</u>			<u>1-6 months</u>	<u>6-12 months</u>	<u>More than 1 year</u>
<b>Interest rate swap contracts:</b>										
Liabilities	(3,563)	(3,755)	26	(654)	(3,127)	(5,998)	(5,034)	1,940	(358)	(6,616)
<b>Diesel purchase call option contracts:</b>										
Assets	749	0	0	0	0	328	0	0	0	0
<b>Total</b>	<u>(2,814)</u>	<u>(3,755)</u>	<u>26</u>	<u>(654)</u>	<u>(3,127)</u>	<u>(5,670)</u>	<u>(5,034)</u>	<u>1,940</u>	<u>(358)</u>	<u>(6,616)</u>

**Liquidity risk management**

Liquidity risk is the risk that ACP will not be able to meet obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

ACP manages the liquidity risk by continuously monitoring its forecasted and actual cash flows, reconciling the financial asset and liability maturity profiles.

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**Notes to the Financial Statements**

**(22) Risk Management, continued**

The following table details ACP's financial assets and liabilities grouped by their remaining maturities with respect to their contractual maturity dates:

	<b>2025</b>						
	<b>Carrying amount</b>	<b>Total gross nominal amount inputs/(outputs)</b>	<b>Up to 3 months</b>	<b>3 - 6 months</b>	<b>6 months - 1 year</b>	<b>1 - 5 years</b>	<b>More than 5 years</b>
<b>Financial assets:</b>							
Corporate debt securities – FVOCI	6,441,746	6,630,277	706,152	3,250,332	2,673,793	0	0
Time deposits with maturities over 90 days	2,273,025	2,290,035	1,808,517	481,518	0	0	0
Trade and other receivables	36,412	36,544	34,802	16	1,726	0	0
Cash and cash equivalents	<u>1,236,927</u>	<u>1,241,250</u>	<u>1,241,250</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>9,988,110</u>	<u>10,198,106</u>	<u>3,790,721</u>	<u>3,731,866</u>	<u>2,675,519</u>	<u>0</u>	<u>0</u>
<b>Financial liabilities:</b>							
Borrowings	297,167	317,795	49,397	0	47,353	221,045	0
Debt	299,522	438,189	0	7,439	7,439	59,512	363,799
Lease liabilities	5,541	5,962	1,628	1,613	1,589	1,132	0
Trade and other payables	<u>238,478</u>	<u>238,478</u>	<u>238,478</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>840,708</u>	<u>1,000,424</u>	<u>289,503</u>	<u>9,052</u>	<u>56,381</u>	<u>281,689</u>	<u>363,799</u>
<b>Hedging instruments:</b>							
Diesel purchase call option	749	0	0	0	0	0	0
Interest rate swap, fixed payments and variable receipts, net	<u>(3,563)</u>	<u>(3,755)</u>	<u>26</u>	<u>0</u>	<u>(654)</u>	<u>(3,127)</u>	<u>0</u>
	<u>(2,814)</u>	<u>(3,755)</u>	<u>26</u>	<u>0</u>	<u>(654)</u>	<u>(3,127)</u>	<u>0</u>
	<b>2024</b>						
	<b>Carrying amount</b>	<b>Total gross nominal amount inputs/(outputs)</b>	<b>Up to 3 months</b>	<b>3 - 6 months</b>	<b>6 months - 1 year</b>	<b>1 - 5 years</b>	<b>More than 5 years</b>
<b>Financial assets:</b>							
Corporate debt securities – FVOCI	5,203,149	5,368,306	997,410	2,093,524	2,248,514	28,858	0
Time deposits with maturities over 90 days	1,312,839	1,338,368	609,314	401,366	327,688	0	0
Trade and other receivables	28,637	28,718	28,420	271	27	0	0
Cash and cash equivalents	<u>1,328,778</u>	<u>1,328,778</u>	<u>1,328,778</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>7,873,403</u>	<u>8,064,170</u>	<u>2,963,922</u>	<u>2,495,161</u>	<u>2,576,229</u>	<u>28,858</u>	<u>0</u>
<b>Financial liabilities:</b>							
Borrowings	383,568	418,249	53,513	0	49,898	314,838	0
Debt	299,159	453,067	0	7,439	7,439	59,512	378,677
Lease liabilities	9,151	12,581	1,226	1,220	2,422	7,713	0
Trade and other payables	<u>203,637</u>	<u>203,637</u>	<u>203,637</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>895,515</u>	<u>1,087,534</u>	<u>258,376</u>	<u>8,659</u>	<u>59,759</u>	<u>382,063</u>	<u>378,677</u>
<b>Hedging instruments:</b>							
Diesel purchase call option	328	0	0	0	0	0	0
Interest rate swap, fixed payments and variable receipts, net	<u>(5,998)</u>	<u>(5,034)</u>	<u>1,940</u>	<u>0</u>	<u>(358)</u>	<u>(6,616)</u>	<u>0</u>
	<u>(5,670)</u>	<u>(5,034)</u>	<u>1,940</u>	<u>0</u>	<u>(358)</u>	<u>(6,616)</u>	<u>0</u>

ACP entered a Common Terms Agreement with five multilateral credit agencies to finance the Canal Expansion Program for a total of B/.2,300,000, with an effective rate of 2.56% calculated as a weighted average of fixed and variable rate portions. Currently, 100% of the borrowings (B/.290,818) have a variable average effective rate of 2.33%.

**Notes to the Financial Statements**

**(22) Risk Management, continued**

Moreover, ACP issued bonds totaling B/.450,000 for financing the construction of the bridge across the Atlantic side of the Canal at a fixed rate of 4.95% (effective rate of 4.92%), paid semi-annually in January and July of each year.

The following table groups the financing sources according to their respective terms:

	<b>Effective interest rate (%)</b>	<b>1 month or less</b>	<b>1 – 3 months</b>	<b>3 – 12 months</b>	<b>1 – 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
<b><u>2025</u></b>							
Variable interest rate loans	2.33%	0	41,545	41,545	207,728	0	290,818
Fixed interest rate debt	4.92%	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>300,567</u>	<u>300,567</u>
		<u>0</u>	<u>41,545</u>	<u>41,545</u>	<u>207,728</u>	<u>300,567</u>	<u>591,385</u>
<b><u>2024</u></b>							
Variable interest rate loans	2.32%	0	41,545	41,545	290,819	0	373,909
Fixed interest rate debt	5.02%	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>300,567</u>	<u>300,567</u>
		<u>0</u>	<u>41,545</u>	<u>41,545</u>	<u>290,819</u>	<u>300,567</u>	<u>674,476</u>

**Fuel price risk management**

ACP is exposed to risks associated with fluctuations in the price of fuel used in its transit and dredging operations, as well as in its power generation activities and the sale of surplus energy to Panama's National Grid ("Sistema Integrado Nacional"), to the extent that such variations cannot be transferred to ACP customers.

**Maritime operations**

Annually, ACP consumes approximately 13 and 14 million gallons of light diesel on its transit and dredging operations. To manage the risk for diesel price fluctuations, specific hedging operations are contracted for approximately 73% (2024: 85%) of the expected volume.

In August 2025, ACP procured a diesel purchase option contract to hedge its fiscal year 2026 operational light diesel budget of 13.4 million gallons with a monthly notional of 892,300 gallons and a strike price of B/.2.37 per gallon. During fiscal year 2025, the cumulative annual fuel consumption equaled 12.6 million gallons (2024: 11.8 million gallons).

**Energy generation**

ACP generates electric power to support Canal operations, while surplus capacity is sold in the domestic energy market. During fiscal year 2025, ACP consumed 36% of the total power generated, while the remaining 64% was sold to the energy market (2024: 20% and 80%, respectively). Power generated by hydroelectric and thermal plants was 67% and 33%, respectively (2024: 22% and 78%).

Thermal plant generation is exposed to fuel price volatility risk; however, this price is indexed to the energy sale rate. These indexations are defined in contractual clauses when the energy is sold under previously agreed contracts or in weekly statements when energy is not sold under contracts, namely, in the spot market.

**Notes to the Financial Statements**

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**(22) Risk Management, continued**

**Maritime operations fuel price risk sensitivity analysis**

As of September 30, 2025, the current price index for light diesel purchases made as of October 2025 is B/.2.29 (2024: B/.2.10) per gallon. Under the assumption of an increase / decrease of  $\pm$ B/.0.07 (2024:  $\pm$ B/.0.23) per gallon in the price of light diesel for the next 12 months, the annual increase / decrease in the operating expenses of light diesel would result in B/.937 and B/-.937 respectively (2024: B/.3,138 and B/-.3,138).

**Credit risk management**

Indicates the risk that the borrower or issuer of a financial asset may not comply, completely and on time, with any payment to be made under the terms and conditions agreed upon at the time such asset was acquired, resulting in financial loss to ACP. To mitigate the credit risk, the liquidity investment policy sets limits by industry and by issuer because of the categorization of the Risk Assessment System adopted by ACP, which includes the following factors: ACP only allow deposits in banking institutions and financial instruments that have more than one short-term international investment grade rating, which cannot be inferior to A-2 by Standard & Poor's, P-2 by Moody's Investors Service, or F-2 by Fitch Ratings, Inc.; capital/leverage coverage, country risk, liquidity index, impairment, performance, and overall credit risk. Additionally, these policies allow for a total investment of up to twenty-five percent (25%) of the portfolio in financial instruments that have more than one short-term international investment grade rating, which cannot be inferior to A-3 by Standard & Poor's, P-3 by Moody's Investors Service, or F-3 by Fitch Ratings, Inc.

Counterparty risk refers to the possibility that a counterparty may fail to settle the payment of a security purchase transaction. ACP does not have counterparty risk for these transactions, as it buys all its securities using the method of payment on delivery or through payment systems, using a custodian account. For hedging instruments, ACP calculates and recognizes the credit risk during the instrument profit or loss determination, and its impact during effectiveness testing.

**Credit quality analysis**

The tables below show the credit quality analysis of the different types of financial assets ACP maintains, which were classified based on their international risk ratings as reported by the risk rating agencies. The tables show whether assets measured at amortized cost or FVOCI were subject to a 12-month ECL or lifetime ECL allowance and, in the latter case, whether they were credit impaired.

**Trade and other receivables**

The ECL assessment for account receivables was conducted using a similar approach to the one used on the debt instruments.

By law, all services provided by ACP, whether transit or commercial services, must be paid in advance, before the service is rendered. The payment can be substituted by a bank guarantee that meets ACP's requirements.

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**Notes to the Financial Statements**

**(22) Risk Management, continued**

As of September 30, 2025, the ECL related to the trade and other receivables is as follows:

	2025			Total
	12-month ECL	Lifetime ECL – not credit impaired	Lifetime ECL – credit impaired	
<b>Balance at the beginning of the year</b>	80	0	0	80
Financial assets derecognized	(45)	0	0	(45)
New financial assets acquired	172	0	0	172
<b>Balance at the end of the year</b>	<u>207</u>	<u>0</u>	<u>0</u>	<u>207</u>

	2024			Total
	12-month ECL	Lifetime ECL – not credit impaired	Lifetime ECL – credit impaired	
<b>Balance at the beginning of the year</b>	58	0	0	58
Financial assets derecognized	(40)	0	0	(40)
New financial assets acquired	62	0	0	62
<b>Balance at the end of the year</b>	<u>80</u>	<u>0</u>	<u>0</u>	<u>80</u>

**Bank deposits**

As of September 30, 2025, all demand and time deposit accounts were placed in investment grade financial institutions.

	2025			2024		
	Amortized cost			Amortized cost		
	Cash and cash equivalents 12-month ECL	Time deposits – more than 90 days 12-month ECL	Total	Cash and cash equivalents 12-month ECL	Time deposits – more than 90 days 12-month ECL	Total
Aaa to Aa3	416,200	1,171,340	1,587,540	0	0	0
A1 to A3	180,748	1,001,130	1,181,878	1,226,149	1,313,391	2,539,540
Baa1	0	0	0	102,861	0	102,861
Baa2	0	100,629	100,629	306	0	306
Baa3	640,301	0	640,301	0	0	0
<b>Gross carrying amount</b>	<u>1,237,249</u>	<u>2,273,099</u>	<u>3,510,348</u>	<u>1,329,316</u>	<u>1,313,391</u>	<u>2,642,707</u>
ECL loss allowance	(322)	(74)	(396)	(538)	(552)	(1,090)
<b>Carrying amount</b>	<u>1,236,927</u>	<u>2,273,025</u>	<u>3,509,952</u>	<u>1,328,778</u>	<u>1,312,839</u>	<u>2,641,617</u>

The line item of *Cash and cash equivalents* in the statement of financial position includes all demand deposit accounts, savings accounts and time deposits with original maturities of less than 90 days.

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**Notes to the Financial Statements**

**(22) Risk Management, continued**

Changes in the ECL allowance for bank deposits:

	<u>2025</u> 12-month ECL	<u>2024</u> 12-month ECL
<b>Balance at the beginning of the year</b>	1,090	533
Financial assets derecognized	(1,090)	(533)
New financial assets acquired	<u>396</u>	<u>1,090</u>
<b>Balance at the end of the year</b>	<u>396</u>	<u>1,090</u>

**Investment securities measured at FVOCI**

ACP's investment portfolio consists of corporate debt securities classified at fair value with changes in OCI, acquired to be held for a period less or equal to one year, which are susceptible to being sold to attend the liquidity needs or changes in interest rates, which may significantly impact the debt service.

Considering the different political and economic events around the world, ACP continuously monitors the measures adopted by governments and the implications that such measures may have on the behavior of the different sectors, among others, the disruption in supply chain, extensive suspension of productive activity, increased unemployment, income recession in certain sectors, inflation and overall economic slowdown.

At year-end closing of September 30, 2025, the financial statements do not reflect material impacts related to the impairment of the investment portfolio.

	<u>2025</u> FVOCI			<u>2024</u> FVOCI				
	12-month ECL	Lifetime ECL- without credit impairment	Lifetime ECL - with credit impairment	Total	12-month ECL	Lifetime ECL- without credit impairment	Lifetime ECL - with credit impairment	Total
A1 to A3	989,490	0	0	989,490	737,237	0	0	737,237
Baa1	1,726,977	0	0	1,726,977	1,318,975	0	0	1,318,975
Baa2	2,837,740	0	0	2,837,740	1,923,664	0	0	1,923,664
Baa3	<u>882,591</u>	<u>0</u>	<u>0</u>	<u>882,591</u>	<u>1,209,396</u>	<u>0</u>	<u>0</u>	<u>1,209,396</u>
<b>Gross carrying amounts</b>	6,436,798	0	0	6,436,798	5,189,272	0	0	5,189,272
ECL allowance	(1,061)	<u>0</u>	<u>0</u>	(1,061)	<u>(2,210)</u>	<u>0</u>	<u>0</u>	<u>(2,210)</u>
<b>Amortized cost</b>	<u>6,435,737</u>	<u>0</u>	<u>0</u>	<u>6,435,737</u>	<u>5,187,062</u>	<u>0</u>	<u>0</u>	<u>5,187,062</u>
<b>Carrying amount</b>	<u>6,441,746</u>	<u>0</u>	<u>0</u>	<u>6,441,746</u>	<u>5,203,149</u>	<u>0</u>	<u>0</u>	<u>5,203,149</u>

The ECL allowance for the investment securities measured at fair value with changes in FVOCI is presented below:

	<u>2025</u> 12-month ECL	<u>2024</u> 12-month ECL
<b>Balance at the beginning of the year</b>	2,210	1,068
Financial assets derecognized	(2,210)	(1,068)
New financial assets acquired	<u>1,061</u>	<u>2,210</u>
<b>Balance at the end of the year</b>	<u>1,061</u>	<u>2,210</u>

**Notes to the Financial Statements**

**(22) Risk Management, continued**

Measurement of gain or impairment loss

ACP recognizes the gains or impairment losses on financial instruments measured at fair value with changes in other comprehensive income based on the difference between the carrying amount at amortized cost and the fair value of the instruments, as stated below:

	<b>2025</b>		
	<b>Fair value</b>	<b>Amortized cost, before ECL</b>	<b>Unrealized gain or (loss)</b>
A1 to A3	991,365	989,490	1,875
Baa1	1,727,647	1,726,977	670
Baa2	2,839,942	2,837,740	2,202
Baa3	<u>882,792</u>	<u>882,591</u>	<u>201</u>
	<u>6,441,746</u>	<u>6,436,798</u>	<u>4,948</u>
	<b>2024</b>		
	<b>Fair value</b>	<b>Amortized cost, before ECL</b>	<b>Unrealized gain or (loss)</b>
A1 to A3	740,238	737,237	3,001
Baa1	1,322,941	1,318,975	3,966
Baa2	1,927,629	1,923,664	3,965
Baa3	<u>1,212,341</u>	<u>1,209,396</u>	<u>2,945</u>
	<u>5,203,149</u>	<u>5,189,272</u>	<u>13,877</u>

Credit risk concentration

ACP monitors credit risk concentration by industry sector according to the “Bloomberg Industry Classification Standard”.

	<b><u>2025</u></b>	<b><u>2024</u></b>
Basic materials	113,344	11,910
Communications	528,165	214,179
Consumer, cyclical	476,897	451,450
Consumer, non-cyclical	1,024,211	591,708
Energy	7,639	0
Financials	2,563,826	3,324,307
Government	250,397	250,689
Industry	591,592	158,400
Technology	854,112	151,122
Services	<u>31,563</u>	<u>49,384</u>
<b>Total</b>	<u>6,441,746</u>	<u>5,203,149</u>

In accordance with Board of Directors’ agreement, ACP may invest:

- Not less than 10% of its funds in private and official banks with international credit rating of A-2, P-2 and F-2. On a case-by-case basis, the Liquidity and Hedge Management Committee may authorize investments in private and official banks where one of its international credit ratings is A-3, P-3 or F-3.

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## Notes to the Financial Statements

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### (22) Risk Management, continued

- Not more than 90% of its funds in corporate debt instruments with international credit ratings of A-2, P-2 and F-2, and up to 25% in instruments with international credit ratings of A-3, P-3 or F-3.

ACP's credit exposure and counterparties' credit rating are continuously monitored. The credit exposure is managed by counterparty limits that are quarterly reviewed through the Risk Assessment System for Banking Institutions and Corporate Issuers.

The maximum credit exposure in financial instruments issued by banking institutions or issuers are assigned considering the assessment of the following weighted factors:

1. International credit risk rating
2. Capital/leverage coverage
3. Country risk
4. Liquidity index
5. Impairment
6. Performance
7. Credit risk

Banking institutions and issuers are classified within three categories in ACP's risk system:

- A. Up to B/.350,000
- B. Up to B/.250,000
- C. Up to B/.100,000

### (23) Other Canal Transit Services

Other Canal transit services are detailed as follows:

	<u>2025</u>	<u>2024</u>
Transit booking fee	1,068,538	1,177,988
Tug service	190,353	158,523
Fresh water surcharge	123,157	158,291
Linehandlers service	58,220	47,813
Locomotives service	48,334	39,402
Other services	<u>92,012</u>	<u>77,555</u>
<b>Total other Canal transit services</b>	<b><u>1,580,614</u></b>	<b><u>1,659,572</u></b>

**Notes to the Financial Statements**

**(24) Other Miscellaneous Revenues**

Other miscellaneous revenues are detailed as follows:

	<u>2025</u>	<u>2024</u>
Canal visitor centers	10,317	8,145
Government of Panama:		
Operational leasing	4,609	5,267
Right of use of land and buildings (MOP)	5,097	3,094
Other revenues:		
Port concession	4,543	5,005
Sales of retired assets and scrap	1,462	1,836
Telecommunications	2,251	2,516
Change in fair value of biological assets	(140)	2,581
Other	<u>10,318</u>	<u>7,358</u>
<b>Total other miscellaneous revenues</b>	<u><u>38,457</u></u>	<u><u>35,802</u></u>

**(25) Labor, Materials and Other Capitalized Costs**

The investment program has been executed partially or totally with ACP's resources and equipment. ACP capitalizes eligible operating costs incurred in developing the investment program.

The operating expenses and capitalized costs are detailed as follows:

	<u>Total expenses</u>	<u>2025 Less capitalized costs</u>	<u>Net operating expenses</u>
Salaries and wages	727,628	6,715	720,913
Employee benefits	90,922	176	90,746
Materials and supplies	84,436	498	83,938
Fuel	45,804	0	45,804
Depreciation and impairment loss	207,227	16	207,211
Other expenses	<u>877,509</u>	<u>0</u>	<u>877,509</u>
<b>Total</b>	<u><u>2,033,526</u></u>	<u><u>7,405</u></u>	<u><u>2,026,121</u></u>

	<u>Total expenses</u>	<u>2024 Less capitalized costs</u>	<u>Net operating expenses</u>
Salaries and wages	665,351	6,487	658,864
Employee benefits	82,436	384	82,052
Materials and supplies	87,958	1,927	86,031
Fuel	80,849	0	80,849
Depreciation and impairment loss	243,221	438	242,783
Other expenses	<u>729,184</u>	<u>0</u>	<u>729,184</u>
<b>Total</b>	<u><u>1,888,999</u></u>	<u><u>9,236</u></u>	<u><u>1,879,763</u></u>

# AUTORIDAD DEL CANAL DE PANAMÁ

(Panama, Republic of Panama)

## Notes to the Financial Statements

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### (26) Net Finance Income

Finance income is detailed below:

	<u>2025</u>	<u>2024</u>
Interest on investments in securities	196,981	136,568
Interest on time deposits	111,646	93,048
Amortization of premiums and discounts	88,686	143,077
Net foreign exchange gain	44,415	0
Interest on time deposit in euros	5,146	0
Other finance income (costs)	<u>1,715</u>	<u>(1,722)</u>
<b>Total finance income</b>	<b><u>448,589</u></b>	<b><u>370,971</u></b>

Finance costs are detailed as follows:

	<u>2025</u>	<u>2024</u>
Interest on bonds and loans	34,122	43,983
Cash flow hedges	(840)	(3,564)
Leases (Note 28)	320	355
Other finance costs (income)	<u>370</u>	<u>(2,162)</u>
<b>Total finance costs</b>	<b><u>33,972</u></b>	<b><u>38,612</u></b>
<b>Total net finance income</b>	<b><u>414,617</u></b>	<b><u>332,359</u></b>

### (27) Income Taxes

ACP is not subject to income taxes, as stated in Article 43 of the Organic Law, which exempts it from the payment of taxes, duties, tariffs, charges, rates, or tributes of a national or municipal nature, except for certain public service fees, net ton transit fees and employer's contributions related to social security, educational insurance, and workers' compensation.

### (28) Leases

ACP maintains service leases for bus transportation to provide mobility for its employees, as well as leases for a data center, office and technology equipment, such as servers. Generally, the lease contract periods are for one year and up to a maximum of four renewals. Upon completion, a new tender is conducted and new assets are required. ACP also maintains leases of other equipment such as vehicles, forklifts, dump trucks, and portable toilets, for periods of twelve months or less and office and technology equipment of low value; ACP applies the exemptions for low-value assets and short-term leases.

#### **ACP as lessee**

Information about the leases for which ACP is the lessee is presented below:

# AUTORIDAD DEL CANAL DE PANAMÁ

(Panama, Republic of Panama)

## Notes to the Financial Statements

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### (28) Leases, continued

#### *Right-of-use assets*

The carrying amounts of the recognized right-of-use assets of lease contracts and their changes during the period are detailed below:

	<u>2025</u>	<u>2024</u>
<b>Balance at the beginning of the year</b>	8,896	11,770
Additions	7,237	1,619
Depreciation	(5,543)	(4,247)
Derecognition	<u>(5,430)</u>	<u>(246)</u>
<b>Balance at the end of the year</b>	<u>5,160</u>	<u>8,896</u>

#### *Lease liabilities*

As of September 30, 2025, ACP's lease liabilities amounted to B/.5,541 (2024: B/.9,151). See Note 22 for maturity analysis of lease liabilities as of September 30, 2025.

The following are the amounts recognized in profit or loss:

	<u>2025</u>	<u>2024</u>
Interest on lease liabilities (Note 26)	<u>320</u>	<u>355</u>
Expenses relating to short-term leases	<u>2,970</u>	<u>7,937</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	<u>32</u>	<u>96</u>

The following are the amounts recognized in the statement of cash flows:

	<u>2025</u>	<u>2024</u>
<b><u>Operating activities:</u></b>		
Interest on lease liabilities (Note 26)	320	355
Expenses relating to short-term leases	2,562	6,282
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	25	93
<b><u>Financing activities:</u></b>		
Payments to principal of lease contracts	<u>5,408</u>	<u>4,258</u>
<b>Total cash outflows for leases</b>	<u>8,315</u>	<u>10,988</u>

#### **ACP as lessor**

ACP leases its investment properties, such as land and buildings. All leases are classified as operating leases from a lessor's perspective, mainly because they do not substantially transfer all the risks and benefits related to the ownership of the assets.

# AUTORIDAD DEL CANAL DE PANAMÁ

(Panama, Republic of Panama)

## Notes to the Financial Statements

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### (29) Commitments

Commitments for construction contracts in process and purchase orders pending of delivery are as follows:

	<u>2025</u>	<u>2024</u>
Investment Program - Others	324,052	305,715
Operations	<u>188,011</u>	<u>117,540</u>
<b>Total</b>	<u>512,063</u>	<u>423,255</u>

Commitments of the Investment Program - Others include contracts with Astilleros Armon, S.A for the design, construction, testing and delivery of ten hybrid tugboats for B/.55,875 (2024: B/.117,095); Consorcio ETAP Mendoza for Mendoza water treatment plant expansion for B/.37,372 (2024: B/.41,105); Consorcio C & T Gamboa for the design and construction of the raw water pumping station in Gamboa and the adduction line from Gamboa to Paraiso for B/.35,380 (2024: B/.42,823); Auxiliar Naval del Principado, S.A. for the acquisition of passenger boats for B/.23,200 (2024: B/.0); Trelleborg Marine Systems North America INC for floating and overhead fender components in Cocolí and Agua Clara for B/.19,323 (2024: B/.0); Consorcio Puentes-RC for the construction of the exhibition halls in Building 58 - Miraflores Visitor Center for B/.17,010 (2024: B/.21,848); Grupo Funsa, S.A. for the design and construction of facilities for boat operations in Telfers and rehabilitation of the Mindi Road, Colon for B/.15,635 (2024: B/.0); Asesorías y Construcciones Navales LTDA for the acquisition of patrol boats for B/.13,885 (2024: B/.0); Sol Real Maintenance, S.A. for the design and construction of a photovoltaic power plant in Cocolí for B/.13,012 (2024: B/.0); Morgan Stanley & CO. LLC for advisory services for B/.12,600 (2024: B/.14,000); Fire & Rescue Equipment Corp for the acquisition of fire trucks for B/.11,848 (2024: B/.11,848); US Army Corps of Engineers for consulting and technical advisory services for the water projects for B/.8,377 (2024: B/.0).

Commitments on operations include contracts awarded: Inventory purchases for B/.43,208 (2024: B/.33,957); CPT-PSA Marine Panama, S.A. charter service of one (1) vessel for a period of 1 to 5 years for B/.22,348 (2024: B/.0); Software Panama IT Services, S.A. for the licensing of technological tools (software) for B/.11,636 (2024: B/.0); Willis Limited for multiperil policy, directors, commercial crime and fidelity may 1, 2025 through April 30, 2026 for B/.10,869 (2024: B/.0); MAPFRE Panama, S.A. for the annual health, life and accident insurance policy for B/.7,760 (2024: B/.8,500); Equibal, S.A. for rockfall control at Cerro Oro for B/.7,389 (2024: B/.0); Cable & Wireless Panama, S.A. for unit of cloud service consumption on Oracle Cloud Infrastructure and technical support for B/.7,323 (2024: B/.0).

### Guarantees

ACP subscribes contracts to carry out transactions in the domestic energy market, which are guaranteed with compliance bonds issued by a bank with investment grade A -1 from Standard & Poor's. As of September 30, 2025, the active compliance bonds used to guarantee transactions between ACP and ETESA amounted to B/.677 (2024: B/.337), and between ACP and the electricity distribution companies amounted to B/.914 (2024: B/.953).

**Notes to the Financial Statements**

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**(30) Contingent Liabilities**

ACP is exposed to legal risks arising from disputes with contractors and other third parties. The outcome of any current or future proceedings normally cannot be predicted. Legal proceedings we currently consider to be material are outlined below. The legal proceedings referred to do not represent an exhaustive list.

**Third set of locks Arbitration**

As of September 30, 2025, there is one arbitration from GUPCSA and its shareholders, other than CUSA (“the Claimants”), against ACP, the Disruption Arbitration, which claims amount to B/.3,960 million approximately.

The foregoing constitutes the contingent liability of ACP resulting from the claims under arbitration of plaintiffs, concerning the Third Set of Locks. This contingent liability has no provisioned funds.

ACP believes that it has meritorious defenses in all these claims and intends to defend itself vigorously.

Below is described the general information regarding the status of this arbitration:

- *The Disruption Arbitration*

GUPC submitted their Statement of Reply on July 2024, updating their request for relief up to B/.3,960 million approximately.

ACP submitted its Statement of Rejoinder on June 2025.

The first merits hearing is scheduled to take place from January 19 to February 6, 2026.

The second merits hearing is scheduled to take place from March 9 to March 31, 2026, with the possibility of being extended until April 3, 2026.

- *Arbitration final awards*

At the date of the issuance of these financial statements, four (4) of the arbitrations filed by the claimants against ACP under the Arbitration Rules of the ICC concluded with arbitral awards in favor of ACP concerning to the Temporary Cofferdam, Advance Payments, the Concrete Aggregate and Mix Design and Lock Gates Design and Labor.

**Others**

ACP maintains marine claims for B/.56,524, and miscellaneous outstanding claims for B/.637,627, along with other claims related to procurement and construction contracts for B/.2,193. ACP has meritorious defenses in all these claims.

The notes contained herein describe claims submitted against ACP and do not constitute any acceptance of the validity of such claims by ACP, which are denied by ACP in their entirety.

**Notes to the Financial Statements**

**(31) Related Party Transactions**

During fiscal year 2025, ACP executed commercial transactions with the following related parties:

	<b>Sale of goods and services</b>		<b>Purchase of goods and services</b>	
	<b><u>2025</u></b>	<b><u>2024</u></b>	<b><u>2025</u></b>	<b><u>2024</u></b>
National Aqueduct and Sewage Institute	41,646	40,360	0	0
Ministry of Public Works	5,097	3,094	0	0
Fees paid to the National Treasury	0	0	593,001	518,375
Social Security Fund	0	0	90,922	82,436
Other related parties	<u>5,860</u>	<u>6,479</u>	<u>2,185</u>	<u>1,862</u>
	<u>52,603</u>	<u>49,933</u>	<u>686,108</u>	<u>602,673</u>

The following balances remain outstanding at the end of the reporting period:

	<b>Amounts owed by the related parties</b>		<b>Amounts owed to the related parties</b>	
	<b><u>2025</u></b>	<b><u>2024</u></b>	<b><u>2025</u></b>	<b><u>2024</u></b>
National Aqueduct and Sewage Institute	5,189	5,330	0	0
Ministry of Public Works (Note 20)	0	0	25,522	30,619
Social Security Fund	0	0	35,303	32,353
Public service fees	0	0	181	91
National Treasury – net ton transit fees (Note 21)	0	0	50,237	48,223
Other related parties	<u>1,481</u>	<u>712</u>	<u>20,398</u>	<u>11,897</u>
	<u>6,670</u>	<u>6,042</u>	<u>131,641</u>	<u>123,183</u>

As of September 30, 2025, ACP maintains deposits at Banco Nacional de Panamá for B/.640,000 (2024: B/.1,050,000), which have accrued interest income for B/.528 during 2025 (2024: B/.3,691).

Amounts owed by and owed to the Republic of Panama are classified as accounts receivable and accounts payable, respectively. Additionally, the sales of goods and services to the Republic of Panama were conducted at ACP's usual tariffs as published in the Commercial Tariff, without any discount.

Based on ACP's legal autonomy and financial independence from the government institutions, ACP may only transfer funds for services hired, for the acquisition of goods or real estate or for an obligation it has lawfully contracted.

No expense has been recognized in the current or prior period for bad or doubtful debts concerning the amounts owed by related parties.

**Notes to the Financial Statements**

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**(31) Related Party Transactions, continued****Compensation and benefits to key executives**

On September 30, 2025, ACP paid a total of B/.4,350 (2024: B/.3,660) for remuneration and benefits to its key management personnel. The Board of Directors' allowances for the fiscal year 2025 amounted to B/.967 (2024: B/.1,082). It is the responsibility of ACP's Administration to determine the salaries of key management personnel in conformity with the Personnel Administration Regulations, subject to the Board of Directors' ratification. It is the Board of Directors' responsibility to determine the salaries of the Administrator, Deputy Administrator, Inspector General and the Secretary of the Board of Directors.

**(32) Climate Related Matters, Business Continuity and Sustainability**

The Panama Canal contributes to the reduction of 12 million tons of carbon dioxide (CO<sub>2</sub>) equivalent emissions compared to the most likely alternate route. The effects of climate change, exacerbated by greenhouse gas (GHG) emissions, are causing alterations in precipitation patterns and extreme weather events that directly impact the Panama Canal Watershed. During 2023 and 2024, the country faced one of the most severe droughts on record, influenced by the El Niño phenomenon. Hydrological data show that flow deficits greater than 30% now occur every four years, compared to the historical pattern of every 20 to 25 years, which demonstrates a significant increase in the recurrence of these events.

In response to this scenario, the Panama Canal Authority (ACP) has strengthened its efforts to ensure water security and the sustainability of Canal operations, which are essential for supplying water to more than 50% of Panama's population and for the national economy.

Key actions include: a) the creation of a sustainability unit, led by the first Chief Sustainability Officer, responsible for coordinating sustainability and decarbonization initiatives; b) the continuation of the Environmental Economic Incentives Program (PIEA), which promotes sustainable development in watershed communities; and c) the development of a project aimed at increasing water capacity, benefiting both the population and Canal operations.

**Panama Canal Watershed**

On June 17, 2024, the Supreme Court of Justice unanimously declared Law No. 20 of 2006 unconstitutional, reinstating Law No. 44 of 1999, which defines the original boundaries of the Canal Watershed. As a result, an area of 213,112 hectares in the western region was reincorporated, raising the total area of the Panama Canal Watershed to 552,761 hectares.

**The Path towards Sustainability**

In 2024, the Panama Canal Authority (ACP) reaffirmed its commitment to sustainability by making it a central axis of its management. In this context, Deputy Administrator Ilya Espino de Marotta was appointed as Canal's first Chief Sustainability Officer, and the Sustainability Unit was created, responsible for developing and overseeing the institutional strategy focused on decarbonization, climate resilience, and adaptation, in accordance with international standards.

ACP integrated sustainability and climate risk management functions at all management levels and included this vision in its Strategic Plan 2025-2035. Main actions include the preparation of the greenhouse gas (GHG) inventory for fiscal year 2024, the awarding of a photovoltaic plant scheduled to begin operations in 2027, and the acquisition of hybrid tugboats and trials with renewable diesel to reduce emissions.

**Notes to the Financial Statements**

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**(32) Climate Related Matters, Business Continuity and Sustainability, continued**

Additionally, progress was made in assessing climate risks for the Canal and its watershed, and initiatives such as the “NetZero Slot” and green maritime corridors were promoted, strengthening ACP’s role as a strategic ally in the transition to sustainable maritime transport.

**Río Indio Project**

The Río Indio project arises as initiative in response to the sustained increase in potable water consumption and its lack of availability due to climate change, population and economic growth. To ensure water security and Canal operations, the Río Indio Lake Project is proposed, which seeks to create a new sustainable water source.

The lake is estimated to cover 4,600 hectares (8% of the Río Indio watershed), thereby it will be able to maintain the reliability of the water supply for more than two million people and Canal operations.

**(33) Events that Occurred after the Reporting Period**

*Approval of transfer of surplus to the National Treasury*

By means of the Agreement No. 455, the Board of Directors approved at its meeting on December 16, 2025, the transfer to the National Treasury of the surplus corresponding to fiscal year 2025 in the amount of B/.2,371,617 (Note 14). The Agreement was effective as of December 17, 2025, date of its publication in the Panama Canal Record.

**(34) Summary of Material Accounting Policies**

ACP has consistently applied the following accounting policies to all the periods presented in these financial statements:

**(a) Fair value measurement**

Fair value is the price that would be received for selling an asset or paid for transferring a liability in an orderly transaction among the main market participants on the measurement date or, in its absence, in the most advantageous market to which ACP has access at the time. The fair value of a liability reflects the effect of a default risk. When applicable, ACP measures the instrument’s fair value using a quoted price for that instrument in an active market. A market is considered active if the transactions of these assets or liabilities take place frequently, has sufficient volume, and, in addition, information is provided continuously, allowing prices to be set. When there is no quoted price in an active market, ACP uses valuation techniques that maximize the use of relevant observable input data and minimize the use of unobservable input data. The chosen valuation technique incorporates all the factors that the market participants would consider when setting the price of a transaction. The best evidence of fair value is a quoted market price in an active market. The decision as to whether a market is active can include, but is not limited to, consideration of factors such as the magnitude and frequency of commercial activity, the availability of prices, and the magnitude of offers and sales. In markets that are not active, to guarantee that the transaction price provides evidence of fair value or to determine the adjustments to the transaction prices that are necessary to measure the instrument’s fair value, additional work is required during the valuation process.

**Notes to the Financial Statements**

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**(34) Summary of Material Accounting Policies, continued**

Fair value is categorized into three different levels of hierarchy, based on the inputs used in valuation techniques, as follows:

- Level 1: these are quoted (unadjusted) prices in active markets, for identical assets or liabilities that the entity can access on the measurement date.
- Level 2: inputs that are different from the quoted prices included in level 1, which are observable for assets or liabilities, directly or indirectly.
- Level 3: within the valuation technique there are unobservable inputs for financial assets or liabilities.

ACP recognizes transfers between levels of the fair value hierarchy at the end of the period during which the change occurred.

**(b) Transactions with related parties**

ACP considers as a related party any Government entity or public servant, either a natural or a legal person, that has significant influence or interacts as part of their activities with ACP key personnel who participate in operative or financial decisions, or have representation in other decision-making bodies, which may affect the preparation and results of ACP's financial statements. This definition includes and considers as a related party the members of the Board of Directors and key management personnel, their relatives, dependents, or close people, which include: the spouse, their children or spouse's children, or people of similar affinity relationship. All transactions with related parties are disclosed based on the criteria established in the International Accounting Standard (IAS 24) – "Related Party Disclosures".

**(c) Revenue recognition**

ACP uses the following five-step model for accounting revenue arising from contracts with customers: (i) identify the contract(s) with the customer; (ii) identify performance obligations; (iii) determine the transaction price; (iv) assign the transaction price to performance obligations to the extent that the contract covers more than one performance obligation; and (v) recognize revenue when performance obligations are met. Revenue is recognized in an amount that reflects the consideration that ACP expects to receive in exchange for transferring goods or services to a customer. Depending on whether certain criteria are met, revenue is recognized: over time, in a way that represents ACP's performance; or at a point in time, when the control of the goods or services is transferred to the client. Specific recognition criteria described below are met before revenue is recognized:

***Toll revenue and other Canal transit services***

Toll revenue and other Canal transit services are recognized at a point in time, when the ship completes its transit through the Canal. Toll revenue and other Canal transit services such as: tug services, line handlers, locomotives, admeasurement services, transit booking fee, pilotage, and other services are collected in advance or within twenty-four (24) hours after the invoice is presented for payment if all the services are secured by bank guarantees.

**Notes to the Financial Statements**

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**(34) Summary of Material Accounting Policies, continued**

***Revenue from electricity and power sales***

Revenue from the sale of electric energy and power is recognized over time, based on contractual and physical delivery of energy and power, valued at contractual tariffs or at prevailing spot market rates. Revenue includes unbilled amounts for electricity sales and installed capacity supplied but not settled at the end of each period, is recorded at contractual rates or at estimated prices in the spot market at the end of each period.

***Revenue from potable water sales***

Revenue from water sales is recognized over time, when potable water is delivered based on prices contracted with the National Aqueduct and Sewage Institute (Instituto de Acueductos y Alcantarillados Nacionales – IDAAN).

***Revenue from miscellaneous services***

Revenue from other services includes leases of communication structures and buildings, extraction of raw water, among others, and are recognized over time, when the customer simultaneously receives and consumes the benefits provided by ACP's activities.

Some long-term concession contracts include transferring improvements built by the concessionaire to ACP, free of charge, in exchange for its right of use during the concession period. At the time of transfer, those improvements are recognized as investment property, using the cost method and depreciated accordingly. A related liability is also recognized for the same value, which is amortized in profit or loss through the concession period using the straight-line method. The initial cost is assigned by an independent appraiser at the time of initial recognition.

**(d) *Transfer to the National Treasury***

According to the Organic Law of ACP, transfer to the National Treasury corresponds to the net profit less the funds required for contributions to the investment programs and for other equity reserves approved by the Board of Directors.

**(e) *Fees paid to the National Treasury***

As mandated by the Panamanian Constitution, fees paid to the National Treasury, which correspond to payments of per net ton transit fees and public service fees, are recognized when incurred. Also, by constitutional mandate, ACP is not subject to the payment of taxes, duties, fees, rates, or contributions of a national or municipal nature, except for certain public service fees, per net ton transit fees, and employer's contributions related to social security, educational insurance, and workers' compensation.

**(f) *Financial income and finance costs***

Financial income accrued from interest on financial instruments measured at amortized cost and financial assets measured at fair value through other comprehensive income (FVOCI) are recognized using the effective interest rate. This is the rate that exactly discounts the estimated future cash payments or receipts throughout the financial instrument's expected life to the carrying amount of the financial asset or liability. Interest income is included in a separate line in profit or loss. Interest income includes interest earned net of amortized premium and discount.

Finance costs are comprised of interest and other costs that ACP incurs in connection with borrowings and debt agreements, including amortized discount, if applicable.

**Notes to the Financial Statements**

**(34) Summary of Material Accounting Policies, continued**

*(g) Property, plant and equipment, net*

Property, plant, and equipment held for use, for the production or supply of goods or services, or for administrative purposes, are presented in the statement of financial position at their acquisition cost or construction cost, which includes financing costs, net of accumulated depreciation, and impairment losses, except for the “Land” category, which is presented at its fair value at the time of revaluation.

Replacements and improvements of complete elements that increase the useful life of the asset or its economic capacity are accounted for as property, plant, and equipment, with the respective retirement of any replaced element. When different parts of the significant relative value of property, plant, and equipment have different useful lives, they are accounted for separately. Following the accrual principle, major maintenance that does not increase the useful-life of the asset, regular maintenance, and repair costs are recognized in profit or loss when incurred. Depreciation is calculated on the cost values by applying the straight-line method over the estimated useful lives of the assets. Land on which buildings and other constructions are settled has an indefinite useful life and, therefore, is not subject to depreciation.

The following estimated useful lives for the main categories of assets are used to calculate depreciation:

<u>Years</u>	<u>Buildings</u>	<u>Structures</u>	<u>Equipments</u>
<b>3 – 15</b>	-	Asphalt roads	Automobiles, trucks, technological devices
<b>20 – 50</b>	Concrete, steel	Water tanks, floating piers, concrete streets	Locomotives, tugs, dredges, floating cranes
<b>75</b>	-	Concrete piers, bridges, range towers	Gates, cranes
<b>100</b>	-	Lock structures, dams, dry-dock	-

ACP estimates the assets’ useful lives based on operational and technological experience, and manufacturer’s guidelines. When there is an indication of a change in an asset’s useful life, management reviews the estimates for individual assets or groups of assets with similar characteristics due to factors such as technical development, environmental requirements or quality of maintenance and repair. Estimated useful lives and residual values are reassessed regularly.

Constructions in progress include all direct charges for materials, labor, research, equipment, professional fees, and indirect costs related to the works. Upon completion, the construction value will become part of property, plant and equipment and will start depreciating. Items of property, plant, and equipment are derecognized when no future economic benefits are expected from their use or disposal. Any gain or loss arising from derecognition of the asset (calculated as the difference between the disposal proceeds and carrying amount of the asset) is included in profit or loss when the asset is derecognized.

**Notes to the Financial Statements****(34) Summary of Material Accounting Policies, continued**

ACP has three classes of land based on their nature and use, as follows:

- Hydrographic resources: Anchorages and entrances to the Panama Canal, sea, river and lake waters that are part of the inalienable patrimony of the Panamanian nation, under the exclusive administration of ACP, used mainly for the transit of vessels.
- Natural resources: Land corresponding to 100 and 260 feet elevation and auxiliary dams, which are part of the inalienable patrimony of the Panamanian nation, under the exclusive administration of ACP, used for water control.
- Land: Land transferred on December 31, 1999 and those subsequently acquired, registered in the Public Registry as property of ACP. These are part of the economic patrimony of ACP, used for activities complementary to the operation and functioning of the Panama Canal; they do not constitute or form part of the waterway itself.

ACP adopts the revaluation model as its subsequent measurement policy, specifically for assets classified under 'Land', in accordance with IFRS Accounting Standards and the International Valuation Standards. This approach is based on an objective professional valuation analysis. Revaluations will be scheduled every five years; however, if a significant change occurs before this period ends, an assessment will be conducted, and if necessary, an early revaluation will be carried out.

Land shall be recognized at its market value (fair value) and the updated amount shall be recorded in the accounting books as its revalued carrying amount.

The hydrographic and natural resources due to their status as inalienable heritage of the Panamanian nation, may not be sold, transferred, mortgaged, or otherwise encumbered or disposed of (as established in Article 315 of Title XIV of the Political Constitution of the Republic of Panama and Article 3 of the Organic Law of the Panama Canal Authority), therefore, shall not be measured under the revaluation model.

*(h) Investment properties*

Investment properties are measured at acquisition cost, including other related transaction costs. After their initial recognition, investment properties are stated at cost by applying the same requirements as for property, plant, and equipment.

Land on which buildings and other constructions are settled has an indefinite useful life and, therefore, is not subject to depreciation. Depreciation is calculated on the cost values by applying the straight-line method over the estimated useful lives of the assets. The following estimated useful lives for the main categories of assets are used to calculate depreciation:

<b>Years</b>	<b>Buildings</b>	<b>Structures</b>	<b>Equipments</b>
<b>3 – 15</b>	-	Traffic barriers	Air conditioning, toll, surveillance, and fire control system
<b>20 – 35</b>	Concrete, steel		Electric generators, escalators, elevators, lighting systems

Transfers of investment properties to properties occupied by the ACP or vice versa, are made only when there is a change in the use of the asset, which are reclassified at their acquisition cost.

**Notes to the Financial Statements**

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**(34) Summary of Material Accounting Policies, continued**

A change in the use of the asset is evidenced by the following scenarios:

- When ACP starts occupation of the property, when transferring an investment property to property, plant and equipment.
- When ACP ends occupation of the property, when transferring a property, plant and equipment to investment property.

Disbursements due to repairs and maintenance that do not meet the conditions for asset recognition are recognized as expenses in profit or loss.

*(i) Impairment of non-financial assets*

At the reporting date, ACP assesses whether there is an indication that a non-financial asset, other than inventories, may be impaired. If any indication exists, ACP estimates the asset's recoverable amount, defined as the higher of an asset's fair value less costs to sell and its value in use. When the asset's carrying amount exceeds its recoverable value, the asset is considered impaired, and it is adjusted to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the specific risks to the asset. Impairment losses are recognized in profit or loss, accordingly. A previously recognized impairment loss is reversed if there has been a change in the estimates used to determine the asset's recoverable amount. The reversal of an impairment loss is recognized in profit or loss. An impairment loss can only be reversed up to the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset.

*(j) Inventories, net*

Supplies and materials for operations and fuel inventories are shown at the lower of their acquisition cost and their net realizable value. Inventories are valued using the average cost method, based on purchase cost to suppliers, not exceeding the realizable value, which considers the impairment of supplies and materials. ACP classifies its inventories as non-current when expected to be used or consumed in the operation after more than twelve (12) months.

*(k) Provisions*

Provisions are recognized when ACP has a present obligation, either legal or constructive in nature, because of a past event, when it is deemed probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation amount can be made.

The amount recognized as a provision must be the best estimate of the disbursement required to settle the present obligation, at the reporting period, considering the corresponding risks and uncertainties. When a provision is measured using an estimated cash flow to settle the present obligation, its carrying amount is the present value of such cash flow at a rate that reflects current market assessments of the time value of money and the liability specific risk. When the recovery of some or all the economic benefits required to settle a provision is expected, an account receivable is recognized if it is virtually certain that the income will be received, and if the amount of the account receivable can be measured with certainty.

**Notes to the Financial Statements**

**(34) Summary of Material Accounting Policies, continued**

*(l) Provision for marine accidents and other claims*

ACP records the provision for marine accidents and for claims from counterparties as soon as it recognizes an economic obligation with a high probability of payment derived from these events. When a marine accident occurs, ACP performs a detailed investigation to determine the causes of the accident. Once the causes are determined, if applicable, a provision is recognized based on the estimated cost of both, permanent and temporary repairs, and other related costs, which the Administration concludes are the responsibility of ACP. On each reporting date, the amount of the provision is reviewed and, if necessary, adjusted to reflect the best estimate at that time.

In the case of contractors and other counterparties, when disputes arise due to the execution, interpretation, or termination of a contract, it is first required that the contracting officer assesses and determines if the claim has merit and, if so, estimates the probable amount of the obligation to attempt to reach an agreement with the counterparty. If an agreement is not reached, the contracting officer documents the result of this negotiation, recognizes a provision for the obligation, and the parties undergo an administrative dispute resolution process agreed to in the contract. In some contracts, arbitration in law is established as the jurisdictional instance for dispute resolution.

ACP will make the corresponding payment of the claims whose merit is duly supported and accepted by ACP, according to Article 69 of the Organic Law, or in compliance with a final decision issued by the competent courts. In cases in which ACP could be liable because of a contract claim, if it contains an arbitration clause, the claim will be resolved by the mechanism and the arbitration center established in the respective contract. If there is no arbitration clause in the contract, the case will be resolved by the Third Chamber of the Supreme Court of Justice of the Republic of Panama.

*(m) Employee benefits*

Seven bargaining units cover 93.7% (2024: 92.6%) of ACP workforce, each one with its own exclusive representative and collective bargaining unit agreements that are periodically negotiated. The remaining 6.3% (2024: 7.4%) corresponds to trusted employees, that are excluded from any collective bargaining unit agreements.

During fiscal year 2025, one (1) collective bargaining agreement was settled:

<b>Collective bargaining unit agreement</b>	<b>% of workforce</b>	<b>Starting date</b>	<b>Expected end date</b>
Security Guards	3.6%	Fiscal year 2025	Fiscal year 2031

As of September 30, 2025, the following agreements are under negotiation:

<b>Collective bargaining unit agreement</b>	<b>% of workforce</b>	<b>Starting date</b>	<b>Expected completion date</b>
Non-professional employees	77.5%	Fiscal year 2025	Fiscal year 2026
Professional employees	3.6%	Fiscal year 2025	Fiscal year 2026

**Notes to the Financial Statements**

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**(34) Summary of Material Accounting Policies, continued**

The Panama Canal Pilots agreement (3.3% the workforce) will continue in effect until the end of fiscal year 2026. The Captains and Deck Officers agreement (3.6% of the workforce) will continue in effect until the end of fiscal year 2028.

**Voluntary retirement plans**

ACP provides two unfunded defined benefit plans for employee voluntary retirement. The cost of providing these benefits is determined annually by a qualified actuary, using the projected unit of credit method. Actuarial gains and losses are fully recognized in the period in which they occur in other comprehensive income. The liability for defined benefits comprises the present value of both the actual and constructive obligations of defined benefits. Under International Accounting Standard 19 – Employee Benefits (IAS 19), ACP determines the net interest expense on the net defined benefit liability recognized in profit or loss by applying the discount rate used to measure the defined benefit obligation at the beginning of the year, considering any changes in the benefit liability during the period due to benefit payments, among other factors.

For defined benefit plans, actuarial liability is recognized not only for the legal obligation under the formal terms of the plan, but also for the constructive implicit projections arising from expectations created by informal practices.

*(n) Reimbursement right of ACP*

As prescribed by IAS 19 for the recognition of employee benefit plans, ACP has chosen the reimbursement right option. ACP's right to reimbursement is an insurance policy that guarantees 100% reimbursement to ACP of all benefits paid to employees as an incentive for voluntary retirement (see Note 17). It is recognized at fair value as a separate asset when it is virtually certain that a third party will reimburse some or all the disbursements required to settle a defined benefit obligation.

Changes in the carrying amount of the reimbursement right are disaggregated and recognized in the same manner as changes in the carrying amount of the related obligation plan. The components of the defined benefit cost are recognized net of changes in the carrying amount of the reimbursement right. The carrying amount of the reimbursement right, arising from an insurance policy that exactly matches the amount and timing of some or all defined benefits payable in terms of a defined benefit plan, is the present value of the related constructive actuarial obligation, subject to any reduction required if the reimbursement is not fully recoverable.

**Defined benefit contribution plan**

Retirement benefits for employees are provided through a defined contribution plan through the Social Security Fund (CSS, for its acronym in Spanish) which assumes responsibility for retirement pensions. Contributions are made based on parameters established by the Organic Law of that institution. ACP does not assume responsibility or obligation other than the payments determined by law.

**Notes to the Financial Statements**

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**(34) Summary of Material Accounting Policies, continued**

*(o) Advance payments to contractors*

Advance payments to contractors for the purchase of goods and services are initially recognized as a non-financial asset, as repayment is expected to be realized with works and not with cash or another financial instrument. When these advances are expected to be settled in cash or through the execution of third-party guarantees, ACP reclassifies the advance payment as a financial instrument in the prepayments account and other accounts receivable from contractors.

*(p) Financial assets and liabilities*

**Financial assets**

Financial assets are recognized based on the trade date, initially at fair value, usually being the transaction price, plus incremental costs related to the transaction. In the case of financial assets not at fair value through profit or loss, directly attributable transaction costs are also included. The subsequent measurement of financial assets depends on their classification, as set out below.

Financial assets are classified as measured at amortized cost and fair value through OCI. The classification depends on the business model for managing the financial assets and the contractual cash flow structures.

***Financial assets measured at amortized cost***

Financial assets are classified as measured at amortized cost when they are held in a business model whose objective is to collect contractual cash flows and the contractual cash flows represent solely payments of principal and interest. Such assets are carried at amortized cost using the effective interest method if the time value of money is significant. Gains and losses are recognized in profit or loss when the asset is derecognized or impaired and when interest is recognized using the effective interest method. This category of financial assets includes accounts receivable and bank deposits.

***Financial assets measured at fair value through other comprehensive income (FVOCI)***

Financial assets are classified as measured at FVOCI when they are held in a business model, whose objective is both to collect contractual cash flows and sell the financial assets, and the contractual cash flows represent solely payments of principal and interest. This category of financial assets includes debt instruments not classified as financial instruments at fair value through profit and loss or at amortized cost. After initial recognition, these assets are subsequently measured at fair value. Interest income is calculated under the effective interest method and impairment losses are recognized in profit or loss. Unrealized gains or losses are reported as net increases or decreases in OCI in the statement of changes in equity until they are realized.

***Derivatives designated as hedging instruments in an effective hedge***

Derivatives designated as hedging instruments in an effective hedge are carried out on the statement of financial position at fair value. The treatment of gains or losses arising from revaluation is further described in the accounting policy for hedge accounting.

**Notes to the Financial Statements**

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**(34) Summary of Material Accounting Policies, continued**

***Cash equivalents***

Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, subject to insignificant risk of change in value, and generally mature within three months or less from the date of acquisition. Cash equivalents are classified as financial assets measured at amortized cost.

***Evaluation of the business model***

The evaluation at the portfolio level and the objective of the business model that applies to the financial instruments of this portfolio includes the following:

- The policies and objectives set forth for the portfolio and the operation of those policies in practice that include the Administration's strategy when it comes to:
  - (i) collecting contractual interest income
  - (ii) maintaining a defined interest yield profile
  - (iii) capacity to sell, at any time, for liquidity needs or to optimize the risk / return profile of a portfolio based on interest rates, risk margins, current duration, and the defined goal.
- How ACP's Senior Management Team and Board of Directors are informed about the behavior of the different portfolios.
- The risks that affect the performance of the business model (and the financial assets held in the business model) and how these risks are managed.
- The frequency and value of sales in previous periods, the reasons for those sales and expectations about future sales activity.

***Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI)***

For this assessment, the principal is defined as the financial asset's fair value at the time of initial recognition. Interest is defined as the consideration of the time value of money over time and the credit risk associated with the amount of the outstanding principal for a particular period and other risks consistent with a basic loan agreement, along with other associated costs, as well as the profit margin. In assessing whether contractual cash flows are solely payments of principal and interest, ACP focuses on the instrument's contractual terms.

This assessment considers, among others:

- Contingent events that could change the amount and / or periodicity of cash flows;
- Leverage conditions;
- Advance payment terms and extensions;
- Terms that refrain ACP from obtaining cash flows from specific assets (for example, asset agreements without recourse); and
- Characteristics that modify the considerations for the time value of money (for example, periodic review of interest rates).

**Notes to the Financial Statements**

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**(34) Summary of Material Accounting Policies, continued**

**Impairment of financial assets**

ACP applies an ECL to assess impairment on trade and other accounts receivable, bank deposits and debt instruments. According to Organic Law, ACP can only invest in counterparties that have investment grade. In addition, for tolls and other maritime services collections (the main source of revenue), the payment is guaranteed before rendering the service.

Loss allowances are recognized for the amount equivalent to the 12-month ECL or for the residual maturity of the financial asset, whichever is lower, for financial instruments on which the credit risk has not significantly increased since their initial recognition. The 12-month ECL is the portion of the ECL that results from default events (over a financial instrument) that are possible within 12 months after the reporting date. A financial asset is considered impaired when it is unlikely that the debtor will fully pay his credit obligations to ACP, without recourse from ACP to enforce compliance, such as executing the collateral, if available or the debtor has a delinquency of more than 90 days in any significant credit obligation. For fixed income financial instruments, ACP also considers if the issuer has a low external rating; if there is a lack of contractual payments on the due date or within the stipulated period; if there is a virtual certainty of payments suspension; if there is likelihood of a bankruptcy; if there is a bankruptcy petition filed or a similar action; and/or if the financial asset stops trading in an active market under financial difficulties. For impaired assets, the ECL is the difference between the carrying amount and the present value of the estimated future cash flows to be collected.

**Inputs for measurement of ECL**

The following variables are key inputs used for measuring ECL:

- Probability of Default (PD): the 1-year probability of default applied to the portfolio to accounts of 12-month ECL and the lifetime probability of default to accounts of more than 12-month ECL. The default rates are obtained from the Bloomberg system (1-yr Default Probability) for counterparties that have a credit risk rating. For financial instruments that do not have a credit risk rating, the source used is the result of the study published by Standard & Poor's for corporate and financial services entities.
- Loss Given Default (LGD): the estimated loss percentage of the exposed amount in case of default. The LGD is obtained from the Bloomberg system for counterparties that have a credit risk rating. For financial instruments that do not have a credit risk rating, Bloomberg (1-yr Default Probability and Loss Given Default) is also used.
- Exposure at Default (EAD): represents the outstanding balances of the principal amount and interest on financial assets at the reporting date.

***Significant increase in credit risk***

The assessment of whether credit risk of a financial asset has increased significantly since its initial recognition considers reasonable and sustainable information that is relevant and available without disproportionate cost or effort. The credit risk assessment includes information and analysis of a quantitative and qualitative nature based on historical experience and expert evaluation of credit such as: projections of future cash flows, variations in the credit risk rating, and atypical increases in the credit margin or in the reference prices of the credit default swaps (CDS) for the financial instruments.

**Notes to the Financial Statements**

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**(34) Summary of Material Accounting Policies, continued**

***Assessment of significant increase in credit risk***

ACP assesses whether the credit risk of a particular exposure has increased if, based on a quantitative model, the probability of expected credit loss in the remaining life increased significantly since its initial recognition.

ACP may determine that an exposure has experienced a significant increase in credit risk if qualitative factors indicate so and may not be fully captured by the periodic quantitative analysis. The effectiveness of the criteria used to identify significant increases in credit risk is monitored through regular reviews.

***Derecognition of financial assets***

A financial asset is derecognized only when the contractual rights to receive the cash flows from the asset have expired or when all its ownership risks and rewards have been substantially transferred. If all the ownership risks and rewards have not been transferred or substantially withheld, and control of the transferred asset continues, then the interest withheld on the asset and a related liability for the amounts that ACP may have to pay are recognized. If substantially all the ownership risks and rewards of a transferred financial asset are retained, the financial asset continues to be recognized and a guaranteed liability is also recognized for the amount received.

***Financial liabilities***

Financial liabilities are initially recognized at fair value in addition to the direct transaction costs. After initial recognition, the financial liabilities are measured at amortized cost using the effective interest rate method. Gain or loss is recognized in profit or loss when financial liability is derecognized through the amortization process as well. Financial liabilities include borrowings, bonds payable, trade and other payables, along with other financial liabilities.

***Borrowings and debt***

Borrowings and debt are initially recognized at fair value at their respective contractual dates, including the costs attributable to each transaction. After initial recognition, these financial liabilities are measured at amortized cost using the effective interest rate method. The amortized cost is calculated considering any premium or discount at the time of purchase and the fees that belong to the effective interest rate.

***Trade and other payables***

Accounts payable do not earn interest and are carried at their face value.

***Hedge accounting***

Derivative financial instruments held for risk management purposes are measured at fair value in the statement of financial position. These instruments are initially recognized at fair value on the date a hedging contract is initiated and are subsequently remeasured to their fair value at each reporting date.

**Notes to the Financial Statements**

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**(34) Summary of Material Accounting Policies, continued**

On initial designation of the hedge, ACP formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. ACP makes an assessment—both at the inception of the hedging relationship and on an ongoing basis—of whether the hedging instrument(s) is (are) expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged item(s) during the term of the designated hedge. ACP uses financial instruments designated as hedges to manage the interest rate risks and the variability of light diesel prices used in its operations. These financial instrument contracts designated as hedges are classified as cash flow hedges and they are reported as assets or liabilities, as applicable. Any ineffectiveness must be reported in current year's profit or loss.

***Hedge accounting relationship***

When ACP establishes a hedge accounting relationship, the first requirement is that the hedging instrument and the hedged item must be expected to move in opposite directions because of the change in the hedged risk. This requirement is fulfilled for the hedging relationships carried out by ACP as the underlying of hedging instrument matches or is closely aligned with the hedged risk. ACP qualitatively assesses: a) maturity; b) nominal amount; c) cash flow dates; d) interest rate basis or commodity reference price; and e) credit or counterparty risk.

***Hedge ratio***

The hedge ratio is the relationship between the amount of the hedged item and the amount of the hedging instrument. Most hedging relationships use a 1:1 hedge ratio because the instrument precisely matches the hedged risk. For a hedging relationship with a correlation between the hedged item and the hedging instrument that is not a 1:1 relationship, generally, the hedge ratio is adjusted for the type of relation to improve effectiveness.

***Discontinuation of hedge accounting***

ACP discontinues hedge accounting prospectively in the following situations: when it is determined that the derivative is no longer effective in offsetting changes in the fair value or cash flows of a hedged item; the derivative expires or is sold, terminated, or exercised; or it is determined that designation of the derivative as a hedging instrument is no longer appropriate.

**Notes to the Financial Statements**

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**(34) Summary of Material Accounting Policies, continued**

***Cash flow hedges***

The effective portion of changes in the fair value of financial instruments that are designated and qualified as cash flow hedges is recognized in OCI. The effective portion of changes in the fair value of the derivative that is recognized in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from the inception of the hedge. The gain or loss related to the ineffective portion is recognized immediately in profit or loss. Amounts previously recognized in OCI and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognized in profit or loss, within the same line item of the statement of profit or loss as the recognized hedged item. However, when a forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the non-financial asset or the non-financial liability costs. Any gain or loss accumulated in equity, at the time of discontinuation of the hedge, remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, any gain or loss accumulated in equity is recycled from equity to profit or loss.

***Derecognition of financial liabilities***

A financial liability is derecognized if it expires, cancels, or is settled and when its conditions are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability is recognized based on the new conditions at fair value.

**(q) *Leases***

At the beginning of a contract, ACP assesses whether a contract is or comprises a lease. A contract is or comprises a lease if it provides the right to control the use of an asset for a period in exchange for payment.

***As a lessee***

At the commencement of a contract, the ACP assesses whether the contract contains a lease, that is, whether it conveys the right to control the use of an identified asset for a specified period in exchange for consideration.

At the lease commencement date, the ACP recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at cost, which includes the initial lease liability, lease payments made before the commencement date, any initial direct costs, and lease incentives received. The asset is depreciated on a straight-line basis over the lease term or the useful life of the underlying asset, as applicable. It is also adjusted for impairment losses or re-measurements of the related lease liability.

The lease liability is initially measured at the present value of future lease payments not yet made, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the ACP's incremental borrowing rate. Lease payments include fixed payments, variable payments based on an index or rate, amounts expected to be paid under residual value guarantees, the exercise price of purchase or renewal options that the ACP is reasonably certain to exercise, and penalties for early termination unless the ACP is reasonably certain not to terminate the lease early. Subsequently, the liability is measured at amortized cost using the effective interest method and is remeasured when contractual terms or estimates change.

**Notes to the Financial Statements**

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**(34) Summary of Material Accounting Policies, continued**

The ACP presents right-of-use assets and lease liabilities in separate line items in the statement of financial position.

For short-term leases and leases of low-value assets (below B/.10), the ACP has elected not to recognize right-of-use assets or lease liabilities; related payments are recognized as expenses over the lease term.

**As lessor**

When the ACP acts as a lessor, it classifies leases as finance or operating leases, depending on whether substantially all risks and rewards incidental to ownership of the underlying asset are transferred. Operating lease income is recognized on a straight-line basis over the lease term. If a contract contains both lease and non-lease components, the consideration is allocated in accordance with IFRS 15 – Revenue from Contracts with Customers.

*(r) Adoption of new and amended standards and interpretations*

*Amendments to IAS 1, classification of liabilities as current or non-current.*

ACP adopted the amendment of classification of liabilities as current or non-current and reclassified the employee benefit liability in current and non-current, based on settlement terms, in the statement of financial position for the years 2024 and 2025, to maintain consistency in presentation. This change in presentation does not constitute an error or the adoption of a new accounting policy, but rather a voluntary revision of the classification to reflect the temporal structure of the entity's obligations. This change does not affect the total estimated liability amount.

*(s) New accounting standards and amendments not yet adopted*

A series of new rules go into effect for annual periods beginning after January 1st, 2025, and early application is allowed; however, ACP has not early adopted these new standards or amendments, when preparing these financial statements on September 30, 2025, since their annual period began on October 1st, 2024.

ACP is currently evaluating the potential impacts of these new standards:

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<b>Effective date – annual periods beginning on:</b>	<b>New standards or amendments</b>
January 1st, 2026	<ul style="list-style-type: none"><li>• Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7.</li><li>• Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7.</li></ul>
January 1st, 2027	<ul style="list-style-type: none"><li>• Presentation and Disclosure in Financial Statements (IFRS 18).</li></ul>

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**Presentation and Disclosure in Financial Statement (IFRS 18)**

IFRS 18, which substitutes IAS 1, will be mandatorily applicable for annual reporting periods beginning on or after 1 January 2027; that is, October 1, 2027 (Fiscal Year 2028). This standard introduces a new classification of income and expenses in the statement of profit or loss, classifying them into operating, investing, and financing activities, and incorporates the presentation of specific subtotals.

**Notes to the Financial Statements**

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**(34) Summary of Material Accounting Policies, continued**

The most significant change is the mandatory inclusion of the subtotal “Operating profit or loss”, along with other required subtotals: “Profit or loss for the period” and “Profit or loss before financing and income tax”.

The main objective of this new structure is to reduce diversity in the presentation of the statement of profit or loss and to improve comparability among entities, making it easier for users to understand.

As of today, the potential impact that the application of IFRS 18 will have on the presentation of future financial statements is being assessed.

