Annual Report 2024

25 AÑOS
EN MANOS
PANAMEÑAS

CANAL DE PANAMÁ

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Container vessel heads to the Atlantic

Message from the Chairman of the Board of Directors and Minister for Canal Affairs

Jose Ramón Icaza Clément

I address you to provide a detailed summary of the Panama Canal's performance during fiscal year 2024 for this first term in which I have had the honor to serve as Minister for Canal Affairs and President of the Board of Directors.

During fiscal year 2024, which ran from October 1, 2023, to September 30, 2024, the interoceanic waterway achieved outstanding performance thanks to the commitment of the more than 8,500 professionals who work to ensure the efficiency, profitability, and sustainability of this key asset for the Panamanian nation.

The results presented in this report were possible thanks to a successful water, operational and financial strategy, which optimized the water use from the Canal to ensure its continuous service, despite the impact of the El Niño phenomenon. This allowed us to minimize the effects on international trade, procure the water supply for about half of the country's population, and guarantee economic contributions to the National Treasury.

It is important to note that, during fiscal year 2024, the interoceanic waterway delivered B/.2,471 million in direct contributions to the National Treasury, corresponding to surpluses, transit tonnage fees, and payments for services rendered to the State. This amount will contribute to the socioeconomic development of the entire country, strengthening the Canal's role as Panama's engine for growth.

In August 2024, acting as Minister for Canal Affairs and President of the Board of Directors, we presented the proposed budget of B/.5,623.5 million for fiscal year 2025 to the Cabinet Council and later to the National Assembly, of which B/.4,139 million correspond to projected toll revenues. This budget provides for National Treasury contributions of B/.2,789 million for fiscal year 2025, reflecting once again the solidity and efficiency of the Canal's administration.

These financial projections consider an estimated 13,900 transits for fiscal year 2025, in addition to recovering water contributions to Lakes Gatun and Alajuela, essential to guarantee both the drinking water supply of the population and the optimal operation of the waterway.

Canal Watershed

It should be noted that, in June 2024, the Supreme Court of Justice reinstated Law 44 of 1999 on the limits of the Canal Watershed. This new delimitation will allow progress in the Indio River project, which will ensure water resources for both human consumption and for Canal operations. The project will be technically supported, and its development will include the necessary consultations, seeking to meet the needs of the communities involved and reinforce its benefits.

Finally, I want to express my respect and gratitude to the entire canal community, whose professionalism and dedication are fundamental pillars for our management's success.

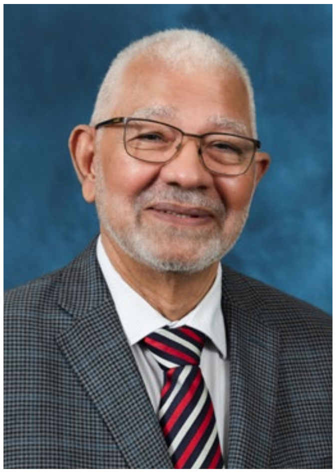
I hope that fiscal year 2025, in which we celebrate 25 years of Panamanian stewardship of the interoceanic waterway, will be an opportunity to strengthen pride and a sense of belonging towards our Canal, a leading route in global connectivity and a driver of Panama's progress.

Board of Directors

Jose Ramón Icaza Clément
Chairman 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 2024 (October 1, 2023 to September 30, 2024).*

Message from the Administrator of the Panama Canal

Ricaurte *(Catín)* Vásquez Morales

Fiscal year 2024 marked a turning point for the Panama Canal. We are facing the challenges caused by the *El Niño* phenomenon, a stark reminder that climate change is a reality constantly challenging our ability to adapt and plan, with resilience and determination.

Thanks to strategic measure implementation such as cross-filling locks and optimizing the use of water resources, we were able to ensure continuous Canal operations while protecting the drinking water supply of more than half of the country's 4.5 million inhabitants.

However, 2024 was not only a year with challenges, but also commemorations. We celebrated 110 years of uninterrupted operations, an achievement reaffirming our position as a fundamental global trade pillar. This milestone reflected on us fulfilling our mission to manage, operate and maintain the Canal in a safe, continuous, efficient, and profitable manner, and ensuring that Panama and global trade continue to benefit from this strategic interoceanic route.

Being aware of the importance of sustainability in today's environment, we took an innovative and pragmatic approach by establishing an economic value for freshwater from Lakes Gatun and Alajuela. This pricing model, based on lock usage, not only strengthens our competitiveness, but also aligns us with global trends in strategic resource valuation, thus reaffirming our vision to be the leading maritime route in connectivity and global logistics, promoting sustainable development and generating value for both Panama and international trade.

In fiscal year 2024, we moved forward with implementing the Long-Term Slot Allocation (LoTSA) strategy, designed to offer certainty and long-term planning to our customers. This approach, which has already initiated tenders for fiscal year 2025, strengthens our relationship with the shipping industry by ensuring an optimized service level and efficient handling of supply and demand.

In financial terms, we closed fiscal year 2024 with revenues of B/.4,986 million, a 0.4% growth compared to the previous year. This result reflects our ability to adapt and manage strategically in a dynamic environment. We also invested more than B/.106 million in 176 projects aimed at increasing operational efficiency, improving the reliability of our route and ensuring the sustainability of our water resources.

The Canal's success during fiscal year 2024 is also attributed to our strict infrastructure maintenance policy. More than B/.500 million of the annual budget was allocated to the centennial Panamax locks and the modern NeoPanamax locks. Furthermore, we have invested more than B/.2,000 million in maintenance programs in the last five years.

Agua Clara Locks (left) and Gatun Locks (right)

Our responsibility transcends the operational front. The Supreme Court's ruling to restore the validity of Law 44 of 1999 reaffirms our commitment to sustainably develop communities in the Canal Watershed. We recognize that our operation's future depends on responsible water management and collaboration with local communities, especially through initiatives such as the Indio River's multipurpose reservoir project, conceived under strict respect standards for human rights and international best practices.

However, we must look beyond the Canal Watershed. Panama has 51 additional watersheds, many of which can contribute to the country's well-being.

It is imperative that we, as a nation, adopt a comprehensive water management strategy that diversifies water sources and ensures sustainable development for future generations.

The achievements made in 2024 would not have been possible without the commitment and dedication of our more than 8,500 employees. They are the ones who, day by day, materialize our vision of excellence and sustainability, consolidating the Panama Canal as a world reference in connectivity and logistics.

As we look to the future, we reaffirm our mission to be more than an interoceanic waterway: we are a catalyst for sustainable development, an economic engine for Panama, and a strategic ally of global trade. With a clear focus on innovation, sustainability, and operational excellence, we will continue to strengthen our position as leaders in the maritime industry and guardians of a strategic resource that impacts the entire world.

Senior Management Team

Ricaurte Vásquez Morales
Administrator

Miriam E. Sánchez de Murillo
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 2024, from October 1, 2023, to September 30, 2024.*

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

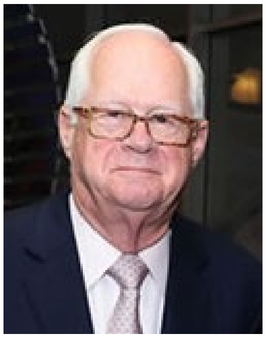
Antonio A. Córdoba
Vice Presidency for
Digital Transformation

Advisory Board

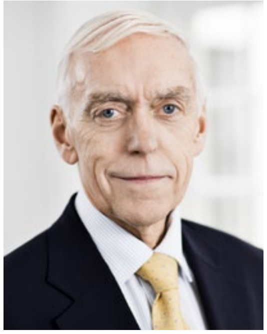
The International Advisory Board is the collegiate body that advises the Board of Directors and senior management of the Panama Canal Authority on issues of needs, requirements and improvement of the services provided by the Canal to the maritime industry, in accordance with the Political Constitution of the Republic of Panama, the Organic Law and its regulations.

It is a group of leaders from the international community who contribute their opinions and experiences to the design and improvement of the Panama Canal.

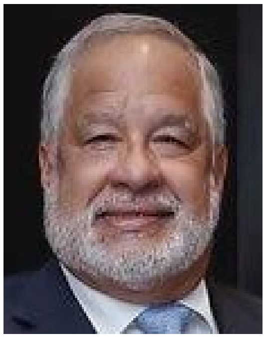
The Advisory Board is composed of 17 distinguished personalities from the maritime and business worlds who meet at the request of the Board of Directors. In fiscal year 2024, the Advisory Board met with the Board of Directors once, in Panama City, in October. During this meeting, the Administrator, accompanied by several vice-presidents, presented reports to the Advisory Board on the performance of the Canal, its operations, the financial and water situation of the Canal.



Almirante William J. Flanagan
(president)



Flemming Jacobs



Salvador Jurado

Albert Nahmad

Joe Reeder

Mikio Sasaki

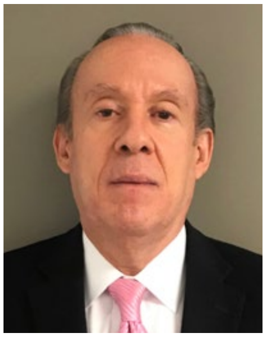
Tommy Thomsen

Anthony Chiarello

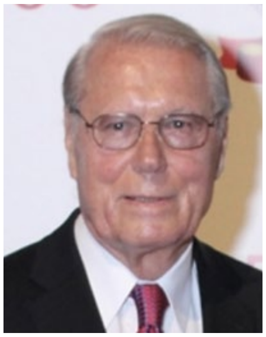
Wang Haimin

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 2024, from October 1, 2023, to September 30, 2024.*

The Panama Canal and its impact on world maritime trade

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: 423.1 million
- Transits: 11,240
- Total revenue: B/.4.986 billion
- Workforce: 8,560 employees
- Direct contributions to the National Treasury: B/.2.471 billion
- Total contribution to the national economy: B/.3.598 billion
- Direct contribution of the Canal to the Gross Domestic Product (GDP): 2.9%

Cruise ship transiting through the Canal

Human Capital

Human capital management

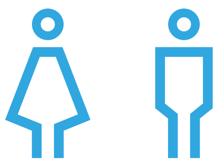
Staffing

8,560 employees
46 years - average age

The Panama Canal has high-level technical, administrative, and specialized personnel. In this sense, our organization ensures its organizational capacity and promotes programs for employees to contribute to achieving strategic objectives and corporate transformation efforts.

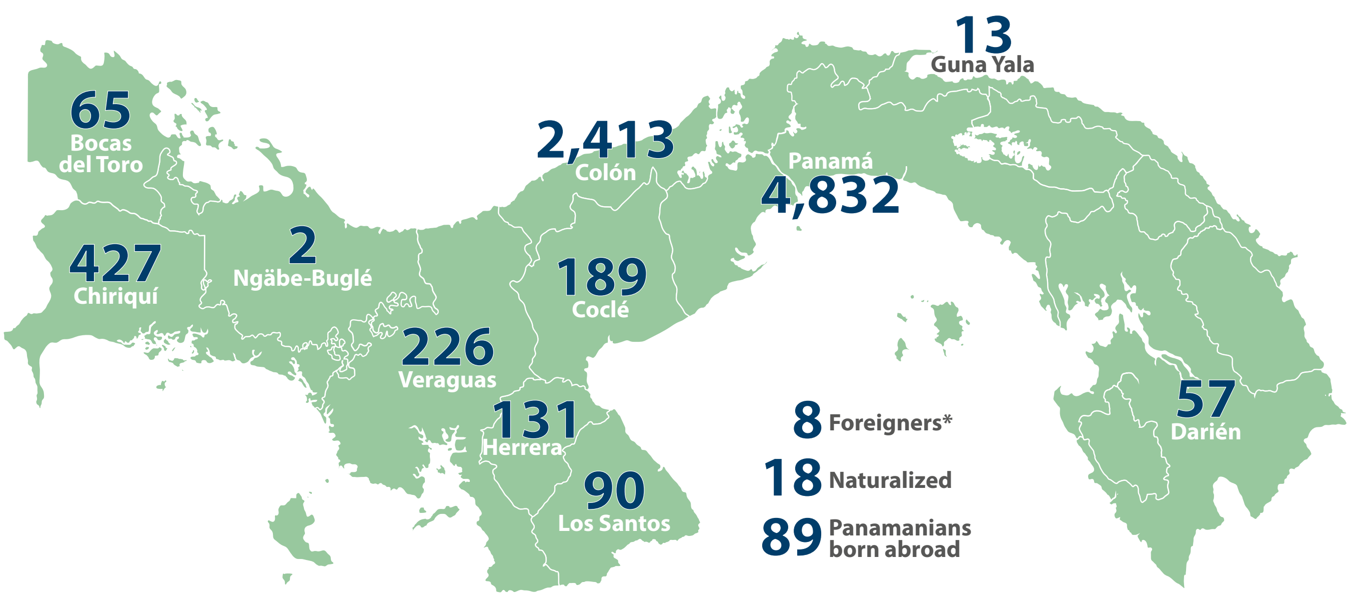
Diversity and Gender

1,020
(12 %)



7,540
(88 %)

Employees by Province or Place of Origin



*Permanent employees hired prior to December 31st 1999 with the right to continue working according to legal provision.

Learning and development

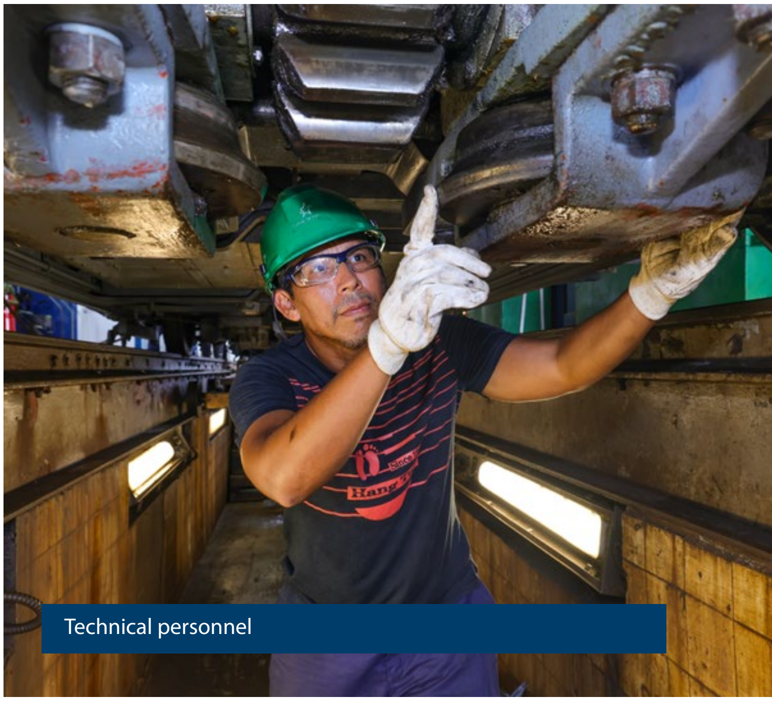
As part of the strategy to guarantee generational replacement, the Panama Canal invests in its human capital, which is its main asset and the key factor for its success. In fiscal year 2024, we began the process of preparing the human talent that will replace close to 2,000 employees who will be eligible for retirement between 2024 and 2030.

To prepare for this challenge, a number of initiatives were developed, such as:

- Collaboration agreement with the Instituto Técnico Superior Especializado (ITSE): We signed a cooperation agreement to include higher-level technical careers in mechanics, metal mechanics, and electricity in its educational offer. The first group of students will graduate in 2026.
- Reinforcement program in mathematical competencies to improve critical and analytical thinking skills for solving daily problems in the Canal's operations. As a result, three cycles were given in February, May, and August 2024, covering 840 hours of training, and 96 workers benefited.
- English language leveling program to improve operational communication during transits of ships, which by international standards use English to communicate among themselves or with crew members. The training included reading, writing, listening, and speaking. A total of 166 employees were able to acquire the English communication skills used in their work environments.

Labor Management Plan

The Labor Management Plan has allowed Panama Canal employees to compete for permanent vacancies following the merit system governing the placement and hiring process. This process has promoted competition and allowed permanent and temporary employees to compete for vacant permanent positions. In fiscal year 2024, 851 permanent positions were filled; of this number, 260 correspond to hiring applicants or employees who until then were temporary and 591 correspond to the placement of permanent employees.



Technical personnel

Labor relations management and regulations

Collective bargaining

On August 4, 2024, the collective bargaining agreement of the Captains and Deck Officers Unit entered into force, with the caveat that its articles and sections may be revoked, modified, or rendered null and void by a decision of the Third Chamber of the Supreme Court of Justice of Panama in connection with the appeal filed by the Canal Authority on July 4, 2024. This agreement is effective for 5 years and applies to approximately 197 employees, equivalent to 2.3% of the labor force.

On June 17, 2024, the Panama Canal Security Guards Union requested to negotiate the collective bargaining agreement. On July 19, 2024, the ACP responded affirmatively to such a request. The exchange of proposals took place on September 9, 2024, and the teams began the evaluation of the proposals received.

During fiscal year 2024, the term of the Collective Bargaining Agreement applicable to the Panama Canal Pilots Unit was extended until January 9, 2027.

Financial Wellness Program

The Financial Wellness Program was designed to promote the responsible and efficient use of money, encouraging saving, financial planning, and compliance with economic obligations. During fiscal year 2024, more than 64 courses and talks were held, both face-to-face and virtual, with the participation of 1,697 employees, and 286 personalized counseling sessions were offered, where employees could receive guidance tailored to their financial situation.

Employees at the Control Tower

Human capital transformation

Leadership Program

The Leadership Program continued successfully, with a total of 150 employees completing the first level on July 15, 2024, and 50 employees from level 2 completing it on August 14, 2024. This program aims to strengthen the layers of supervisors, leaders, forepersons, and managers, reaching over 1,000 employees. To date, 299 level 1 employees and 50 level 2 employees have completed this program.

Culture and Organizational Climate

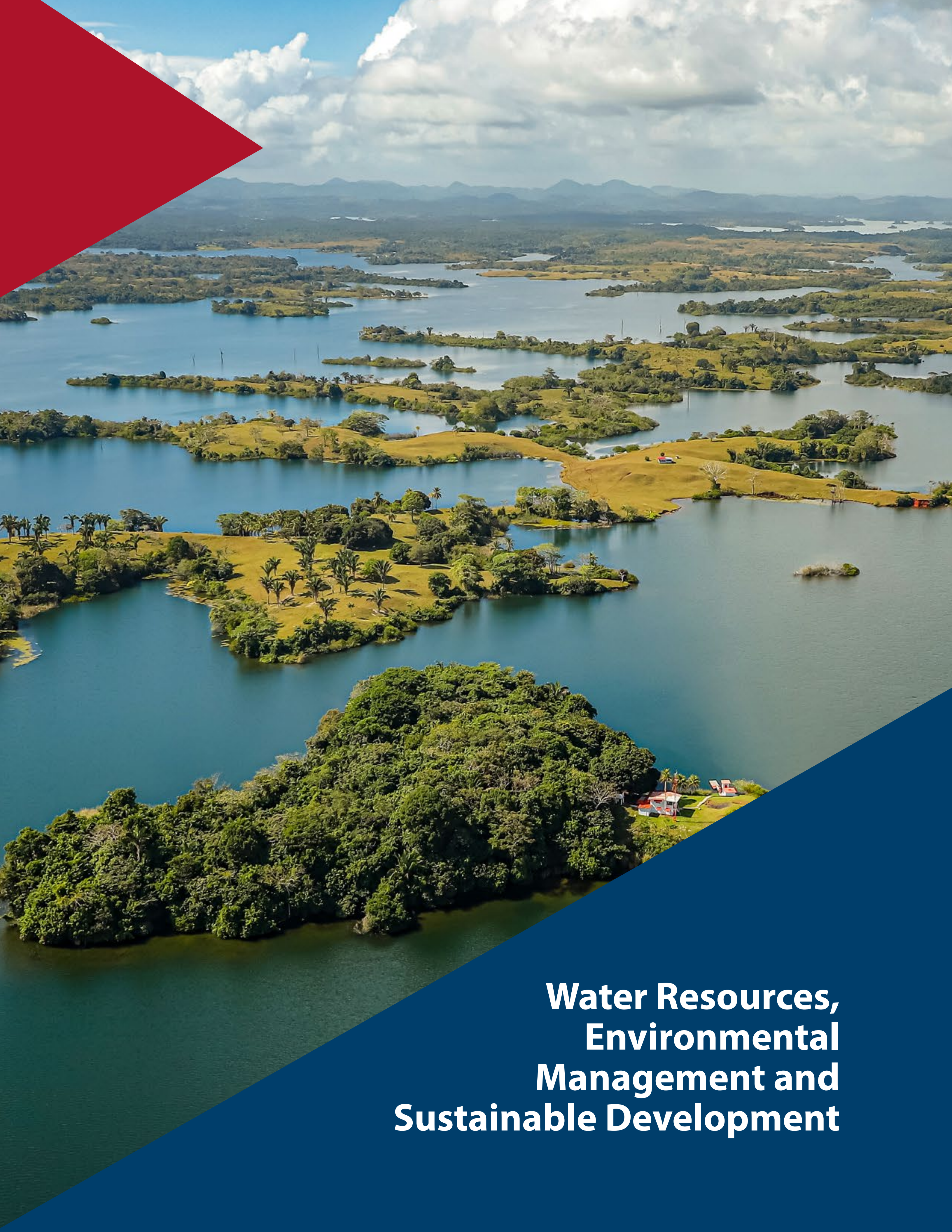
We conducted surveys, interviews, and workshops on culture, values, and organizational climate with the consulting firm Great Place To Work. Also, we obtained the Great Place to Work 2024/2025 certification, which is part of a program to recognize the quality of the organizational culture that validates the positive experience of employees.

Health and Safety

We implemented a comprehensive approach to the well-being of our employees through the Health Improvement Program and various initiatives, such as the follow-up of sub-programs focused on blood pressure, obesity, and the treatment and control of diabetes, with approximately 1,000 employees completing these sub-programs. In this context, 121 glucometers were given to diabetic employees, and training was provided on their use and management. In addition, more than 80 educational talks were given to promote healthy lifestyles, organizing health days and fairs. To address the mental health of our employees, we held a Mental Health Week, which included conferences in different locations in the Pacific and Atlantic, reaching 748 employees and emphasizing the importance of mental well-being.

Regarding Industrial Hygiene and Safety, the safety program was re-launched, focused on improving occupational safety through observation and behavior modification, with special attention to the divisions that reported the most accidents in fiscal year 2023, involving an estimated 2,544 workers. Also, the Human Capital vice-presidency updated the statutes of the Operational Safety Committees to strengthen management in these areas.

We provide advice on health issues



Water Resources, Environmental Management and Sustainable Development

Water Resources

The reservoirs of the Panama Canal Watershed (CHCP) supply approximately 2.5 million inhabitants in the country, concentrated in the provinces of Panama, Colón, and Panama Oeste. At the same time, these freshwater reserves sustain the operation of the waterway and serve other socioeconomic purposes. The water levels in the Gatun and Alhajuela reservoirs showed sufficient water availability for human and industrial consumption during FY-2024. The average water level of the Gatun reservoir during FY-2024 was 81.98 feet (25.00 m), which allowed maintaining a draft no less than 44 feet for the neopanamax locks and the maximum allowable draft of 39.50 feet for the panamax locks.

Water Balance

Total inflows to the Panama Canal Watershed (CHCP) during FY-2024 amounted to 3,827 hm^3 (121 m^3/s), broken down into 3,413 hm^3 (108 m^3/s) of net inflows and 414 hm^3 (13 m^3/s) of evaporation from the reservoirs. The total inflows to the CHCP during FY-2024 represent the driest conditions in the 1898-2024 period.

Water use in the Panama Canal locks during FY-2024 was 2,015 hm^3, of which 1,943 hm^3 was used for lockages and 72 hm^3 for salinity mitigation outflows. Of this volume, 52% (1,042 hm^3) corresponds to the panamax locks, and 48% (973 hm^3) to the neopanamax locks. The average daily water use in the locks was 5.5 hm^3 (63.70 m^3/s).

Table 1. Contribution of water sources to the Canal Watershed

Source	Quantity of water (hm3)	% of total
Chagres river	698	18%
Pequeni river	353	9%
Boqueron river	165	4%
Indio Este river	115	3%
Madden Local	254	7%
Alhajuela reservoir	61	2%
Alhajuela reservoir sub-watershed	**1,646**	**43%**
Gatun river	113	3%
Gatun Norte	425	11%
Ciri Grande river	240	6%
Trinidad river	139	4%
Cano Quebrado river	37	1%
Gatun Sur	466	12%
Gatun reservoir	761	20%
Gatun reservoir sub-watershed	**2,181**	**57%**
Total contribution to the CHCP	**3,827**	**100%**

Canal watershed river

Water Use

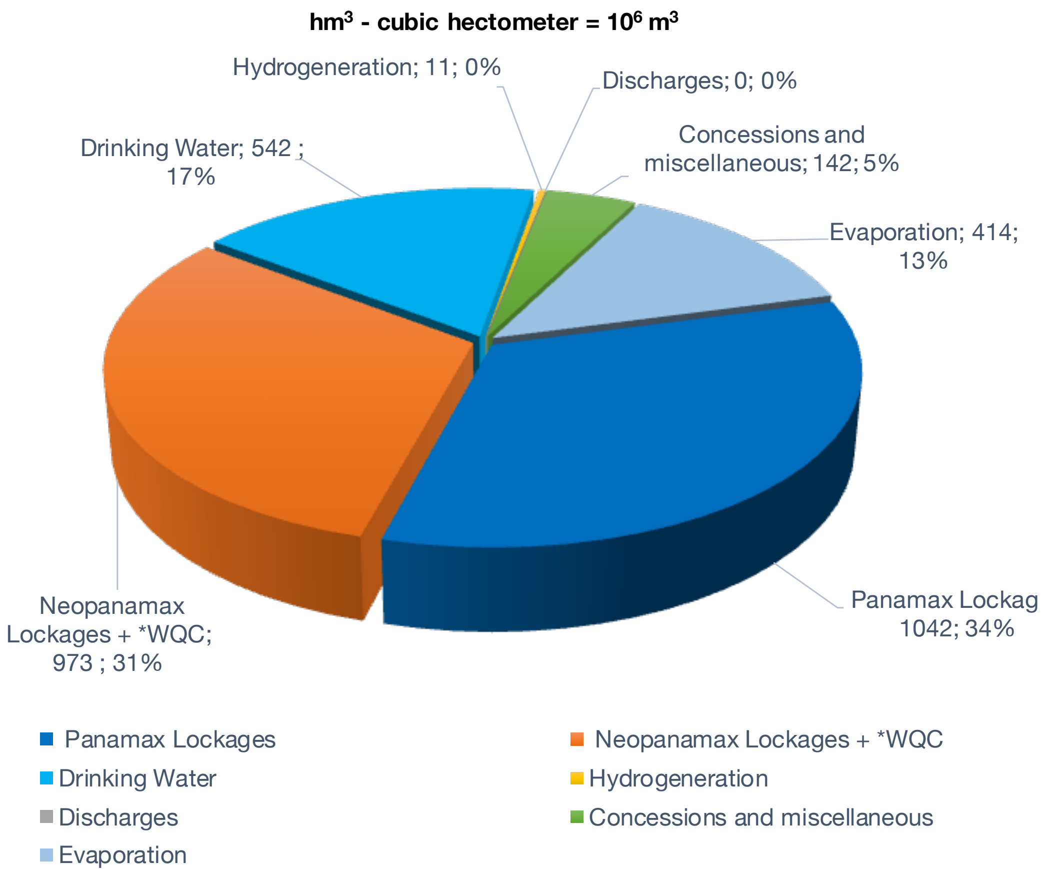
The volume of water saved during FY-2024 in the panamax locks was 290 hm^3, distributed as follows: Gatun Locks, 98 hm^3 (34%), and Pedro Miguel Locks, 192 hm^3 (66%). It is worth noting that this volume is equivalent to a water layer in Gatun Reservoir equal to 2.42 feet (0.74 m).

The average water use per transit of a panamax vessel was 0.144 hm^3, representing 69% of an equivalent lockage (EE). For a neopanamax vessel transit, an average of 0.3351 hm^3 of water was required. Of this volume, 0.1415 hm^3 (40%) was consumed for maintaining Gatun Reservoir water quality (CCA).

The average daily salinity during FY-2024 in the navigation channel of Gatun Reservoir was 0.3911 practical salinity units (psu). Meanwhile, the weighted average salinity (SPV) was 0.3239 psu, representing a 2.5% decrease compared to the maximum historical average recorded in fiscal year 2020.

In FY-2024, a total of 704 hm^3 of water was stored and reserved, equivalent to 22.3 m^3/s or 9.3 daily EE. This ensured reservoir stability while maintaining optimal conditions for vessel transit and potable water supply.

Graph 1. Water use distribution (3,124 hm^3) of the Panama Canal Watershed for fiscal year 2024

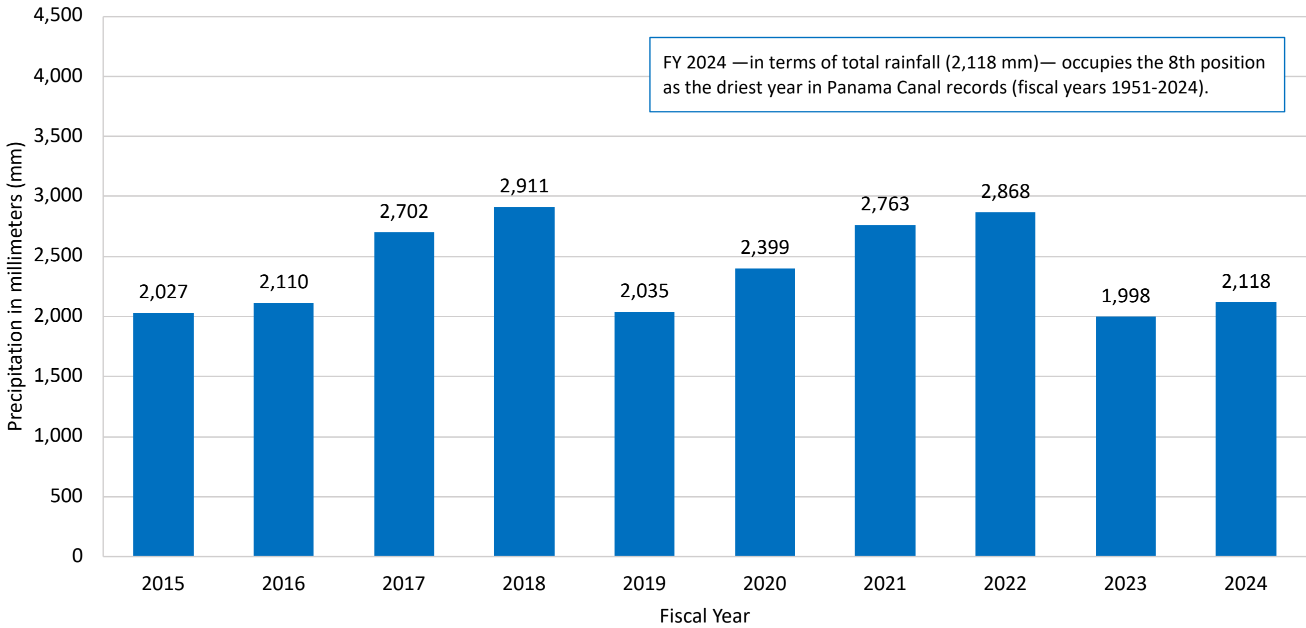


*WQC: Water Quality Conservation

Rainfall

For fiscal year 2024, rainfall over the Panama Canal Watershed (CHCP) was 2,118 mm, 20% below the historical average of 2,660 mm. The deficit of 542 mm has been the eighth driest recorded in the period 1951-2024.

Graph 2. Precipitation by fiscal year from 2015 to 2024 in the Panama Canal Watershed



Climate crisis impacted Canal lake levels

Social and Environmental Management

New Water Quality Laboratory

For the Panama Canal, the safety of drinking water and its impact on the population's health have been fundamental since 1914. With the investment in this laboratory (more than B/.4.5 million), we have the technologies and facilities that promote strict compliance with the Technical Regulation DGNTI-COPANIT 21-2019 Food Technology, Drinking Water.

The new building has rooms for Aquatic Biology, Microbiology, Flow Cytometry, Molecular Biology, Biology, Sterilization, Physical Chemistry, and Instrumental Chemistry, where the quality of water for human consumption is carefully analyzed, but also the health of the aquatic ecosystems in the lakes of the Canal is monitored, and the effects of climate change on them are monitored.

Pilot Plan for Water Treatment

At the end of April 2024, the Panama Canal installed a desalination plant in the town of Escobal (Colon), with a capacity to supply 6,000 people per day (assuming an average daily consumption of 200 liters per person) to study and test the efficiency and costs of reverse osmosis technology. This plant will provide drinking water to approximately 2,500 people in this community.

This project addresses the need to prioritize drinking water quality for human consumption while studying longer-term solutions to ensure the quantity and quality of water in the Panama Canal lakes.

Water treatment plant

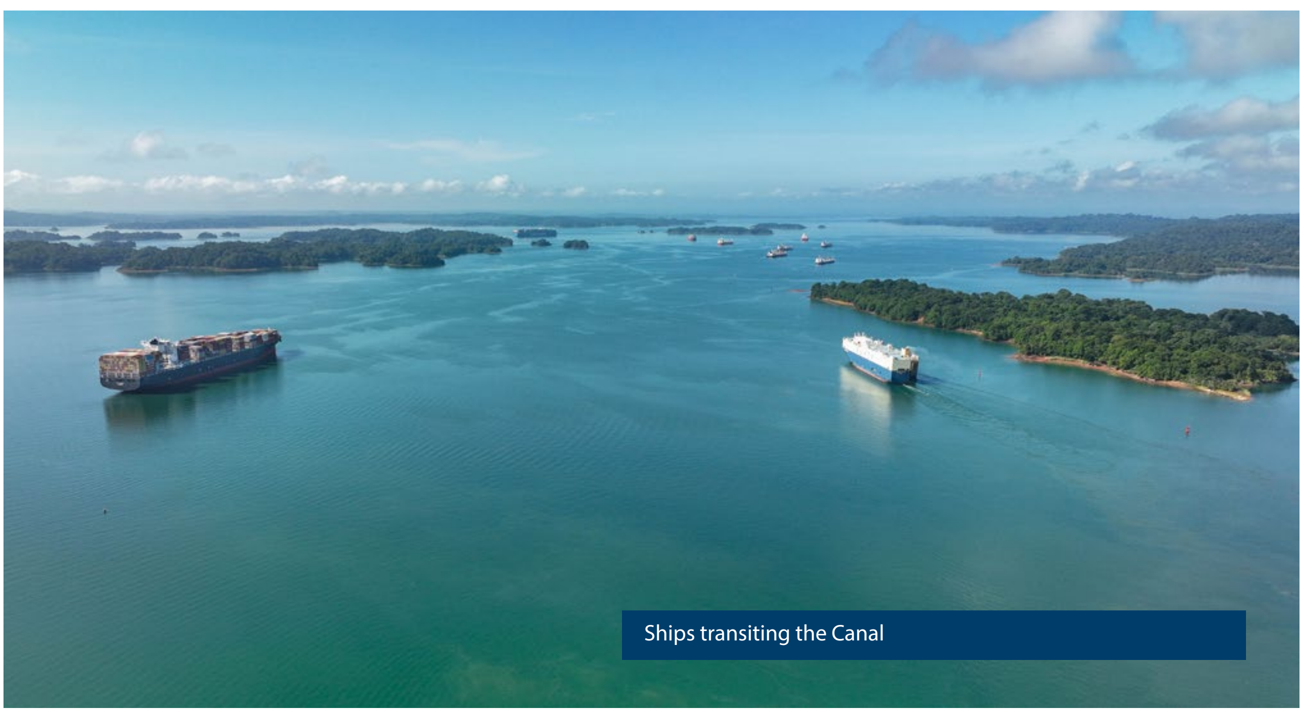
Canal Watershed Boundaries Expanded

By June 2024, the Supreme Court of Justice of Panama reinstated Law 44 of 1999 on the limits of the Canal Watershed. With this restitution, the Canal will continue conserving the water resources and environment of the entire Canal Watershed, with the same responsibility, dedication, and care in compliance with the constitutional mandate and for the benefit of the Panamanian nation.

Strengthening sustainability

In January 2024, the Panama Canal announced that Ilya Espino de Marotta, Deputy Administrator of the Canal, will also serve as the Canal's first Sustainability Officer. In this new role, Espino de Marotta will drive the creation of a more potent sustainability strategy, building on the Canal's historic environmental leadership and developing business opportunities.

As Sustainability Officer, Espino de Marotta will lead the development of a comprehensive sustainability strategy focused on decarbonization, adaptation, and related transition. In collaboration with the International Finance Corporation (IFC), a member of the World Bank, the Canal will present an inventory of its greenhouse gas (GHG) emissions and aims to complete a climate risk assessment soon. Also, the Canal will establish and implement more aggressive short, medium, and long-term emission reduction targets beginning in fiscal year 2025.



Ships transiting the Canal

Watershed residents market their products

Environmental Economic Incentives Program

This program promotes the environmental protection of the territories within the Canal watershed while encouraging the implementation of better production practices to make this a sustainable activity that improves the quality of life of the inhabitants of the watershed, who contribute to the protection of water resources.

Since its creation, some 16,485 people from different communities have benefited from the program and have implemented modalities such as reforestation for conservation, agroforestry (coffee and fruit trees), silvopastoral system (cattle, goats, among others), enrichment of scrublands, commercial agriculture, incentives for forest protection, restoration of water courses and erosion control, each one duly parameterized.

Ongoing Communication with Residents of Rio Indio

The Panama Canal continues to strengthen communication mechanisms to permanently listen to and address the concerns of the residents of the Indio River basin, where there is interest in developing a multipurpose reservoir project.

Some 40 community meetings have been held with approximately 2,000 people from September 2023 to September 2024 as part of these outreach processes. In addition, five community relations offices, home visits, a telephone hotline, and media appearances have been set up to achieve greater information outreach.

These meetings have been designed to generate a space for exchange and allow locals to ask questions, express their position on the initiative to build a reservoir, and get answers from Panama Canal specialists.

Canal volunteers event

Corporate Social Responsibility

The Social Responsibility Team and all of us who are part of the Panama Canal Volunteer Program want a better country and a better planet. We want to be agents of change and do our bit to make things better in our country. Thus, we give of our time voluntarily to make a difference in people's lives, to bring them hope, joy, and a message of solidarity, love, and empathy.

Earth Hour 2024

The fragility of our planet and the limitations experienced by our natural resources due to the destruction of our forests, water shortages in many countries, and climate variations in the last six years have resulted in some initiatives to counteract the effects of the deterioration and destruction of our planet Earth.

One of these initiatives is Earth Hour, a movement started in 2007 by the World Wildlife Fund (WWF), which consists of turning off the lights of buildings and monuments for one hour to raise awareness among the world's population about protecting our natural resources.

The Panama Canal, as every year, joined this global initiative for the planet's health, and together with more than 60 cities around the world, we turned off the lights of the Canal Administration Building for one hour.

Reforestation Partnerships

The Canal developed a reforestation day with BLADEX collaborators within the area of our project for the establishment and maintenance of 60 hectares for conservation located near the logistics corridor (Borinquen Highway). This initiative demonstrates that we can achieve outstanding results by joining efforts with other organizations.

National Cleanup Day for Beaches, Coasts, and Rivers

Under the coordination of the ANCÓN Foundation, Panama Canal volunteers participated in the Great National Cleanup of Beaches, Coasts, and Rivers 2024. During this activity, a cleanup and waste collection was carried out at the mouth of the Matias Hernandez River.

Over 500 volunteers from different companies participated in the event, collecting approximately 12 tons of garbage, including 2,000 single-use plastic bottles.


Beach cleanup

Pilando Ando

Pilando Ando is an initiative developed by the Panama Canal in alliance with the Ayudinga Foundation, which consists of providing massive, free tutoring by professionals on calculus subjects who donate their time to tutor middle and high school students who are preparing for the entrance exam of the Technological University of Panama and the University of Panama.

In its three years of implementation, 50 tutoring classes have been conducted and reached more than 250 students per session in Panama, Colon, and Panama Oeste provinces. This program has been successful in achieving a 94% university admission rate. As a result, 1,680 classes have been taught, benefiting 15,000 students and offering 45,000 hours of tutoring, with significant savings for families.


Math training sessions

School for Parents: Together Against Bullying!

On the occasion of the School for Parents Program, the Panama Canal and in collaboration with the Global Organization for the Prevention of Bullying (OGPAB), held the workshop: "The dark reality behind bullying and how to prevent it", aimed at employees and their families, teachers from areas surrounding the Canal and allies. This talk was given by the executive director of OGPAB, Victor Alejandro Smoley, and author of the book "Bullying: School Terrorism".

Latin American Citizen Action Laboratory 2024

This program has prepared more than 900 young people since 2019, and participants' projects have benefited more than 10,000 people. The program is supported by several organizations, promoting its positive impact.

In addition, the Panama Canal held the Second Encounter of Young Canal Leaders on January 20, 2024, with more than 200 young people discussing sustainability. The Canal Administrator and other leaders highlighted the importance of sustainability for the future of the Canal. The youth presented a "Declaration for a Sustainable Future for Panama," committing to be agents of change.

Latin American Citizen Action Laboratory 2024 participants

Corporative volunteering

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

Volunteerism in numbers

238,550 cumulative volunteer hours from 2008 to 2024

129 volunteer days executed in fiscal year 2024

12,098 hours achieved in fiscal year 2024

More than 22,000 people benefited from activities in fiscal year 2024

4,981 registered volunteers by 2024

A Canal to Communicate

At the beginning of FY2024, the Panama Canal held a webinar with international maritime associations to provide an industry update. Panama Canal Administrator Ricaurte Vásquez Morales and Deputy Administrator Ilya Espino de Marotta provided details on the Panama Canal's prospects, the route's sustainability, short- and long-term projects, and measures implemented to save water.

Verano Canal 2024

From January 26 to February 4, 2024, the Panama Canal was once again the epicenter of art, music, theater, and gastronomy with the long-awaited return of the emblematic Verano Canal festival, a free event for the whole family that celebrated our Panamanian identity and pride.

Verano Canal festival 2024

Updates on the Canal's water situation

In its search for a long-term solution to the problem of future water availability, the Canal organized several national discussions with national media and international correspondents to highlight initiatives to increase its water storage capacity for the population and the transit of ships. In addition, the discussions highlighted the Canal's work with the basin communities, sustainable development, and improvements in its operating systems.

Administrator participating in a communication session

Casa Espacio Canal

This initiative was created in 2023 to reach different regions of the country and inform the public about the Canal, its operations, and its role in world trade. This project also focuses on water conservation and preservation of the Canal watershed.

By 2024, the Casa Espacio Canal exhibition served 164,806 people at the country's renowned fairs, such as the David International Fair, the Azuero International Fair, and the International Book Fair. In all of Casa Espacio Canal's participations, the public learned more about the waterway in a fun and interactive way.

Casa Espacio Canal

110 Years of Trust and Progress

In 2024, the Canal celebrated 110 years of inauguration, reaffirming its commitment to excellence and sustainability. Since its inauguration in 1914, the Panama Canal has taken advantage of its geographic position to serve world trade with a waterway that saves time, distance, and costs in the maritime transport of products between different countries, and even more so after expanding its capacity in 2016.


Agua Clara Locks

Operations Performance

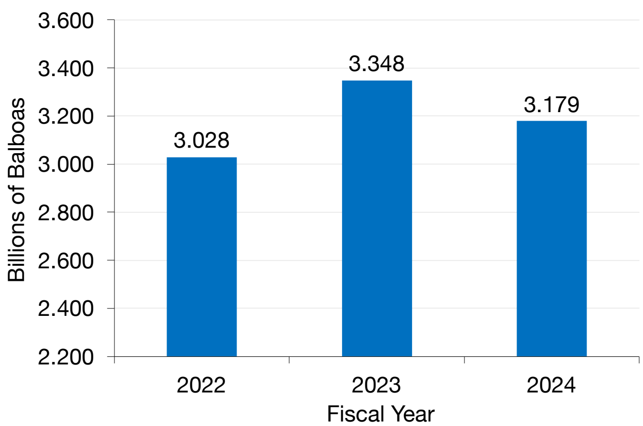
The Canal and its Operations

At the close of the fiscal year, the Panama Canal recorded 423.1 million tons PC/UMS, a decrease of 17.22% compared to the tonnage of the previous fiscal year. Toll revenues totaled B/.3,179.1 million, a decrease of 5.06%.

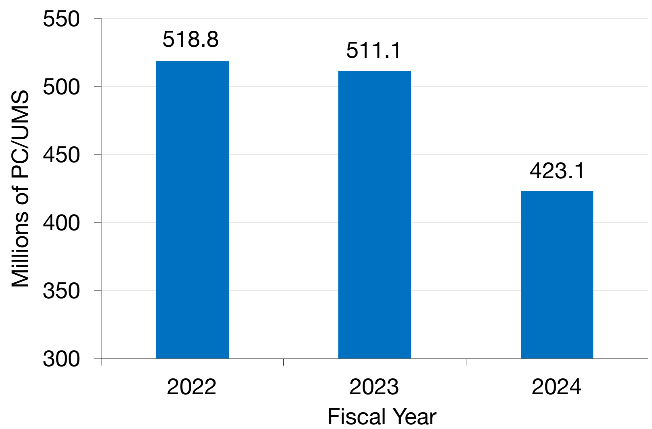
The segments that most affected this decrease in tonnage were the bulk carrier segment, which saw a drop of 55.9% to 32.9M tons PC/UMS; followed by LNG carriers, which recorded a decrease of 64.7% to 13.0M tons PC/UMS, and chemical tankers, which experienced a decline of 16.3% to 40.8M tons PC/UMS compared to fiscal year 2023.

About 74.7% of the Canal's cargo has the United States as its origin or destination, primarily ports on the East Coast and the Gulf of Mexico. Containers, grains, and energy products are the main goods using the Canal route.

Graph 3. Toll Revenue



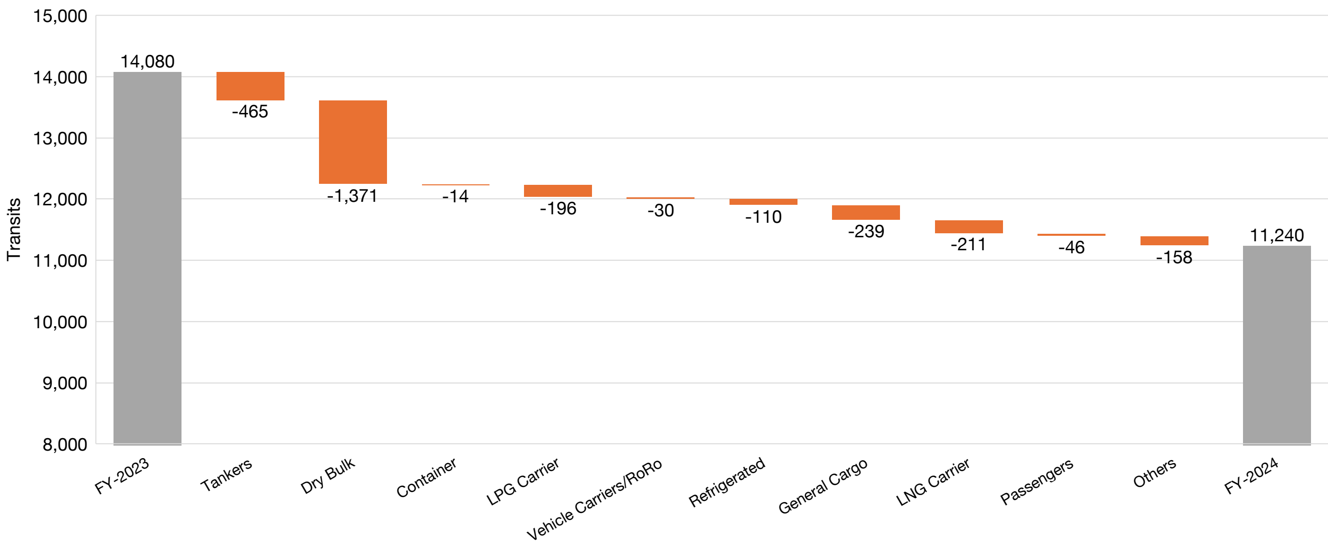
Graph 4. Vessel Tonnage



Gatun Locks

Transits through the Neopanamax Locks accounted for 54% of total PC/UMS tonnage, with the main vessel types being container ships, liquefied petroleum gas (LPG) carriers, and liquefied natural gas (LNG) vessels. Transits totaled 11,240, a decrease of 20.2% compared to the previous fiscal year. Notably, there was a lower number of transits for bulk carriers (-1,371), tankers, and chemical tankers (-465), general cargo (-239), LNG (-211).

Graph 5. Variation in the Number of Transits by Market Segment FY-2023 vs FY-2024



The number of transits by market segment is detailed below:

Graph 6. Transits per Market Segment

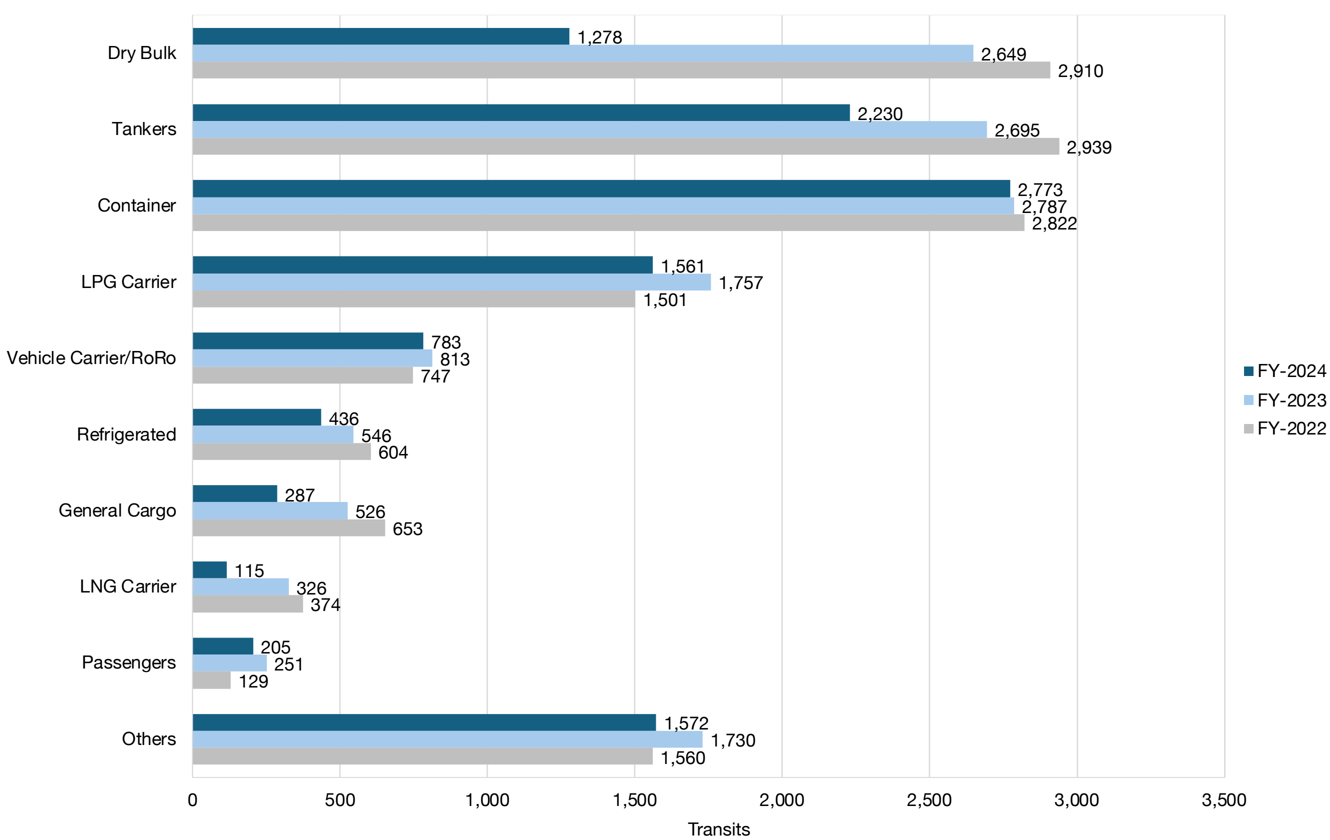


Table 2. Ranking of Countries by Origin and Destination of Cargo (Long Tons) FY-2024

Position	Country	Origin	Destination	Intercoastal	Total Excluding Intercoastal
1	United States	99,627,938	57,434,100	3,059,031	157,062,038
2	China	23,801,407	21,241,347	-	45,042,754
3	Japan	5,292,370	25,437,768	-	30,730,138
4	Korea, Republic of	11,330,537	8,338,453	-	19,668,991
5	Chile	7,803,167	9,620,743	-	17,423,910
6	Mexico	7,298,569	10,015,580	411,793	17,314,148
7	Peru	6,062,353	9,643,313	-	15,705,666
8	Ecuador	5,720,572	7,457,635	-	13,178,206
9	Colombia	4,268,356	5,829,470	248,990	10,097,826
10	Panama	603,942	9,290,076	31,364	9,894,018
11	Guatemala	757,859	6,719,994	8	7,477,852
12	Canada	3,215,769	1,705,872	196	4,921,641
13	Spain	2,338,919	1,563,981	-	3,902,900
14	Taiwan	2,254,773	1,250,955	-	3,505,728
15	Brazil	1,704,664	1,754,026	-	3,458,690
16	Russian Federation	1,515,572	1,729,702	1,805	3,245,273
17	Belgium	1,731,051	1,245,694	-	2,976,744
18	Netherlands	1,090,968	1,882,241	-	2,973,209
19	Trinidad and Tobago	2,606,191	326,539	-	2,932,730
20	El Salvador	193,131	2,619,152	-	2,812,283

Table 3. Main Commodities (Long Tons)

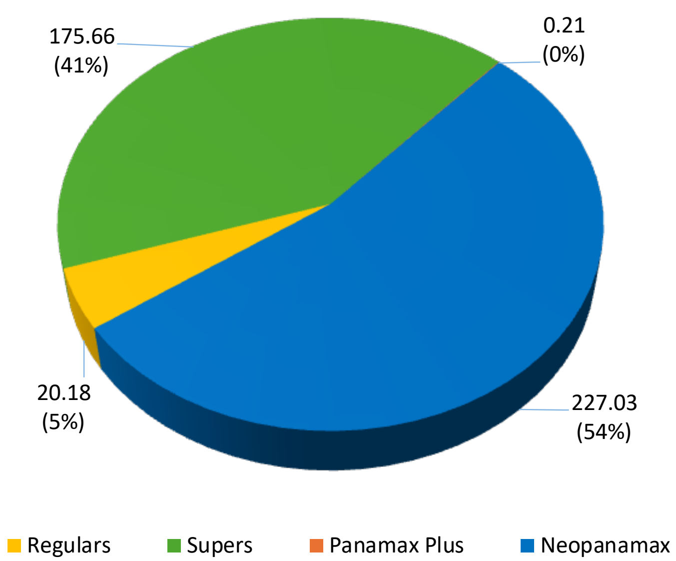
Commodity	FY-2022	FY-2023	FY-2024
Crude Petroleum	7,182,687	3,380,097	2,552,623
Petroleum products	87,080,027	86,324,552	70,511,776
Grain:	38,387,168	35,819,427	13,330,465
Corn	8,788,082	7,988,837	4,443,457
Soybeans	15,082,082	15,548,389	2,222,541
Sorghum	4,898,404	3,003,457	1,067,598
Wheat	2,311,041	2,549,926	1,666,331
Grain, Misc	7,307,560	6,728,819	3,930,538
Coal and Coke (Excl. Petroleum Coke)	15,077,706	13,805,760	3,279,462
Container Cargo	64,405,738	63,018,898	62,785,682
Autos, trucks, accesories and parts	5,786,654	6,009,028	5,219,729
Canned and refrigerated foods	1,441,313	437,933	389,181
Nitrates, phosphates and potash	8,820,764	9,422,778	6,081,147
Lumber and products	2,655,492	2,282,621	1,862,541
Manufactures of iron and steel	7,404,296	8,913,129	6,137,780
Chemicals and petroleum chemicals	16,493,720	17,201,879	12,526,451
Ores and Metals	12,463,460	10,906,600	5,664,521
Subtotal	**267,199,027**	**257,522,704**	**190,341,359**
Others	26,889,032	28,256,568	19,965,488
Total	**294,088,059**	**285,779,272**	**210,306,847**

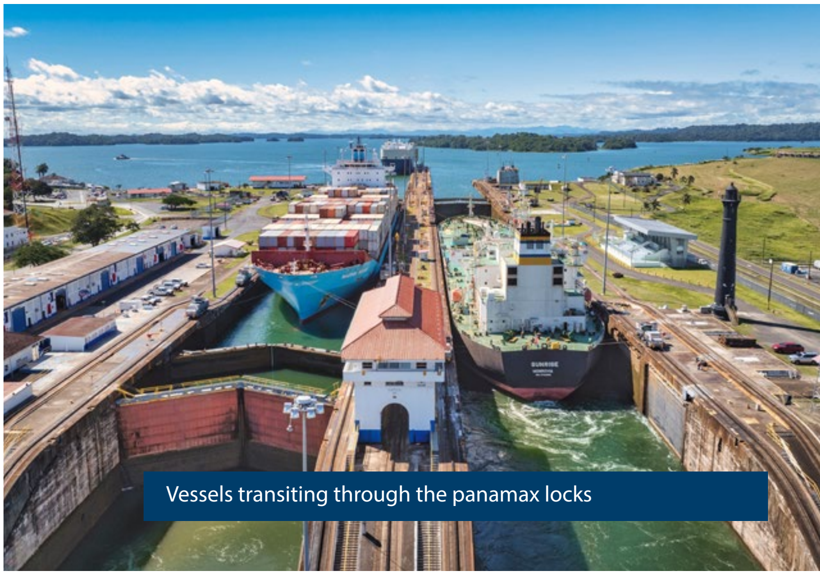
NOTE: Statistics updated as of October 2024. Adjustments during the fiscal year are included.

Container ship transiting through the Agua Clara Locks

Of a total of 423,1M PC/UMS tons, 227.03M correspond to Neopanamax vessels; 175.66M to super vessels; 20.18M to regular vessels; and 0.21M to Panamax plus vessels.

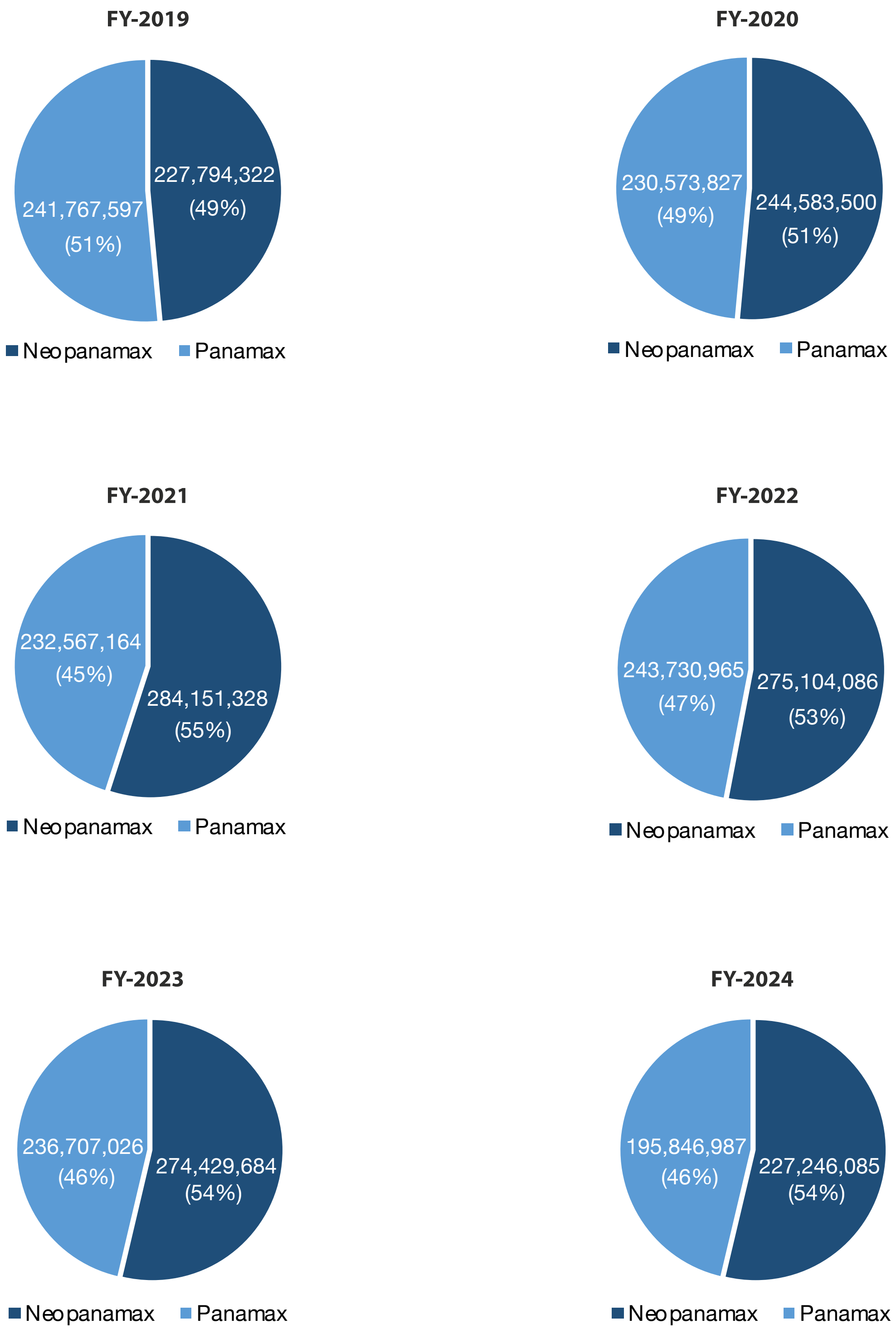
Graph 7. PC/UMS Tons per Vessel Size (Million)





Vessels transiting through the panamax locks

Graph 8. Evolution of PC/UMS Tonnage per Locks (FY 2019 – FY 2024)

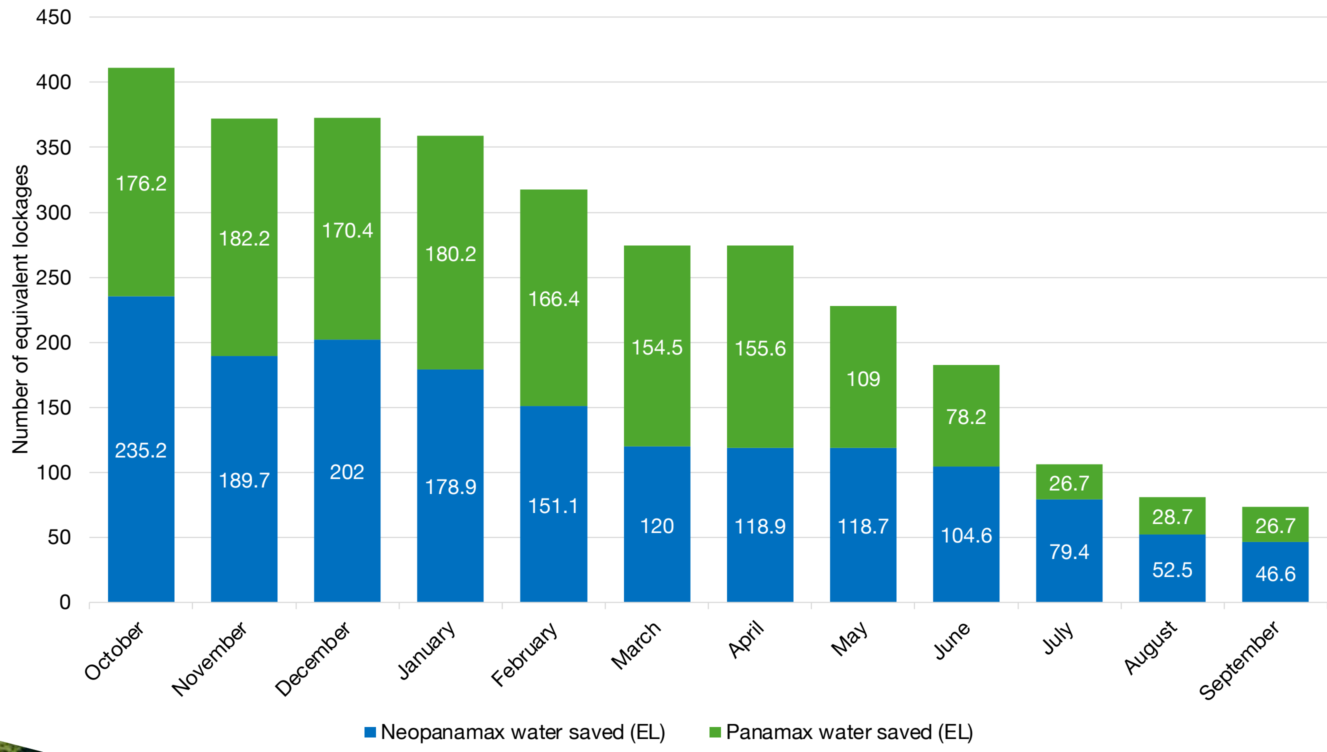


NOTE: Statistics updated as of October 2024. Adjustments during the fiscal year are included.

Water savings at Panamax and Neopanamax locks

In the Panamax locks, cross-fill lockages resulted in significant volumes in the number of equivalent lockages saved, as shown in the graph, totaling 3,052.4 saved lockages. In the Neopanamax locks, using the water saving basins saved a total of 1,597.6 equivalent lockages. The total volume of water saved in the Panamax locks was 1,454.8 equivalent lockages.

Graph 9. Number of equivalent lockages saved



View of a container ship

Financial Performance

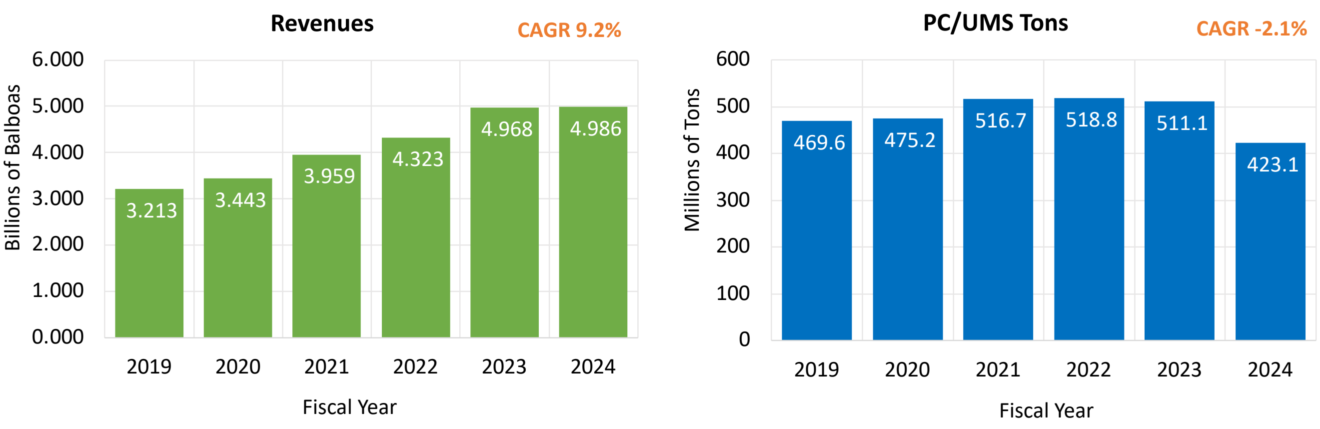
Vessels passing through the Cocolí locks

The Panama Canal's financial performance for fiscal year 2024 demonstrated a modest revenue growth, an increase in profitability margins, efficiency, productivity, and a decrease in leverage, despite the reduction in daily transits caused by low Gatun Lake levels due to El Niño phenomenon. Growth and robust financial results are based on a conservative institutional framework, and transparent, autonomous, and prudent governance, which aims towards sustainable growth with a long-term outlook.

The Canal concluded fiscal year with B/.4.986 billion in revenues, B/.18 million or 0.4% more than fiscal year 2023. Since fiscal year 2019, Canal revenues increased at a compound annual growth rate (CAGR)[1] of 9.2%, despite of the 2.1% tonnage decrease.

The fiscal year 2024's revenue growth was due to additional auctions and the new toll price structure implemented in January 2024.

Graph 10. Total Revenues and Tonnage of the Panama Canal

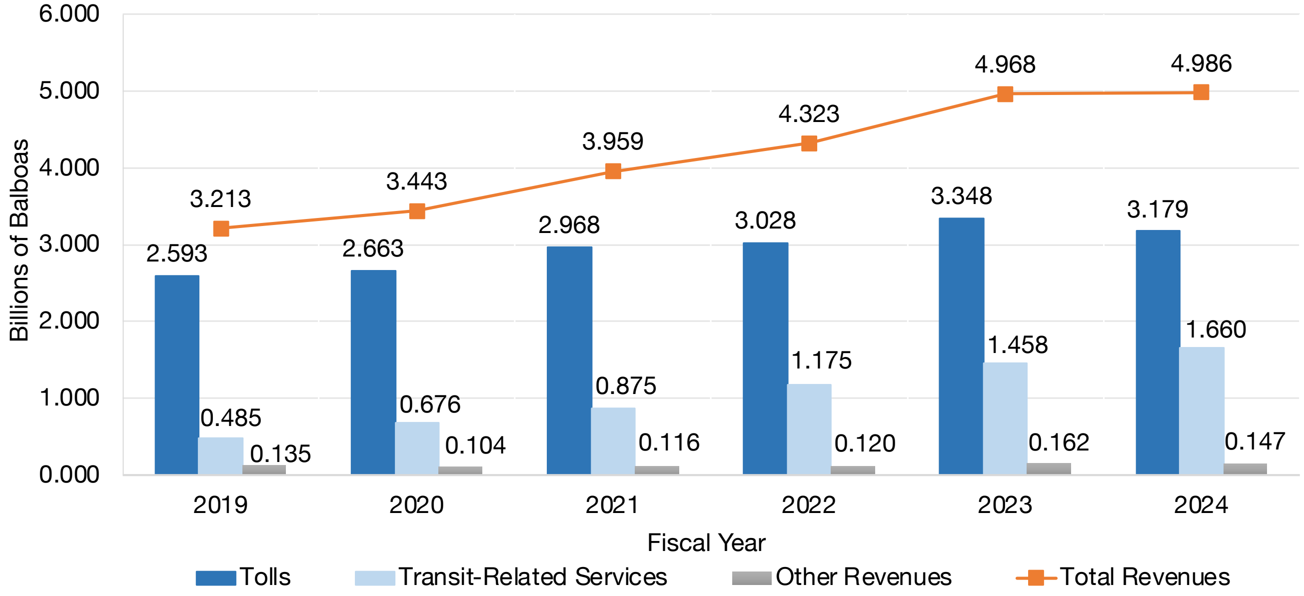


[1] CAGR: is a measure used specifically in business and investing contexts that determines growth rate over multiple periods.

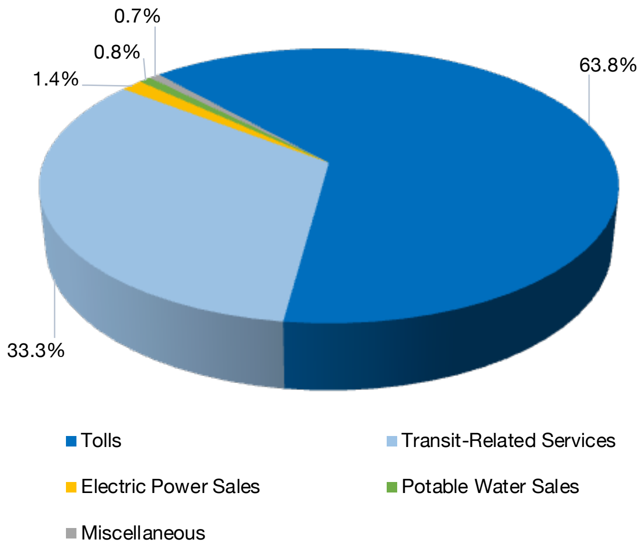
Statement of Financial Results

Revenues

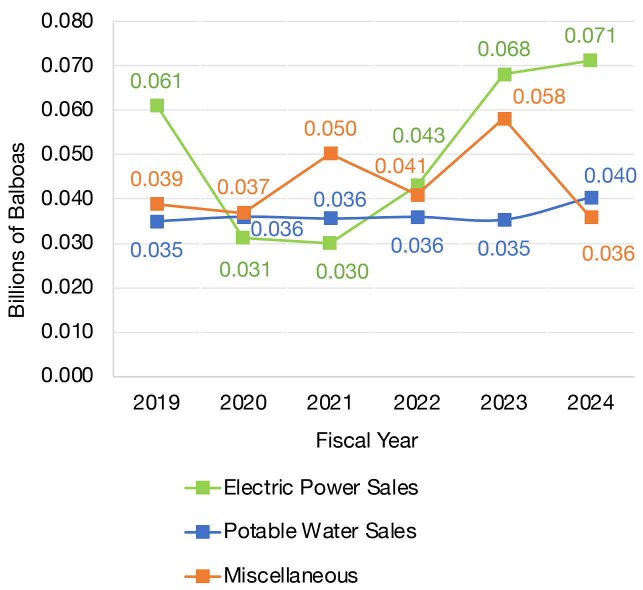
Graph 11. Total Revenues



Graph 12. Revenue Distribution



Graph 13. Other Revenues

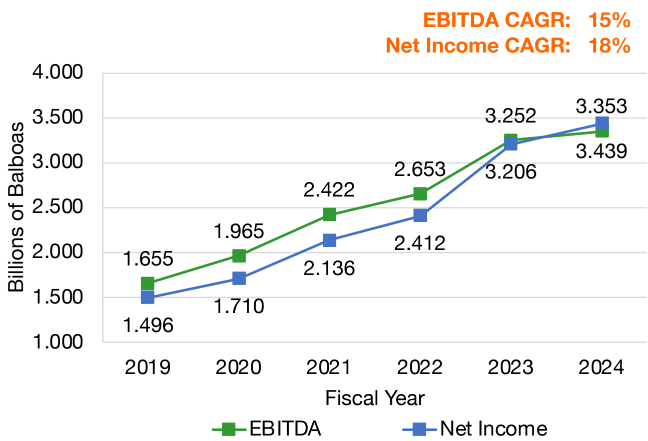


Expenses

At the end of fiscal year 2024, the Canal reported B/.1.880 billion in operating expenses[2], representing 37.7% of total revenues. In addition, there was a 13.9% decrease in fee per net ton, due to the decrease in transited tonnage. Compared to fiscal year 2023, operating expenses decreased 4.0%.

Net Earnings

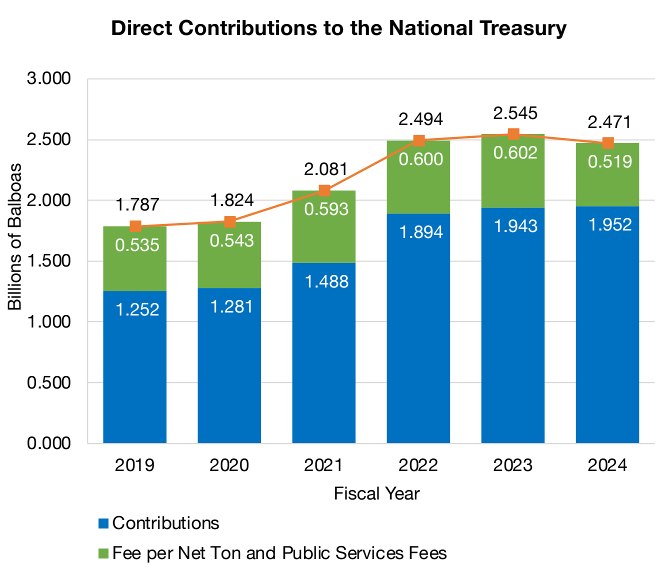
Graph 14. EBITDA & Net Income Performance

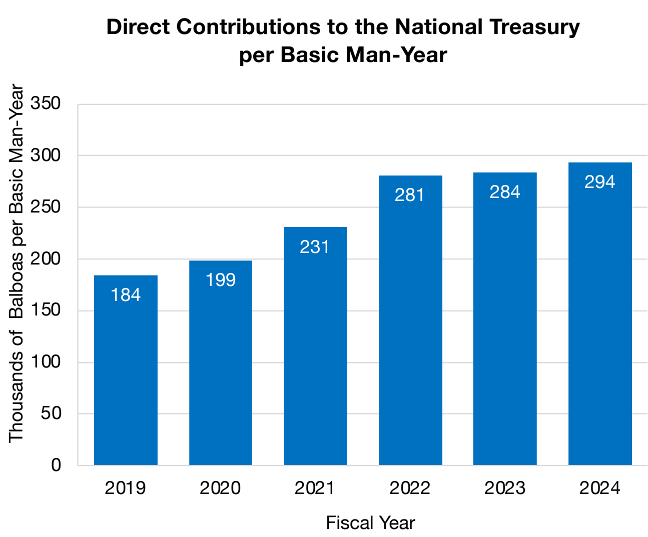


Employees on a boat

Growth in Direct Contributions to the National Treasury

Graph 15. Direct Contributions to the National Treasury

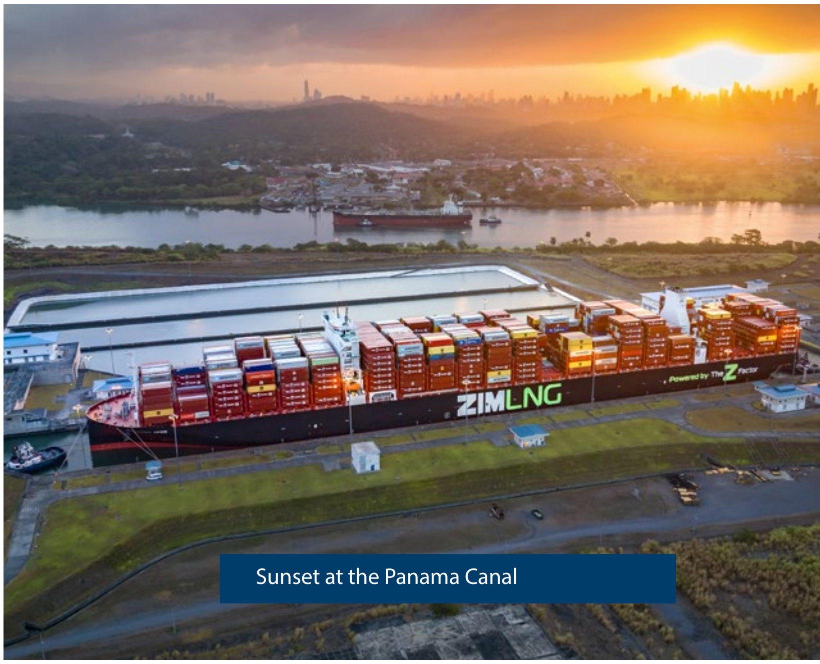




[2] Operating expenses include salaries and wages, employee benefits, materials and supplies, fuel, depreciation and impairment loss, fee per net ton, fees paid to the Panamanian Treasury, and all the other expenses.

Indirect Contributions to Other Public Entities

At the end of fiscal year 2024, indirect contributions to the National Treasury, through other public entities, reached B/.261 million, a B/.4 million increase from fiscal year 2023. These contributions included B/.141 million, B/.106 million, and B/.14 million in social security fund, income tax, and educational insurance tax, respectively.



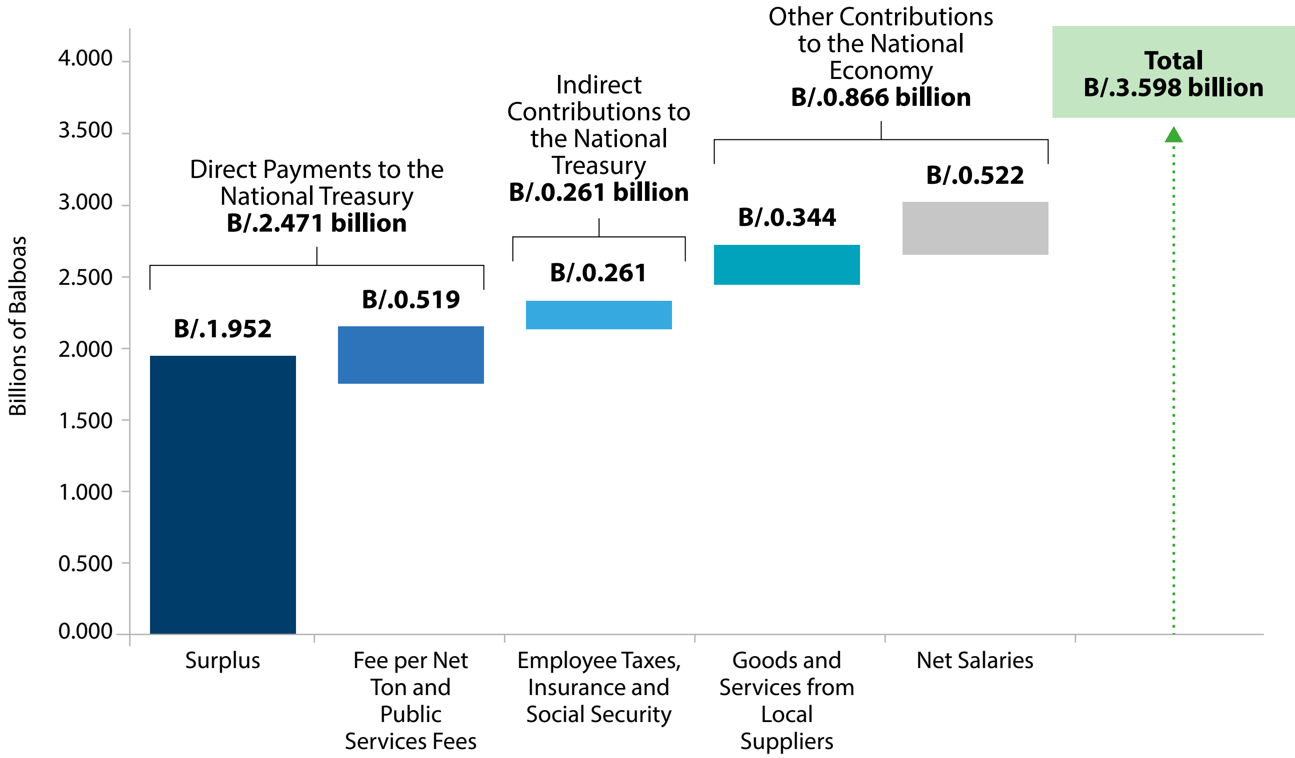
Sunset at the Panama Canal

Other Indirect Contributions to the National Economy

In fiscal year 2024, the Panama Canal contributed indirectly a total of B/.866 million to the National economy, due to the disbursement of B/.522 million in net salaries, as well as B/.344 million in local purchases of goods and services and payment to local suppliers, as part of the annual equipment and infrastructure investments.

At the end of fiscal year 2024, despite the reduction in daily transits caused by low Gatun Lake levels due to the El Niño phenomenon, the Canal provided direct and indirect economic contributions of B/.3.598 billion to the national economy.

Graph 16. Panama Canal Impact on the National Economy

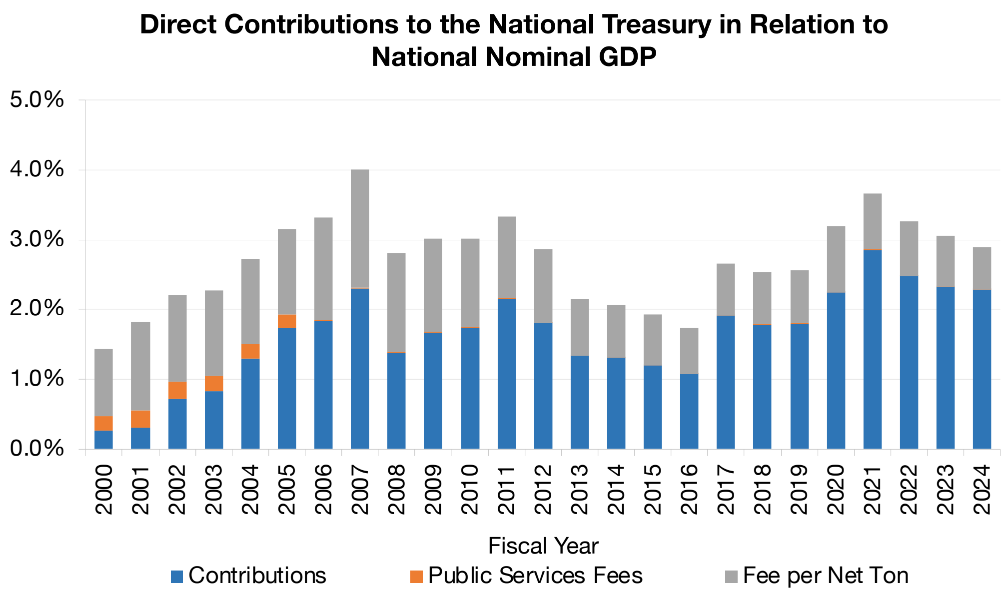


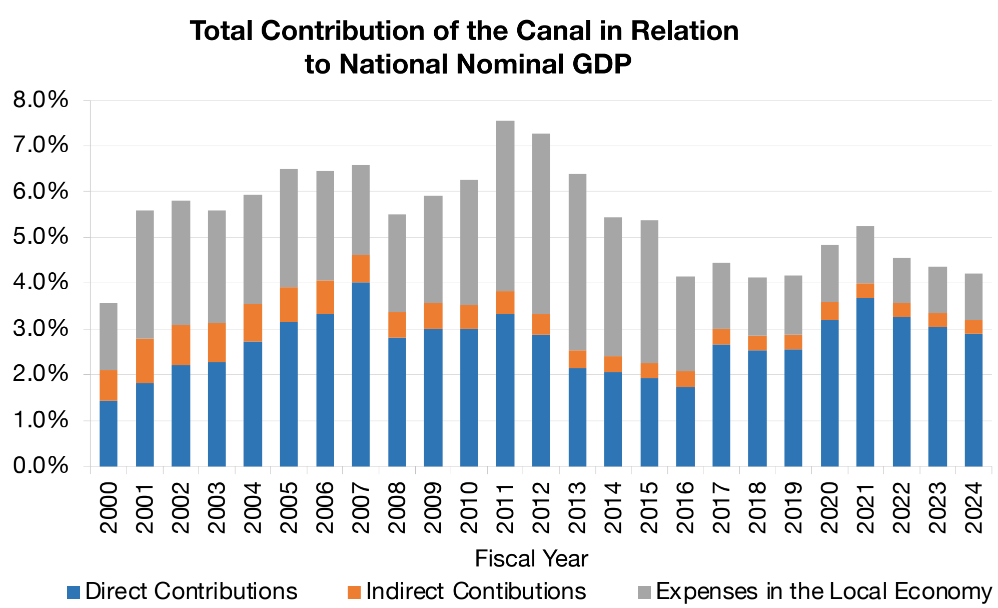
Direct Contributions to the National Economy Relative to the Gross Domestic Product (GDP)

In fiscal year 2024, estimated Panama Canal direct contributions were 2.9% 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 4.2% of the GDP[3].

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 2024, it is estimated that there is an additional 1.3%. Therefore, the Canal's total contribution accounts for an estimated 5.5% of the GDP.

Graph 17. Panama Canal Impact on the National Economy in Relation to the National Nominal GDP



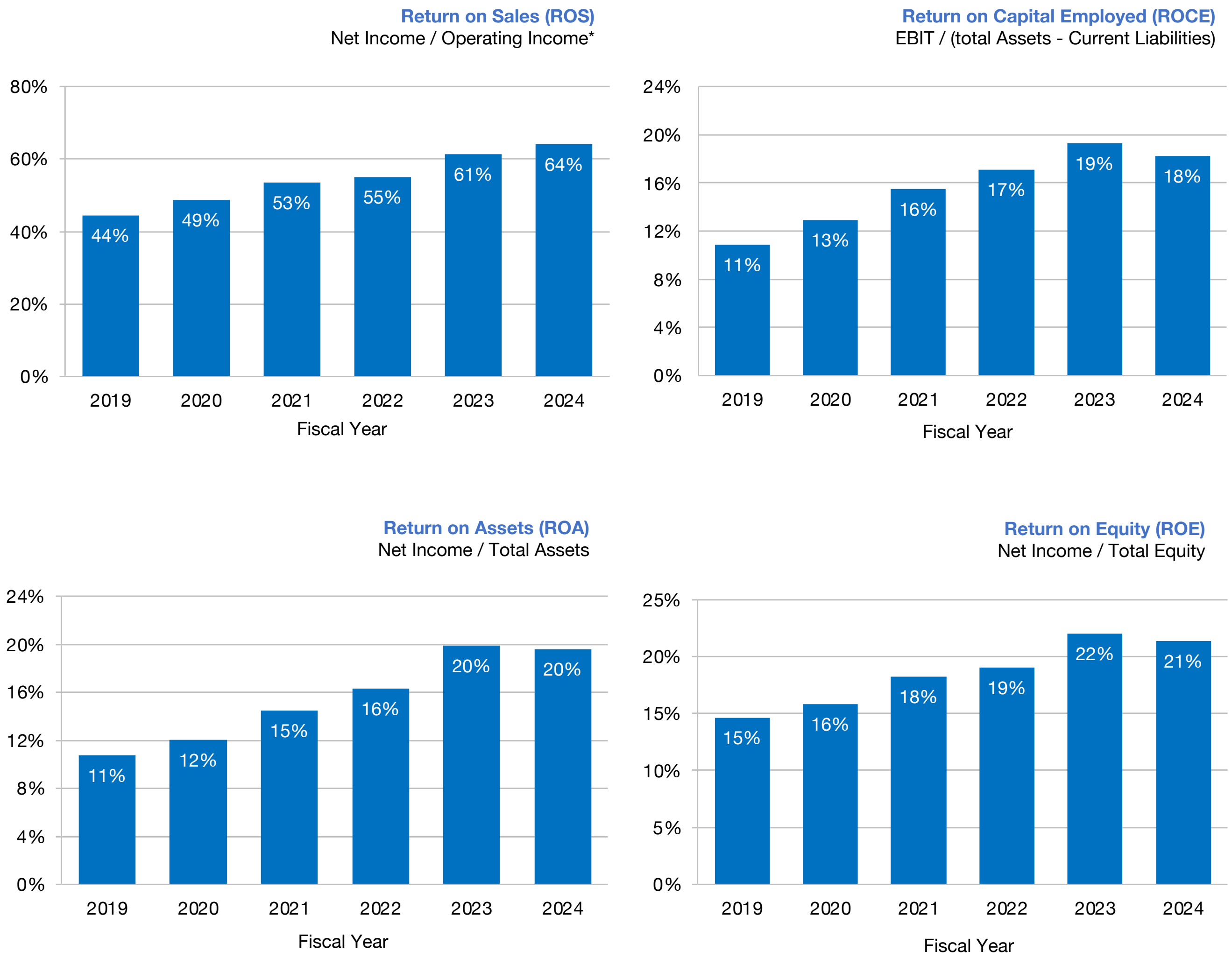


[3] The Contraloría General de la República, changed the base year from 2007 to 2018 in February 2023.
This implies that there were revisions to the GDP estimates. We estimate a growth rate of 2.5% for the country's GDP in 2024.

Financial Performance of the Panama Canal

For fiscal year 2024, the Panama Canal's profitability analysis shows solid financial performance, reporting a profit margin of 64 cents per balboa of revenue (ROS), a return on capital employed (ROCE) of 18%, return on assets (ROA) of 20%, and return on equity (ROE) of 21%, validating the Canal's capacity to create economic value on a sustainable basis.

Graph 18. Financial Performance



*Includes Finance Income

Credit Ratings and Financial Strength Summary

In November 2023, Moody's downgraded the rating of the Panama Canal from A2 to A3 and changed the outlook from negative to stable. This rating remains three notches above the national rating (Baa3), reflecting a long history of continuous operations; however, it cannot be completely disconnected from the current stresses faced by the government, the economy, and the population of the country.

According to Moody’s, the Canal's credit rating is based on the solid institutional legal framework, corporate governance, and international treaties that ensure its uninterrupted operation. The rating reflects the long operational history free of political interference, given the solid corporate governance, policies, and regulations that ensure prudent and profitable business management practices.

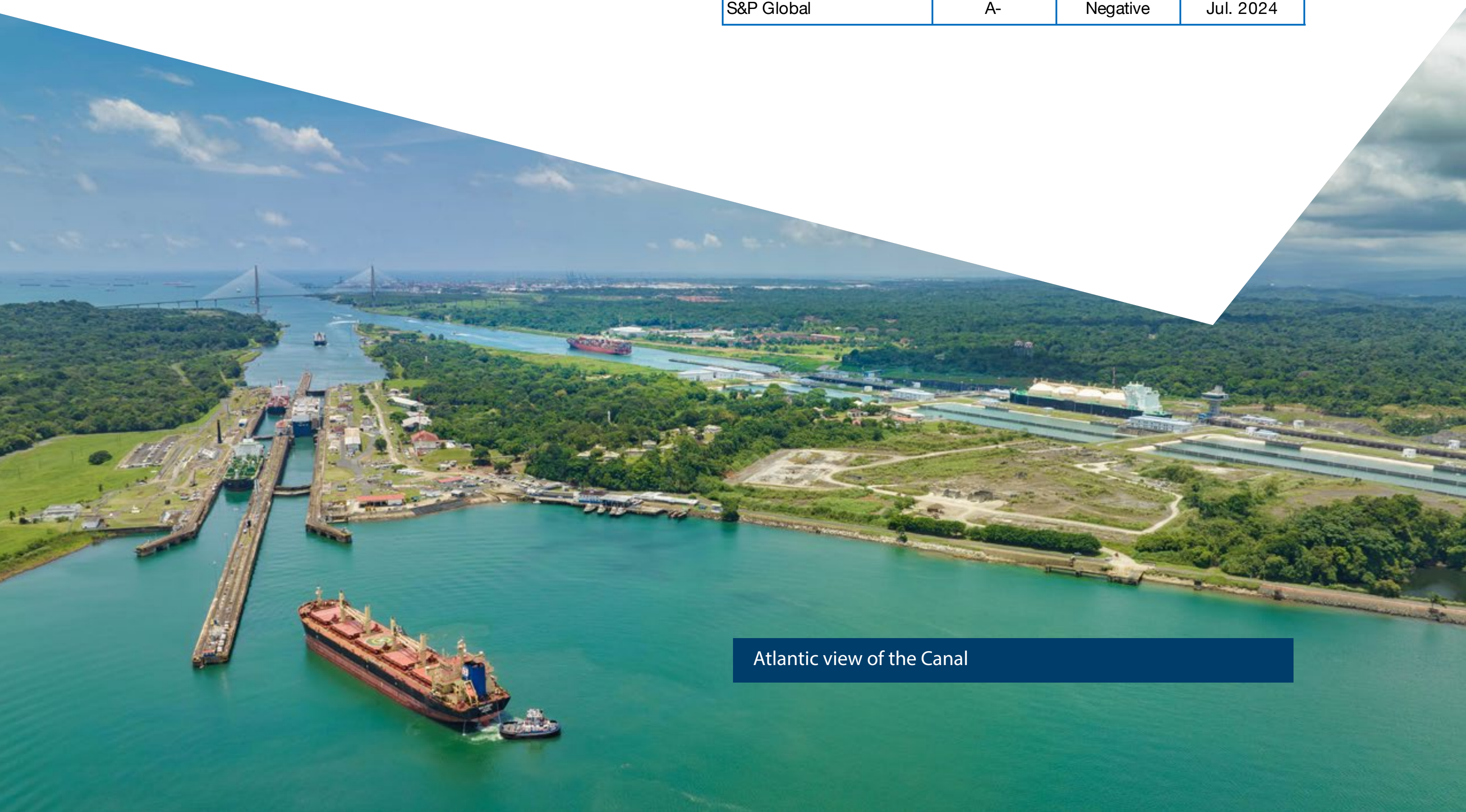
S&P Global assigned an A- rating to the Canal and maintained a negative outlook in July 2024, placing it two notches above the national rating. The strengths identified by the agency emphasize the excellent competitive position of the Panama Canal as the most favorable option for strategic routes, especially with high fuel prices and freight costs.

The legal and regulatory framework and the establishment of the company under the Constitutional Title of the Republic of Panama are the backbone of its stability.

For S&P, the Panama Canal remains relevant to the Government of Panama, for economic and strategic reasons, highlighting its role as regional logistics hub as well as its contributions to the National Treasury. This demonstrates that the Panama Canal continues to hold the highest rating above the sovereign, supported by its robust and stable revenues, sensitivity to country risk, and liquidity base.

Table 4. Panama Canal Credit Ratings

Rating Agency	Rating	Outlook	Date
Moody's	A3	Stable	Nov. 2023
S&P Global	A-	Negative	Jul. 2024

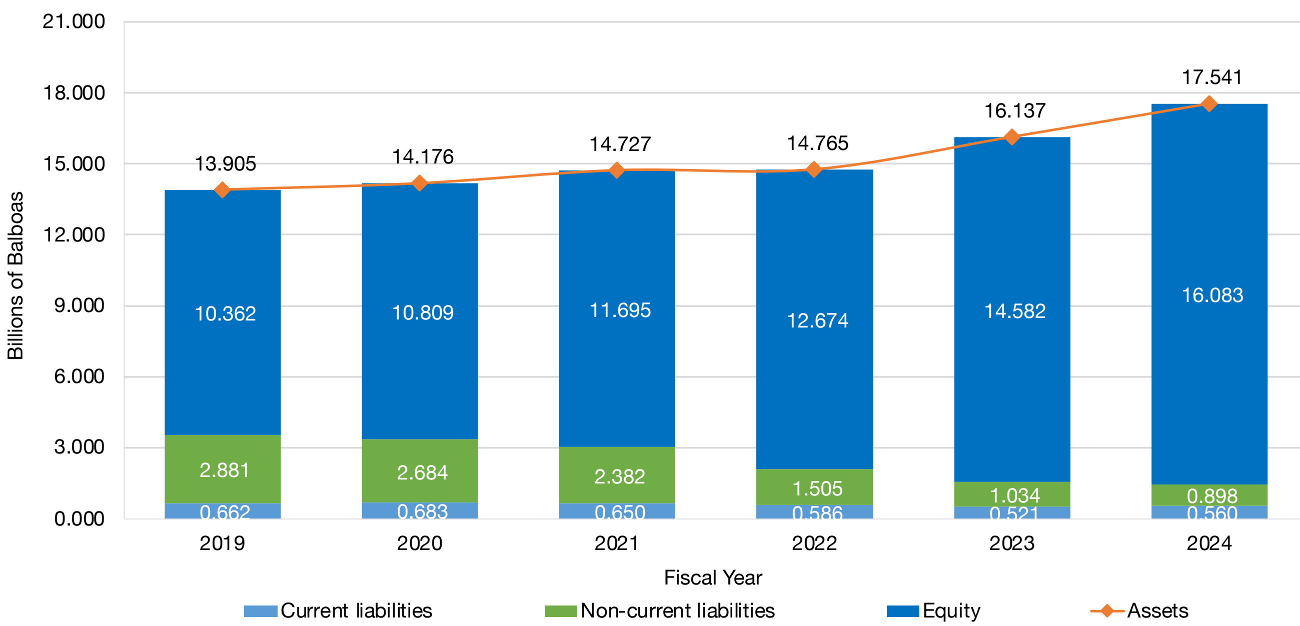


Atlantic view of the Canal

Balance Sheet

Canal assets amounted to B/.17.541 billion, B/.1.404 billion or 8.7% over fiscal year 2023, which consist of B/.7.959 billion and B/.9.582 billion of current and non-current assets, respectively. On the other hand, equity and liabilities totaled B/.16.083 billion and B/.1.458 billion, respectively.

Graph 19. Assets, Liabilities and Equity

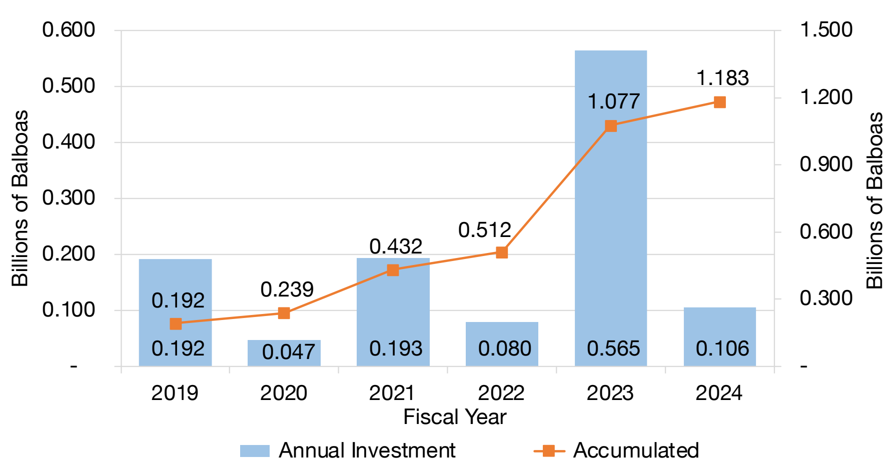


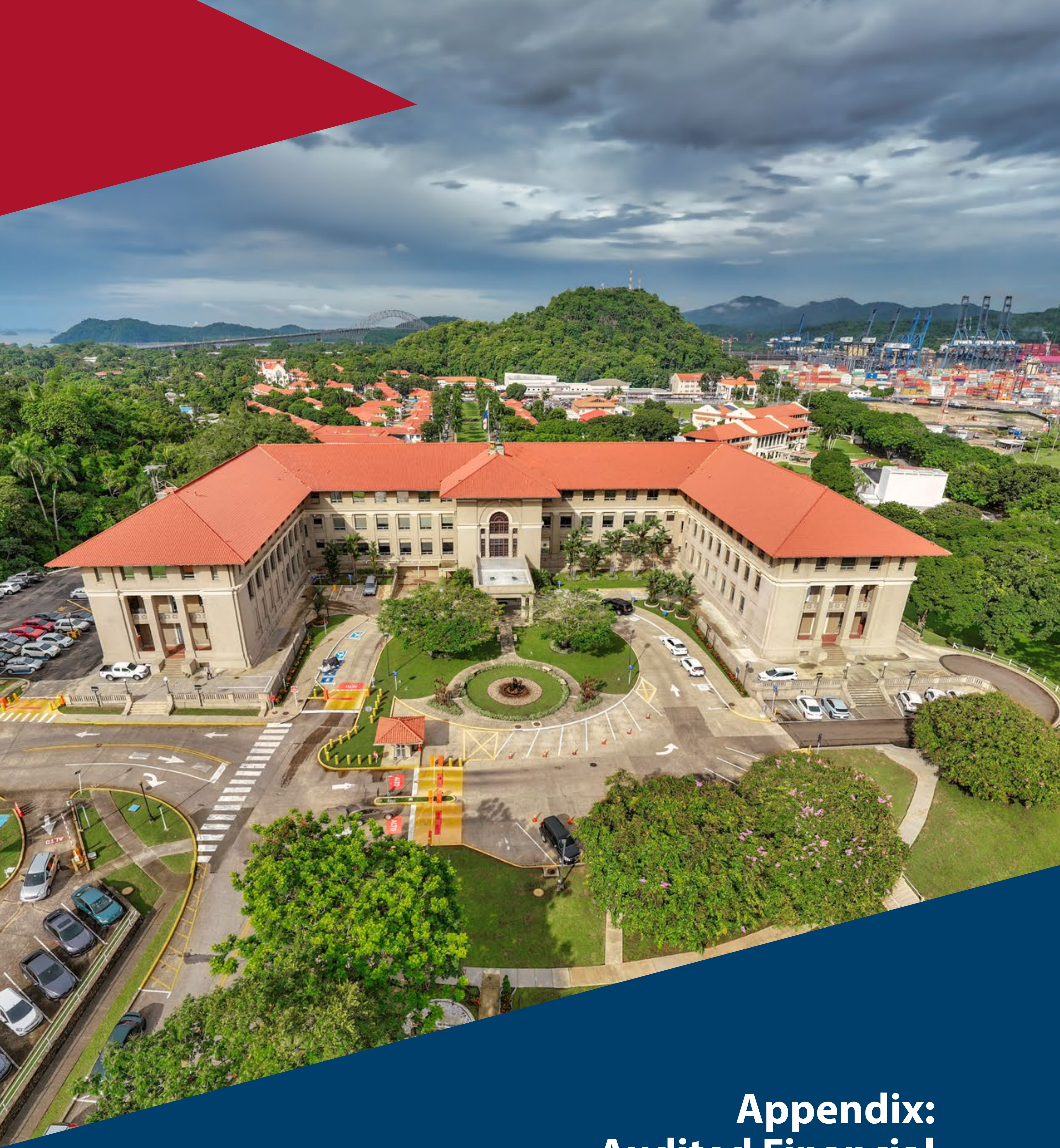
Capital Investment Program

The capital investment program for fiscal year 2024 consisted of 176 projects, with a total expense of B/.0.106 billion, intended to:

1. Increase Canal's operation efficiency.
2. Maintain the Canal's reliability.
3. Improve the electrical power system's reliability.
4. Protect water quality in the Panama Canal Watershed.
5. Maintain the Panama Canal Watershed's water resource sustainability.

Graph 20. Regular Investment Program Expenses





Appendix: Audited Financial Statements

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

Financial Statements

September 30, 2024

(With Independent Auditors' Report thereon)

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

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Independent Auditors' Report

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

KPMG
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Calle 56 Este, Obarrio
Panamá, República de Panamá

Teléfono: (507) 208-0700
Website: kpmg.com.pa

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, 2024, the statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising 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, 2024, 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 Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code of Ethics) 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 of Ethics. 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	How the matter was addressed in our audit
Contingencies from contractor claims are considered as a key audit matter, because of the assessment of provisions and contingencies, which requires significant judgments and analysis by management. Contingencies for one arbitration claim with a contractor have amounted to B/.3,960 million.	Our procedures in this area included: We assessed, with the assistance of our own legal specialists, the available evidence and conclusions reached for each claim by management and its legal counsel. We carried out confirmation procedures with internal and external legal counsel of ACP and we assessed the adequacy of disclosures.

Property, Plant, and Equipment, Net
See Notes 3 (g) and 5 to the financial statements

The key audit matter	How the matter was addressed in our audit
ACP is the owner of the Canal facilities, buildings, structures and equipment required to operate the Panama Canal. Property, plant, and equipment (PPE) are considered a key audit matter for their high transactional volume that involves the assessment of capitalization of additions, the designation of useful lives and judgment applied in the estimation of impairment losses based on the value in use of PPE. The carrying value of PPE is B/.9,094 million, representing 52% of the total assets of ACP.	Our procedures in this area included: We obtained an understanding and test the operational effectiveness of controls on the additions of PPE. We obtained an understanding of how ACP determines the useful life for each category of PPE and assessed reasonableness of such determination. We performed test of additions of PPE during the year through selective sampling, and we inspected relevant documentation such as invoices, bank transfers and reports of staff assigned to construction in progress to assess whether the additions have been capitalized in accordance with IFRS Accounting Standards. We selectively visited and inspected actual PPE. We assessed, with the assistance of our own valuation specialists, the impairment assessment carried out by ACP on PPE to determine its reasonableness, including the methodology applied.

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 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Luis G. Venegas R.

- The engagement team that has participated in the audit to which this report refers to, is formed by Luis G. Venegas R., Partner, and Carmen Caballero, Manager.

KPMG

Panama, Republic of Panama
December 19, 2024

Luis G. Venegas R.
Partner
C.P.A 0215-2012

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

Statement of Financial Position

September 30, 2024

(In thousands of balboas B/.)

	Note	2024	2023
Assets:			
Non-current assets:			
Property, plant and equipment:			
Property, plant and equipment, net		8,957,393	9,123,105
Constructions in progress		136,453	108,925
Total property, plant and equipment, net	5	9,093,846	9,232,030
Investment properties	6	104,426	99,439
Reimbursement right of ACP	25	284,540	293,888
Inventories, net	7	90,164	76,156
Right-of-use assets	27	8,896	11,770
Total non-current assets		9,581,872	9,713,283
Current assets:			
Inventories	7	6,749	12,121
Investment securities and other financial assets	9, 26	6,516,316	5,931,121
Accrued interest receivable	10	57,624	20,795
Trade and other receivables	8, 26, 28	28,637	49,910
Other assets		21,183	12,366
Cash and cash equivalents	11, 26	1,328,778	397,745
Total current assets		7,959,287	6,424,058
Total assets		17,541,159	16,137,341

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

	Note	2024	2023
Equity and liabilities:			
Equity:			
Contributed capital	5, 12	2,474,422	2,474,422
Investment program contributions	13	8,143,803	7,390,362
Reserves	13	3,506,094	2,773,387
Other equity accounts	14	6,607	922
Earnings available for distribution	15, 33	1,952,410	1,942,705
Total equity		16,083,336	14,581,798
Non-current liabilities:			
Borrowings and debt, net	16, 17, 26	587,456	723,312
Employee benefits	25	298,260	303,196
Lease liabilities	26, 27	5,805	7,925
Other financial liabilities	18, 26	5,998	0
Total non-current liabilities		897,519	1,034,433
Current liabilities:			
Provision for marine accidents	19	40,556	30,182
Accrued salaries and vacations payable		169,508	167,478
Borrowings and debt	16, 17, 26	95,271	97,220
Other liabilities	20	47,986	32,855
Lease liabilities	26, 27	3,346	4,115
Trade and other payables	21, 26, 28	203,637	189,260
Total current liabilities		560,304	521,110
Total liabilities		1,457,823	1,555,543
Total equity and liabilities		17,541,159	16,137,341

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

Statement of Profit or Loss

For the year ended September 30, 2024

(In thousands of balboas B/.)

	Note	2024	2023
Revenue:			
Toll revenue		3,179,082	3,348,374
Other Canal transit services	32	1,659,572	1,458,477
		4,838,654	4,806,851
Other revenue:			
Sales of electricity and power		71,146	68,074
Sales of potable water	28	40,360	34,949
Miscellaneous	23	35,802	58,160
Total other revenue		147,308	161,183
Total revenue		4,985,962	4,968,034
Expenses:			
Salaries and wages		658,864	662,143
Employee benefits	22, 28	82,052	82,765
Materials and supplies		86,031	72,340
Fuel		80,849	82,143
Transportation and allowances		2,233	2,996
Contracted services and fees		137,491	135,263
Insurance		29,703	37,742
Provision for marine accidents	19	14,223	13,067
Provision for impairment of inventories	7	320	1,581
Depreciation and impairment loss	5, 6, 22	242,783	235,692
Depreciation of right-of-use assets	27	4,247	5,908
Fees paid to the National Treasury	15, 21, 28	518,375	601,890
Other expenses		22,592	24,470
Total expenses	22	1,879,763	1,958,000
Results of operations		3,106,199	3,010,034
Finance income		370,971	256,002
Finance costs	17	(38,612)	(60,323)
Finance income, net		332,359	195,679
Profit for the year		3,438,558	3,205,713

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

Statement of Comprehensive Income

For the year ended September 30, 2024

(In thousands of balboas B/.)

	Note	2024	2023
Profit for the year		3,438,558	3,205,713
Other comprehensive income (loss):			
Items that will not be reclassified to profit or loss:			
Net remeasurement of employee defined benefit plans		(20)	(524)
		(20)	(524)
Items that are or may be reclassified to profit or loss:			
Reclassification to profit or loss - instruments at fair value through other comprehensive income (FVOCI)		1,142	3,637
Net change in fair value - FVOCI	9, 14	15,618	12,838
Net (loss) gain on cash flow hedges - diesel purchase call options		(1,444)	2,485
Net (loss) gain on cash flow hedges - interest rate swap contracts		(9,611)	9,551
		5,705	28,511
Total other comprehensive income	14	5,685	27,987
Total comprehensive income		3,444,243	3,233,700

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, 2024

(In thousands of balboas B/.)

	Note	Contributed capital	Investment program contributions	Reserves	Other equity accounts	Earnings available for distribution	Total equity
Balance as of September 30, 2022		1,906,132	6,653,996	2,246,745	(27,065)	1,894,000	12,673,808
Profit for the year		0	0	0	0	3,205,713	3,205,713
Other comprehensive income (loss):							
Net remeasurement of employee defined benefit plans		0	0	0	(524)	0	(524)
Reclassification to profit or loss for the year on instruments at FVOCI		0	0	0	3,637	0	3,637
Net change in fair value on instruments at FVOCI		0	0	0	12,838	0	12,838
Net gain on cash flow hedges		0	0	0	12,036	0	12,036
Total other comprehensive income		0	0	0	27,987	0	27,987
Total comprehensive income of the year		0	0	0	27,987	3,205,713	3,233,700
Transfer to the National Treasury		0	0	0	0	(1,894,000)	(1,894,000)
Property transferred from the Republic of Panama	5	568,290	0	0	0	0	568,290
Net increase in contributions	13	0	736,366	0	0	(736,366)	0
Net increase in equity reserves	13	0	0	526,642	0	(526,642)	0
Balance as of September 30, 2023		2,474,422	7,390,362	2,773,387	922	1,942,705	14,581,798
Profit for the year		0	0	0	0	3,438,558	3,438,558
Other comprehensive income (loss):							
Net remeasurement of employee defined benefit plans		0	0	0	(20)	0	(20)
Reclassification to profit or loss for the year on instruments at FVOCI		0	0	0	1,142	0	1,142
Net change in fair value on instruments at FVOCI		0	0	0	15,618	0	15,618
Net loss on cash flow hedges		0	0	0	(11,055)	0	(11,055)
Total other comprehensive income		0	0	0	5,685	0	5,685
Total comprehensive income of the year		0	0	0	5,685	3,438,558	3,444,243
Transfer to the National Treasury	15	0	0	0	0	(1,942,705)	(1,942,705)
Net increase in contributions	13	0	753,441	0	0	(753,441)	0
Net increase in equity reserves	13	0	0	732,707	0	(732,707)	0
Balance as of September 30, 2024		2,474,422	8,143,803	3,506,094	6,607	1,952,410	16,083,336

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

Statement of Cash Flows

For the year ended September 30, 2024

(In thousands of balboas B/.)

	Note	2024	2023
Cash flows from operating activities:			
Profit for the year		3,438,558	3,205,713
Adjustments to reconcile profit for the year to cash from operating activities:			
Depreciation and impairment loss	5, 6, 22	242,783	235,692
Depreciation of right-of-use assets	27	4,247	5,908
Change in fair value of biological assets	23	(2,581)	(5,943)
Deferred income	20	(3,978)	(4,454)
Amortization of diesel option premium		4,878	3,425
Loss on disposal of property, plant and equipment	5	41	118
Provision for marine accidents	19	14,223	13,067
Provision for impairment of inventories	7	320	1,581
Materials and supplies inventory usages		46,878	39,058
Amortized discount on debt		1,133	1,756
Finance income, net		(332,359)	(195,679)
Changes in operating assets and liabilities:			
Decrease (increase) in trade and other receivables		21,250	(28,703)
Decrease (increase) in fuel inventory		5,372	(154)
Increase in other assets		(8,817)	(9,268)
Increase in trade and other payables		14,377	5,601
Payments of marine accident claims	19	(3,849)	(1,383)
Increase (decrease) in accrued salaries and vacations payable		2,030	(19,236)
Employee benefit plans		4,392	(44)
Increase (decrease) in other liabilities		17,538	(1,424)
Cash provided by operating activities:		3,466,436	3,245,631
Interest paid		(40,066)	(64,094)
Net cash provided by operating activities		3,426,370	3,181,537
Cash flows from investing activities:			
Acquisition of property, plant and equipment		(105,475)	(565,154)
Acquisition of inventories		(61,206)	(51,099)
Acquisition of diesel purchase call options		(2,077)	(5,369)
Acquisition of investment securities and other financial assets		(10,300,119)	(10,529,134)
Proceeds from sale and redemption of investment securities and other financial assets		9,850,126	10,584,976
Interest received		207,366	77,750
Net cash used in investing activities		(411,385)	(488,030)
Cash flows from financing activities:			
Payments of borrowings and debt		(136,989)	(533,535)
Payments of lease liabilities	27	(4,258)	(6,159)
Transfer to the National Treasury		(1,942,705)	(1,894,000)
Net cash used in financing activities		(2,083,952)	(2,433,694)
Net increase in cash and cash equivalents		931,033	259,813
Cash and cash equivalents at the beginning of year		397,745	137,932
Cash and cash equivalents at the end of year	11	1,328,778	397,745
Investing activities that did not represent cash outlays:			
Property transferred by the Republic of Panama	5	0	568,290

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

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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 dictated by the Board of Directors as mandated by 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 exclusively correspond to 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 management, maintenance, use, and conservation of the water resources of the Canal watershed, including lakes and their tributary rivers (see Note 31). As part of this responsibility, ACP also expands its revenue streams through activities such as electric power generation, water sales, and tourism-related activities within the Canal, among others.

Following 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, thus becoming an inalienable patrimony of Panama, 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, 2024, and for the year that ended, have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards), approved by the Board of Directors and authorized to be issued on December 17, 2024.

(2) Basis of Preparation, continued

(b) Measurement basis

The financial statements have been prepared based on historical costs, 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; and
4. Employee benefits.

(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 of free exchange with the U.S. dollar (USD). The Republic of Panama does not issue paper currency; instead, it uses the USD as legal tender and functional currency. ACP's financial statements are expressed in thousands of balboas (B/.).

(3) 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.

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.

(3) Summary of Material Accounting Policies, continued

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 persons, 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 when services are secured by bank guarantees.

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 rates 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, which 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).

(3) Summary of Material Accounting Policies, continued

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 to 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 the statement of 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.

(3) 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. 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:

Years	Buildings	Structures	Equipments
3 – 15	-	Asphalt roads	Automobiles, trucks, technological devices
20 – 50	Concrete, steel	Water tanks, floating piers, concrete streets	Locomotives, tugs, dredges, floating cranes
75	-	Concrete piers, bridges, range towers	Gates, cranes
100	-	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.

(3) 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 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.

(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.

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.

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.

(3) Summary of Material Accounting Policies, continued

(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 noncurrent 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.

(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 the 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.

(3) Summary of Material Accounting Policies, continued

(m) Employee benefits

Seven bargaining units cover 92.6% (2023: 93.0%) of ACP workforce, each one with its own exclusive representative and collective bargaining unit agreements that are periodically negotiated. The remaining 7.4% (2023: 7.0%) corresponds to trusted employees, that are excluded from any collective bargaining unit agreements.

During fiscal years 2023 and 2024, the following two (2) collective bargaining agreements were settled:

Collective bargaining unit agreement	% of workforce	Starting date	Expected end date
Marine Engineers	2.3%	Fiscal year 2023	Fiscal year 2028
Captains and Deck Officers	2.3%	Fiscal year 2024	Fiscal year 2029

As of September 30, 2024, the following agreement is under negotiation:

Collective bargaining unit agreement	% of workforce	Starting date	Expected completion date
Security Guards	3.8%	Fiscal year 2025	Fiscal year 2025

The Panama Canal Pilots agreement (3.5% the workforce) will continue in effect until the end of fiscal year 2026.

The Panama Canal Security Guards Bargaining Unit (3.8% of workforce) was recognized by the Labor Relations Board during the fiscal year 2023 and subscribed a Memorandum of Understanding (MoU) valid until the fiscal year 2025. This bargaining unit will continue to use some terms of the Non-Professional Collective Bargaining Agreement, until a new MoU or collective bargaining agreement is settled.

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, an 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.

(3) Summary of Material Accounting Policies, continued

(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 25). 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.

(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.

(3) Summary of Material Accounting Policies, continued

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. Other net gains and 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.

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.

(3) Summary of Material Accounting Policies, continued

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).

Impairment of financial assets

ACP applies an Expected Credit Loss Model (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.

(3) Summary of Material Accounting Policies, continued

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 the 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.

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.

(3) Summary of Material Accounting Policies, continued

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 a 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.

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 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 makes a qualitative assessment that considers the following: a) maturity; b) nominal amount; c) cash flow dates; d) interest rate basis or commodity reference price; and e) credit risk or counterparty.

(3) Summary of Material Accounting Policies, continued

Hedge ratio

The hedge ratio is the relationship between the amount of the hedged item and the amount of the hedging instrument. For most of the hedging relationships, the hedge ratio is 1:1 as the underlying hedging instrument perfectly matches the designated 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.

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 other comprehensive income (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 a consideration.

(3) Summary of Material Accounting Policies, continued

As a lessee

At the beginning or when a contract containing a lease component is modified, ACP assigns consideration in the contract to each lease component based on their individual prices. However, for lease contracts including non-lease components, ACP decides not to separate them from the lease components and, instead, for each contract, both components are accounted for as a single lease component.

ACP recognizes a right-of-use asset and a lease liability on the initial date of the lease. The right-of-use asset is initially measured at cost, which includes the initial amount of the lease liability adjusted for any lease payment made on or before the initial date, plus the initial direct costs incurred and an estimate of the costs required to dismantle and remove the underlying asset, or to restore the underlying asset or the site where it is located, less any lease incentive received. The right-of-use asset is subsequently depreciated using the straight-line method from the initial date to the end of the lease term, unless the lease transfers ownership of the underlying asset to ACP at the end of the lease term, or the cost of the right-of-use asset shows that ACP will exercise a purchase option. In such cases, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is based on the same method applied for property, plant, and equipment.

Additionally, the cost of the right-of-use asset may be reduced periodically due to impairment, if it exists, and it shall be adjusted by new lease liability measurements.

A lease liability is initially measured at the present value of unpaid lease payments at the initial date, discounted using the interest rate implicit in the lease or, if such rate cannot be readily determined, it shall be done using ACP's incremental borrowing rate. ACP determines its incremental interest rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and the type of leased asset.

Lease payments included in the measurement of the lease liability comprise the following: fixed payments; variable lease payments that depend on an index or a rate initially measured using the index or rate on the initial date; amounts expected to be paid under a residual value warranty; the price to be exercised under a purchase option that ACP is reasonably expected to exercise; the lease payments in an optional renewal period if the entity is reasonably certain to exercise an extension option; and the penalties for early termination of a lease unless ACP is reasonably certain not to terminate it early.

A lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments derived from: a change in an index or rate, if there is a change in the estimate of the amount expected to be paid under a residual value warranty; if the entity changes its assessment of whether to exercise a purchase, extension, or termination option; or, if there is a revised fixed lease payment. Consequently, the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

(3) Summary of Material Accounting Policies, continued

Short-term leases and low-value asset leases

ACP decides not to recognize right-of-use assets and lease liabilities from short-term lease contracts and those involving low-value assets of less than B/.10. Lease payments associated with these contracts are recognized as contract service expenses during the lease term.

As a lessor

At the beginning or when a contract containing a lease component is modified, ACP assigns consideration in the contract to each lease component based on their individual prices. When ACP acts as lessor, it determines at the beginning of the lease whether it is financial or operational. To classify each lease, ACP performs a general assessment of whether the lease transfers substantially all the risks and rewards related to ownership of the underlying asset. If this is the case, then the lease is financial, if not, then it is operational. As part of this assessment, certain indicators are considered such as whether the lease is for most of the economic life of the underlying asset. If an agreement contains lease components and non-lease components, then International Financial Reporting Standard 15 – Revenue from Contracts with Customers (IFRS 15) applies to allocate the consideration in the contract.

Lease collections under operating leases are recognized as revenue during the lease term as part of *other income* in the statement of profit or loss.

(r) Adoption of new and amended standards and interpretations

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

ACP adopted the disclosure of these accounting policies. The materiality of each accounting policy disclosed in the Note 3 Summary of Material Accounting Policies (2023: Summary of Significant Accounting Policies) was reviewed, and the amendments did not result in any changes.

(s) New accounting standards and amendments not yet adopted

A series of new rules go into effect for annual periods beginning after January 1st, 2024, and early application is allowed; however, ACP has not early adopted these new standards or amendments, when preparing these financial statements at September 30, 2024, since their annual period began on October 1st, 2023.

Effective date – annual periods beginning on:	**New standards or amendments**
January 1st, 2024	• Classification of Liabilities as Current or Non-current (Amendments to IAS 1) • Non-current Liabilities with Covenants (Amendments to IAS 1)
January 1st, 2026	• Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7.
January 1st, 2027	• Presentation and Disclosure in Financial Statements (IFRS 18).

(4) 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 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 include, but are not limited to:

- determination of whether revenue is recognized over time or at a point in time (Note 3c);
- determination of the useful lives of property, plant, and equipment, net (Note 3g);
- recoverability of property, plant, and equipment, net (Note 5);
- measurement of ECL allowance and key assumptions in determining the weighted average loss rate and financial instruments' fair value (Note 26);
- estimated actuarial liability for the defined benefit plans for employee retirement and the right to reimbursement on these plans (Note 25); and
- estimates for the provision for marine accidents, contingent liabilities, and other claims (Notes 19 and 30, respectively).

(5) Property, Plant and Equipment, Net

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

	Buildings	Structures	Equipment	Land	Natural and Hydrographic Resources	Constructions in progress	Total
Cost:							
Balance at October 1, 2022	234,436	6,281,599	3,012,037	1,022,982	0	105,200	10,656,254
Additions and other adjustments	0	5,879	64	(3,602)	0	565,199	567,540
Transfers	3,520	30,275	26,741	500,938	0	(561,474)	0
Retirements	(302)	(223)	(21,099)	0	0	0	(21,624)
Property transferred from the Republic of Panama	6	0	0	568,284	0	0	568,290
Balance at September 30, 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)
Balance at September 30, 2024	241,554	6,363,890	3,037,814	1,279,522	806,208	136,453	11,865,441
Accumulated depreciation and impairment loss:							
Balance at October 1, 2022	(68,952)	(973,470)	(1,281,972)	0	0	0	(2,324,394)
Depreciation	(4,956)	(107,075)	(112,487)	0	0	0	(224,518)
Adjustments	0	20	(20)	0	0	0	0
Impairment loss	(82)	(8,335)	(2,607)	0	0	0	(11,024)
Retirements	285	223	20,998	0	0	0	21,506
Balance at September 30, 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
Balance at September 30, 2024	(99,387)	(1,198,090)	(1,474,118)	0	0	0	(2,771,595)
Net carrying amount:							
Balance at September 30, 2024	142,167	5,165,800	1,563,696	1,279,522	806,208	136,453	9,093,846
Balance at September 30, 2023	163,955	5,228,893	1,641,655	2,088,602	0	108,925	9,232,030

(5) Property, Plant and Equipment, Net, continued

During fiscal year 2024, ACP derecognized assets at a cost of B/.9,205 (2023: B/.21,624), mainly comprised of vehicles for B/.2,723, telephone exchange for B/.1,205 and radars for B/.1,029 (2023: boat motors for B/.3,397, servers for B/.2,277 and barges for B/.1,532). The remaining B/.4,248 corresponds to other assets (2023 B/.14,418).

As a result, ACP recognized losses on disposal of assets for an amount of B/.41 (2023: B/.118).

Depreciation expense for B/.438 (2023: B/.45) corresponds to equipment used in investment projects that were capitalized as property, plant, and equipment.

During fiscal year 2024, land and buildings located in La Boca were reclassified to investment properties, with a carrying amount of B/.3,381 (2023: B/.3,602, located in Balboa), see Note 6.

Property acquired and transferred from the Republic of Panama

Through fiscal year 2023, ACP acquired land from the Republic of Panama for a total value of B/.1,069,346. This acquisition contributes to ACP's efforts to protect water resources, environmental conservation in areas surrounding the Canal (see Note 31), as well as compliance with its strategic plan for the consolidation of operational and administrative areas, which will entail, among other benefits, preventing possible sources of environmental threats and guaranteeing the integral and sustainable development of the area.

These properties include land and improvements recognized at their acquisition cost of B/.500,938 and B/.118, respectively; and non-reciprocal transferred properties for a total value of B/.568,290 comprised by land and water surfaces for B/.568,284 and improvements for B/.6. During fiscal year 2024, no properties were acquired or transferred from the Republic of Panama.

During fiscal year 2024, ACP made significant progress in evaluating the potential future adoption of a revaluation model for land related to the economic patrimony, as an accounting policy for subsequent measurement.

Impairment loss

During fiscal year 2024, ACP recognized an impairment loss of B/.23,417, specifically related to the buildings and auxiliary assets that housed the thermal generation units. Based on assumptions considered in 2021, it was expected that these assets would be used for new uses or reconfigurations; however, due to significant changes in their scope and use, it was determined that these assumptions would not be met (2023: B/.11,024, related to a hydrocarbon loading and unloading dock and oil pipelines).

Impairment of non-financial assets

The results of the value in use assessment for the assets in ACP´s Cash Generating Units (CGU), which include Transit, Energy, Water, and Tourism, do not show signs of impairment in the carrying value of its assets, except as noted in the preceding paragraph. The Transit CGU, the primary CGU of ACP, presents a decrease in its Net Present Value (NPV) of future cash flows from tolls and certain marine services revenue in comparison to fiscal year 2023, due to the reduction of transits and draft restrictions implemented in 2023 and part of 2024, and projected every-four-year starting in fiscal year 2024 as water conservation measures due to El Niño phenomenon. Despite this, its value in use remains significantly higher than its carrying amount.

(5) Property, Plant and Equipment, Net, continued

For this assessment, a stochastic model was used to determine the value in use of the corresponding assets of individual CGUs. The value in use of each CGU is equal to the expected NPV of cash flows projected for the useful life weighted average of assets in use by the corresponding CGU. This model considers different variables such as revenue, expenses and working capital requirements that simulate the value in use in each risk scenario with multiple iterations, according to the historical behavior, trend, and statistical correlation among the variables.

(6) Investment Properties

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

	Buildings	Structures	Equipment	Land	Total
Cost:	7,036	185	1,891	89,831	98,943
Balance at October 1, 2022					
Additions and other adjustments	0	0	0	3,602	3,602
Balance at September 30, 2023	7,036	185	1,891	93,433	102,545
Additions and other adjustments	926	0	0	3,381	4,307
Balance at September 30, 2024	7,962	185	1,891	96,814	106,852
Accumulated depreciation and impairment loss:					
Balance at October 1, 2022	(5,508)	(110)	(477)	0	(6,095)
Depreciation	(33)	(31)	(131)	0	(195)
Reversal of impairment loss	3,184	0	0	0	3,184
Balance at September 30, 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	1,572	0	0	0	1,572
Balance at September 30, 2024	(1,519)	(174)	(733)	0	(2,426)
Net carrying amount:					
Balance at September 30, 2024	6,443	11	1,158	96,814	104,426
Balance at September 30, 2023	4,679	44	1,283	93,433	99,439

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 (2023: B/.52) and fair value of B/.60,168 (2023: B/.62,973), 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 (2023: 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.

(6) Investment Properties, continued

On June 30, 2024, ACP carried out an impairment test applying the value in use method on a 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. Annual cash flows for the group of assets were adjusted based on the minimum annual income reflected in the concession contract. In October 2022, a modification to the concession contract was authorized, resulting in an increase of the minimum annual payment to be received by ACP. Given these changes in the estimates used to evaluate the recoverable amount, the value in use of the group of assets exceeded its carrying amount, for which impairment has been recognized in previous periods. A total reversal of the recognized impairment was determined and applied.

The estimated value in use was determined using a discount rate of 12% (2023: 11.5%) and a future value growth rate of 1.68% from 2028 (2023: 0%).

As of September 30, 2024, the carrying amount of the concession is B/.6,642 (2023: B/.5,223). The value in use was determined at B/.8,620 (2023: B/.5,223), recognizing a reversal of the impairment loss of B/.1,572 (2023: B/.3,184).

- Land with an area of 464,759.71 square meters, located on the east bank to the south end (Pacific) of the Canal bordering the Canal channel and other land owned by ACP, with a carrying amount of B/.89,757 (2023: B/.89,757) and fair value of B/.169,727 (2023: B/.160,734).

- Buildings leased to third parties with a carrying amount of B/.295 (2023: B/.0) and fair value of B/.16,432 (2023: B/.17,732).

- Toll road structures and equipment with a carrying amount of B/.697 (2023: B/.805) and fair value of B/.14,616 (2023: B/.14,308).

- Land with an area of 39,964.92 square meters located in Balboa with a carrying amount of B/.3,602 (2023: B/.3,602) and fair value of B/.18,373 (2023: B/.17,405). 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.

- In fiscal year 2024, fully depreciated buildings and land with 33,808.46 square meters located in La Boca were reclassified from *property, plant and equipment* with a carrying amount of B/.3,381 and fair value of B/.20,880. These properties were also required by MOP for the construction of the fourth bridge over the Panama Canal (see Note 5).

During fiscal year 2024, income generated by ACP from the rental of buildings and land concessions was B/.11,350 (2023: B/.11,390).

(7) Inventories, Net

Net inventories are detailed as follows:

	2024	2023
Supplies and materials	94,864	80,966
Fuel	6,749	12,121
Less: estimate for inventories impairment	(4,700)	(4,810)
Inventories, net	96.913	88,277
Non-current	90,164	76,156
Current	6,749	12,121
Total	96,913	88,277

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

	2024	2023
Balance at the beginning of the year	4,810	4,400
Increase	320	1,581
Write-off	(430)	(1,171)
Balance at the end of the year	4,700	4,810

(8) Trade and Other Receivables

Trade and other receivables are detailed as follows:

	2024	2023
Tolls and other maritime services	10,291	30,243
Sale of electricity and power	8,413	14,586
Sale of potable water	5,330	4,172
Other government entities	712	585
Other services	3,971	382
Sub-total	28,717	49,968
Less: allowance for expected credit loss (ECL)	(80)	(58)
Total trade and other receivables	28,637	49,910

Accounts receivable do not earn interest and their term is 30 days or less. The aging analysis of past due, but not impaired receivables, is the following:

	2024	2023
31 – 60 days	11	10
61 – 90 days	262	18
91 – 180 days	9	10
More than 181 days	23	39
Total	305	77

(9) Investment Securities and Other Financial Assets

Investment securities and other financial assets are detailed as follows:

	2024		2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial instruments measured at amortized cost:				
Time deposits with maturities over 90 days	1,289,448	1,295,528	1,399,468	1,399,702
Accrued interest receivable	23,391	22,977	38,710	38,049
	1,312,839	1,318,505	1,438,178	1,437,751
Financial instruments measured at fair value with changes in other comprehensive income (FVOCI):				
Corporate debt securities	5,203,149	5,203,149	4,484,461	4,484,461
Financial instruments designated as cash flow hedging instruments:				
Diesel purchase call option contracts	328	328	5,063	5,063
Interest rate swap contracts	0	0	3,419	3,419
	328	328	8,482	8,482
	6,516,316	6,521,982	5,931,121	5,930,694

On September 30, 2024, the unrealized gain on financial instruments measured at FVOCI amounted to B/.13,877 (2023: unrealized loss B/.1,741), recognized in OCI.

During fiscal year 2024, ACP sold financial instruments measured at FVOCI amounting to B/.520,030 (2023: B/.972,457), recognizing a net realized loss of B/.160 (2023: B/.3,445); and redeemed corporate debt securities that were collected upon expiration amounting to B/.7,111,929 (2023: B/.7,430,522).

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 US dollars. On September 30, 2024, 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 5.8148% (2023: 4.6391%).

Financial instruments designated as hedge instruments:
On May 2024 (2023: September 2023), ACP subscribed an Asian style call option contract effective September 1, 2024 (2023: September 1, 2023), 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 2025 (2023: for fiscal year 2024).

(10) Accrued Interest Receivable

Accrued interest receivable is detailed as follows:

	2024	2023
Accrued interest receivable on:		
Corporate debt securities at FVOCI	56,169	19,646
Interest rate swap contracts	1,455	1,149
	57,624	20,795

(11) Cash and Cash Equivalents

Cash and cash equivalents are comprised of the following:

	2024	2023
Cash on hand	37	35
Cash deposits in demand deposit accounts	176,810	267,425
Cash deposits in savings accounts	0	129,689
Time deposits with maturities under 90 days	1,149,462	0
Accrued interest receivable	2,469	596
Total cash and cash equivalents	1,328,778	397,745

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, 2024, interest rates ranged from 0.01% to 5.20% (2023: From 0.01% to 5.30%).

(12) 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, 2024, the contributed capital of ACP amounted to B/.2,474,422 (2023: B/.2,474,422).

(13) Investment Program Contributions and Reserves

Changes in investment program contributions, debt repayment, and reserves, as of September 30, 2024, are detailed as follows:

	2024	Increase	2023	Increase	2022
Contributions:					
Investment program	6,068,279	612,917	5,455,362	206,366	5,248,996
Debt repayment	2,075,524	140,524	1,935,000	530,000	1,405,000
	8,143,803	753,441	7,390,362	736,366	6,653,996
Reserves:					
Working capital, contingencies, and catastrophic events	1,176,875	160,286	1,016,589	120,581	896,008
Strategic for growth, sustainability, and debt service	1,257,951	171,928	1,086,023	160,286	925,737
Financing relevant projects	1,071,268	400,493	670,775	245,775	425,000
	3,506,094	732,707	2,773,387	526,642	2,246,745
Total	11,649,897	1,486,148	10,163,749	1,263,008	8,900,741

(13) Investment Program Contributions and Reserves, continued

Contributions

Investment program

On September 30, 2024, ACP increased the investment program funds by a net amount of B/.612,917 (2023: B/.206,366). 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 to 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 the Water Management System Program, the Consolidation of facilities in the Atlantic and the Pacific and Improvements to Gatun Dam.

(14) 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.

Movements during the fiscal year to other equity accounts – other comprehensive income (loss) are as follows:

	2024	2023
Balance at the beginning of the year	922	(27,065)
Actuarial valuations:		
Net remeasurement of employee defined benefit plans	(20)	(524)
Other comprehensive loss not to be reclassified to profit or loss	(20)	(524)
Financial instruments with changes in OCI:		
Reclassified to profit or loss for the year	1,142	3,637
Net change in fair value in valuation of investments	15,618	12,838
Cash flow hedges:		
Light diesel purchase call option contracts:		
Net (loss) gain of current contracts	(1,444)	2,485
Interest rate swap contracts:		
Reclassification to profit or loss for the year	(3,564)	(379)
Net (loss) gain of current contracts	(6,047)	9,930
Other comprehensive income that may be reclassified to profit or loss	5,705	28,511
Other comprehensive income for the year	5,685	27,987
Balance at the end of the year	6,607	922

(15) 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 period, 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/.1,952,410 to the National Treasury, corresponding to the earnings available for distribution for the year ended September 30, 2024 (2023: B/.1,942,705), see Note 33.

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

	2024	2023
Payments to the National Treasury:		
Per net ton transit fees (Note 21)	516,404	600,101
Public service fees	1,971	1,789
Sub-total (Note 28)	518,375	601,890
Earnings available for distribution (Note 33)	1,952,410	1,942,705
Total	2,470,785	2,544,595

(16) Debt

Debt consists of bonds payable which are detailed as follows:

	Interest rate%	Maturity	2024	2023
Bond 2035	4.95	July 29, 2035	300,567	354,465
Less: discount and issuing costs			(3,929)	(5,062)
Plus: accrued interest payable			2,521	2,973
Total bonds payable			299,159	352,376

These bonds have not been and will not be registered under the 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").

These bonds have a fixed annual rate of 4.95% and their effective interest rate is 5.02%. During fiscal year 2024, ACP purchased in open market transactions and settled B/.53,898 (2023: B/.95,535) in the face value of the bonds for B/.50,198 (2023: B/.91,095). The unamortized cost of issuing these bonds and the unamortized discount, totaling B/.733 (2023: B/.1,395), have been deducted in the current period. As a result, the principal amount will be repaid in semi-annual installments of B/.75,142 (2023: B/.88,616), 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.

(17) Borrowings

Borrowings are detailed as follows:

Credit Facilities	Interest rate %	Maturity	2024	2023
European Investment Bank (EIB)	Adjusted Term SOFR + 0.811	15-Nov-28	32,727	40,000
Development Bank of Latin America and the Caribbean (CAF)	Adjusted Term SOFR + 1.20	15-Nov-28	27,000	33,000
Development Bank of Latin America and the Caribbean (CAF)	Adjusted Term SOFR + 1.40	15-Nov-28	27,000	33,000
International Finance Corporation (IFC)	Adjusted Term SOFR + 1.30	15-Nov-28	54,818	67,000
Inter-American Development Bank (IDB)	Adjusted Term SOFR + 1.05	15-Nov-28	72,818	89,000
Japan Bank for International Cooperation (JBIC)	Adjusted Term SOFR + 0.75	15-Nov-28	159,546	195,000
		Sub-total	373,909	457,000
		Accrued Interest payable	9,659	11,156
		Total borrowings	383,568	468,156

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

During fiscal year 2023, a prepayment was applied to the principal of the credit facilities and accordingly, semi-annual repayment installments decreased from B/.68,850 to B/.41,545, until their final due date on November 15, 2028. Throughout fiscal year 2024, no prepayment of principal has been made.

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

	2024	2023
Non-current borrowings	290,818	373,909
Current borrowings	83,091	83,091
Accrued interest payable	9,659	11,156
Total	383,568	468,156

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 ACP's or Borrower's financial statements for such period.

(17) 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, 2024, ACP complies with the financial covenants as set forth:

	2024	2023
Total debt to EBITDA	0.2	0.3
Debt service coverage	34.4	32.6

Finance costs are detailed as follows:

	2024	2023
Interest on bonds and loans	43,983	60,700
Cash flow hedges	(3,564)	(379)
Leases (Note 27)	355	157
Other finance costs	(2,162)	(155)
Total finance costs	38,612	60,323

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

	2024	2023
Balance at the beginning of the year	811,465	1,345,000
Payments of borrowings and debt	(136,989)	(533,535)
Balance at the end of the year	674,476	811,465

(18) Other Financial Liabilities

Other financial liabilities are detailed as follows:

	2024	2023
Derivative financial instruments designated as hedging instruments recognized at fair value:		
Interest rate swaps – cash flows hedges	5,998	0

(19) Provision for Marine Accidents

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

Changes in the provision for marine accidents is detailed as follows:

	2024	2023
Balance at the beginning of the year	30,182	18,498
Provision for the year	14,223	13,067
Payments made	(3,849)	(1,383)
Balance at the end of the year	40,556	30,182

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

(20) Other Liabilities

Other liabilities are detailed as follows:

	2024	2023
Supplies – Inventories in transit	8,251	5,501
Deferred contract liability	35,287	22,879
Other	4,448	4,475
Total other liabilities	47,986	32,855

In 2017, ACP subscribed an agreement with MOP, for the use of certain buildings and land owned by ACP in the Balboa area and 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 a sum of B/.33,663, recognized as a deferred liability. During fiscal year 2024, the deferred liability was amortized by B/.2,700 (2023: B/.4,293) representing the fair value of the right of use of the land and buildings made available to MOP for an indefinite term.

During fiscal year 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 2024, the deferred liability was amortized by B/.394 representing the fair value of the right of use of the land and buildings made available to MOP for an indefinite term.

(20) Other Liabilities, continued

During fiscal year 2024, the deferred liability of the large format cinema concession contract was amortized for an amount of B/.884 (2023: B/.161), which was recognized under *other revenue* in the statement of profit or loss. In addition, a reversal of the impairment loss from previous years was recognized in the amount of B/.1,572 (2023: B/.3,184), see Note 6.

(21) Trade and Other Payables

Trade and other payables are as follows:

	2024	2023
National Treasury	48,223	48,428
Suppliers and others	155,414	140,832
Total trade and other payables	203,637	189,260

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 2024, the fees recognized by ACP to the National Treasury for this item amounted to B/.516,404 (2023: B/.600,101), see Note 15.

(22) 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:

		2024	
	Total expenses	Less capitalized costs	Net operating expenses
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	729,184	0	729,184
Total	1,888,999	9,236	1,879,763

(22) Labor, Materials and Other Capitalized Costs, continued

	2023		
	Total expenses	**Less capitalized costs**	**Net operating expenses**
Salaries and wages	665,734	3,591	662,143
Employee benefits	82,864	99	82,765
Materials and supplies	72,810	470	72,340
Fuel	82,219	76	82,143
Depreciation and impairment loss	235,737	45	235,692
Other expenses	822,917	0	822,917
Total	1,962,281	4,281	1,958,000

(23) Other Miscellaneous Revenues

Other miscellaneous revenues are detailed as follows:

	2024	**2023**
Canal visitor centers	8,145	6,766
Government of Panama:		
Operational leasing	5,267	3,657
Right of use of land and buildings (MOP)	3,094	4,293
Other revenues:		
Port concession	5,005	4,787
Sales of retired assets and scrap	1,836	2,602
Telecommunications	2,516	3,275
Change in fair value of biological property	2,581	5,943
Third set of locks legal costs	0	20,653
Other	7,358	6,184
Total other miscellaneous revenues	35,802	58,160

(24) 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.

(25) Employee Benefits

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

	2024	**2023**
Benefit for employment retirement	298,260	303,196

(25) Employee Benefits, continued

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.

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.

In the case of VRI, employees who have been separated for more than two years from ACP will lose their eligibility to receive plan benefits.

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. The actuary also determines the accrued liability on September 30, 2024. 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 at different interest rates and for different case 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 the statement of profit or loss.

(25) Employee Benefits, continued

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 OCI	Statement of Financial Position
2024	**October 1, 2023**	**Benefit costs**	**Net interest**	**Benefits paid**	**Actuarial adjustments**	**September 30, 2024**
Fair value of the benefits	303,196	14,105	16,093	(35,573)	439	298,260

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

	Statement of Financial Position	Statement of Profit or Loss		Statement of Financial Position	Statement of OCI	Statement of Financial Position
2023	**October 1, 2022**	**Benefit costs**	**Net interest**	**Benefits paid**	**Actuarial adjustments**	**September 30, 2023**
Fair value of the benefits	294,281	13,368	12,338	(33,861)	17,070	303,196

During fiscal year 2023, the actuarial adjustments mainly include a loss recognition associated with a change of labor status for a group of employees.

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

	Age	2024 %	2023 %
Discount rate		4.17	5.61
Salary increases		2.20 – 3.50	2.25 - 2.31
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:

	2024
Maturity of the obligation:	
From 0 to 1 year	34,019
From 1 to 5 years	130,787
From 5 to 10 years	148,904
From 10 to 25 years	305,150
Beyond 25 years	68,752

(25) Employee Benefits, continued

As of September 30, 2024, the average duration of the obligation for the defined benefit plans for voluntary retirement of employees (VRI/LRB) is approximately 5.86 years (2023: 5.43 years).

A quantitative sensitivity analysis, based on variation in basis points (bp), for significant assumptions, on September 30, 2024, is as follows:

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

	2023			
	Discount rate		Salary	
Assumption	Increase 25 bp	Decrease 25 bp	Increase 25 bp	Decrease 25 bp
Sensitivity level				
Impact on defined benefit obligation	(5,504)	5,848	5,581	(5,430)

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% (2023: 3.1%) of the total insured amount.

Changes in the reimbursement right of ACP during fiscal year 2024 are detailed as follows:

	Statement of Financial Position	Statement of Profit or Loss		Statement of Financial Position	Statement of OCI	Statement of Financial Position
2024	October 1, 2023	Reimbursement right cost of the year	Net interest	Reimbursements during fiscal year	Actuarial adjustments	September 30, 2024
Reimbursement right of ACP	293,888	10,465	15,353	(35,585)	419	284,540

(25) Employee Benefits, continued

2023	Statement of Financial Position October 1, 2022	Statement of Profit or Loss Reimbursement right cost of the year	Statement of Profit or Loss Net interest	Statement of Financial Position Reimbursements during fiscal year	Statement of OCI Actuarial adjustments	Statement of Financial Position September 30, 2023
Reimbursement right of ACP	285,453	14,392	11,959	(34,462)	16,546	293,888

As of September 30, 2024, ACP paid the insurer B/.36,622 (2023: B/.33,066) for the benefits of the reimbursement insurance policy.

(26) Risk Management

ACP maintains a conservative and prudent financial policy oriented to preserve its capital and generate optimal performance with low risk levels. To this end, various risk management activities are performed throughout the year, including risk analysis, assessment, and mitigation. 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 (bonds and borrowings as detailed in Notes 16 and 17), compensated by cash and bank deposit balances, investment securities and other financial assets (Note 9), in addition to its equity (consisting of contributed capital, investment program contributions, reserves, other equity accounts, and earnings available for distribution, as disclosed in Notes 12, 13, 14 and 15, respectively).

Categories of financial instruments

	2024	2023
Financial assets		
Investment securities and other financial assets (Note 9)	6,516,316	5,931,121
Trade and other receivables (Note 8)	28,637	49,910
Cash and cash equivalents (Note 11)	1,328,778	397,745
	7,873,731	6,378,776
Financial liabilities		
Borrowings and debt, net (Notes 17 and 16)	682,727	820,532
Lease liabilities (Note 27)	9,151	12,040
Other financial liabilities (Note 18)	5,998	0
Trade and other payables (Note 21)	203,637	189,260
	901,513	1,021,832

(26) 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 short-term accounts receivable and payable for which the carrying amount is a reasonable approximation of fair value:

	Carrying amount					Fair Value			
2024	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
Financial assets measured at fair value:									
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	328	0	0	0	328	0	328	0	328
	328	5,203,149	0	0	5,203,477	1,765,090	3,438,387	0	5,203,477
Financial assets not measured at fair value:									
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	0	0	23,391	0	23,391	0	22,977	0	22,977
	0	0	1,312,839	0	1,312,839	0	1,318,505	0	1,318,505
Financial liabilities measured at fair value:									
Other financial liabilities:									
Instruments designated in cash flow hedging relationships:									
Interest rate swap	5,998	0	0	0	5,998	0	5,998	0	5,998
	5,998	0	0	0	5,998	0	5,998	0	5,998
Financial liabilities not measured at fair value:									
Debt	0	0	0	299,159	299,159	0	0	288,610	288,610
Borrowings	0	0	0	383,568	383,568	0	0	392,512	392,512
	0	0	0	682,727	682,727	0	0	681,122	681,122

(26) Risk Management, continued

2023	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**
Financial assets measured at fair value:									
Investment securities and other financial assets									
Corporate debt securities	0	4,484,461	0	0	4,484,461	1,754,334	2,730,127	0	4,484,461
Instruments designated in cash flow hedging relationships:									
Diesel purchase call option contracts	5,063	0	0	0	5,063	0	5,063	0	5,063
Interest rate swaps	3,419	0	0	0	3,419	0	3,419	0	3,419
	8,482	4,484,461	0	0	4,492,943	1,754,334	2,738,609	0	4,492,943
Financial assets not measured at fair value:									
Investment securities and other financial assets									
Time deposits with maturities over 90 days	0	0	1,399,468	0	1,399,468	0	1,399,702	0	1,399,702
Accrued interest receivable	0	0	38,710	0	38,710	0	38,049	0	38,049
	0	0	1,438,178	0	1,438,178	0	1,437,751	0	1,437,751
Financial liabilities not measured at fair value:									
Debt	0	0	0	352,376	352,376	0	0	335,678	335,678
Borrowings	0	0	0	468,156	468,156	0	0	482,097	482,097
	0	0	0	820,532	820,532	0	0	817,775	817,775

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.

(26) 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 3.

Type	Valuation technique	Unobservable significant inputs	Interrelation between unobservable significant inputs and fair value measurement
Corporate debt securities	*Market comparison*. 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	*Option Model:* 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	*Swap model*: 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.

(26) Risk Management, continued

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

ACP's Treasury, every quarter, updates the Board of Directors' Finance and Strategic Planning Committee and follows up on the risks and the implemented policies to mitigate risk exposure. The Office of the Inspector General 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 manage and control market risk 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 beyond its control. ACP´s financial instruments are at fixed rates; however, borrowings for B/.373,909 (2023: B/.457,000) are at variable rates (Note 17). To manage exposure to these risks, ACP subscribes 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 the Canal's regular operations.

Non-derivative financial liabilities

During the fiscal year 2024, the borrowings agreements completed the transition to the alternative reference rate Term SOFR detailed in Note 17 – 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 based on the International Swaps and Derivatives Association (ISDA)'s master agreements.

Hedge accounting

During the fiscal year 2024, the interest rate swap transactions used in cash flow hedging relationship completed the transition to the alternative reference rate term SOFR. The effective date was November 15, 2023, for a floating rate option: USD-SOFR Term with designated maturity of 6 Months until November 15, 2028.

(26) Risk Management, continued

Exchange rate risk management

ACP has established a policy to avoid foreign currency risk related to its functional currency. ACP only accepts payments in dollars of the USA and the investment criteria and applicable guidelines require that all deposits and investments in banks shall be in dollars of the USA, or in other currencies authorized by the Board of Directors. ACP did not maintain commitments or deposits in currencies other than the U.S. dollar (USD).

Cash flow and fair value interest rate risk

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

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

	2024					
	Up to 3 months	**3 to 6 months**	**6 months to 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Financial assets:						
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	1,951,617	380,000	310,000	0	0	2,641,617
	2,908,227	2,409,102	2,499,104	28,333	0	7,844,766
Financial liabilities:						
Debt	0	0	0	0	300,567	300,567
Borrowings	373,909	0	0	0	0	373,909
	373,909	0	0	0	300,567	674,476
Interest rate swap contracts	(320,000)	0	40,000	280,000	0	0
Total interest rate sensitivities	2,854,318	2,409,102	2,459,104	(251,667)	(300,567)	7,170,290

	2023					
	Up to 3 months	**3 to 6 months**	**6 months to 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Financial assets:						
Corporate debt securities – FVOCI	1,406,405	1,771,384	1,306,672	0	0	4,484,461
Cash deposits and time deposits with banks	845,923	580,000	410,000	0	0	1,835,923
	2,252,328	2,351,384	1,716,672	0	0	6,320,384
Financial liabilities:						
Debt	0	0	0	0	354,465	354,465
Borrowings	457,000	0	0	0	0	457,000
	457,000	0	0	0	354,465	811,465
Interest rate swap contracts	(400,000)	0	40,000	320,000	40,000	0
Total interest rate sensitivities	2,195,328	2,351,384	1,676,672	(320,000)	(394,465)	5,508,919

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

(26) Risk Management, continued

ACP does not account for 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 rate 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 interest rate 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.

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

	Net interest income sensitivity			
	100 bp increase		100 bp decrease	
	2024	2023	2024	2023
Corporate debt securities – FVOCI	28,713	28,544	(27,460)	(28,224)
Demand deposits and time deposits with banks	8,493	7,554	(8,493)	(7,554)
Debt with multilateral credit agencies	(2,786)	(3,534)	2,786	3,534
Interest rate swap contracts	2,682	3,402	(2,682)	(3,402)
At the end of the year	37,102	35,966	(35,849)	(35,646)

	OCI sensitivity			
	100 bp increase		100 bp decrease	
	2024	2023	2024	2023
Corporate debt securities – FVOCI	(23,275)	(16,650)	23,265	16,642
Interest rate swap contracts	6,713	9,794	(6,748)	(9,844)
At the end of the year	(16,562)	(6,856)	16,517	6,798

Interest rate risk management

ACP is exposed to interest rate risk because it borrowed funds at fixed and 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. The notional amount and principal amortizations on the swap instruments match with the dates, disbursements, and amortizations of the underlying loans: B/.200,000 received on March 1st, 2010, B/.300,000 on October 29, 2010, and B/.300,000 on April 13, 2011, and semi-annual amortizations for B/.40,000 each, which began on May 15, 2019, until their maturity on November 15, 2028 (see Note 17).

(26) Risk Management, continued

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.

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:

Notional	Effective date	Maturity date
360,000	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	
	2024	2023	2024	2023	2024	2023
4 years or more	4.67%	4.67%	360,000	440,000	(5,998)	3,419

Interest rate swaps are liquidated semi-annually. 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 generated by 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:

	2024					2023				
			Expected cash flows					Expected cash flows		
	Carrying amount	Total	1-6 months	6-12 months	More than 1 year	Carrying amount	Total	1-6 months	6-12 months	More than 1 year
Interest rate swap contracts:										
Assets	0	0	0	0	0	3,419	4,658	1,532	2,492	634
Liabilities	(5,998)	(5,034)	1,940	(358)	(6,616)	0	0	0	0	0
	(5,998)	(5,034)	1,940	(358)	(6,616)	3,419	4,658	1,532	2,492	634
Diesel purchase call option contracts:										
Assets	328	0	0	0	0	5,063	3,010	2,194	816	0
Total	(5,670)	(5,034)	1,940	(358)	(6,616)	8,482	7,668	3,726	3,308	634

(26) Risk Management, continued

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.

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

	2024						
	Carrying amount	**Total gross nominal amount inputs/(outputs)**	**Up to 3 months**	**3 - 6 months**	**6 months - 1 year**	**1 - 5 years**	**More than 5 years**
Financial assets:							
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	1,328,778	1,328,778	1,328,778	0	0	0	0
	7,873,403	8,064,170	2,963,922	2,495,161	2,576,229	28,858	0
Financial liabilities:							
Debt	299,159	453,067	0	7,439	7,439	59,512	378,677
Borrowings	383,568	418,249	53,513	0	49,898	314,838	0
Lease liabilities	9,151	12,581	1,226	1,220	2,422	7,713	0
Trade and other payables	203,637	203,637	203,637	0	0	0	0
	895,515	1,087,534	258,376	8,659	59,759	382,063	378,677
Hedging instruments:							
Diesel purchase call option	328	0	0	0	0	0	0
Interest rate swap, fixed payments and variable receipts, net	(5,998)	(5,034)	1,940	0	(358)	(6,616)	0
	(5,670)	(5,034)	1,940	0	(358)	(6,616)	0

	2023						
	Carrying amount	**Total gross nominal amount inputs/(outputs)**	**Up to 3 months**	**3 - 6 months**	**6 months - 1 year**	**1 - 5 years**	**More than 5 years**
Financial assets:							
Corporate debt securities – FVOCI	4,484,461	4,606,328	1,429,820	1,821,769	1,354,739	0	0
Time deposits with maturities over 90 days	1,438,178	1,477,899	429,317	613,012	435,570	0	0
Trade and other receivables	49,910	49,967	49,808	29	130	0	0
Cash and cash equivalents	397,745	397,746	397,746	0	0	0	0
	6,370,294	6,531,940	2,306,691	2,434,810	1,790,439	0	0
Financial liabilities:							
Debt	352,376	551,858	0	8,773	8,773	70,184	464,128
Borrowings	468,156	535,738	56,566	0	55,069	381,512	42,591
Lease liabilities	12,040	13,051	1,192	1,113	2,127	8,619	0
Trade and other payables	189,260	189,260	189,260	0	0	0	0
	1,021,832	1,289,907	247,018	9,886	65,969	460,315	506,719
Hedging instruments:							
Diesel purchase call option	5,063	3,010	1,145	1,049	816	0	0
Interest rate swap, fixed payments and variable receipts, net	3,419	4,657	1,532	0	2,492	693	(60)
	8,482	7,667	2,677	1,049	3,308	693	(60)

(26) Risk Management, continued

ACP entered a Common Terms Agreement with five multilaterals 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 portions. Currently, 100% of the borrowings (B/.373,909) have a variable average effective rate of 2.32%.

Moreover, ACP issued bonds totaling B/.450,000 for the financing of the bridge across the Atlantic side of the Canal at a fixed rate of 4.95% (effective rate of 5.02%) payable semi-annually in January and July of each year.

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

2024	Weighted average effective interest rate (%)	1 month or less	1 – 3 months	3 – 12 months	1 – 5 years	More than 5 years	Total
Variable interest rate loans	2.32%	0	41,545	41,545	290,819	0	373,909
Fixed interest rate debt	5.02%	0	0	0	0	300,567	300,567
		0	41,545	41,545	290,819	300,567	674,476

2023	Weighted average effective interest rate (%)	1 month or less	1 – 3 months	3 – 12 months	1 – 5 years	More than 5 years	Total
Variable interest rate loans	2.34%	0	41,545	41,545	332,365	41,545	457,000
Fixed interest rate debt	4.82%	0	0	0	0	354,465	354,465
		0	41,545	41,545	332,365	396,010	811,465

Fuel price risk management

ACP is exposed to risks arising from 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

ACP consumes approximately between 13 and 14 million gallons annually of light diesel on its vessel transit and dredging operations. Since October 20, 2009, risk management for diesel price fluctuations has been performed mainly within the fiscal year period which is considered representative of the implementation of appropriate commercial policies. In order to manage the risk, specific hedging operations are contracted for approximately 85% of the expected volume.

On May 2024, ACP procured a diesel purchase option contract to hedge its fiscal year 2025 operational light diesel budget of 13.6 million gallons with a monthly notional of 962,862 gallons and a strike price of B/.2.51 per gallon. During fiscal year 2024, the cumulative annual fuel consumption equaled 11.8 million gallons (2023: 13.1 million gallons).

Energy generation

ACP generates electric power to drive Canal operations, while excess capacity is sold in the domestic energy market. During fiscal year 2024, ACP consumed 20% of the power generated, while the remaining 80% was sold to the energy market (2023: 19% and 81%, respectively). Power generated by hydroelectric and thermal plants was 22% and 78%, respectively (2023: 27% and 73%).

(26) Risk Management, continued

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.

Maritime operations fuel price risk sensitivity analysis

As of September 30, 2024, the current price index for light diesel purchases made as of October 2024 is B/.2.10 (2023: B/.3.25) per gallon. Under the assumption of an increase / decrease of ±B/.0.23 (2023: ±B/.0.44) 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/.3,138 and B/. -3,138 respectively (2023: B/.879 and B/. -879).

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 Investor Services Ratings, or F-2 by Fitch Ratings, Inc.; capital/leverage coverage, country risk, liquidity index, impairment, performance, and 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 Investor Services, or F-3 by Fitch Ratings, Inc.

Counterparty risk refers to the risk of a counterparty settling in 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 rating 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 assessment of the account receivables ECL utilized 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.

(26) Risk Management, continued

As of September 30, 2024, the ECL for the trade and other receivables is as follows:

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

	2023			
	12-month ECL	Lifetime ECL – not credit impaired	Lifetime ECL – credit impaired	Total
Balance at the beginning of the year	37	0	0	37
Financial assets derecognized	(35)	0	0	(35)
New financial assets acquired	56	0	0	56
Balance at the end of the year	58	0	0	58

Bank deposits

As of September 30, 2024, all demand and time deposit accounts were placed in investment grade financial institutions.

	2024			2023		
	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	0	0	0	0	321,740	321,740
A1 -to A3	1,226,149	1,313,391	2,539,540	152,272	1,066,106	1,218,378
Baa1	102,861	0	102,861	244,370	0	244,370
Baa2	306	0	306	1,104	0	1,104
Baa3	0	0	0	0	50,864	50,864
Gross carrying amount	1,329,316	1,313,391	2,642,707	397,746	1,438,710	1,836,456
ECL loss allowance	(538)	(552)	(1,090)	(1)	(532)	(533)
Carrying amount	1,328,778	1,312,839	2,641,617	397,745	1,438,178	1,835,923

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

(26) Risk Management, continued

Changes in the ECL allowance for bank deposits:

	2024 12-month ECL	2023 12-month ECL
Balance at the beginning of the year	533	704
Financial assets derecognized	(533)	(703)
New financial assets acquired	1,090	532
Balance at the end of the year	1,090	533

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. Such instruments are measured and reported at fair value, although they do not impact the statement of profit or loss.

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 interruption in supply chains, extensive suspension of productive activity, increased unemployment, recession of income for some sectors, price behavior (inflation) and economic slowdown.

At year-end closing of September 30, 2024, the financial statements do not reflect representative impacts related to the impairment of the investment portfolio.

	2024				2023			
	FVOCI				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
Aaa to Aa3	0	0	0	0	59,924	0	0	59,924
A1 to A3	737,237	0	0	737,237	1,121,972	0	0	1,121,972
Baa1	1,318,975	0	0	1,318,975	743,580	0	0	743,580
Baa2	1,923,664	0	0	1,923,664	1,931,941	0	0	1,931,941
Baa3	1,209,396	0	0	1,209,396	628,785	0	0	628,785
Gross carrying amounts	5,189,272	0	0	5,189,272	4,486,202	0	0	4,486,202
ECL allowance	(2,210)	0	0	(2,210)	(1,068)	0	0	(1,068)
Amortized cost	5,187,062	0	0	5,187,062	4,485,134	0	0	4,485,134
Carrying amount	5,203,149	0	0	5,203,149	4,484,461	0	0	4,484,461

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

	2024 12-month ECL	2023 12-month ECL
Balance at the beginning of the year	1,068	636
Financial assets derecognized	(1,068)	(636)
New financial assets acquired	2,210	1,068
Balance at the end of the year	2,210	1,068

(26) Risk Management, continued

Measurement of the 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:

	2024		
	Fair value	**Amortized cost, before ECL**	**Unrealized gain or (loss)**
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	1,212,341	1,209,396	2,945
	5,203,149	5,189,272	13,877

	2023		
	Fair value	**Amortized cost, before ECL**	**Unrealized gain or (loss)**
Aaa to Aa3	59,987	59,924	63
A1 to A3	1,121,459	1,121,972	(513)
Baa1	743,349	743,580	(231)
Baa2	1,931,635	1,931,941	(306)
Baa3	628,031	628,785	(754)
	4,484,461	4,486,202	(1,741)

Credit risk concentration

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

	2024	**2023**
Basic materials	11,910	192,848
Communications	214,179	315,623
Consumer, cyclical	451,450	136,719
Consumer, non-cyclical	591,708	199,487
Energy	0	238,405
Financials	3,324,307	2,501,901
Government	250,689	100,391
Industry	158,400	339,152
Technology	151,122	155,810
Services	49,384	304,125
Total	5,203,149	4,484,461

According to the Board of Directors’ Agreement No. 406 of December 13, 2022, which modified Agreement No. 365 of June 25, 2020, ACP may invest:

- Not less than 20% 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 approve investments in private and official banks where one of its international credit ratings is A-3, P-3 or F-3.

(26) Risk Management, continued

- Not more than 80% 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 controlled by counterparty limits that are quarterly reviewed through the Risk Assessment System for Banking Institutions and Corporate Issuers.

The maximum limits for credit exposure in financial instruments 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/.250,000
B. Up to B/.180,000
C. Up to B/. 60,000

(27) Leases

ACP maintains leases for bus services that provide transportation to employees and technology equipment, i.e., servers and switches. 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; for which 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:

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:

	2024	2023
Equipment:		
Balance at the beginning of the year	11,770	8,020
Additions	1,619	9,664
Depreciation	(4,247)	(5,908)
Derecognition	(246)	(6)
Balance at the end of the year	8,896	11,770

(27) Leases, continued

Lease liabilities

As of September 30, 2024, ACP's lease liabilities amounted to B/.9,151 (2023: B/.12,040). See Note 26 for maturity analysis of lease liabilities as of September 30, 2024.

The following are the amounts recognized in profit or loss:

	2024	2023
Interest on lease liabilities (Note 17)	355	157
Expenses relating to short-term leases	7,937	2,655
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	96	487

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

	2024	2023
Operating activities:		
Interest on lease liabilities (Note 17)	355	157
Expenses relating to short-term leases	6,282	2,590
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	93	461
Financing activities:		
Payments to principal of lease contracts	4,258	6,159
Total cash outflows for leases	10,988	9,367

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.

(28) Related Party Transactions

During fiscal year 2024, ACP executed commercial transactions with the following government institutions:

	Sale of goods and services		Purchase of goods and services	
	2024	2023	2024	2023
National Aqueduct and Sewage Institute	40,360	34,949	0	0
Ministry of Public Works	3,094	4,293	0	0
Other government entities	9,549	4,280	0	0
Social Security Fund	0	0	82,436	82,864
Fees paid to the National Treasury	0	0	518,375	601,890
	53,003	43,522	600,811	684,754

(28) Related Party Transactions, continued

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

	Amounts owed by the Republic of Panama		Amounts owed to the Republic of Panama	
	2024	**2023**	**2024**	**2023**
National Aqueduct and Sewage Institute	5,330	4,172	0	0
Other government entities	712	585	0	0
Ministry of Public Works (Note 20)	0	0	30,619	18,899
Social Security Fund	0	0	32,353	30,512
Public service fees	0	0	91	141
National Treasury – net ton transit	0	0	48,223	48,428
	6,042	4,757	111,286	97,980

During the fiscal year 2024, no properties were acquired or transferred from the Republic of Panama (2023: B/.1,069,346), see Note 5.

As of September 30, 2024, ACP maintains deposits at Banco Nacional de Panamá for B/.1,050,000 (2023: B/.50,000), which have generated interest income for B/.3,691 during 2024 (2023: B/.864).

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 made at ACP's usual prices or rates as published in the Commercial Tariff, without 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.

Compensation and benefits to key executives

On September 30, 2024, ACP paid a total of B/.3,660 (2023: B/.4,338) for remuneration and benefits to its key management personnel. The Board of Directors' allowance for the fiscal year 2024 amounted to B/.1,082 (2023: B/.721). 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.

(29) Commitments

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

	2024	2023
Investment Program - Others	305,715	209,730
Operations	117,540	121,978
Total	423,255	331,708

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/.117,095 (2023: B/.149,875); Consorcio C & T Gamboa for the design and construction of the Raw Water Pumping Station in Gamboa and the adduction line from Gamboa to Paraíso for B/.42,823 (2023: B/.0); Consorcio ETAP for Mendoza Water Treatment Plant expansion for B/.41,105 (2023: B/.0); Consorcio Puentes-RC for the construction of the exhibition halls in Building 58, Miraflores Visitor Center for B/.21,848 (2023: B/.0); Ingeniería Continental for the design and construction of facilities for boat operations for B/.11,603 (2023: B/.0); Morgan & Stanley & CO LLC for advisory services for B/.14,000 (2023: B/.0); Fire & Rescue Equipment Corp. for the acquisition of fire trucks for B/.11,848 (2023: B/.0) and Ingenieros Consultores Civiles y Eléctricos S.A. for engineering services for Gatun Dam for B/.4,929 (2023: B/.0).

Commitments on operations include contracts awarded: Inventory purchases for B/.33,957 (2023: B/.31,535); Willis Towers Watson for multiperil policy renewal for B/.7,713 (2023: B/.18,710), MAPFRE Panamá, S.A. for the annual health, life and accident insurance policy for B/.8,500 (2023: B/.9,129); Consorcio ETAP for repair and maintenance of the access roads to the Mendoza Water Treatment Plant for B/.11,900 (2023: B/.0); Relleno Transporte y Equipo, S. A. for the rehabilitation of the lining of the slopes of the Agua Clara Locks B/.5,705 (2023: B/.0) and Consorcio de Recubrimiento Industrial for preliminary cleaning, surface preparation, and painting of gates for B/.4,678 (2023: 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, 2024, the active compliance bonds used to guarantee transactions between ACP and ETESA amounted to B/.337 (2023: B/.232), and between ACP and the electricity distribution companies amounted to B/.953 (2023: B/.1,356).

(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, 2024, there is one arbitration from GUPCSA and its shareholders, other than CUSA (“the Claimants”), against ACP, the Disruption Arbitration, which claims amount to B/.3,960,626.

(30) Contingent Liabilities, continued

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 and the process concluded in 2024:

- *Motions to vacate the Concrete and Aggregate Arbitration awards before the US courts*
  The Movants (GUPCSA, Sacyr, Webuild and JDN) sought to overturn the Partial Award and Final Award issued in the Concrete and Aggregate Arbitration which awarded some B/.238,000 to ACP plus costs. These proceedings were initiated in Federal court in Miami, Florida (the Miami Courts) in late November 2020. The Movants alleged that the Partial and Final Awards should be vacated on multiple grounds, including arbitrator bias and denial of the opportunity to be heard. The motions to vacate the Partial and Final Awards were consolidated into one proceeding and on November 18, 2021, the Miami Courts issued the decision denying the motion to vacate and granting ACP's motion to confirm concerning both awards. The Movants appealed the Court's decision and on August 18, 2023, the Court of Appeals ruled, rejecting the appeal submitted by the Movants, recognizing the validity and enforceability of the arbitral awards. On December 15, 2023 the Movants sought permission to appeal the decision of the 11th Circuit Court of Appeals and the US Supreme Court rejected that application on March 25, 2024.

- *The Disruption Arbitration*
  In December 2016, the Claimants filed their delay and disruption claim. This arbitration was consolidated with another arbitration filed in July 2017 exactly related to the same claims, resulting in ICC Case No.22466/ASM//JPA (C-22967/JPA).

  In a Case Management Conference held on May 2, 2019, the claims were divided into two large tranches, taking into consideration their temporality, and a Procedural Timetable was agreed. The Claimants filed their Statement of Claim for Tranche 1 in January 2020, quantifying their claims at B/.1,890,000. Since then, there has been an interruption to the timetable, and a consolidation of both Tranches 1 and 2 was granted, as requested by the Claimants. The consolidated Statement of Claim on which the Claimants quantified their claims at B/.3,567,811 was filed on October 15, 2021, and ACP filed its Statement of Defense on January 30, 2023. On May 17, 2023, the Arbitral Tribunal held a case management conference to discuss the following steps of the arbitration. The Arbitral Tribunal is deciding on the procedural timetable after receiving the parties' submissions at the conference.

  On July 21, 2023, the Arbitral Tribunal set a procedural timetable which was updated on February 26, 2024, with the dates for the submission of the Statement of Reply, the Statement of Rejoinder and scheduling the dates for the merits hearings to take place in 2026. On July 19, 2024 GUPC submitted their Statement of Reply updating their request for relief up to B/.3,960 million approximately.

(30) Contingent Liabilities, continued

ACP is currently preparing its Statement of Rejoinder which is due for mid 2025.

- *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/.34,311, and miscellaneous outstanding claims for B/.806,153, along with other claims related to various goods and services and construction contracts for B/.759. ACP has meritorious defenses in all these claims

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

(31) Climate Related Matters and Business Continuity and Sustainability

During fiscal years 2023 and 2024, the Panama Canal faced drought due to changes in rainfall patterns and other meteorological phenomena such as the occurrence of El Niño. The historical water data of more than 100 years from the Panama Canal Hydrographic Watershed (CHCP, for its acronym in Spanish), reveals that in the past decade, there has been a recurrence of inflow deficits of 30% or more approximately every 4 years, which is even more frequent than the previously observed interval of every 20 to 25 years. These frequent dry cycles in the CHCP water system require the development of water management and adaptation strategies to mitigate its effects on freshwater availability for 62% of the population of the Republic of Panama, in addition to its impact on Canal operations in the predictable future.

In line with its continued efforts to manage freshwater resources by ensuring its quality and volume, ACP also included: a) a strategic approach to sustainability, appointing its first Chief Sustainability Officer and creating a new unit in charge of leading the sustainability and decarbonization effort in the Canal, together with the maritime industry; b) adding to the investment program projects such as the relocation of the raw water intake from Paraiso to Gamboa, currently in the design phase; c) additional environmental management efforts in coordination with governmental and non-governmental entities to preserve the quality of freshwater resources and biodiversity; d) contributions to the economic growth of the communities responsible for the territory through the Environmental Economic Incentives Program (PIEA, for its acronym in Spanish); e) the acquisition of land to protect the Canal's watershed from possible sources of environmental threat (see Note 5); and f) a plan to build a multi-purpose reservoir over the next six years.

ACP monitors the results of its efforts to adjust accordingly, thus ensuring the reliability of its operations on a sustainable basis.

Moreover, in accordance with IFRS Accounting Standards, the assessment of the value in use of assets in the Transit CGU under current climate conditions did not show signs of impairment (see Note 5).

(31) Climate Related Matters and Business Continuity and Sustainability, continued

The Road to Sustainability:

On January 2024, with sustainability remaining a core priority and strategic driver of ACP's operations moving forward, Deputy Administrator Ilya Espino de Marotta was appointed the Panama Canal's first Chief Sustainability Officer (CSO). Mrs. Espino de Marotta is leading the development of a comprehensive sustainability strategy focused on decarbonization, adaptation and just transition. Subsequently, the new Sustainability Unit led by the CSO was also created. New roles and responsibilities related to decarbonization and climate risk management were also integrated into the roles of all ACP´s Vice Presidents. Moreover, the Panama Canal is reviewing its corporate strategic objectives on sustainability to ensure the integration of this strategy throughout the organization. Senior management is working closely with the Board of Directors to ensure the long-term continuity and accountability of the strategy.

The baseline inventory of greenhouse gases (GHG) for FY 2023 was developed. On this occasion, ACP redesigned the calculation of GHG emissions to include scopes 1, 2 and 3. This holistic perspective will improve the basis for strategic decarbonization planning and facilitate transparency and accountability of ACP climate strategy. The new inclusion of scope 3 illustrates ACP's commitment to supporting the maritime industry in the ambitious goal of decarbonization by the year 2050.

Panama Canal Watershed

On June 17, 2024, the Supreme Court of Justice (CSJ, for its acronym in Spanish) unanimously declared Law No. 20 of June 21, 2006, to be unconstitutional. As a result, Law No. 44 of August 31, 1999, was restored, approving the limits of the Panama Canal Hydrographic Watershed and reincorporating into the western region an area of 213,112 hectares for a reinstated total of 552,761 hectares.

Following the issuance of the CSJ ruling, ACP stated that it will not be necessary to carry out additional reservoir projects, within the Hydrographic Watershed besides the foreseen Río Indio project, which is expected to serve as an additional freshwater source to ensure water for human consumption in addition to Canal operations.

(32) Other Canal Transit Services

Other Canal transit services are detailed as follows:

	2024	2023
Transit booking fee	1,177,988	809,605
Tug service	158,523	200,515
Fresh water surcharge	158,291	262,439
Linehandlers service	47,802	60,306
Locomotives service	39,392	49,925
Other services	77,576	75,687
Total other Canal transit services	1,659,572	1,458,477

(32) Other Canal Transit Services, continued

As previously mentioned in Note 31, this period of water scarcity led to the adoption of several strategic water management measures aimed at optimizing the allocation of water resources. Among these measures, a competitive slot allocation stem was introduced, driven by market dynamics, enabling clients to secure resources based on their specific needs and financial readiness. Consequently, transit booking fee resulted in unprecedent levels of revenue.

(33) Events that Occurred after the Reporting Period

Approval of transfer of surplus to the National Treasury

By means of the Agreement No. 439, the Board of Directors approved at its meeting on December 17, 2024, the transfer to the National Treasury of the surplus corresponding to fiscal year 2024 in the amount of B/.1,952,410 (Note 15). The Agreement was effective as of December 18, 2024, date of its publication in the Panama Canal Record.

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