Free English Language Translation

Elektra Noreste, S.A.
(A 51% owned subsidiary of Panamá Distribution Group, S.A.)
(Panamá, Republic of Panamá)

Consolidated Financial Statements for the year ended 31st December 2022, and the
Independent Auditors' report of 6th March 2022

“This document has been prepared with the knowledge that is contents will be made available to the knowledge of its public investors and the public in general.”

ELEKTRA NORESTE, S. A. & SUBSIDIARY

(A 51% owned subsidiary of Panamá Distribution Group, S.A.)

Report of the Independent Auditors and consolidated financial statements 2022.

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Supplementary information

INDEPENDENT AUDITORS' REPORT

To,
The Shareholders and the Board of Directors of,
Elektra Noreste, S.A and subsidiary

Report on the audit of the consolidated financial statements

We have audited the financial statements of Elektra Noreste, S.A. (Hereinafter "ENSA" or the "Group"), which comprise the consolidated statement of financial position as of December 31, 2022, and the consolidated statement of income or loss and other comprehensive income, the statement of changes in shareholders' equity, and the statement of cash flows for the year ended, and the notes to the financial statements, including a summary of significant accounting policies and additional explicative information.

In our opinion, the attached consolidated financial statements reasonably present, in all material respects, the consolidated financial position of Elektra Noreste, S.A. and subsidiary, as of December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year ended on that date in accordance with International Financial Reporting Standards (IFRS).

Basis for the opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are described in detail in the Auditor's Responsibilities in the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Professional Accountants (IESBA Code of Ethics) and the Code of Professional Ethics for Certified Public Accountants of Panama (Chapter IV of Law 280 of December 30, 2021), and we have complied with our other ethical responsibilities in accordance with those requirements and with 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 Issues

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

Provision for accounts receivable
See Notes (2.14, 3 and 9) of the consolidated financial statements.

<u>Key Audit Matter</u>

As of December 31, 2022, the Group maintains accounts receivable amounting to B/. said accounts maintain a provision of B/.22,406,811. The calculation of this provision corresponds to a recognition of the expected credit losses that projects the probability of default. Each obligation is assigned an individual probability of non-payment that is calculated from a probability model that involves product variables and its payment behavior. The model calculates a percentage of historical loss by type of portfolio, which is related to macroeconomic data seeking correlation to project behavior according to the best estimate of the country's economic growth.

We identified the provision for accounts receivable as a key audit matter since it represents an area of estimation and because of the level of judgment involved in the analysis and impact that the provision could have on the consolidated statement of income and other comprehensive income.

How the Matter Was Addressed in Our Audit

Our audit procedures related to the estimate of provision for accounts receivable included the following:

We used opinions of specialists for:

a.) Determine that the methodologies used by the Group were appropriate according to the reference framework of IFRS's. We assessed the main models with respect to i) methodology used for the estimation of the expected loss parameters; ii) methodology used to generate the macroeconomic scenarios and iii) information used in the calculation and generation.

b.) Reprocess the methodologies used by the Administration to determine the provision for accounts receivable.

- Detail tests to prove the delinquency of accounts receivable and to prove the accuracy and completeness of the information used to calculate the parameters for the establishment of the provision.

<u>Other information</u>

The Administration is responsible for the other information. The other information includes the Annual Update Report and the supplementary information included in Annexes I and II but does not include the consolidated financial statements and the auditor's report thereon. The Update Report is expected to be available to us after the date of the auditor's report.

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

In conjunction with our audit of the consolidated financial statements, our responsibility is to read the Annual update report identified above when it becomes available and, in doing so, consider whether this report is materially inconsistent with the consolidated financial statements, with our knowledge obtained in the audit or otherwise appears to have material errors.

If, based on the work that we have performed, we conclude that there is a material misstatement in the Annual update report, we are required to report this fact. We have nothing to report on the supplementary information included in Annexes I and II.

Elektra Noreste, S. A. and Subsidiary

(A 51% owned subsidiary of Panama Distribution Group, S.A.)

Consolidated Statement of Financial position
For the year 31st December 2022
(In balboas)

	Notes	2022	2021
Assets			
Non-Current Assets			
Properties, Plant & Equipment Net	5	575,309,491	561,447,142
Inventories	13	2,603,548	1,681,273
Investment Properties	6	4,374,600	3,674,700
Other Intangible Assets	8	30,952,277	31,577,881
Deferred Income Taxes	30	-	5,313,437
Employee Benefits	19	-	545,079
Right-of-use Assets	10	342,831	443,295
Other Assets	12	4,426,703	1,239,100
Cash and cash equivalents (restricted)	14	-	-
Total Non-Current Assets		618,009,450	605,921,907
Current Assets			
Inventories	13	22,563,655	19,355,885
Trade and Other Receivables	9	173,148,879	109,823,953
Current Tax assets	30	-	1,529,496
Other Assets	12	4,643,496	888,577
Cash & Cash Equivalents	14	5,419,478	14,550,687
Total Current Assets		205,775,508	146,148,598
Total Assets		823,784,958	752,070,505
Balances of regulatory deferred debit accounts	24	11,665,788	34,231,578
Assets (Liabilities) of deferred taxes related with balances of deferred regulatory accounts	24	(3,499,736)	(10,269,473)
Total Assets and debit balances of deferred regulatory accounts		831,951,010	776,032,610

(Continued)

Elektra Noreste, S. A. and Subsidiary

(A 51% owned subsidiary of Panama Distribution Group, S.A.)

Consolidated Statement of Financial position

For the year 31st December 2022

(In balboas)

	Notas	2022	2021
Equity & Liabilities			
Equity			
Issued Capital	15	106,642,962	106,642,962
Treasury Stocks	15	(574,511)	(574,511)
Other accumulated comprehensive Income (Loss)	16	(402,677)	(529,624)
Retained Earnings	15	73,205,727	72,515,931
Net Profit for the year in balances of Deferred Regulatory accounts	15	37,869,779	33,111,774
Total Equity		216,741,280	211,166,532
Non-current Liabilities			
Credit facilities & loans payable	17	179,979,129	279,892,359
Creditors and other accounts payable	18	32,600,680	35,680,317
Other Financial Liabilities	19	202,946	233,952
Employee Benefits	20	2,428,890	309,863
Deferred tax liability	30	4,097,320	-
Other Liabilities	22	1,607,321	1,755,990
Total Non Current Liabilities		220,916,286	317,872,481
Current Liabilities			
Credit facilities & loans payable	17	202,981,814	40,700,000
Creditors and other accounts payable	18	171,867,295	193,549,543
Other Financial Liabilities	19	162,977	216,853
Employee Benefits	20	16,876	21,139
Current Taxes Payable	30	5,794,431	4,393
Provisions	21	13,321,382	12,344,288
Other Liabilities	22	148,669	157,381
Total Current Liabilities		394,293,444	246,993,597
Total Liabilities		615,209,730	564,866,078
Total Liabilities and credit balances of deferred regulatory accounts		615,209,730	564,866,078
Total Liabilities & Equity		831,951,010	776,032,610

The accompanying notes are a integral part of these financial statements. (Concluded)

Elektra Noreste, S. A. and Subsidiary

(A 51% owned subsidiary of Panama Distribution Group, S.A.)

Consolidated Statement of Profit or loss with other comprehensive income

For the year ended 31st December 2022

(In balboas)

	Notes	2022	2021
Services provided		661,938,912	525,644,217
Other income from operations		8,503,761	6,733,189
Total Income from ordinary activities		670,442,673	532,377,406
Other income		3,735,045	8,164,366
Total Income	25	674,177,718	540,541,772
Cost for Services provided and sale of assets	26	545,766,486	479,752,802
Administrative expenses	27	29,144,073	25,011,803
Impairment in Accounts receivable	9	1,399,474	3,532,720
Other expenses	28	5,912,872	1,260,260
Financial Income	29	(369,288)	(374,198)
Financial costs	29	15,694,411	18,128,054
Net Profit for the year before Tax		76,629,690	13,230,331
Income tax for the period	30	22,963,858	3,924,219
Net Profit for the year before net movement in balances in deferred regulatory accounts		53,665,832	9,306,112
Net Movement in balance of regulatory accounts related to Profit and Loss	24	(22,565,790)	34,008,088
Net Movement arising in deferred taxes from balances of regulatory accounts related to profit or loss	24	6,769,737	(10,202,426)
Net Income of the year and the net movement in balances of deferred regulatory accounts		37,869,779	33,111,774
Other comprehensive income (loss) net of tax			
Items that will not be reclassified later to Profit or Loss:			
New measurements of defined benefits plan	16, 30	180,888	151,114
Income Tax related to the components that will not be reclassified	16, 30	(53,941)	(44,076)
Other comprehensive income (loss) net of taxes		126,947	107,038
Total Other comprehensive income (loss) for the year		37,996,726	33,218,812

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

Elektra Noreste, S. A. and Subsidiary
(A 51% owned subsidiary of Panama Distribution Group, S.A.)

Consolidated Statement of changes in Shareholders' Equity
For the year ended 31st December 2022
(In balboas)

	Notes	Issued Capital	Treasury Shares	Other Comprehensive Income (loss) Accumulated	Retained Earnings	Total
Balance at 1st January 2021		106,642,962	(574,511)	(636,662)	92,304,826	197,736,615
Total Comprehensive Income (loss) for the Year						
Adjustment in initial application of IFRS 16 effect of change libor to SORF		-	-	-	699	699
Net profit for the year and net movement in deferred regulatory account balances		-	-	-	33,111,774	33,111,774
Other comprehensive income (loss) net of Income Tax		-	-	107,038	-	107,038
Total comprehensive income (loss) for the year		-	-	107,038	33,112,473	33,219,511
Transactions with the owners of the Group						
Contributions and Distributions						
Dividends Declared		-	-	-	(20,235,417)	(20,235,417)
Re-acquisition of Shares		-	-	-	-	-
Income tax related to transactions with owners		-	-	-	445,823	445,823
Total transactions with the owners of the Group		-	-	-	(19,789,594)	(19,789,594)
Balance as of December 31, 2021		106,642,962	(574,511)	(529,624)	105,627,705	211,166,532
Balance at 1st January 2022		106,642,962	(574,511)	(529,624)	105,627,705	211,166,532
Total Comprehensive Income (loss) for the Year						
Net profit for the year and net movement in deferred regulatory account balances		-	-	-	37,869,779	37,869,779
Other comprehensive income (loss) net of Income Tax		-	-	126,947	-	126,947
Total comprehensive income (loss) for the year		-	-	126,947	37,869,779	37,996,726
Transactions with the owners of the Group						
Contributions and Distributions						
Dividends decreed	15	-	-	-	(33,111,774)	(33,111,774)
Re-acquisition of Shares		-	-	-	-	-
Income tax related to transactions with owners		-	-	-	689,796	689,796
Total transactions with the owners of the Group		-	-	-	(32,421,978)	(32,421,978)
Balance as of December 31, 2022		106,642,962	(574,511)	(402,677)	111,075,506	216,741,280

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

Elektra Noreste, S. A. and Subsidiary

(A 51% owned subsidiary of Panama Distribution Group, S.A.)

Consolidated Statement of Cash Flows
For the year ended 31st December 2022
(In balboas)

	Notes	2022	2021
Cash flows from the operation's activities:			
Net income for the period and net movement of in balances of deferred regulatory accounts		37,869,779	33,111,774
Adjustments for			
Depreciation and amortization of property, plant and equipment intangible assets and right-of-use assets	5, 8, 10	38,436,042	36,142,593
Impairment of Trade Receivables	9	1,399,474	3,532,720
Gain on changes in fair value of investment property	6	(699,900)	(20,900)
Income Tax	30.3	22,963,858	3,924,219
Financial costs Net		15,325,123	17,753,856
Profit or loss from disposal of property, plant and equipment.	5	6,908,217	877,822
Provisions		1,878,611	89,334
		124,081,204	95,411,418
Changes in:			
Inventories		(4,197,481)	625,873
Trade receivables and Other accounts receivables		(64,724,400)	17,404,189
Other Assets		(3,824,780)	225,942
Creditors and other accounts payable		(25,177,894)	(75,248,752)
Employee Benefits		18,131	(361,951)
Provisions		(650,812)	(91,365)
Other Liabilities		(157,383)	(163,306)
		25,366,585	37,802,048
Interest paid		(16,672,849)	(16,653,898)
Income tax paid		(6,287,509)	(944,809)
Cash flows from operating activities: before net changes in balances of deferred regulatory accounts		2,406,227	20,203,341
Changes in Deferred regulatory accounts		15,796,053	(23,805,662)
Net cash flows generated by activities of the operation and Net changes in balances of deferred regulatory accounts		18,202,280	(3,602,321)
Cash flows from investing activities:			
Interest received	29	369,288	374,198
Purchase of property, plant and equipment	5, 8	(57,106,988)	(55,581,146)
Severance Payment Fund		(478,411)	(165,152)
Net cash generated by operating activities		(57,216,111)	(55,372,100)
Cash flows from financing activities:			
Finance Obtained	23	150,219,084	139,535,869
Debt and treasury repayment	23	(87,700,000)	(100,000,000)
Dividends paid	23	(33,111,774)	(20,235,417)
Income tax related to transactions with owners	23	689,797	445,823
Repurchase of Shares	23	-	-
Payment of Lease Liabilities	23	(214,485)	(244,355)
Net cash flows generated (used) by financing activities		29,882,622	19,501,920
Net decrease in cash and bank balances		(9,131,209)	(39,472,501)
Cash and bank balances at the end of the year		14,550,687	54,023,188
Cash and bank balances at the end of the year	14	5,419,478	14,550,687
Non-monetary transactions			
Creditors and other accounts payable		(1,243,945)	-
Acquisition of property, plant and equipment	8	1,243,945	-

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

When we read the Annual Update Report, and if we conclude that there is a material error in it, we are required to report the matter to those charged with Corporate Governance for the Group to address the error and prepare an amended Annual Update Report for submission to the Superintendence of the Stock Market of Panama.

Responsibilities of management and of those in charge of Corporate Governance for the financial statements

Management is responsible for the preparation and fair presentation of financial statements in accordance with IFRSs and for internal controls that management determines is necessary to enable the adequate preparation of financial statements so that they do not contain material misstatements, due to fraud or error.

In preparing the financial statements, management is responsible to evaluate and assess the Group's ability to continue as an ongoing business, revealing, when applicable, the related matters to the ongoing business and to use accounting for the ongoing business situations or unless the administration intends to liquidate the Group or cease operations, or it has no other realistic alternative than to do so.

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

Auditors' responsibility for audit of the consolidated financial statements

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

As part of an audit in accordance with International Standards of Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We are also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether significant uncertainty exists in relation to events or conditions that may give rise to significant doubt. about the Group's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to direct attention in our auditor's report to related disclosures in the consolidated financial statements or, if such disclosures are inadequate, revise our opinion. Our conclusions are based on the audit evidence obtained at the date of our audit report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We

are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We will 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.

We will also provide those charged with governance with a statement with which we have complied.
with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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.

Other legal and regulatory requirements

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

- That the Direction, Execution and Supervision of this Audit work has been conducted physically in Panamanian territory.
- The work team that has participated in the audit referred to in this report includes Yanely Grajales - Partner, and Mario Arracera - Manager.

Deloitte, Inc. — Yanely Grajales

March 6, 2023, — CPA No.0666-2015

1. Reporting Entity

Elektra Noreste, S.A. (hereinafter "ENSA or the "Group") is a corporation created because of the privatization of the Institute for Hydraulic Resources and Electricity ("IRHE"). The Group was incorporated by means of Public Deed No.143, dated January 19, 1998, and began operations in January 1998, a structured entity, with market presence in the provision of public services in Panama, its main domicile is Santa Maria Business District, PH ENSA Juan Diaz, Panama whose major owner is the "Panamá Distribution Group, S.A. ("PDG")". The authorized share capital of the Group consists of fifty million common shares without par value. At the present date, Panamá Distribution Group, S.A. ("PDG") owns 51% of authorized common shares issued and outstanding shares from the Group, while the Panamanian Government and former IRHE employees own 48.25% and 0.42%, respectively. The remaining stocks are held as treasury stocks. These consolidated financial statements include the Group and its subsidiary, collectively referred to as "The Group" .

The activities of the Group include the purchase of energy in blocks and its transportation to customers through the distribution network. In addition, The Group performs voltage transformation, the delivery of electric energy to end consumers, meter reading, invoicing, and collections. The Company is also responsible for installing, operating, and maintaining public lighting in the concession area. Additionally, The Group is authorized to engage in energy generation activities to a limit of 15% of the peak demand and energy in the concession area. Additionally, ENSA also provides technical, commercial and any other complementary services for public service.

ENSA Servicios, S. A., (the "Subsidiary") was incorporated by means of Public Deed No. 19,217 of November 29, 2017, and commenced operations in March 2018, as a fully owned subsidiary of Elektra Noreste, S. A. The authorized share capital of the Subsidiary consists of five hundred common shares with no par value.

The Group offers its services through the following segments, whose activities are described in Note 35, Operating segments: Provision of services and sale of goods.

The purpose of this subsidiary is the provision of technical, commercial and any other services complementary to the provision of electricity service, including other similar, related and / or compatible services that constitute an added value to the activities described.

1.1 Legal and regulatory framework

Panamá's electricity sector is divided into three areas of activity: generation, transmission, and distribution. The country has a regulatory structure in place for the electric industry, based on legislation approved between 1996 and 1998. This framework created an independent regulator called the Autoridad Nacional de los Servicios Públicos (ASEP) and created a transparent process to establish rates for the sale of electricity to regulated customers.

The regulatory regime is comprised mainly by the following regulations:

• Law No. 6 of February 3, 1997. Dictates the regulatory and institutional framework to render public electric service. The Law establishes a regime to which the distribution, generation, transmission, and commercialization activities of electric power are to be subject.

• Law No. 57 of October 13, 2009. Various amendments were made to Law No. 6 of 1997, which include: the obligation of electricity-generating companies to participate in energy or power purchases processes, the obligation of "Empresa de Transmisión Eléctrica S.A." (ETESA) of purchasing power in representation of distribution companies and the increase in fines that the regulator may impose up to 20 million balboas, while it establishes the customers' right to refrain from paying for the portion they are claiming and grants a 30-day term to file a claim with the regulator in the event of not being satisfied with the answer given by the distribution Group.

• Law No. 58 of May 30, 2011. Articles pertaining to rural electrification are amended, among which are: the modification of the calculation of the subsidy that the "Oficina de Electrificación Rural" (OER) must pay to distribution companies for a 4-year term, which shall be comprised by the contributions of the market agents which sell electric power and shall not exceed 1% of their net profit before taxes.

The regulatory regime is composed of the following standards:

1.2 Regulatory entities

Some of the main regulating entities for the energy sector in Panamá are:

- Secretary of Energy: its mission is to formulate, propose and promote the national energy policy with the purpose of guaranteeing secure supply, rational and efficient use of the resources and energy in a sustainable manner, according to the National Development Plan. Currently, the Group "Empresa de Transmisión Eléctrica, S.A." (ETESA) manages the formation of the energy matrix with greater and more varied renewable and clean resources (wind power, gas, among others).

- "La Autoridad Nacional de los Servicios Públicos" (ASEP): established pursuant to the Law of Public Utilities Regulating Entity of 1996. This is an autonomous Government entity responsible for regulating, controlling, and overseeing the supply of water and sewerage, telecommunications, radio and television, electricity, and natural gas.

On February 22, 2006, through Decree Law 10, the "Ente Regulador de los Servicios Públicos" (ERSP) was restructured and changed its name, therefore, since April 2006 it is known as ASEP, with the same responsibilities and functions that the regulating entity had, however, with a new general manager and executive director, each one appointed by the President of the Republic of Panamá and ratified by the National Assembly. Similarly, it has three national directors under the general manager's authority, one for the electricity and water sector, one for the telecommunications sector, and one for the customer care support sector. National directors are responsible for issuing resolutions relating to their respective industries and appeals to these resolutions are resolved by the general manager and comprise the final stage of the administrative process.

- o The Planning Unit of the "Empresa de Transmisión Eléctrica (ETESA)": prepares the expansion plans in reference and forecasts global energy requirements and the means to satisfy such requirements, including the development of alternating sources and establishing programs to conserve and optimize the use of energy. Public utilities companies are requested to prepare and present their expansion plans to ETESA.

- o "Centro Nacional de Despacho (CND)": is operated by ETESA. Plans, oversees, and controls the integrated operation of the "Sistema Interconectado Nacional" (National Interconnected System). It also receives offers from the electricity-generating companies that participate in the spot market, determines spot energy prices, manages the transmission network, and provides clearance values among vendors, producers, and consumers, among others.

- o "Oficina de Electrificación Rural (OER)": is responsible for promoting electrification in rural areas which do not receive the services and are not profitable or have not been granted in concession.

1.3 Concession contracts

According to the concession contract, the Group has the exclusivity for the distribution and commercialization of electric energy to customers located in the Eastern geographic area of Panamá, Colon, the Bay of Panamá, the Guna Yala Reservation, and Darien. The exclusivity of the distribution phase also includes "large consumers," which are defined in Law No. 6, dated February 3, 1997, as those customers with a maximum demand higher than 100 KW per site, who can purchase power from other agents of the electric market.

On August 9, 2013, bids were presented and PDG won the concession contract for 15 more years. Said concession period began on October 22, 2013.

The concession contract stipulates provisions in connection to the concessionaire's obligations on the subject of rendering the service, forbidding the separation of the majority shares package, and is required to send technical and financial information periodically to ASEP, in compliance with the technical quality standards, (quality standards, metering standards and operation regulations from the "Centro Nacional de Despacho CND"), the payment of the control, surveillance and oversight of the ASEP, which cannot be transferred to the users through the rate.

2. Significant accounting policies.

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except as indicated in note 2.21.

2.1 Basis for the preparation of the consolidated financial statements.

The financial statements of the Group are prepared in accordance with the International Financial Reporting Standards (hereinafter "IFRS") issued by the International Accounting Standards Board (hereinafter "IASB"), as well as the interpretations issued by the Interpretations Committee (hereinafter IFRIC).

The presentation of financial statements in accordance with IFRS requires making estimates and assumptions that affect the amounts reported and disclosed in the financial statements, without undermining the reliability of the financial information. Actual results may differ from such estimates. The estimates and assumptions are reviewed constantly. Review of accounting estimates is recognized in the period in which the estimates are revised if the revision affects that period or the current review period and future periods if it affects both the current and the future period. The estimates made by Management, in the application of IFRS, which have a material effect on the financial statements, and those that involve significant judgments for the annual financial statements, are described in greater detail in note 3, Significant Accounting Judgments, Estimates, and causes of uncertainty in the preparation of the financial statements.

ENSA and its subsidiary present separate or individual financial statements, as appropriate, for compliance with external control entities and for the purpose of internal administrative monitoring and to provide information to investors.

Assets and liabilities are measured at cost or amortized cost, except for the investment properties which are measured at fair value.

The financial statements are expressed in Balboas, the monetary unit of the Republic of Panamá, in which the Group is incorporated and operates, and their figures are expressed in units. The Balboa has been maintained at the same par value as the US dollar, which circulates freely in Panamá. The Republic of Panamá does not issue paper money and instead uses the dollar as legal tender.

2.2 Consolidation principles.

The consolidated financial statements include the financial statements of Elektra Noreste, S. A., and its subsidiary, over which it exercises control. Using the global integration method, ENSA consolidates the financial results of the Group over which it exercises control, which are detailed in Note 7.

The control is obtained when the Group controls the relevant activities of the subsidiary, which are generally operating and financing activities, is exposed, or has rights, to the variable returns of the subsidiary and could use its power over the subsidiary to influence their performance.

There is generally a presumption that most of the voting rights result in control. To support this presumption, and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances to assess whether it has power over an investee, including contractual agreements with other voting rights holders of the investee, the rights derived from other contractual agreements and the Group's voting rights as potential voting rights. The Group reassesses whether it controls the investee if the facts and circumstances indicate that there are changes in one or more of the three elements of control.

Each subsidiary of the Group determines its own functional currency and includes the items in its financial statements using that functional currency.

The information on all the companies of the Group was prepared using the same accounting policies of the Group, according to the IFRS adopted.

For consolidation purposes, the financial statements of the subsidiaries are prepared under the Group's accounting policies and are included in the consolidated financial statements from the date of acquisition until the date the Group loses control.

Intragroup assets, liabilities, equity, income, costs, expenses and cash flows are eliminated in the preparation of the consolidated financial statements; that is, those related to transactions between companies, including unrealized internal results, which are eliminated in their entirety.

The consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ends when the Group loses control of the subsidiary. Specifically, the income and expenses of a subsidiary acquired or sold during the year are included in the consolidated statement of income and other comprehensive income from the date on which the Group obtains control until the date on which it no longer controls the subsidiary.

When the Group loses control over a subsidiary it derecognizes the assets (including market goodwill), liabilities, non-controlling interests, and other components of the net assets. Any remaining residual interest is measured at fair value, gains or losses arising from this measurement are recognized in the statement of profit or loss of the period.

The non-controlling interests in the net assets of the subsidiaries are presented separately from the Group's equity. The result of the period and the other comprehensive income are also attributed to the non-controlling and controlling interests.

Changes in the Group's interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The book value of the Group's controlling interest and the non-controlling interest is adjusted to reflect changes in their relative interests in the subsidiaries. Any difference between the amount by which the controlling interest, the non-controlling interest and the fair value of the consideration paid or received are adjusted and is recognized directly in equity.

When the Group loses control over a subsidiary, the gain or loss is recognized in the financial results and is calculated as the difference between the sum of the fair value of the consideration received and the fair value of any interest retained and the previous carrying amount of the assets (including market goodwill) and liabilities of the subsidiary and any non-controlling interest. All amounts related to the subsidiary, previously recognized in other comprehensive income, are accounted for as if the Group had directly disposed of its related assets or liabilities (that is, reclassified to profit or loss or transferred to another equity category as permitted). by applicable and adopted IFRS). The fair value of the investment retained in the former subsidiary on the date control is lost is considered as the fair value at initial recognition for subsequent measurement, either as an investment in a financial instrument or an investment in a business. jointly or in an association.

2.3 Classification of Current and Non-current Assets and Liabilities.

An asset is classified as a current asset when held primarily for trading purposes or is expected to be realized in a term no greater than a year after the period in which it is reported, or it is in cash and cash equivalents that are not subject to restrictions for their exchange or use in the cancellation of a liability at least one year after the reporting period. Other assets are classified as non-current assets.

Liabilities are classified as current liabilities when they are held primarily for trading purposes or are expected to be liquidated in a term no greater than a year after the period which is reported or when the Group does not have an unconditional right to defer its settlement for at least one year after the reporting period. Other liabilities are classified as non-current liabilities.

2.4 Cash and Cash Equivalentes.

Cash and bank balances in the consolidated statement of financial situation and in the consolidated cash flows statement include cash at hand and banks and highly liquid investments, easily convertible into a certain amount of cash and are subject to an insignificant risk of changes in value, with a maturity of three months or less from the date of purchase. Payable bank overdrafts which form a comprehensive part of the administration of the Group's cash represent a component of the cash and the cash equivalents in the cash flow statement.

2.5 Income from ordinary activities.

Income from ordinary activities corresponds basically to the development of the Group's main activity, which is the provision of electricity distribution and marketing services, as well as the provision of technical, commercial services, complementary to the provision of electricity service, and they are recognized when the service is provided or at the time of delivery of the goods, to the extent that the performance obligations are satisfied by the Group, when the service has been provided and has not been invoiced, the causation is made of income as an estimate. Income is measured at the value of the consideration received or to be received, excluding taxes or other obligations. Discounts, customer compensation for quality of service and financial components that are granted are recorded as an adjustment to the value of income. The financing component is only recognized if the contract with clients lasts more than one year.

At the time of revenue recognition, the Group evaluates based on specific criteria to identify when it acts as principal or commission agent and thus determine whether revenue should be recognized gross or net for marketing activities.

2.6 Contracts with Clients

The Group recognizes revenue from ordinary activities when it satisfies a performance obligation by transferring the promised goods or services to the customer. An asset is transferred when the customer obtains control of that asset.

Incurred cost comprises costs, including borrowing costs, directly related to the contract, until the work has been completed. Administrative costs are recognized in the financial results of the period.

For the Group's portion, the incremental costs incurred by the Group to obtain or fulfill contracts with customers are recognized as an asset in the statement of financial position under other assets and are amortized on a straight-line basis over the term of the contract, provided that the term of the contract is greater than one year. Otherwise, the Group recognizes it directly in the financial results of the period.

Payments received from the client before the corresponding work has been carried out are recognized as a liability in the statement of financial position as other liabilities.

The difference between the income recognized in the financial results of the period and the invoicing is presented as an asset in the statement of financial position called Trade debtors and other accounts receivable, or as a liability called other liabilities.

In the initial recognition of an account receivable from a contract with a customer, the difference that occurs between the measurement of the account receivable and the value of the corresponding income is presented as an expense in the statement of comprehensive income called Impairment of accounts receivable.

2.7 Government Grants and Subsidies

Government grants & subsidies are recognized at fair value when there is the certainty that all conditions attached to them will be received and will be met. The subsidies that are intended to offset costs and expenses already incurred, without subsequent related costs, are recognized in the statement of profit or loss for the year in which they become due. When the subsidy is related to an asset, it is recorded as deferred income and recognized in the consolidated statement of profit or loss for the period on a systematic basis over the estimated useful life of the corresponding asset.

2.8 Taxes

The tax structure of the country, the regulatory framework, and its operations make the Group subject to taxes, rates, and contributions. Obligations arise from the Nation, municipal entities, and other active subjects, once the conditions stipulated in the issued relevant regulations are met.

The income tax and the sales tax on the transfer of assets and services are among the most relevant taxes.

2.8.1 Income Tax

2.8.1.1 Current Taxes

Current assets and liabilities for the income tax of the period are measured by the values that are expected to be recovered or paid to the tax authority. Income tax expense is recognized in the current tax in accordance with the streamlining conducted between tax revenues and the income or accounting loss affected by the income tax rate in compliance with the tax regulations of the country. Rates and fiscal regulations used to compute these values are those that are enacted or approved at the end of the reporting period.

Taxable profit differs from the reported profit in the statement of profit and loss and other comprehensive income of the period due to income and taxable or deductible expense items in other years and items that are not taxable or deductible in the future.

Current assets and liabilities from income tax are also compensated if they relate to the same fiscal authority and with the intention to settle them by the net worth or to realize the asset and settle the liability simultaneously.

2.8.1.2 Deferred Taxes

Deferred income tax is recognized using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying values. The deferred tax liability is recognized for all taxable temporary differences, and the deferred tax asset is recognized for all deductible temporary differences and by the future compensation of tax credits and unused fiscal tax losses to the extent that future taxable profits will be available against which the asset can be charged. Deferred taxes are not discounted.

The carrying value of deferred tax assets is reviewed at each filing date and they are reduced to the extent they are no longer probable that there is enough tax gain to use all or part of the deferred tax asset. The unrecognized deferred tax assets are re-evaluated on each filing date and are recognized to the extent it is likely that future taxable profits will allow their recovery.

Deferred tax assets and liabilities are measured at the tax rates expected to be applied in the period in which the asset is realized, or liabilities are cancelled and considering future tax consequences based on rates and tax rules that were approved at the filing date, or whose approval procedure is near to be completed at such date. The measurement of deferred tax assets and liabilities will reflect the tax consequences that would result from the way in which the entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities should be presented as non-current. Deferred tax assets and liabilities are offset if there is a legally enforceable right to do so and are with the same tax authority.

Deferred current income tax assets and liabilities are also offset if they are related to the same tax authority and there is an intention to settle them at net value or to realize the asset and to settle the liability simultaneously.

Deferred tax is recognized in the statement of profit or loss of the period except for items recognized outside this statement of profit or loss. In this case, it will be presented in other comprehensive income or directly in equity.

For measuring the deferred tax liabilities and deferred tax assets for investment property that are measured using the fair value model, the carrying amount of those properties is presumed to be fully recovered through the sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is maintained within a business model whose objective is to consume all the economic benefits that the investment property generates over time, and not through the sale.

2.8.2 Transfer of Goods and Services Tax (ITBMS in Spanish)

The Group is responsible for the regime since it sells taxed goods and services. In general, this means that ITBMS taxpayers are businesspersons, producers and industrial companies who transfer goods, and are professionals and lessors of goods and service providers in general in the Republic of Panamá, but with a limited monthly and annual income level. Currently in Panamá energy services are exempt from this tax.

In Panama, the Transfer Tax on Movable Property and Services (ITBMS) is generated by the transfer of movable tangible assets, the provision of services, the leasing of movable property located in the country and the importation of merchandise from abroad. The general tax rate is 7%, but there are also rates of 10% and 15%.

2.9 *Properties, Plant and Equipment.*

Property, plant, and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any as in IAS 16. The cost includes the acquisition price, costs directly related to the location of the asset on site and conditions needed to make it operate in the manner provided by the Group, borrowing costs of projects under construction that take a substantial period to be completed, if the requirements for recognition and the present value of the cost expected for dismantling the asset after being use are complied with and if the criteria for recognition for a provision are met.

Constructions in progress are measured at cost less any recognized impairment loss and include those expenditures that are essential, and which are related to the construction of the asset, such as professional fees, supplies, civil engineering and, in the case of qualified assets, loans capitalize costs. These constructions in progress are classified in the appropriate categories' property, plant, and equipment at the time of its completion and when they are ready for use. The depreciation of these assets starts when they are ready for use in accordance with the same basis as in the case of other items of property, plant, and equipment.

The Group capitalizes additions or improvements as higher value of assets that are made thereof, provided they meet any of the following conditions: a) they increase their useful life, b) expand production capacity and operational efficiency of the same and c) reduce costs to the Group. All other repair and maintenance costs are recognized in the statement of profit and loss and other comprehensive losses as incurred therein.

Inventories of spare parts for specific projects, which are not expected to have rotation in a year and meet the criteria for capitalization, known as replacement assets, are presented in the line-item other properties, plant, and equipment.

Depreciation starts when the asset is available for use and is calculated on a linear basis over the estimated useful life of the asset as follows:

	Useful life estimated. in years
Plants, ducts, and tunnels	
Civil works	35 years
Equipment	12 to 30 years
Networks, lines, and cables	12 to 30 years
Power distribution grid	12 to 30 years
Buildings	50 years
Communication and computer equipment	5 to 25 years
Equipment and machinery	8 to 25 years
Furniture, fixtures, and office equipment	5 to 20 years
Transport and Forklift equipment	5 to 20 years

The estimated useful life is determined considering, among others, technical specifications of the manufacturer, knowledge of the technicians who operate and maintain assets, geographic location, and the conditions to which they are exposed. Land is not depreciated.

The Group calculates depreciation by component, implying depreciated individually portions of assets that have different useful lives. The depreciation method used is the straight-line method; the residual value is calculated for the asset (vehicles), which is not part of the depreciated amount.

A component of properties, plant and equipment and any significant part initially recognized is written off at its disposal or when it is not expected to obtain future economic benefits from its use or disposal. The profit or loss at the time of writing off the asset, calculated as the difference between the net disposal value and the carrying value of the asset is included in the statement of profit and loss and other comprehensive loss.

Property, Plant & equipment temporarily classified outside of use continue to be depreciated and is evaluated for impairment within the cash generating unit to which they are assigned.

Residual values, useful lives, and methods of depreciation of assets are reviewed, and adjusted prospectively at the closing of each year, in case it is required.

2.10 Leases

The determination of whether an agreement is or contains a lease is based on the essence of the agreement at its starting date, if the implementation of the agreement depends on the use of an asset or specific assets, or if the agreement grants a right of use of the asset.

On the date of commencement of the lease, the Group acting as lessee recognizes an asset for right of use and a liability for leasing, except for leases with a duration of less than 12 months or those whose new value of the underlying asset is less than 15 (fifteen) current legal minimum wages (CLMW), determined by the Parent Company in its equivalent in US dollars.

The Group acting as lessor classifies the lease as financial or operating. Leases are classified as finance and operating leases. A lease is classified as a financial lease when all the risks and benefits inherent in ownership of the leased asset are transferred to the lessee, otherwise it is classified as an operating lease.

2.10.1 ENSA as a lessee.

Right-of-use assets are recognized and presented as assets in the consolidated statement of financial position at the start of the lease, at cost. The corresponding liability is included in the statement of financial position as other financial liabilities.

Right-of-use assets are amortized over the useful life of the asset using the straight-line method, if at the end of the contract the ownership of the underlying asset is transferred or if a purchase option is exercised. If ownership of the underlying asset is not transferred at the end of the lease term or if no purchase option to exercise the asset is exercised, the asset is amortized only until the end of the useful life or lease term, whichever comes first.

Lease payments are divided between finance costs and debt amortization. Financial charges are recognized in profit or loss unless they can be directly attributed to qualifying assets, in which case they are capitalized in accordance with the Group's policy for borrowing costs. Variable lease payments, which depend on an index or a rate, are included in the valuation of the lease liability. Leases with a duration of less than 12 months or those whose new value of the underlying asset is less than 15 (fifteen) CLMW are recognized as operating leases in the result of the period throughout the term of the lease.

2.10.2 ENSA as a lessor.

Assets leased under finance leases are not presented as property, plant and equipment since the risks associated with the property have been transferred to the lessee, and the account receivable is recognized instead for an amount equal to the net investment in the lease.

When a lease contract includes components of land and buildings together, the Group evaluates the classification of each component separately as a financial or operating lease. If the payments for the lease cannot be reliably distributed between these two components, the entire lease is classified as a finance lease unless both components are operating leases, in which case the entire lease will be classified as operating.

Variable lease income, which is dependent on an index or rate, is included in the valuation of the net lease investment.

Initial direct costs such as: commissions, fees, legal and internal costs that are incremental and directly attributable to the negotiation and contracting of the lease, are included in the measurement of the net investment in the lease at the beginning and is reflected in the calculation of the implicit interest rate.

2.11 Borrowing Costs on Loans

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for their intended use or sale, are capitalized as part of the cost of the respective asset until the asset is ready for its intended use.

Income perceived by the temporary investment in specific outstanding loans to be consumed in qualified assets is deducted from borrowing costs eligible for capitalization. All other costs on loans are recorded as expenses in the period in which they are incurred. Loan costs consist of interest and other costs incurred by the Group in relation to the borrowing of funds.

To the extent that the funds come from generic loans and are used to obtain a qualified asset, the value of the capitalization costs is determined by applying a capitalization rate (weighted average of the borrowing costs applicable to the general loans outstanding during the period) to the disbursements made in said asset.

The capitalization of borrowing costs begins on the date on which the following conditions are met:

- Disbursements are incurred in relation to the assets.
- Loan costs are incurred, and
- The necessary activities are conducted to prepare the asset for the use to which it is destined or for its sale.

The capitalization of borrowing costs is suspended during the periods in which the development of activities of a qualified asset is interrupted for periods longer than one year. However, the capitalization of borrowing costs during a period is not interrupted if important technical or administrative actions are being conducted. Neither is the capitalization of costs for loans suspended when a temporary delay is necessary as part of the preparation process of a qualified asset for its use or sale.

The capitalization of borrowing costs is completed when all the activities necessary to prepare the qualified asset for its use or sale have been completed. When the asset has components that can be used separately while construction continues, the capitalization of borrowing costs on such components is suspended.

2.12 Investment Properties

Investment properties are those maintained for rentals and/or revaluations of capital (including the investment properties in construction for such purposes). Investment properties are measured initially at cost, including transaction costs. The carrying value includes the cost of refitting or replacement of a part of an existing investment property at the time in which the cost is incurred if the recognition criteria are met; and excludes the daily maintenance costs of the investment property.

After initial recognition, the investment properties are measured at fair value reflecting the market conditions at the date of presentation. Gains and losses arising from changes in the fair values of investment properties are included in the statement of profit and loss and other comprehensive results of the period in the period in which they arise.

The investment properties are written off, either at the time of disposal, or when removed from use in a permanent way and no future economic benefit is expected. The difference between the net produced value of the provision and the carrying value of the asset is recognized in the statement of profit and loss and other comprehensive loss in the period in which it is derecognized.

Transfers are made to or from the investment properties only when there is a change in its use. In the case of a transfer from an investment property to a property, plant and equipment, the cost considered for later counting is the fair value at the date of change in use. If a property plant and equipment become an investment property, it shall be accounted for at fair value, the difference between the fair value and the book value will be recorded as a revaluation applying IAS 16 Property, plant, and equipment.

2.13 Intangible Assets.

Intangible assets acquired separately are measured initially at their cost. After initial recognition, intangible assets are accounted for at cost less any accumulated depreciation and any accumulated loss due to a drop-in value. Internally generated intangible assets are capitalized if they meet the criteria for recognition as an asset and the generation of the asset should be classified in research phase and development phase; if it is not possible to distinguish between the research phase from the development phase, disbursements should be reflected in the statement of profit or loss and other comprehensive loss in the period in which they were incurred.

The useful lives of intangible assets are determined as finite or indefinite. Intangible assets with finite useful lives are amortized over their useful economic life in a linear manner and are evaluated to determine if they had any deterioration in value, provided there are indications that the intangible asset might have suffered such damage. The amortization period and the amortization method for an intangible asset with a finite life is reviewed at least at the end of each period. The changes in the expected useful life or in the expected consumption pattern of future economic benefits of the asset are accounted for by changing the period or depreciation method, accordingly, and are treated as changes in accounting estimates. The depreciation expense of intangible assets with finite useful lives is recognized in the statement of profit and loss and other comprehensive loss of the period in the expenditure item line that is consistent with the function of the intangible asset.

Intangible assets with indefinite useful life are not amortized but are subject to annual testing to determine if they suffered a deterioration in value, either individually or at the cash-generating unit level. The evaluation of the indefinite life is reviewed on an annual basis to determine whether such an indefinite life remains valid. If not, the change of the useful life of indefinite to finite is performed in a prospective way.

The useful lives of intangible assets are:

	Useful life estimated. in years
Software & technological applications	5 to 15 years
Licenses	5 years
Legal Rights	3 to 5 years
Other Intangible Assets	3 to 5 years
Easements	Indefinite

An intangible asset is written off at the time of its disposal, or when no future economic benefits are expected from its use or disposal. Gains or losses that arise are measured by the difference between the value obtained in the provision and the carrying value of the asset and is recognized in the statement of profit and loss and other comprehensive loss of the period.

2.13.1 Research and Development Costs

Research & development costs are accounted for as expenses as incurred. Disbursements for development in an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of finalizing the intangible asset so that it is available for use or sale.
- The Group's intention is to finalize the asset and its ability to use or sell the asset.
- How the asset will generate future economic benefits, considering, among others, the existence of a market for the production that generates the intangible asset or for the asset itself, or the utility of the asset for the Group.
- The availability of technical and financial resources to finalize the asset and to use and sell it.
- The ability to reliably measure disbursement during development.

In the financial statements the disbursements for assets under development are recognized from the moment in which the asset meets the conditions for recognition established above and are accounted for at cost less accumulated amortization and accumulated impairment losses. When the development of an intangible asset related to a power generation project begins, costs are accumulated as construction in progress.

The amortization of the asset begins when the development has been completed and it is available for use. It is amortized over the period of its expected future economic benefit. During the development period the asset is evaluated annually to determine if there is impairment of its value.

Research costs and development costs that do not qualify for capitalization are recorded as expenses in the financial results of the period.

2.13.2 Other Intangible Assets.

Other intangible assets are made up of existing assets that, because of decisions issued by Government Institutions or for technical and urban improvement reasons whose Replacement Plan is approved by ASEP, require replacement for out of service assets, even though they have not reached their useful expected life utility. These assets, although they are not part of the property, plant, and equipment of the Company, for the Regulatory Entity, are maintained as part of the gross and net capital base.

Assets classified as other intangible assets are initially measured with the book balance at the time of derecognition. After initial recognition, other intangible assets are carried at a cost less than any accumulated amortization and any accumulated impairment loss. The useful life of this type of asset is established based on the remaining period of the asset at the time it is written off.

2.14 *Financial Instruments.*

A financial instrument is a contract that gives rise to a financial asset in one entity and, simultaneously, a financial liability or capital instrument in another entity.

Financial assets and financial liabilities are recognized in the statement of financial position when the Group becomes a party in accordance with the contractual conditions of the instrument.

Financial assets and liabilities are measured initially at fair value. The transaction costs that are directly attributable to the acquisition or issuance of financial assets and liabilities (different to financial assets and liabilities designated at fair value with change in the results) are added or deducted from the fair value of the financial assets or liabilities, where appropriate, at the time of initial recognition. Transaction costs directly attributable to the acquisition of financial assets or liabilities designated at fair value with changes in the results are recognized immediately in the statement of profit & loss and other comprehensive income of the period.

2.14.1 ***Financial Assets***

The Group classifies at the time of the initial recognition of its financial assets for the subsequent measurement at amortized cost or at fair value depending on the Group's business model to manage the financial assets and the characteristics of the contractual cash flows of the Instrument.

A financial asset is subsequently measured at amortized cost, using the effective interest rate if the asset is held within a business model whose objective is to maintain them to obtain the contractual cash flows and the contractual terms granted within on specific dates, cash flows that are only payments of the principal and interest on the value of the outstanding principal. Notwithstanding the foregoing, the Group may designate a financial asset irrevocably as measured at fair value through the statement of profit or loss.

For subsequent measurement, financial assets are classified at amortized cost or at fair value (through other comprehensive income or through the statement of profit and loss) depending on the Group's business model to manage financial assets and the characteristics of the contractual cash flows of the instrument.

2.14.2 Impairment of Financial Assets

On each presentation date, the Group recognizes value adjustments for expected credit losses on financial assets that are measured at amortized cost or at fair value with changes in other comprehensive income.

Expected credit losses are estimated considering the probability that a bad debt loss may or may not occur and are recognized as a gain or loss in profit or loss the period. The Group evaluates the credit risk of accounts receivable monthly.

For financial assets at amortized cost, impairment is evaluated at the reporting date, if there is evidence of impairment. When there is objective evidence that an impairment loss has been incurred in the value of financial assets at amortized cost, the value of the loss is measured as the difference between the book value of the asset and the present value of future cash flows. estimated, discounted at the original effective interest rate of the investment. Impairment losses are recognized in the consolidated statement of income and other comprehensive income.

The Group first evaluates whether there is objective individual evidence of impairment for financial assets or collectively for financial assets that are not individually significant or when there is no objective evidence of impairment for a financial asset that has been individually assessed. When the collective assessment of impairment is conducted, the accounts receivables are grouped by similar credit risk characteristics, which allow identifying the debtor's ability to pay, in accordance with the contractual terms of negotiation of the account receivable.

The Group determines that the credit risk of a client increases significantly when there is a default in the financial agreements by the counterparty, or when the internal information or obtained from external sources indicate that the payment of the debtor is improbable, without considering the guarantees maintained.

The objective evidence that an asset or group of assets is deteriorated includes:

- Significant financial difficulties of the issuer or of the debtor.
- Breach of contract, such as default or delinquency on the interest or principal payments.
- The lender gives concessions or advantages which it would not have granted under other circumstances.
- It is likely that the borrower will enter bankruptcy or into another form of financial reorganization.
- The disappearance of an active market for that financial asset in question.

Impaired financial assets may continue to be subject to collection enforcement activities under the Group's recovery procedures, taking legal collection into account when appropriate. Recoveries made are recognized in profit or loss for the period.

2.14.3 Derecognition of financial assets.

A financial asset or part of it is derecognized from the statement of financial position when it is sold, transferred, expires or the Group loses control over the contractual rights or cash flows of the instrument.

The Group derecognizes a financial asset when there is information indicating that the counterparty is in severe financial difficulties and there are no realistic recovery prospects, when the counterparty has been placed in liquidation or has initiated bankruptcy proceedings or, in the case of accounts receivable, when the amounts exceed two years past due, whichever occurs earlier.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and recognizes a collateralized borrowing for the income proceeds received.

In the total derecognition of a financial asset measured at fair value through profit or loss, the difference between the book value of the asset and the sum of the consideration received and receivable is recognized in the statement of profit and loss of the period. For financial assets measured at fair value through other comprehensive income, the difference between the book value of the asset and the sum of the consideration received and receivable is recognized in profit or loss for the period, and the gain or loss that would have been recognized in other comprehensive income is reclassified to retained earnings.

2.14.4 *Financial Liabilities*

The Group classified financial liabilities at the time of initial recognition for later measurement at amortized cost or fair value through the statement of profit or loss.

Financial liabilities at fair value through the statement of profit or loss include liabilities held for trading, financial liabilities designated at the time of initial recognition at fair value through profit or loss, and the derivatives. The gains or losses for liabilities held for trading are recognized in the statement of profit or loss and other comprehensive loss. On initial recognition, the Group did not designate financial liabilities as at fair value through profit or loss.

The liabilities at amortized cost are measured using the effective interest rate. The gains and losses are recognized in the statement of comprehensive Income (loss) and other comprehensive Income (loss) when the liabilities are written off, as well as through the amortization process under the method of the effective interest rate, which is included as a financial cost in the statement of profit or loss and other comprehensive Income (loss) for the period being reported.

2.13.1 Derecognition of financial liabilities.

A financial liability or a part of it is written off from the statement of the financial situation when the contractual obligation has been liquidated or has expired or the Group loses control over the contractual rights or on the cash flows of the instrument.

If the Group neither transfers nor retains all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and recognizes a collateralized borrowing for the income received.

When an existing financial liability is replaced by another from the same lender under different terms, or if the terms of an existing liability are substantially modified, such exchange or modification is treated as derecognition of the original liability and recognition of a new one. liabilities, and the difference in the respective book values are recognized in the consolidated statement of income and other comprehensive income.

The conditions will be materially different if the present value of the cash flows under the new conditions, including any commission paid net of any commission received, discounted at the original effective interest rate, differs by at least 10% from the present value of the cash flows that remain from the original financial liability.

In determining commissions paid net of commissions received, the Group includes only commissions paid or received between the Group and the lender, including those paid or received by one on behalf of the other or vice versa.

If the changes are not substantial, the Group recalculates the gross book value of the financial liability and recognizes a gain or loss from changes in the statement of profit or loss for the period. The gross book value of the financial liability is recalculated as the present value of the modified or renegotiated contractual cash flows that are discounted at the original effective interest rate of the financial liability or, when applicable, the revised effective interest rate. Any cost or commission incurred adjusts the carrying amount of the modified financial liability and is amortized over its remaining term.

2.14.5 Compensation of Financial Instruments

Financial assets and financial liabilities are offset so that the net value is reported in the consolidated statement of financial position, only if (i) there is, at the present time, a legally enforceable right to offset the recognized values, and (ii) there is an intention to liquidate them for the net value, or to realize the assets and cancel the liabilities simultaneously.

2.15 *Inventories.*

Purchases of merchandise and materials acquired with the intention of consuming them in the process of rendering services are classified as inventories.

Inventories include merchandise in stock that does not require transformation, such as energy meters, transformers, public lighting equipment and supplier goods. In addition, they include materials such as minor spare parts and accessories for the provision of services and goods in transit and in the possession of third parties.

The inventories are valued using the weighted average method and its cost includes the costs related to the acquisition and those incurred to give them their status and current location.

2.16 Impairment of non-financial assets:

At each date of presentation, the Group assesses whether there is any indication that a tangible or intangible asset can be damaged in its value. The Group estimates the recoverable value of the asset or a cash generating unit, at the time at which it detects an indication of deterioration, or annually (as of September 30 the assets are reviewed and if there are relevant or significant events, in December these assets merit analysis and inclusion in the calculation of impairment) for intangible assets with an indefinite useful life and those that are not yet in use.

The recoverable amount of an asset is the higher value between the fair value less the sale costs, either of an asset or a cash-generating unit and its value in use and is determined for an individual asset, unless the asset does not generate cash flows that are substantially independent of those from other assets or groups of assets, in this case the asset should be grouped to a cash-generating unit. When the carrying value of an asset or a cash-generating unit exceeds its recoverable value, the asset is considered deteriorated, and its value is reduced to its recoverable amount.

When calculating the value in use, the estimated cash flows, either of an asset or a cash-generating unit, are discounted to their present value using a discount rate before taxes that reflects the market considerations of the temporal value of money and the specific risks to the asset. To determine the fair value less the sale costs an appropriate valuation model is used.

Impairment losses from continuing operations are recognized in the consolidated statement of comprehensive income in the section result of the period in those categories of expenses that correspond to the function of the impaired asset. Impairment losses attributable to a cash-generating unit are assigned proportionally based on the book value of each asset to the non-current assets of the cash-generating unit. The CGU is the smallest identifiable group of assets that generates cash inflows in favor of the Group, which are independent of the cash flows derived from other assets or groups of assets. The Group defined the CGUs considering: 1) the existence of income and costs for each group of assets, 2) the existence of an active market for the generation of cash flows and 3) the way in which they are managed and monitored. the operations. For evaluating losses due to value impairment, the assets are grouped into the following CGU distribution and commercialization of energy.

The value impairment for goodwill is determined by evaluating the recoverable value of each CGU (or group of CGUs) to which the goodwill relates. Impairment losses related to goodwill cannot be reversed in future periods.

For assets in general, on each date of presentation an assessment is carried out of whether there is any indication that an impairment loss previously recognized no longer exists or may have decreased. If there is such an indication, the Group conducts an estimate of the recoverable value of the asset or a cash-generating unit. An impairment loss previously recognized can only be reverted if there was a change in the assumptions used to determine the recoverable amount of an asset from the last time in which the last impairment loss was acknowledged. The reversion is limited so that the carrying value of the asset does not exceed its recoverable amount, nor exceeds the value in books that would have been determined, net of depreciation, if an impairment loss had not been recognized for the asset in previous years. If an impairment loss had not been recognized for the asset in previous years. Such a reversal is recognized in the statement of comprehensive income in the section result of the period.

2.17 Provisions

The provisions are recorded when the Group has a present obligation, legal or implied, because of a past event, it is likely that the Group might have to dispose of resources that incorporate economic benefits to settle the obligation and a reliable estimate can be made of the value of the obligation. In cases where the Group expects that the provision is reimbursed in whole or in part, the reimbursement is recognized as a separate asset, but only in cases where such reimbursement is certain, and the amount of the asset can be measured with reliability.

Provisions are measured by the administration's best estimate of the disbursements required to settle the current obligation, at the end of the reporting period, considering the corresponding risks and uncertainties. Provisions are determined by discounting the expected future cash flows using a pre-tax rate that reflects the evaluations corresponding to the time value of the money that the market quotes, as well as the specific risk of the corresponding liability.

The expense corresponding to any provision is presented in the statement of comprehensive income (loss) in the result section of the period net of any reimbursement. An increase in the provision due to the passage of time is recognized as a financial expense.

2.17.1 Provision for Dismantling

The Group recognizes as part of the cost of a fixed asset, if there is a legal or implied obligation to dismantle or restore, the estimate of future costs in which the Group expects to incur to perform the dismantling or restoration and its counterpart recognizes it as a provision for the costs of dismantling or restoration. The cost of dismantling is depreciated over the estimated useful life of the fixed asset.

The present value of the expected dismantling costs recognizes the cost of dismantling or restoration to cancel the obligation using estimated cash flows. The cash flows are discounted at a rate before taxes, which must be determined by taking as a reference the market yields of the bonds issued by the National Government.

The future estimated costs for dismantling or restoration are reviewed annually. The changes in the estimated costs of the future, in the estimated dates of the disbursements or in the applied discount rate are added to or deducted from the cost of the asset, without exceeding the carrying value of the asset, any excess is immediately recognized in the result of the period. The change in the value of the provision associated with the passage of time is recognized as a financial expense in the statement of profit or loss and other comprehensive profit or loss of the period.

2.17.2 Contingent Liabilities

Contingent Liabilities are possible obligations arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not entirely under the control of the Group, or present obligations arising from past events, but that it is not probable, but possible, that an outflow of resources that include economic benefits be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability, are not recognized in the statement of financial position, but instead are revealed as contingent liabilities.

2.17.3 Contingent Assets.

Assets of a possible nature, arising from past events, whose existence must be confirmed only by the occurrence, or in its case by the non-occurrence, of one or more uncertain events in the future, which are not entirely under the control of the Group, are not recognized in the consolidated statement of financial position; instead, they are disclosed as contingent assets when their occurrence is probable. When the contingent event is true, the asset and the associated income are recognized in the statement of profit or loss of the period.

2.18 Pensions and other post-employment benefits

2.18.1 Defined contributions plans.

Contributions to defined contribution plans are recognized as expenses in the consolidated statement of income and other comprehensive income (loss) in the results section of the period at the time when the employee has rendered the rights to make contributions.

2.18.2 Defined Benefits plans.

These are post-employment benefits plans, those in which the Group has the legal or implicit obligation to respond for the payments of the benefits that were under its responsibility.

For defined benefit plans, the difference between the fair value of the plan assets and the present value of the obligation of the plan is recognized as an asset or liability in the statement of financial situation. The cost of providing benefits under the defined benefit plans is determined separately for each plan, using the method of actuarial valuation of the projected credit unit, using actuarial assumptions up to the date of the reporting period. The assets of the plan are measured at fair value, which is based on the information of prices on the market and, in the case of listed security titles, constitutes the purchase price published.

The actuarial gains or losses, the performance of the assets of the plan and the changes in the effect of the asset ceiling, excluding the values included in the net interest over liabilities (asset) of net defined benefits, are recognized in the other comprehensive loss. The actuarial gains or losses include the effects of the changes in the actuarial assumptions as well as the adjustments for experience.

The net interest on liabilities (assets) for net defined benefits includes the interest income for the assets of the plan, costs for interest for the defined benefit obligation and interests for the ceiling effect of the asset and is recognized in the statement of profit or loss and other comprehensive loss for the period.

The current service cost, the cost of past service, any settlement or reduction of the plan is immediately recognized in the statement of profit or loss and other comprehensive loss in the period in which they arise.

2.18.2.1 Benefits Short Term

The Group classifies as short-term employee benefits those obligations with the employees, they hope to liquidate at the end of the twelve months following the end of the accounting period in which the obligation has been generated or the service provided. Some of these benefits are created by the labor legislation in force, by collective agreements or by non-formalized practices that generate implicit obligations.

The Group recognizes the short-term benefits now in which the employee has rendered his services as follows:

As a liability, for the value that will be paid to the employee, deducting the values previously paid, and its counterpart entry as an expense of the period, to unless another chapter requires or allows payments to be included in the cost of an asset or inventory, for example, if the payment corresponds to employees whose services are directly related to the construction of a work, these will be capitalized to that asset.

In accordance with the foregoing, the accounting recognition of the short-term benefits is made at the time the transactions occur, regardless of when the employee is paid or third parties to whom the Group has entrusted the provision of certain determined services.

2.18.2.2 Benefits Long Term

The Group classifies as long-term employee benefits those obligations that it expects to settle after the twelve months following the close of the accounting year or the period in which the employees provide the related services, that is, from month thirteen onwards; they are different from short-term benefits, post-employment benefits and termination benefits.

The Group measures the long-term benefits in the same way as the post-employment defined benefit plans, although its measurement is not subject to the same degree of uncertainty, the same methodology for measurement will be applied as follows:

- The Group should measure the surplus or deficit in a benefit plan of long-term employees, using the technique that is applied for post-employment benefits both for the estimate of the obligation as well as to the plan's assets.
- The Group should determine the net value of the benefits to long-term employees (assets or liabilities), finding the deficit or surplus of the obligation and comparing the asset limit.

The benefits received by the employees year after year, throughout the entire working life, should not be considered as "long-term", if at the end of the accounting year of each year the Group has delivered them in its entirety.

2.18.2.3 Benefits for Employee termination
The Group recognizes as benefits for termination, the considerations granted to employees, payable because of the Group's decision to terminate the employment contract to an employee before the normal retirement date or the decision of an employee to accept the voluntary resignation. in exchange for those benefits.

2.19 Fair Value
Fair value is the price that would be received upon selling an asset or would be paid when transferring a liability in an orderly transaction between market participants to the measurement date, irrespective of whether the price is directly observable or estimated using another valuation technique.

When estimating the fair value of an asset or a liability, the Group considers the characteristics of the asset or liability if market participants consider these characteristics when assessing the asset or liability to the measurement date. The fair value for purposes of measurement and/or disclosure in these financial statements is determined on that basis, except for the share-based payment transactions, lease transactions and the measurements that have certain similarities with the fair value but that are not fair value, as the realizable value or the value in use. The fair value of all financial assets and liabilities is determined at the date of presentation of the financial statements, for recognition or disclosure in the notes to the consolidated financial statements.

The fair value is determined:

- Based on prices quoted in assets markets for assets or liabilities that are identical to those that the Group can access on the date of the measurement (level 1).
- Based on valuation techniques commonly used by market participants that use different variables than those of the quoted prices that are observable for assets or liabilities, directly or indirectly (level 2).
- Based on internal valuation techniques of discounted cash flows or other valuation models, using non-observable estimated variables by the Group for the asset or liability, in the absence of variables observed in the market (level 3).

In Note 34, measurement of fair value, an analysis is provided of the fair values of financial instruments, nonfinancial assets, and liabilities and with greater detail of its measurement.

2.20 Cash dividends distributed to the Group's shareholders.

The Group recognizes a liability to make distributions to the Group shareholders in cash when the distribution is authorized and is no longer at the Group's discretion. The corresponding amount is recognized directly in equity.

2.21 Changes in estimates, accounting policies and errors

2.21.1 Changes in accounting estimates

As of 31st December,2022, the Group revised its accounting estimates, with no significant change in the current or future periods. There are no significant changes in accounting estimates to report.

2.21.2 Changes in accounting policies.

As of December 31, 2022, the accounting policies applied in the consolidated financial statements are consistent with those of 2021, except for the following changes:

2.21.3 New Standards implemented.

During 2022, the Group implemented the changes in IFRS (new standards, amendments, or interpretations), issued by the International Accounting Standards Board (IASB), which are mandatory for the annual period beginning on or after January 1, 2022.

IFRS 3 - Reference to the Conceptual Framework.
This amendment, issued in May 2020, updates the reference to the Conceptual Framework for Financial Reporting, given that IFRS 3 referred to a previous version of the Conceptual Framework, and in turn adds one more exception to the principles of recognition of liabilities and contingent liabilities that require the criteria of IAS 37 or IFRIC 21, respectively, to be applied to determine whether there is a present obligation at the acquisition date; additionally, it prohibits the recognition of contingent assets acquired in a business combination.

The Group did not identify impacts from the adoption of this standard.

The amendment will be mandatory prospectively for annual periods beginning on or after January 1, 2022. Early application is permitted.

IAS 37 - Onerous Contract - Costs of fulfilling a contract.
This amendment, issued in May 2020, included in the measurement and recognition rules how to measure an onerous contract in a more reliable way through the related cost approach, which includes all the costs that an entity cannot avoid. for the fulfillment of a contract. These direct costs also include the incremental costs of the contract and an allocation of other costs incurred in the activities required to fulfill the incremental cost approach. The previous one contemplated by IAS 37 prior to this amendment - included only the costs that an entity would avoid if it did not have the contract.

To date, there are no contracts classified as onerous in the Group, with which no impacts from the adoption of this standard were identified. If a contract of this nature is presented, it will be analyzed considering the amendment.

The amendment to IAS 37 will be mandatory prospectively for annual periods beginning on or after January 1, 2022. Early application is permitted.

IAS 16 Property, Plant and Equipment - Product Before Intended Use.

This amendment, issued in May 2020, modifies the elements of analysis for the determination of the cost components of property, plant and equipment, eliminating from paragraph 17 (e) the possibility of “deducting the net values of the sale of any elements produced during the installation and commissioning process of the asset (such as samples produced while the equipment was being tested) ”and including that the income and costs associated with that produced during said installation and commissioning process are recognized directly in the statement of profit or loss of the period in accordance with the applicable regulations.

The amendment seeks, in a simple and effective way, to eliminate the diversity that may occur in the practice adopted by companies when deciding whether to deduct the value of the product during the installation and commissioning process and in this way improve the homogeneity of financial information. The Group did not identify impacts from the adoption of this standard.

The amendment to IAS 16 is mandatory for annual periods beginning on or after January 1, 2022. Early application is permitted.

IFRS 1 - Annual cycle 2018-2020 - Adoption for the first time.

This amendment, issued in May 2020, establishes how the accumulated assets, liabilities and cumulative translation differences should be measured for a subsidiary that becomes an entity that adopts IFRS for the first time after its parent.

The Group did not identify impacts from the adoption of this standard.

The amendment to IFRS 1 is mandatory for annual periods beginning on or after January 1, 2022. Early application is permitted.

IFRS 9 - Annual cycle 2018-2020 - Rates of financial instruments in the "10 percent" test for derecognition of financial liabilities.

This amendment, issued in May 2020, consists of clarifying the fees that an entity includes when evaluating whether the terms of a new or modified financial liability are different from those of the original financial liability and then defines that a borrower includes only the fees paid. or received between the borrower and the lender, including those paid or received by one or the other on behalf of the other.

The Group did not identify impacts from the adoption of this standard.

The amendment to IFRS 9 will be mandatory for annual periods beginning on or after January 1, 2022. Early application is allowed. If an entity applies the amendment for a prior period, it will be required to make the corresponding disclosures.

IFRS 16 – Annual cycle 2018-2020 – Leases.

The modifications eliminate the figure of reimbursement for improvements to leases.

As the amendments to IFRS 16 are only with respect to an illustrative example, there is no start date established.

2.21.3 Application of Standard and interpretations new and/or revised.

The changes to IFRS (new standards, amendments, and interpretations), which have been published in the period, but which have not yet been implemented by the Group, are detailed below:

Standard	Mandatory Application date	Type of Change
IFRS 17 Insurance Contract	1st January 2023	New
IFRS 17 – Insurance Contract - Initial application with IFRS 9 and comparative information	1st January 2023	Modification
IAS 1 – Presentation of financial statements, modification, classification of liabilities as current and non-current.	1st January 2023	Modification
IAS 1 – Presentation of financial statements, modification, classification of liabilities as current and non-current.	1st January 2023	Modification
IAS 1 - Disclosure of Accounting Policies and IFRS Practice Statement 2	1st January 2023	Modification
IAS 8 - Definition of accounting estimates	1st January 2023	Modification
IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction	1st January 2023	Modification
IFRS 10 - Consolidated financial statements and IAS 28 - Investments in associates and joint ventures - Sale or contribution of assets between an investor and its associate or joint venture	No set date has been established	Modification

IFRS 17 Insurance Contract

Issued in May 2017, replacing IFRS 4, which was addressed as a provisional standard, which was being prepared in phases.

IFRS 17 resolves the comparison disadvantages generated by the application of IFRS 4, given that local regulations and historical values could be applied in insurance contracts. Now with this new standard, all insurance contracts will be recorded in a consistent manner and at current values, generating more useful information for interest groups, which will allow a better understanding of the financial position and profitability of insurance companies, granting a more uniform presentation and measurement approach for all insurance contracts.

Initially, IFRS 17 was defined as mandatory for annual periods beginning on January 1, 2021, but, at the request of international insurers, the IFRS Foundation, through the amendment issued in June 2020, extended its application. for two additional years, to be enforceable for annual periods beginning on or after January 1, 2023. Early application is permitted if IFRS 9 is applied.

The Group did not identify any impact from the adoption of this standard.

IFRS 17 – Insurance contract - Initial application with IFRS 9 and comparative information

Issued in December 2021, to reduce temporary accounting mismatches that arise between financial assets and liabilities of insurance contracts that may arise in the comparative information presented by the initial application of IFRS 17, when it also applies to IFRS 9 which allows the entity to overlap the classification of the financial asset, in order to improve the usefulness of the comparative information for investors.

This will allow insurers to have an option for the presentation of comparative information on financial assets. The classification overlay allows the entity to align the classification and measurement of a financial asset in the comparative information with what the entity expects that the classification and measurement of that financial asset would be conducted in the initial application of IFRS 9, considering the business model and the characteristics of the cash flow it generates. Any difference for this application would go to retained earnings.

If, for example, using the classification overlay, an entity presented a financial asset previously measured at amortized cost instead of fair value through profit or loss, the carrying amount of that asset at the date of transition to IFRS 17 would be its fair value measured on that date. Applying section C28D of IFRS 17, any difference in the carrying amount of the financial asset at the transition date resulting from the application of the classification overlay would be recognized at the opening of retained earnings.

This amendment adds paragraphs C28A to C28E and C33A; and will become effective on the date of initial application of IFRS 17, that is, on January 1, 2023.

IAS 1 - Presentation of financial statements, classification of liabilities as current or non-current.

This amendment, issued in January 2020, clarifies that the classification of liabilities as current or non-current is based on the rights that existed at the end of the reporting period, specifying that the classification as current or non-current liabilities is not affected by the expectations about whether the entity will exercise the right to postpone the settlement of the liability. specifies that the rights exist if at the end of the reporting period, and that the payment agreements were met; Additionally, the amendment clarifies that the settlement of a liability refers to the transfer to the counterpart of cash, equity instruments or other economic resources.

The Group is evaluating the effects of the application of this amendment and how it could impact the presentation of liabilities in the statement of financial position.

The amendment to IAS 1 will be of mandatory application for annual periods beginning on January 1, 2023, retroactively. Early application is permitted.

IAS 1 - Disclosure of Accounting Policies and Practice Statement 2 of IFRS

This amendment, issued in February 2021, requires companies to disclose material accounting policy information rather than the description of their accounting policies. The amendment also makes an adjustment to Practice Statement 2. Making Materiality Judgments as to how to apply the concept of materiality to accounting policy disclosures and adjusts paragraph 21 of IFRS 7 financial instrument disclosures, specifying the disclosure of significant accounting policies.

The Group is evaluating the impacts that the application of this new standard could generate, it is estimated that the future adoption will not have a significant impact on the consolidated financial statements.

The amendment to IAS 1 shall apply to mandatory annual periods beginning on or after 1 January 2023 retroactively. Early application is permitted.

IAS 8 - Definition of accounting estimates

This amendment, issued in February 2021, updates the definition of accounting estimates to differentiate changes in estimates from changes in accounting policies, given their prospective or retroactive effect, respectively. To do this, it indicates that accounting estimates are monetary amounts in the financial statements that are subject to measurement uncertainty. Sometimes the application of the accounting policy will require the application of estimates.

The Group is evaluating the impacts that the application of this new standard could generate, it is estimated that the future adoption will not have a significant impact on the consolidated financial statements.

The amendment will be mandatory prospectively for annual periods beginning on or after January 1, 2023. Early application is permitted.

IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction.
This amendment, issued in April 2021, clarifies that the exception provided by IAS 12 of not applying deferred tax when an asset or liability is initially and simultaneously recognized, which generates equal temporary differences, would not apply in the case of leases. (IFRS 16) and in dismantling (IAS 37 and IAS 16), cases in which, if IAS 12 should be applied for deferred tax. Added paragraph 22A states that, depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of the asset and liability in such transaction. The exemption provided by paragraphs 15 and 24 does not apply to such temporary differences and an entity recognizes any resulting deferred tax liability and asset.

The Group is not affected by this amendment because it has been applying this interpretation or has been applying the deferred tax in this way in said transactions / or is in the process of implementing it.

This amendment will be mandatory for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

Amendments to IFRS 10 - Consolidated financial statements and IAS 28 - Investments in associates and joint ventures - Sale or contribution of assets between an investor and its associate or joint venture
The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments establish that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in profit or loss. of the parent only to the extent that the interest of unrelated investors in that associate or joint venture.

Similarly, gains and losses resulting from the remeasurement of retained investments in any former subsidiary (which has become an associate or joint venture that is accounted for using the equity method) at fair value are recognized in profit. or loss of the former parent, only to the extent of the participation of unrelated investors in the new associate or joint venture.

The effective date of the amendments has not yet been set; however, early application is permitted. The Group's Management does not anticipate that the application of the amendments in the future will have an impact on the consolidated financial statements.

2.22 ***Correction of Errors of Prior Periods***
During the 2022 period, the Group reclassified projects in progress to other current assets:

Reclassification effect	2021	Reclassification	2021
Consolidated statement of financial position			
Property, plant and equipment, net (Note 5)	561,711,231	(264,089)	561,447,142
Other current Assets (Note 12)	624,488	264,089	888,577
Total	562,335,719	-	562,335,719

Reclassification effect	2021	Reclassification	2021
Statement of Cash flows			
Variation in Other assets	481,059	(255,117)	225,942
Acquisition of property, plant and equipment	(55,836,263)	255,117	(55,581,146)
Total	(55,355,204)	-	(55,355,204)

2.23 Deferred Regulatory accounts.

The Group through ENSA, is subject to regulation by (ASEP) (Autoridad Nacional de los Servicios Públicos). This entity oversees regulating and establishing the rates that the Group bills its customers. Regulated assets represent probable future income associated with certain costs that are expected to be recovered from customers through the tariff process. Regulated liabilities represent probable reductions in future revenues associated with amounts that are expected to be credited to customers through the tariff process. The standard allowed the Group as an entity that adopted the IFRS for the first time to continue using, in its financial statements in accordance with IFRS, its accounting policies according to previous GAAP for the recognition, measurement, impairment of value and derecognition of deferred account balances by regulated activities. In accordance with these requirements, the Group presents the balances of the deferred accounts of regulated activities as separate items in the consolidated statement of financial position, as well as presents the net movements in balances of regulatory accounts, including deferred income tax, as an addition to the net income for the year in the consolidated statement of income and other comprehensive income, as well as the changes in deferred regulatory accounts separately and in addition to the cash flows originated by operating activities in the consolidated statement of cash flows .

In addition, IFRS 14 Regulated Activities Deferral Accounts requires disclosure of specific information to identify the nature and risks associated with rate regulation that have given rise to the recognition of balances of regulated activities deferred accounts in accordance with this standard.

2.24 Segment information

An operating segment is a component of the Group that is engaged in business activities from which it can obtain income and incur expenses, including income and expenses that relate to transactions with any of the other components of the Group. All operating results of the operating segments are reviewed regularly by the Chief Executive of the Group to make decisions about the resources that should be assigned to the segment and evaluate their performance, and for which the financial information is available.

The results of the segments reported to the Group's Chief Executive Officer include elements directly attributable to a segment, as well as those that can be reasonably assigned.

3. Significant accounting judgements, estimates and causes of uncertainty in the preparation of the financial statements.

The following are judgments and significant assumptions, including those that involve accounting estimates that the Group's Management used in the implementation of accounting policies under IFRS, and which have a significant effect on the values recognized in the financial statements.

The estimates are based on historical experience and based on the best information available on the facts analyzed to the cut-off date. These estimates are used to determine the value of the assets and liabilities in the financial statements when it is not possible to obtain the value of other sources. The Group evaluates its estimates on a regular basis. Actual results may differ from these estimates.

The estimates and the significant judgments made by the Group are described below:

3.1 Evaluation of the existence of deterioration indicators of value for the assets and asset valuation to determine the existence of impairment loss.

The status of the assets is reviewed on each date of the presentation of reports, to determine if there are indications that any of these has suffered an impairment loss. If there is impairment loss, the recoverable amount of the asset is affected; if the estimated recoverable amount is lower, it is reduced to its fair value and an impairment loss is immediately recognized in the statement of profit or (loss) & comprehensive income (loss).

The evaluation of the existence of deterioration indicators is based on external and internal factors, and at the same time on quantitative and qualitative factors. The assessments are based on the financial results, the legal, social, and environmental sceneries and market conditions; significant changes in the scope or manner in which it is being used or the asset or a cash-generating unit (UGE, in Spanish) is expected to be used and evidence on the obsolescence or physical deterioration of an asset or CGU, among others.

The value-in-use calculation requires the entity to determine the future cash flows that should arise from the cash-generating units and an appropriate discount rate to calculate present value. When actual future cash flows are less than expected, an impairment loss may arise.

a. ***The hypotheses used in the actuarial calculation of post-employment obligations to employees.***
Assumptions and hypotheses used in actuarial studies include demographic assumptions and financial assumptions. The first refers to the characteristics of current and past employees, they are related to the mortality rate and turnover rates among employees. The second has to do with the discount rate, future salary increases, and changes in future benefits.

b. The useful life of property, plant and equipment and intangibles

In the assumptions and hypotheses used to determine useful lives, technical aspects are considered such as: periodic maintenance and inspections conducted on assets, failure statistics, environmental conditions and operating environment, protection systems, replacement processes, factors of obsolescence, manufacturers' recommendations, weather and geographic conditions, and the experience of technicians who know the assets. To determine the residual value, aspects such as: market values, reference magazines and historical sales data are considered. (See note 5 Property, plant and equipment, net and note 8 other intangible assets).

c. The probability of occurrence and the value of liabilities of uncertain or contingent value
The assumptions used for uncertain or contingent liabilities include the qualification of the legal process by the "expert judgment" of professionals in the areas, the type of contingent liability, possible legislative changes and the existence of jurisprudence of high courts that apply to the specific case, the existence within the Group of similar cases, the study and analysis of the merits of the matter, and the existing guarantees at the time of the occurrence of the facts. The Group will disclose, but will not recognize in the consolidated financial statements, those obligations classified as possible. Obligations classified as remote are disclosed by the Group and not recognized in the financial statements. (See Note 21: Provision for contingent assets and liabilities).

d. Future disbursements for decommissioning and asset removal obligations.
In the assumptions and hypotheses used to determine future disbursements for dismantling and asset removal obligations, aspects such as: estimate of future expenditures that the Group must incur for the execution of activities associated with dismantling of the assets for which legal or implicit obligations have been identified, the initial date of dismantling or restoration, the estimated date of completion and discount rates.
(See Note 21: Provision for contingent assets and liabilities).

e. Determination of the existence of financial or operating leases based on the transfer of risks and benefits of the leased assets.

The significant assumptions that are considered to determine the existence of a lease include the evaluation of the conditions if the right to control the use of the asset is transferred for a period in exchange for a consideration, that is, the existence of a lease is evaluated. an identified asset: the right to obtain all of the economic benefits from the use of the asset throughout the period of use; the right to direct how and for what purpose the asset is used throughout the period of use; right to operate the asset throughout the use period without any changes to the operating instructions. (See note 10 Leases).

f. Determination of portfolio impairment.

Due to the adoption of IFRS 9, to calculate portfolio impairment, the expected credit loss method is used throughout the life of the asset in the case of trade accounts receivable derived from transactions that are within the scope of IFRS 15. A probability is collectively assigned to the firm's portfolio and actual historical performance. The model calculates an annual historical loss based on the definition of default, which is related to the country's macroeconomic data, seeking a correlation with the historical behavior of the portfolio loss.

The entity has conducted a process of analysis of historical data with the objective of obtaining reliable and relevant information to determine the historical loss rates, in this sense it has data from December 31, 2015, to the current date. The macroeconomic data selected by the entity corresponds to data that is expected to have an influence at a loss level in the different portfolios. The following indicators have been chosen:

i. Consumer Price Index (General CPI)
ii. Monthly index of economic activity (IMAE)
iii. Unemployment rate
iv. Government deposit level

Once the analysis has been carried out, the macroeconomic variable that results in a higher correlation with the historical data of the loss rate in general is used. In the analysis of the "Forward Looking" factor, different weighted occurrence scenarios are considered (base, optimistic and pessimistic), based on our judgment.

With this information, the expected credit loss (EL) is calculated as follows:

$EL = \Sigma$ (PD x EB), where:

Probability of Default (PD): corresponds to the probability of default, which results from the adjustment of the future projection for the product by the historical average loss per range.

Exposed Balance of the Asset (EB): corresponds to the balance of capital and other current charges of the obligations for a certain portfolio segment.

The amount of the provision is recognized as an expense in the consolidated statement of income and other comprehensive income under the caption “Impairment of accounts receivable.” When recovery is not possible through enforcement, coercive jurisdiction or ordinary means, the portfolio write-off operates to recognize the extension of the account receivable in favor of the Group. The write-off of the portfolio does not release the Group from continuing with the collection procedures that are conducive to its recovery. In the event of a recovery, income from debt recovery is recorded. (See Note 9: Trade debtors and other accounts receivable).

g. The recoverability of deferred tax assets.

Deferred tax assets have been generated by temporary differences, which generate future tax consequences for the Group's consolidated financial position. These differences are fundamentally represented in the balances of assets for tax purposes that exceed the assets under IFRS, and in the balances of liabilities for tax purposes, which are lower than the liabilities under IFRS, as is the case of the components of the liability for pension plans, amortized cost of bonds, financial leasing, and other miscellaneous provisions and for contingencies.

The deferred tax asset of the Group is recovered in the liquid income taxed on the current income tax generated. (See Note 30: Income tax).

4. Significant transactions conducted and other relevant aspects that occurred during the period.

The sector of public services companies and therefore ENSA, are today faced with the crisis of health emergency due to COVID-19, and government measures to manage the pandemic and macroeconomic changes resulting from the volatility of international financial markets.

Consequently, a risk was generated for the operation of the businesses, which was affected by the decrease in demand, lower prices affecting the collection portfolio.

Relevant aspects in Panama in 2021 because of COVID-19.
On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 outbreak a pandemic, acknowledging its rapid spread around the world. In Panamá, on March 13, 2020, a State of Emergency was declared and later, on March 20, the temporary closure of non-essential businesses and companies was decreed for several months. The national government has been monitoring the evolution of the pandemic in Panamá and has made temporary opening or closing decisions based on the evolution of health indicators due to COVID-19. ENSA, due to its ordinary course of business, is an essential company, therefore its operation has not been suspended at any time of the national emergency because of the health situation.

On May 21, 2020, the National Public Services Authority issued Resolution N ° AN 16094-ELEC that regulates the provisions of Law 152 of May 4, 2020, for which transitional measures that companies must implement and apply are approved. concessionaires of the public electricity distribution service, which are detailed below: i) during the period from March 1 to June 30, 2020, the distribution companies could not suspend the electricity service due to late payment of their bill to any retired client, with a suspended employment contract, people dismissed or unemployed due to the declaration of the state of emergency, independent, among others, and ii) grant terms within a period of three years for the payment of accumulated consumption in the 4 months without generating any interest rate or impact on the customer's credit history.

On May 21, 2020, the National Public Services Authority issued Resolution No. AN 16095-ELEC, which approves transitory measures that must be implemented and applied by Participants of the Wholesale Electricity Market of Panamá due to the National Emergency decreed for reasons of Covid-19, as detailed below:

i) distribution companies must ensure the timely payment of their commitments in the wholesale electricity market (contracts, occasional market, and others) and transmission service and charges for the use of networks between market agents.
ii) if the distribution companies had a reduction in the collection of income that affected the cash flows resulting from the moratorium, the payment can be reduced proportionally to the deficit in the collection of income without incurring interest for delinquent payments.

On December 31, 2021, the term for the use of the special procedure for the acquisition of goods, services or works decreed by Cabinet Resolution No. 11 of March 13, 2020, was declared concluded.

On December 31, 2021, the term for the use of the special procedure for the acquisition of goods, services or works decreed by Cabinet Resolution No. 11 of March 13, 2020, was declared concluded.

Relevant aspects in Panama in 2022.

In 2022, the Government of Panama continued to reinforce preventive campaigns in response to the changing situation of the COVID-19 virus at a global level, where most of the measures taken in the previous period were gradually eliminated, reaching a normality like Pre-periods. COVID.

In the electricity industry sector, the government provided an extension of subsidies until December 31, 2022, maintaining the subsidy of up to 50% for clients with consumption of 0-300kWh/month and reduced the consumption ceiling for the following range of subsidy at 750k Wh/month + BTH + BTD; which previously was up to 1000kWh/month + BTH + BTD, but keeping the amount of 30%.

Going concern.

ENSA is committed to guaranteeing the continuity and provision of the service, as well as mitigating the impacts that the crisis generates on its finances, for which it has been implementing measures such as reducing operating expenses, excluding salaries, and biosafety measures to safeguard life. of our employees and to be able to continue with its operation. During 2022, the Company has not breached any commitment with its suppliers and has not made work suspensions or dismissals for reasons of cost reduction.

Financial impacts

The effects of the economic situation in general have resulted in a decrease in collection levels, with the consequent increase in the deterioration of accounts receivable from customers and the costs of financing them, in addition, demanding an increase in required working capital.

5. Property, Plant, and equipment - Net

The following is the detail of the carrying value of property, plant, and equipment:

	2022	2021
Cost	933,654,235	896,253,172
Accumulated Depreciation and impairment in value	(358,344,744)	(334,806,030)
Total	575,309,491	561,447,142

The movement of cost, depreciation and impairment of assets is detailed as follows:

2022	Network Lines & Cables	Plants Ducts & Tunnels	Construction in progress	Land & Buildings	Machinery & Equipment	Communication and Computer Equipment	Furniture Fixture & Office Equipment	Other Property, Plant & Equipment	Total
Beginning Balance Costs	458,239,063	225,951,986	40,929,859	45,254,280	97,855,044	15,393,337	5,784,796	6,844,807	896,253,172
Additions	-	-	58,327,534	-	-		1,717		58,329,251
Transfers	30,240,489	13,959,532	(62,343,081)	403,908	14,435,693	2,125,532	180,763	997,164	-
Dispositions & withdrawals	(9,386,517)	(886,060)		-	(7,305,131)	(160,839)	(7,454)	(469,218)	(18,215,219)
Reclassifications	-	-	(2,712,969)	-	-		-	-	(2,712,969)
Final Balance Cost	479,093,035	239,025,458	34,201,343	45,658,188	104,985,606	17,358,030	5,959,822	7,372,753	933,654,235
Depreciation accumulated									
Beginning balance accumulated depreciation	171,290,182	96,319,370	-	8,174,511	40,826,697	9,897,813	3,561,207	4,736,250	334,806,030
Depreciation for the year	16,339,758	6,905,699	-	749,730	7,281,636	1,489,220	585,545	455,034	33,806,622
Disposals and Withdrawals	(5,078,554)	(477,557)	-	-	(4,147,136)	(160,790)	(7,454)	(396,417)	(10,267,908)
Reclassifications	-	167	-	-	(167)	-	-	-	-
Final Balance of Accumulated Depreciation	182,551,386	102,747,679	-	8,924,241	43,961,030	11,226,243	4,139,298	4,794,867	358,344,744
Total Final Balance of Property, Plant $ Equipment Net	296,541,649	136,277,779	34,201,343	36,733,947	61,024,576	6,131,787	1,820,524	2,577,886	575,309,491

2021	Network Lines & Cables	Plants Ducts & Tunnels	Construction in progress	Land & Buildings	Machinery & Equipment	Communication and Computer Equipment	Furniture Fixture & Office Equipment	Other Property, Plant & Equipment	Total
Beginning Balance Costs	434,786,035	216,011,069	52,288,806	44,895,205	84,167,352	13,302,706	5,779,728	6,845,242	858,076,143
Additions	-	-	55,563,511	-	14,535	-	3,100	-	55,581,146
Transfers	29,541,828	9,940,917	(56,066,968)	359,075	13,759,242	2,229,313	53,481	183,112	-
Dispositions & withdrawals	(6,088,800)	-	-	-	(86,085)	(138,682)	(51,513)	(183,547)	(6,548,627)
Reclassifications	-	-	(10,855,490)	-	-	-	-	-	(10,855,490)
Final Balance Cost	458,239,063	225,951,986	40,929,859	45,254,280	97,855,044	15,393,337	5,784,796	6,844,807	896,253,172
Depreciation accumulated									
Beginning balance accumulated depreciation	159,030,082	89,675,176	-	7,405,480	34,371,303	8,599,929	2,984,727	4,434,824	306,501,521
Depreciation for the year	15,846,404	6,644,027	-	769,031	6,490,247	1,435,709	626,716	480,640	32,292,774
Disposals and Withdrawals	(3,586,304)	-	-	-	(34,686)	(137,825)	(50,236)	(179,214)	(3,988,265)
Reclassifications	-	167	-	-	(167)	-	-	-	-
Final Balance of Accumulated Depreciation	171,290,182	96,319,370	-	8,174,511	40,826,697	9,897,813	3,561,207	4,736,250	334,806,030
Total Final Balance of Property, Plant $ Equipment Net	286,948,881	129,632,616	40,929,859	37,079,769	57,028,347	5,495,524	2,223,589	2,108,557	561,447,142

Construction in progress includes purchases, capitalizable disbursements that meet the recognition criteria, and goods received from third parties. The reclassifications presented correspond to the additions of intangible assets (see Note 8).

Disposals and disposals of assets include luminaires withdrawn from the electrical network by decision of the ASEP due to the change from sodium to LED technology that is part of the Replacement Plan. These lights are presented as other intangible assets. (See Note 8), The constructions in progress correspond to the following:

	2022	2021
Projects		
Network growth	15,323,444	20,081,828
Sub Stations and High Voltage Lines	1,770,099	7,072,511
Other minor Projects	7,834,672	5,530,821
Loss reduction and reliability improvements	4,399,289	2,801,586
Technology application replacement	3,273,499	2,777,751
Prepaid and postpaid meters	1,600,340	2,665,362
	34,201,343	40,929,859

The decrease in substations and high voltage lines is because capitalizations corresponding to the GEEHAN and Santa María expansion were made during the period.

As of December 31, 2022, an impairment test was performed on the assets linked to the CGU, (Energy and Marketing Distribution) which in turn has intangible assets with an indefinite useful life. No signs of impairment were identified in long-lived assets.

As of December 31, 2022, construction in progress includes capitalization of loan costs for B/.14,522 (2021: B/.86,597). The average rate used to determine the amount of borrowing costs was 3.1741% (2021: 3.2117 %), which is the effective interest rate specific to this type of loan.

Other property, plant and equipment includes the vehicle fleet and replacement assets.

6. Investment Property

The fair value of the investment properties is based on appraisals made by experts with recognized professional capacity and recent experience in the category of real estate investments subject to valuation. The fair value of these investment properties is determined by Panamericana de avalúos S.A. To determine the fair value of the investment properties, updated market price assumptions are used. See Note 34 - Measurement of fair value on a recurring and non-recurring basis (Level 3)

	2022	2021
Beginning Balance	3,674,700	3,653,800
Net Profit or (Loss) for Fair Value Adjustment (Note 25.1)	699,900	20,900
Balance at the end of the year	4,374,600	3,674,700

The investment properties consist of land that is maintained for the following purposes:

- Land and buildings for commercial use: lots that were acquired from the government and in which investments have been made in infrastructure and buildings to generate income in the future as investment properties.

The fair value of investment properties as of December 31, 2022, is B/.4,374,600 (2021: B/.3,674,700) and has been recognized as Level 3 fair value based on the inputs used in the valuation techniques.

The valuation obtained has been adjusted for the purpose of being used in the consolidated financial statements, as shown in the following reconciliation:

Concept	**2022**	**2021**
Market value estimated by independent appraiser	4,374,600	3,674,700
Fair value for financial reporting purposes	4,374,600	3,674,700

The Group conducts a review of the fair value provided by the independent evaluators, through the Finance Department, including:

- Review of the property detail used by the external evaluators, in charge of the Finance Manager.
- Analysis of the reasonableness of the input data used by external evaluators, such as lease fees and property values like the projects developed by the Group.
- Analysis of the change in the fair value of the properties at the date of the study.
- Approval of the results obtained by the Vice President of Finance.

Valuation technique and significant unobservable variables

The table below shows the valuation technique used to measure the fair value of investment properties, as well as the significant unobservable variables used:

Valuation Technique	Significant unobservable variables	Interrelation between key unobservable variables and the measurement of fair value.
Comparative method The comparative method considers the sales of similar or substitute goods, as well as data obtained from the market, and establishes an estimate of value using processes that include comparison. In general, a good that is valued is compared with the sales of similar goods that have been marketed in the open market. Ads and offers can also be considered to get comparative prices.	Homogenization factors: • Location Factor (between -25% and 10%). • Commercialization factor (between -5% and 10%). • Influence of the extension of the land (between -10% and 5%). • Influence of Market time absorption capacity (between -15 and 0%). • Source Influence (between -5% and -0%). • Expo Commercial and Access influence (-l0% and 10%) • Potential development Influence (between -10% and -2%). • Improvement's influence (between -10% and 10%).	The estimated fair value would increase (decrease) if: • The expected growth of the lease quota according to the average inflation rate was higher (lower). • The discount rate adjusted for risk was higher (lower).

7. Investment in Subsidiaries

The detail of the Group's subsidiary at the date of the reporting period is as follows:

Name of Subsidiary	Location (County)	Principal Activity	Property Percentage and right of vote 2022	Property Percentage and right of vote 2021
ENSA Servicios, S.A.	Panamá	Provision of technical commercial and any other complimentary services to the provision of Electrical energy service.	100%	100%

8. Other Intangible Assets.

The following is the detail of the carrying value of the other intangible assets:

	2022	2021
Cost	62,125,714	58,351,966
Accumulated Amortization and impairment in value	(31,173,437)	(26,774,085)
Final Balance	30,952,277	31,577,881

The following is the detail of the carrying value of the other intangible assets:

2022	Software & IT Applications	Licenses	Easement Rights	Other intangible assets	Total
Beginning Balance - Cost	45,739,126	9,479,019	1,941,939	1,191,882	58,351,966
Additions	21,682	-	-	-	21,682
Reclassifications	2,041,781	532,735	138,453	-	2,712,969
Transfers	-	-	-	1,039,097	1,039,097
Final Balance Cost	47,802,589	10,011,754	2,080,392	2,230,979	62,125,714
Beginning Balance Accum Amortization	21,819,656	4,924,967	-	29,462	26,774,085
Amortization for the year	3,343,476	931,760	-	124,116	4,399,352
Final Balance Amortization	25,163,132	5,856,727	-	153,578	31,173,437
Net Final Balance Intangible Assets	22,639,457	4,155,027	2,080,392	2,077,401	30,952,277

2021	Software & IT Applications	Licenses	Easement Rights	Other Intangible Assets	Total
Beginning Balance Cost	37,143,488	7,219,167	1,941,939	-	46,304,594
Additions	8,595,638	2,259,852	-	-	10,855,490
Transfers	-	-	-	1,191,882	1,191,882
Ending Balance Cost	45,739,126	9,479,019	1,941,939	1,191,882	58,351,966
Beginning Balance Accumulated Amortization	18,895,017	4,280,312	-	-	23,175,329
Amortization for the year	2,924,639	644,655	-	29,462	3,598,756
Ending Balance Accumulated Amortization	21,819,656	4,924,967	-	29,462	26,774,085
Final Balance Net Intangible Assets	23,919,470	4,554,052	1,941,939	1,162,420	31,577,881

Additions include capitalizable purchases and disbursements that meet the recognition criteria.

The other intangible assets include luminaires transferred from property, plant and equipment that have been withdrawn from the electrical network by decision of the ASEP due to the change from sodium to LED technology that is part of the Replacement Plan.

As of December 31, 2022, the assets were evaluated for impairment due to having recorded intangible assets with an indefinite useful life. No indications of impairment were identified in long-lived assets.

The amortization of intangibles is recognized as costs and expenses in the consolidated statement of income and other comprehensive income.

The book value as of December 31, 2022, and 2021 and the remaining amortization period for the largest assets are:

	Useful Life	Remaining Period for Amortization	Book Value 2022	Book Value 2021
SAP Commercial System	Definite	8 years	9,191,420	10,186,099
Maximo System	Definite	5 years	950,694	820,500
Choice System	Definite	10 years	763,635	854,876
SCADA system	Definite	3 years	33,862	65,119
SAP ERP System	Definite	14 years	3,430,823	3,509,982
Sistema Field Service	Definite	14 years	1,296,016	1,326,342
Other Software's and Licenses	Definite	1 to 12 years	6,049,787	6,709,123
ADMS System	Definite	5 years	5,078,248	5,001,481
Other Intangible Assets	Definite	5 to 25 years	2,077,400	1,162,420
Easement Rights	Indefinite	N/A	2,080,392	1,941,939
			30,952,277	31,577,881

At the close of the accounting period, an impairment test was carried out on the assets for those intangibles with an indefinite useful life, which did not show evidence of impairment.

The amortization of intangibles is recognized as costs and expenses in the statement of comprehensive income, section results for the period.

An easement right is the real right, perpetual or temporary on another property, under which the Group or a person can make use of it, or exercise certain rights of disposal, or prevent the owner from exercising some of their property rights. In the Group, easements are not treated individually, since they are constituted for public service projects, where the general interest prevails over the individual, considering that the objective is to improve the quality of life of the community; the projects do not have a definite temporality, which is why they are constituted in supported perpetuity in their use.

	2022	2021
Intangible Assets with indefinte life		
Other Intangible rights		
Easement Rights	2,080,392	1,941,939
Total of Intangible assets with indefinite life.	2,080,392	1,941,939

9. Trade and Other receivables.

The detail of the trade and other receivable is the following:

	2022	2021
Current:		
Customers - Public Service	185,622,901	123,976,975
Impairment in value - Public Services & Others	(22,406,811)	(24,533,138)
Others	9,932,789	10,380,116
Total Current	173,148,879	109,823,953

Accounts receivable from customers generate interest for the overdue balances, which are recognized as income until the completion date of the client account, which happens 60 days after the suspension of the supply of electrical energy.

Impairment of the Portfolio

The Group maintains a provision for impairment of the portfolio. The calculation of this provision corresponds to an acknowledgment of the expected credit losses (ECL) projected by the probability of default (non-payment) in a period of one year.

Each obligation is assigned an individual probability of non-payment that is calculated from a probability model that involves variables of the product and its payment behavior. The model calculates a percentage of historical loss by the type of portfolio, which is related to macroeconomic data looking for a correlation to project a behavior according to the best estimate of the economic growth of the country.

The projection will be applied to the product of the averages of displacement by portfolio range according to the historical default which reflects the evolution of the behavior of the balances of the portfolio of clients and allows to establish the percentages of loss on historical events.

The amount of the impairment provision is recognized as an expense in the consolidated statement of income and other comprehensive income under the heading "Impairment of accounts receivable". When the recovery is not possible through the executive channel, coercive jurisdiction or ordinary route, the portfolio punishment operates to recognize the extinction of the account receivable in favor of the Group. The write-off of the portfolio does not release the Group from continuing with the collection procedures that are conducive to its recovery. Faced with a recovery, income is recorded for debt recovery.

As of the filing date, the aging analysis of accounts receivable is as follows:

181 - 360 days	4,657,820	3,803,561	6,257,289	4,928,377
More than 360 days	12,178,496	12,178,496	9,762,228	9,762,227
Total Public Utilities Customers	185,622,901	21,840,179	123,976,975	24,117,702
Other Receivables				
Current	8,708,668	196,166	9,687,525	149,193
Less than 30 days	688,986	51,022	373,907	20,428
30-60 days	230,891	64,063	33,991	6,943
61-90 days	29,380	11,431	45,977	14,097
91-120 days	55,002	30,482	12,120	5,122
121-180 days	32,857	26,463	1,745	983
181 - 360 days	3,673	3,673	28,073	21,891
More than 360 days	183,332	183,332	196,778	196,779
Total Other Receivables	9,932,789	566,632	10,380,116	415,436
Total Receivables	195,555,690	22,406,811	134,357,091	24,533,138

The reconciliation of the impairment losses of the portfolio is:

	2022	**2021**
Beginning Balance at the start of the year	24,533,138	23,793,456
Charges against the Provision	(3,525,801)	(1,134,936)
Impairment in Accounts Receivable	1,399,474	3,532,720
Cancelations	-	(1,658,102)
Ending Balance at the end of the year	22,406,811	24,533,138

The Group charges against the impairment value recognized in a corrective account, the values of impaired financial assets when the accounts have been finalized in the field, and in the billing system after cutting off supply due to the outstanding debt; and having applied the guaranteed deposit (count on it if available) to the last invoice after completing them.

Instances for write-off of the Credit Portfolio.

The write-off of the portfolio is presented when required by the Credit and Portfolio Management Unit or the Vice President of Finance, the retired clients' candidates for write-off will be evaluated, after the evaluation the Vice President of Finance must approve or not the write-off of the accounts suggested by the Credit and Portfolio Management Unit. These evaluations are conducted quarterly.

To determine the clients to be punished, the following criteria must be considered:
- Customers in "LOW" status and withdrawal date (Final Disconnection) in the commercial management system, for a minimum of 6 months after the information cut-off.
- Clients who maintain the debt for more than 1 year (365 days) in accordance with the provisions of the Panamanian tax code in force according to executive decree No.170 of 1993.

10. Leases

10.1 Leases that originate from assets by right of use as lessee.

At the date of presentation, the value of right of use Assets is as follows:

Cost		
Beginning Balance Cost Balance	695,766	533,315
Additions	129,604	159,119
Modification to Contracts	-	3,332
Ending Cost Balance	825,370	695,766
Accumulated Amortization		
Beginning Balance Amortization	(252,471)	-
Amortization for the year	(230,068)	(251,063)
Other changes	-	(1,408)
Final ending Balance Amortizations	(482,539)	(252,471)
Rights of Use Assets - Net	342,831	443,295

In 2021, the Company reviewed the calculations to establish the asset for right of use originated by the lease agreements of the customer service branches and, considering what is indicated in Phase 2 IBOR – Reference Interest Rate Reform, the Libor rate used by the SOFR (Secured Overnight Financing Rate) was changed. The effect of this change is shown in Modifications to contracts within Costs for B/.3,332 and other changes in Accumulated Amortization for B/.1,408.

At the presentation date, the minimum future payments and the present value of the minimum lease payments are distributed as follows:

Financial Leases	2022 Minimum Payments	2022 Present value of Minimum Payments	2021 Minimum Payments	2021 Present value of Minimum Payments
Up to one year	171,206	161,470	222,944	220,737
More than one year and up to 5 years	191,732	173,655	242,209	238,843
Total Financial Leases	362,938	335,125	465,153	459,580
Less: Value of unearned Interest	11,811	11,139	14,395	14,252
Present value of minimum payments for Financial Leases	351,127	323,986	450,758	445,328

The most significant Operating lease agreements are three locations that the Group maintains as customer service branches:

- Los Andes, effective from December 1, 2020, to November 30, 2023. Payments must be made monthly in advance and within the first 15 days of each month of the contract term. Contract lease payments are updated annually. The contract can be terminated for non-payment of two monthly rental fees, or any expense stipulated in the contract without prejudice to the right of the landlord to request compensation for damages caused. The tenant may terminate the contract by giving notice to the landlord 90 days prior to the effective date of termination with the obligation to pay the landlord the monthly payments for the period in which the tenant used or had possession of the premises. This contract does not contain a purchase option.

- Plaza Toledano, effective from June 5, 2010, to June 4, 2023. The contract lease payments are updated annually. The period of the contract can be extended if both the lessor and the lessee agree by a written notification document before the expiration of the contract. The contract may be terminated by the lessor for: a) non-payment of the price within the term of the contract for two (2) consecutive monthly payments; b) the destination of the property for illicit purposes or contrary to good custom business practices or that the property rented represent a danger to the property or the health of its inhabitants; c) when the property must be rebuilt or repaired with necessary construction that cannot be carried out without the use of property due to its condition of demolition for the new major construction project. On the part of the lessee if: a) the property is expropriated, confiscated or in any other way intervened by any legal action ordered by any authority; b) if the lessor is declared in a state of liquidation, bankruptcy or suspension of payment; c) if the property cannot be used by the Group for reasons attributable to the lessor or by fortuitous event or acts of God for a period equal to or greater than one (1) month. This contract does not contain a purchase option clause.

  In 2020, addendum four of the rental agreement was signed in which, by mutual agreement, both parties agree to adjust the rental fee by lowering the amount to be paid per year from January 5, 2021, to June 4, 2023.

- Los Pueblos, valid from November 1, 2021, to October 31, 2026, and can be renegotiated four (4) months before the expiration date of this contract. The rental fee varies every two years. The lessor will assume the payment of the maintenance fee for year 1 and year 2. It is agreed that, if the property where the premises are located is taxed with new taxes, rates, or contributions or those in force are increased, the lessor reserves the power to apportion these charges between the premises of the building and proportionally adjust the rental fee by giving thirty days' notice in writing to the tenant. The contract can be terminated by the lessor due to a) non-payment of two consecutive monthly installments of the canon or b) for a justified cause or derived from breach of the contract by the lessor. The lessee may terminate the contract after two years of its validity, with notice to the lessor 120 days prior to the effective date of termination or b) for a justified cause or derived from breach of the contract by the lessee.

- Las Cumbres, valid from March 1, 2022, to February 28, 2027. It was established that the rental fee will be paid from March 2022 onwards for a fixed amount during the term of the contract. The contract does not have a purchase option. The parties agree that if the tenant intends to vacate the previously agreed premises, they must notify them 90 days in advance. The lessee will be obliged to pay the amount corresponding to a monthly lease in accordance with the amount agreed for the current year due to non-compliance and early resignation of the contract, in addition to this compensation, the deposit consigned before the Ministry of Housing, as sole, total, and final compensation to be received by the Landlord, without the right to any claim by the Tenant.

- Villa Lucre, valid from October 1, 2022, to September 30, 2027. It was established that the rental fee will be paid from October 2022 onwards for a fixed amount during the term of the contract. The contract does not have a purchase option. The parties agree that the lease will be extendable at the option of the lessee, for which it will announce said decision to the lessor, in a minimum term of (60) calendar days prior to the termination of the term of this lease, remaining at the sole decision of the lessor to extend the lease of the lessor.

Lease liabilities are included in other financial liabilities in the consolidated statement of financial position.

The interest originated from the lease liability amounts to B/.11,810 (2021: B/.14,395). (Note 29 Financial income and expenses).

Total cash disbursements for leases during the year are B/.225,695 (2021: B/.258,750).

10.2 Operating Leases as Lessor

The Group has an operating lease agreement for a location located in the municipality of Chepo, province of Panamá, with the Directorate of Judicial Investigation (DIJ). This contract has not been renewed.

The value of the income for Operating leases is:

Operating Leases	**Operating Leases non cancelable**	
	2022	**2021**
Up to One Year	0	650
Total Leases	0	650

10.3 Leases that do not originate assets by right of use.

The most significant operating lease agreement is a physical space that corresponds to an area of 14m2 within a premises that functions as a customer service branch:

- Distribuidora Xtra SA, sublease with validity of one (1) year starting from August 15, 2014, automatically renewable for additional successive periods of one (1) year each time unless either party communicates in writing to the other, with at least thirty (30) calendar days prior to the expiration of the original term of the contract or one of its extensions of its intention that the corresponding extension will not occur.

At the cut-off date, future short-term lease commitments are B/.12,000 (2021: B/.9,000).

Total cash outflows from leases during the year are B/.12,000 (2021: B/.4,750).

11. Guarantees

The Group has granted the following financial assets as guarantees:

- Performance bond to guarantee compliance with the obligations contracted in the Concession Contract in favor of 'Autoridad Nacional de los Servicios Públicos' B/.15,000,000 (2021: B/.15,000,000).

- Letters of credit, granted to Empresa de Transmisión Eléctrica, S.A., as guarantee of the payment of energy purchase costs in the occasional market for B/.4,933,979 (2021: B/.9,638,137).

- Letters of credit, granted to the 'Ente Operador Regulador de El Salvador', as a guarantee for the payment of energy purchase costs in the occasional market for B/.345,451 (2021: B/.345,451).

- Bank Guarantee granted to the 'Empresa de Transmisión Eléctrica' to guarantee the payment of one month of billing of the Transmission System for B/.2,649,532 (2021: B/. 3,349,986).

- Compliance guarantees to provide credit security and compliance with the obligations contracted under the energy purchase contracts, granted to the generating companies for B/.47,848,544 (2021: B/.39,104,883).

The Group has not received guarantees as of December 31, 2022, and 2021, in which it is authorized to sell or pledge them without there having been a breach by the owner of the guarantee.

12. Other Assets.

The detail of Other Assets at the end of the year is as follow:

Concept	2022	2021
Non-current		
Benefits of employees	4,189,169	1,071,429
Other Advances	237,534	167,671
Total Non-current Other Assets	4,426,703	1,239,100
Current		
Projects in process	2,804,087	264,089
Advances to Suppliers	974,542	121,414
Other Advances	864,867	503,074
Total Current Other Assets	4,643,496	888,577
Total Other Assets	9,070,199	2,127,677

As of December 31, 2022, projects in progress include the incremental costs of obtaining or fulfilling contracts with clients that amount to B/.2,804,087 (2021: B/.264,089).

The other expenses to be amortized include, among others, maintenance of the IT area and commissions paid in advance that are being amortized according to the period they cover.

Advances to suppliers were mainly granted to service providers for contracting crews to cut the provision of services for clients that were not paying.

13. Inventories.

Inventories at the end of the year were represented as follows:

	2022	2021
Non-Current		
Materials for Provision of Service	2,603,548	1,681,273
Total Non-Current Inventories	2,603,548	1,681,273
Current		
Materials for Provision of Service	21,352,691	17,299,323
Inventory in Transit	1,210,964	2,056,562
Total Current Inventory	22,563,655	19,355,885
Total Inventories	25,167,203	21,037,158

Materials for the provision of non-current services correspond to the rotation classification, which indicates that the materials did not have any demand within a period of more than 12 months.

Materials for the provision of current services, including materials for internal use and for the provision of services, are those delivered to contractors who conduct activities related to the provision of services.

During the year ended December 31, 2022, inventories for B/.1,012,960 (2021: B/.1,381,901) were recognized as a cost for the provision of the service during the period. In 2022, B/.87,559 (2021: B/.26,304) have been recognized as an expense resulting from reductions in the value of inventories. As of December 31, 2022, there were reversals of inventory reductions for B/.67,436 (2021: B/.34,948).

The Group has no inventories committed to guarantee its liabilities.

Los materiales para la prestación de servicios no corrientes corresponden a la clasificación de rotación que indica que los materiales no tuvieron registros de demanda dentro de un período de más de 12 meses.

14. Cash and Cash equivalents.

The composition of cash and bank balances at end of period is the following:

Cash & Bank Balances	5,121,180	14,258,437
Restricted Bank Balance 1	298,298	292,250
Total Cash & Cash Equivalents presented in the consolidated statement of financial position and statement of cash flows	5,419,478	14,550,687

1 Restricted cash is classified as non-current and corresponds to a withholding amount for a pending civil case.

15. Equity.

The Group's share capital is made up of 50,000,000 shares, the breakdown is presented below:

	Value		Number of Shares	
	2022	2021	2022	2021
Authorized Capital	106,642,962	106,642,962	50,000,000	50,000,000
Treasury Shares	(574,511)	(574,511)	(164,996)	(164,996)
Subscribed and paid Capital	106,068,451	106,068,451	49,835,004	49,835,004

15.1 Retained Earnings.

The movement of Retained Earnings during the year is presented as follows:

	2022	2021
Retained Earnings		
Beginning Balance	105,627,705	92,304,826
Dividends decreed	(33,111,774)	(20,235,417)
Advances against Dividend Tax	689,796	445,823
Adjustment in initial application of IFRS 16 effect due to change from libor to SOFR	-	699
Total accumulated results before the net result of the year	73,205,727	72,515,931
Net Profit for the year and Net movement of the balance of deferred regulatory balances.	37,869,779	33,111,774
Total Accumulated Retained Earnings	111,075,506	105,627,705

Dividends declared during the year were for B/.33,111,774 (2021: B/.20,235,417) corresponds to profits from prior years.

16. Components of other accumulated comprehensive income (loss).

The detail of each component of other comprehensive income of the consolidated statement of financial position and the corresponding tax effect is as follows:

	2022			2021		
	Gross	Net Tax Effect	Net	Gross	Net Tax Effect	Net
New Measures for defined Benefit plans	577,516	(174,839)	402,677	758,404	(228,780)	529,624

Following is a reconciliation for each component of the comprehensive results of the opening and closing balances to the cutoff date as presented below.

16.1 Components of other accumulated comprehensive income (loss)

The component of new measurements of defined benefit plans represents the cumulative value of the actuarial gain or loss, the performance of the assets of the plan and the changes in the ceiling effect of the asset, excluding the values included in the net interest on liabilities (asset) of defined net benefits. The net value of the new measurements is transferred to the accumulated earnings and not reclassified as the results of the period.

	2022	**2021**
Beginning Balance	529,624	636,662
Comprehensive result for the year due to new measurements of defined benefit plans	(180,888)	(151,114)
Income tax associated	53,941	44,076
Total	402,677	529,624

17. Crédit Facilities and Loans.

The following is the detail of value of credit facilities and Loans measured at amortized cost on the cut-off date:

	2022	**2021**
Credit Facilities and Loans		
Non-Current		
Bank Commercial Loans	-	99,958,581
Bonds & securities issued	179,979,129	179,933,778
Total Non- Current Loans	179,979,129	279,892,359
Current:		
Bank Commercial Loans	202,981,814	40,700,000
Total creditors and current Loans	202,981,814	40,700,000
Total Credit facilities and Loans	382,960,943	320,592,359

As of December 31, 2022, the Company maintains contracts for credit lines facilities for a total amount of B/.301,884,450 (2021: B/.301,884,450). The lines of credit are not subject to guarantee and are available for a maximum period of one year.

These credit facilities have a "pari passu" order of priority with other "senior" unsecured and unsubordinated obligations of the Company.

The company's new credits and loans were acquired to finance the execution of ENSA's investment program. The detail of credits and loans is as follows:

The detail of credits and short-term loans by entity is as follows:

Entity	Type	Original Currency	Start Date	Term	Nominal Interest rate	2022 IRR	Nominal Value	Amortized Value Cost	Total Value	2021 IRR	nominal vale	2021 Amortized Value Cost	Total Value
Bladex Bank	Loan	USD	6-Oct-21	0.50	1.10%	-	-	-	-	1.10%	7,000,000	-	7,000,000
Citibank	Loan	USD	9-Nov-21	1.00	1.31%	-	-	-	-	1.31%	6,000,000	-	6,000,000
Citibank	Loan	USD	11-Nov-21	1.00	1.31%	-	-	-	-	1.31%	7,000,000	-	7,000,000
Citibank	Loan	USD	28-Dic-21	0.30	1.01%	-	-	-	-	1.01%	5,100,100	-	5,100,100
Citibank	Loan	USD	28-Dic-21	0.20	1.00%	-	-	-	-	1.00%	6,400,000	-	6,400,000
Citibank	Loan	USD	29-Dic-21	0.30	1.01%	-	-	-	-	1.01%	9,200,000	-	9,200,000
BLADEX	Loan	USD	1-Feb-22	1.00	2.00%	2.00%	5,000,000	-	5,000,000	-	-	-	-
SCOTIABANK	Loan	USD	9-Mar-22	1.00	2.00%	2.00%	60,000,000	-	60,000,000	-	-	-	-
SCOTIABANK	Loan	USD	1-Nov-22	0.20	5.35%	5.35%	15,000,000	-	15,000,000	-	-	-	-
BANESCO	Loan	USD	23-Sep-22	1.00	3.80%	3.80%	15,000,000	-	15,000,000	-	-	-	-
CITIBANK	Loan	USD	7-Dec-22	0.10	5.88%	5.88%	8,000,000	-	8,000,000	-	-	-	-
The Bank of Nova Scotia	Loan	USD	3-Oct-18	5.00	4.25%	4.25%	100,000,000	18,186	99,981,814	-	-	-	-
Total							203,000,000	18,186	202,981,814		40,700,100	-	40,700,100

As of December 31, 2022, no interest payments were made for credit operations B/.1,554,562 (2021: B/.0).

The detail of long-term debt loans and credits is as follows:

Entity	Type	Original Currency	Start Date	Term	Nominal Interest Rate	2022 IRR	2022 Nominal Value	2022 Amortized Cost Value	2022 Total Value	2021 IRR	2021 Nominal Value	2021 Amortized Cost Value	2021 Total Value
The Bank of Nova Scotia	Loan	USD	3-Oct-18	5	4.25%	-	-	-	-	4.25%	100,000,000	(41,419)	99,958,581
Preferred Bonds 2027	International Bond	USD	13-Dec-12	15	4.73%	4.73%	80,000,000	1,963,189	81,963,189	4.73%	80,000,000	(501,062)	82,113,689
Preferred Bonds 2036	International Bond	USD	1-Jul-21	15	3.87%	3.87%	100,000,000	(1,984,060)	98,015,940	3.87%	100,000,000	434,840	97,820,089
Total							180,000,000	(20,871)	179,979,129		280,000,000	(107,641)	279,892,359

Preferred Bonds 2021

The Group has bonds payable per the Debt Agreement ("Senior Notes") for a nominal value of B/.100,000,000. The bonds have a fixed interest rate of 7.6%, payable semi-annually, with maturity in 2021.The payment to capital is performed at maturity. The bonds are not guaranteed and are not subordinated. The Group can redeem the bonds, in whole or in part, at any time prior to its expiration provided they meet certain conditions that include the payment of a premium.

On May 31, 2017, the Group requested the Superintendence of the Securities Market to register changes to the terms and conditions of the bonds for B /.100,000,000. The significant change corresponds to the limit of indebtedness that does not exceed 3.50 times of its EBITDA, previously the limit of indebtedness was 3.25 times of its EBITDA. On December 16, 2017, the Superintendence of the Securities Market issued resolution SMV-803-16 in which it approved to register the modifications in terms and conditions requested by the Group.

During the time of the Indenture Agreement, the Group must comply with the terms of the agreements, some of which are listed below:

- Prohibition on granting encumbrance any of its properties or assets of the Group or its Subsidiaries.
- Do not allow any Subsidiary, in one or several transactions to consolidate, merge with or join with any Group or grant, yield or transfer all or substantially all its properties, assets, or income to any Group. (Which is not a Subsidiary of the Group) or allow any Group (which is not a Subsidiary of the Group) to merge with or in it.
- Do not allow the Total Indebtedness Ratio to EBITDA of which now are the most recently elapsed after four fiscal quarters exceed the ratio of 3.50. The Total Indebtedness Ratio to EBITDA may exceed the ratio of 3.50 during a period of Eligible Investment or Capital Investment no more than two times during the validity of the Bonds, provided that during this period the Total Indebtedness Ratio to EBITDA does not exceed the ratio of 4.0.

In the event of a default in the terms and conditions of the Issuance Contract, the Trustee, at the request of the holders of the bonds that maintain not less than 25% in principal amount and it is foreseen that said event of default is maintained, will declare all bonds immediately due and payable, for which purpose the Group must pay the Trustee an amount equal to the sum of the principal amount of the outstanding bonds, all interest accrued thereon, the additional amounts and the sum of restitution (the "Amount of Amortization for Events of Default "), calculated by the Group and notified to the Trustee in writing. For the purposes of the amortization amount for default events, the "Sum of Restitution" will be equal to the difference between (i) the sum of (a) the current value of the future capital and the interest cash flows of the bonds expected (less any accrued interest), discounted at an annual rate equal to the yield of the current treasury bonds at that corresponding time closest to the remaining weighted average life of the bonds calculated at the time of payment of the amortization for events of default and (b) 0.50% per annum and (ii) the principal amount of the outstanding bonds.

The Company canceled the 2021 Preferred bond on July 12, 2021.

Commercial Bank Loans 2023.

On October 2, 2018, the Group signed a loan agreement with The Bank of Nova Scotia for a face value of USD100,000,000. The loan has a fixed interest rate of 4.25%, payable monthly, due in 2023. The payment to capital is made at maturity. The Group can partially or fully pay the loan in advance provided that certain conditions stipulated by the bank are met. This credit facility has, at least, the same degree of priority or preference "pari passu" as all other credits that third parties have, except for those credits privileged exclusively by virtue of the Law.

While the loan granted to the Group is current, it must comply with the terms of the contract, some of which are indicated below:

- Prohibition to dissolve, consolidate, merge, split or amend shareholder composition.

- Prohibition to sell, assign, lease, exchange or in any way dispose of the properties and assets for an amount that, individually or jointly, exceeds the sum of thirty-five million balboas (B /: 35,000,000).

- Do not allow obtaining loans or credit facilities in the long term with other banking or financial institutions whose guarantees are more favorable than the current ones.

The Group is obliged to maintain its ratio of Total Financial Debt to EBITDA at three point five to one (3.5:1) or less. This condition will be measured annually based on the audited consolidated financial statements.

On June 9, 2021, the loan agreement with The Bank of Nova Scotia was modified. The significant change corresponds to the indebtedness limit to establish that the Company undertakes to maintain its ratio of Total Financial Debt to EBITDA to four point zero to one (4.0:1) or less.

Preferred Bonos 2027

On December 6, 2012, the Group signed an Agreement for the Purchase of Promissory Notes with a group of investors that individually agreed to buy from the Group a total of B/.80,000,000 in Preferred Bonds ("Senior Notes"). The bonds were agreed upon with a fixed rate of 4.73% payable semiannually, with maturity on December 13, 2027, and were issued pursuant to the Indenture Agreement, signed between the Group and The Bank of New York Mellon in its capacity as fiduciary agent dated of December 11, 2012.

With reference to the Agreement of Purchase of Notes and the Indenture Agreement the Group signed on December 13, 2012, a Bridge Financing Agreement where the Group agrees to issue promises of payment, free of taxes "Bridge Notes", to the order of each of the buyers for a total of B/.80,000,000., each Buyer severally agrees to the transfer the corresponding respective funds to each one of these Bridge Notes to the Group. The Agreement establishes that the Bridge Notes shall bear an annual interest of 4.73% cumulative from the date of the transfer of the funds, with maturity on February 1, 2013, or on the date of termination of the Financing Agreement, whichever comes first. The Financing Agreement may be terminated by agreement of the parties or in the absence of the issuance of the preferred bonds. The Financing Agreement requires that the Group maintains and ensures that it has the capacity for indebtedness in funds available under its facilities of credit lines along with their cash equivalents by an amount more than the amount to cancel due to the termination of this Agreement.

On January 17, 2013, the closure of the Purchase Agreement of Notes was carried out whereupon the preferred bonds were handed over to the buyers, being that on the same date it is confirmed by the Group and the buyers that the conditions of the purchase agreement of notes that have been met, to satisfaction, and the Group is released of its obligations of the payment under the Bridge Notes and the Financing Agreement. The payment of the undersigned price under the issuance of the preferred bonds must be met with the cancellation of the Bridge Notes and the payment obligations established in the Financing Agreement without any additional payment by buyers to the Group.

During the time of the Indenture Agreement, the Group must comply with the terms of the agreements, some of which are listed below:

- Prohibition from granting encumbrance on any of its properties or assets of the Group or its Subsidiaries.

- Do not allow any Subsidiary, in one or several transactions to consolidate, merge with or join with any Group or grant, yield, or transfer all or substantially all its properties, assets or income to any Group (which is not a Subsidiary of the Group) or allow any Group (which is not a Subsidiary of the Group) to merge with or in it.

- Do not allow the Total Indebtedness Ratio to EBITDA of which now are the most recently elapsed after four fiscal quarters exceed the ratio of 3.50. The Total Indebtedness Ratio to EBITDA may exceed the ratio of 3.50 during a period of Eligible Investment or Capital Investment no more than two times during the validity of the Bonds, provided that during this period the Total Indebtedness Ratio to EBITDA does not exceed the ratio of 4.0.

If the Group fails to meet the performance or observation of any of the clauses or terms described above the Trustee shall, at the request of the bond holders who maintain no less than 25% of the principal amount and it is foreseen that said event of default will maintain, will declare the totality of the bonds immediately due and payable. After the bonds have become immediately due and payable the Group must pay the Trustee an amount equal to the sum of the amount of the capital of the outstanding bonds, all interest earned thereon, the additional amounts and the amount of restitution (the "Amount of Depreciation for Events of Default"), calculated by the Group and notified to the Trustee in writing. For the purposes of the amount of depreciation for events of default, the "Sum of Restitution" shall be equal to the difference between (i) the sum of (a) the present value of the future capital and cash flows by interest on expected bonds (less any accrued interest), discounted at an annual rate equal to the yield of the treasury bonds in force at that corresponding time closest to the weighted average life remaining on the bonds calculated at the time of payment of the depreciation for events of default and (b) 0.50 per cent per annum and (ii) the amount of capital of the bonds in circulation.

Preferred Bonds 2036.

The Company has bonds payable under the Issuance Agreement (“Senior Notes”) for a face value of B/.100,000,000. The bonds bear interest at a fixed rate of 3.87%, payable semi-annually, maturing in 2036. Principal payment is made at maturity. The notes are not guaranteed and are not subordinated. The Company may redeem the bonds, in whole or in part, at any time prior to maturity if certain conditions are met, including the payment of a premium.

During the time of the issue agreement, the Company must comply with the terms of the agreement, some of which are indicated below:

- Prohibition of granting a lien on any of the properties or assets of the Company.
- Not allow any subsidiary, in one or more transactions to consolidate, merge with or combine with any company or transfer, assign, or transfer all or substantially all its property, assets or income to any company (other than a subsidiary of the Company). or allow any company (other than a Company subsidiary) to merge with or into it.
- Do not allow the Indebtedness to EBITDA Ratio after four continuous fiscal quarters to exceed 4.00 times. The Leverage to EBITDA Ratio may exceed 4.00 times during an eligible acquisition or Capital Investment period no more than twice during the life of the bonds, provided that during said period the Leverage to EBITDA Ratio does not exceed 4.50 times. This indicator will be subject to the fact that there is no current debt with an Indebtedness to EBITDA Ratio lower than that established in this bond.

In the event of an event of non-compliance in the terms and conditions of the Bond Issue Agreement, the Trustee, at the request of the bondholders who maintain not less than 25% of the principal amount and provided that said event of non-compliance is maintained, will declare all bonds immediately due and payable for which the Company shall pay to the Trustee an amount equal to the sum of the principal amount of the outstanding bonds, all interest accrued thereon, additional amounts and the restitution amount (the “ Redemption Amount for Events of Default”), calculated by the Company and notified to the Trustee in writing.

The Group defers the costs associated with the issuance of long-term debt. These costs include the costs of commission and other costs such as: legal, registration and stamps. The costs of issuing debt are depreciated based on the term of validity of the debt instrument using the effective interest method and is presented net of long-term debt on the statement of financial position of the Group.

As of December 31, 2022, the result of the (Covenant) Debt / EBITDA indicator is 3.37 times. For the measurement of EBITDA, and consistent with the current accounting policy, since the bonds were issued, the Group considers the year's profit including the net movement of regulatory accounts related to gains and losses, as presented below:

	2022	2021
Net Profit of the year before any movement of the balances of deferred regulatory accounts	53,665,832	9,306,112
Net Movement on balances of deferred regulatory accounts with profit & loss	(22,565,790)	34,008,088
Net movement on deferred taxes that that come from balances with deferred regulatory accounts related to profit or loss	6,769,737	(10,202,426)
Net Profit on the net movement of balances of deferred regulatory accounts	37,869,779	33,111,774
Depreciation & Amortization	38,436,042	36,142,593
Financial Expenses Net	15,325,123	17,753,856
Asset disposal and other costs	5,912,872	1,302,949
Income Tax	16,194,121	14,126,645
EBITDA	113,737,937	102,437,817
Contract Debt		
Debt Short term	103,000,000	40,700,000
Debt Long Term	100,000,000	100,000,000
Preferred Bonds 2027 Long term	80,000,000	80,000,000
Preferred Bonds 2036 Long term	100,000,000	100,000,000
Total Contract Debt	383,000,000	320,700,000
Debt to EBITDA (times)	3.37	3.13

During 2022, the Group has not failed to pay principal and interest on its loans.

18. Suppliers and Other Accounts Payable

Creditors and other accounts payable are measured at amortized cost and are composed of:

	2022	2021
Non-Current		
Deposits received as collateral	6,096,011	5,780,088
Construction contracts	26,237,108	29,532,054
Acquisition of goods and services	267,561	368,175
Total non-current financial liabilities	32,600,680	35,680,317
Current		
Energy Suppliers	124,080,747	148,294,400
Acquisition of goods and services	29,975,622	29,658,380
Guarantee deposits	2,620,147	1,712,070
Other accounts payable	9,530,746	7,618,945
Constructions contracts	5,660,033	6,265,748
Total Current financial liabilities	171,867,295	193,549,543

The construction contracts item includes advances received from promoters mainly for the construction of electrical infrastructure for the projects. Once these public works are transferred to ENSA, reimbursement agreements are formalized for 4 years (aerial works) or 7 years (underground public works) according to current regulations.

The payment term to suppliers is generally 30 days.

During the year, the Group has not defaulted on the payments of creditors and other accounts payable.

19. Other Financial Liabilities

The Other financial liabilities are composed of:

	2022	2021
Non-Current		
Leases (See Note 10)	202,946	233,952
Total Financial Liabilities Non-Current	202,946	233,952
Current		
Leases (See Note 10)	162,977	216,853
Total Financial Liabilities Current	162,977	216,853

During the accounting period, the Group has not defaulted on the payment of principal and interest.

20. Employee Benefits

The line item of employee benefits recognized at the cut-off date in assets and liabilities of the statement of financial position, presents is detailed as follows:

Employee Benefits	2022	2021
Non - Current		
Post-Employment Benefits - Assets	-	545,079
Post-Employment Benefits - Liabilities	(2,428,890)	(309,863)
Total Non Current Employee Benefits	(2,428,890)	235,216
Current		
Post-Employment Benefits - Liabilities	(16,876)	(21,139)
Total Current Employee Benefits	(16,876)	(21,139)
Total Employee Benefits	(2,445,766)	214,077

20.1 Post Employee Benefits.

Includes the defined benefit plans detailed below:

Defined Benefits Plans	Another Defined Benefits Plan		Senority Payment		Total	
	2022	2021	2022	2021	2022	2021
Present value of obligations for defined benefits						
Beginning Balance	(331,002)	(377,797)	(2,094,254)	(2,045,740)	(2,425,256)	(2,423,537)
Cost of Present services	(12,551)	(13,113)	(337,409)	(308,482)	(349,960)	(321,595)
Income or (expense) for interest	(7,441)	(7,121)	11,225	52,672	3,784	45,551
Actuarial gains or losses from changes in:						
Assumptions for experience	79,164	(58,287)	(338,384)	79,853	(259,220)	21,566
Financial assumptions	38,827	71,169	382,543	(20,686)	421,370	50,483
Payments made by the plan	9,000	24,000	161,784	122,958	170,784	146,958
Other changes that adjust the obligation	(7,268)	30,147	-	25,171	(7,268)	55,318
Present value of the obligations for the end of the period	(231,271)	(331,002)	(2,214,495)	(2,094,254)	(2,445,766)	(2,425,256)
Fair value of the Assets of the plan						
Beginning Balance	-	-		2,294,987	-	2,294,987
Contributions made to the plan	-	-		344,346	-	344,346
Fair Value of the assets of the Plan at the end of the Period	-	-	-	2,639,333	-	2,639,333
Surplus or deficit for the defined benefit plan	-	-	(2,214,495)	545,079	(2,445,766)	214,077
Total of Defined Benefits	-	-	(2,214,495)	545,079	(2,445,766)	214,077

For the 2022 accounting period, the balance of the Unemployment Fund presented as part of Post-employment Benefits was reclassified to be presented as other non-current assets (See Note 12).

The Group has three post-employment defined benefit plans:

Benefit	2022		2021	
	From	Until	From	Until
Seniority Premium and severance payment fund	Indefinite	Indefinite	Indefinite	Indefinite
Discount on Electric Bills	Indefinite	Indefinite	Indefinite	Indefinite
Retirement Bonus	Indefinite	Indefinite	Indefinite	Indefinite

(i) Seniority Premium and severance payment fund

According to the Labor Code of the Republic of Panamá, upon the termination of a contract for an indefinite time, whatever the cause may be, the worker has the right to a seniority premium at a rate of one week`s salary for each year of work since the start of the employment relationship. The seniority premium represents 1.92% of the wages paid.

The Labor Code, amended by Act No. 44 of August 12, 1995, specifies that employers shall establish an unemployment fund to cover the seniority premium and compensation for unjustified dismissal or justified resignation. The Group maintains a trust through an authorized entity called Pro-futuro, S.A., which acts as trustee to ensure liabilities for the unemployment fund.

(ii) Other Plans of defined benefits

a) Discount on the electricity billing to a group of IRHE retirees

The benefit grants a 50% discount on the billing for electrical services to a closed group of former collaborators of the IRHE, regardless of the service provider that they may use.

b) **Retirement Bonus**

The current employees of the Group have the benefit of a B/.3,000 bonus when taking advantage of the age-based retirement granted by the Social Security Fund. The weighted average of the duration in years, of the obligations for defined benefit plans, establishes the cut-off date is from 2022 to 2063.

The Group made contributions for defined benefits during the year for B/.363,833 (2021: B/.344,346) and expects to make contributions for the following year for B/.377,497.

The assets of the plan, managed by Pro-Futuro, invest mainly in fixed deposits and bonds as regulated in Executive Decree No. 106 of 1995. The maximum fair value of the asset is the amount contributed by the Group (the employees do not make contributions), the proceeds from the change in the market value of the investments correspond to the administrator of the Fund.

The principal actuarial assumptions used to determine the obligations for the defined benefit plans are the following:

	Concept	
Assumptions	**2022**	**2021**
Discount Rate %		
Seniority Premium (%) ENSE	5.44	2.82
Seniority Premium (%)	5.52	2.77
Retirement Bonus	5.48	2.69
Discount on Light Bill to Retired Clients (%)	5.34	1.73
Electrical Bill Benefit		
Annual Salary rate increase (%)	5	3.50
Incremental Rate on the discount of the electrical Bill benefit (%)	1.64	1.12
Actuarial Tables	Mortality Table for the Urban population of the Republic of Panamá 2010-2015 (adjusted).	

The following table reflects the effect of a variation of plus 1% and less 1% in the wage increase, the discount rate, and the increase in the benefit on the obligation due to defined post-employment benefits plans:

Assumptions	Increase in the discount rate +1%	Decrease in the discount rate +1%	Rise in Salary increase by +1%	Reduction in salary increase by +1%	Rise in the increase of the benefit in +1%	Reduction in increase of the Benefit in -1%
Seniority Premium ENSE	(3,264)	4,265	3,970	(3,099)	No aplica	Not apply
Seniority Premium	(236,653)	285,599	244,392	(207,883)	No aplica	Not apply
Subsidized Public Services	6,362	(7,095)	Not apply	Not apply	(6,675)	6,087
Retirement Bonus	(9,158)	10,795	Not apply	Not apply	Not apply	Not apply
Total Benefits Post Employment	(242,713)	293,564	248,362	(210,982)	(6,675)	6,087

There have been no changes in the methods and assumptions used to prepare the sensitivity analysis of the prior period to the current period. The defined benefit plans expose ENSA to actuarial risks such as investment risk, longevity, and salary risk.

Investment Risk:
Currently, the assets of the seniority premium plan have relatively balanced investments, mainly in time deposits, securities, and debt instruments.

Longevity Risk:
The current value of the liability for electricity discount is calculated in reference to the best estimate of the mortality of the plan's participants. An increase in the life expectancy of plan participants would increase the plan's liability.

Salary Risk:
The current value of seniority premium liability is estimated considering the future salaries of the plan's participants. Thus, an increase in the salary of the plan's participants would increase the plan's liabilities.

21. Provisions, Contingent Assets and Liabilities

21.1 Provisions

The reconciliation of provisions is as follows:

2022	Dismantling & Restoration	Legal Litigations	Others	Total
Beginning Balance	192,265	595,000	11,557,023	12,344,288
Additions	3,021	-	1,624,885	1,627,906
Utilizations (-)	-	-	(650,812)	(650,812)
Final Balance	195,286	595,000	12,531,096	13,321,382

To reduce the uncertainty that may arise with respect to the estimated date of payment and the estimated value to be paid of a litigation qualified as probable, the Group evaluates each case in a particular way together with its external legal advisors. in consideration the average duration of similar processes. The estimated value to be paid of a litigation qualified as probable is determined based on the amount of the plaintiff's claim and an analysis of the specific condition that motivates the claim to determine the recognition of a possible loss. For this, the Group has the appreciation of external legal advisors of the Group and, in certain cases, the support of insurance advisors if an actuarial valuation is required.

21.1.1 Dismantling

The Group is obliged to incur dismantling costs or restoration of its facilities and related assets with transformers where it is confirmed or is deemed to contain poly-chlorinated Bi-Phenol ("PCB") whether it is in use or out of service. The Group is committed to the dismantling of these assets from 2002 to 2025, maximum term indicated by the Stockholm Convention. The provision is recognized by the present value of the expected costs to cancel the obligation using estimated cash flows. The Cash flows are discounted at a pre-tax rate, using as a reference the market yield of the bonds issued by the Government of the Republic of Panama. The main assumptions considered in calculating the provision are:

a. It was determined that 64 transformers should be discarded for being suspects in PCB content.
b. The present value of the obligation was determined using a discount rate of 4.42%, which is ENSA's cost of indebtedness.
c. The legal obligation (implicit) of dismantling the transformers appears for the first time in ENSA in 2002 with the subscription of the Republic of Panamá to the Rotterdam Convention.

21.1.2 Legal Litigations

This provision covers the probable estimated losses related to labor, administrative, civil, and fiscal litigations (administrative and governmental procedures) that arise in the operation. The main assumptions considered in the calculation of the provision are:

a. The legal advisers review cases to determine, according to their development, the likelihood or not of incurring an outflow of resources.
b. The legal advisers provide the best estimate for the reserve of litigations.
c. The legal technicians provide the estimated date of payment.

The following are the lawsuits recognized in 2022:

Claims and Provisions	**Valor**
Civil ordinary process for the development of the Llano Bonito substation	295,000
Civil ordinary process for the lawsuit and illegality against Res. No. 12581	150,000
Civil ordinary process for damages caused by interruption of service	150,000
	595,000

21.1.3 Other Provisions

The Group maintains other provisions for B/.12,531,096 (2021: B/.11,557,023) to cover compensations to customers that occurred due to possible breaches of regulations regulated by the “Autoridad Nacional de los Servicios Públicos” (ASEP). The amount of these compensations is provided by the technical area of the Group which makes calculations based on indicators provided by the system.

Estimated Payments

The estimate of the dates in which the Group deems that it must deal with the payments related to provisions included in the statement of financial position as the end of the year, is the following:

Estimated Payments	**Dismantlement o restoration**	**Litigious**	**Others**	**Total**
2022	192,265	595,000	12,531,096	13,321,382
Total	192,265	595,000	12,531,096	13,321,382

21.2 Contingent liabilities

The composition of contingent liabilities is as follows:

Type of contingency	Contingents Liabilities
Pending Litigations	393,535
Total	393,535

The Group has pending litigations or proceedings that are currently pending before jurisdictional, administrative and arbitration bodies. Taking into consideration the reports of the legal advisers, it is reasonable to estimate that said lawsuits will not significantly affect the financial situation or solvency, even in the event of any unfavorable judicial decisions against the Group.

Contingent liabilities:

Pending Legal claims	**Valor**
Civil suit for damages for cancellation of contract	375,000
Labor disputes	18,535
Total Contingent Liabilities	393,535

21.3 Compromises

The purchase rules for the contract market, established by Resolution AN No. 991-Elec of July 11, 2007, and its amendments, establish minimum contracting obligations in the medium and long term, both in power and in energy to the distribution companies. The power must be contracted to cover the maximum demand of generation of the Group and the energy must be contracted as per the associated Energy required. ETESA must conduct the summoning's of the Acts of Concurrence to supply the need for potency and energy of the final clients of the electric distribution Group and ensure that the summoning's that they conduct comply with the minimum contracting levels of the Group of electric distribution. The Group routinely enters purchase contracts that have different quantity and duration requirements as part of its obligation to distribute and sell electricity to its regulated customers. ENSA must recover costs related to these obligations at future rates to customers. In addition, all energy supply contracts entered into by the Group are to meet its obligations to distribute energy to customers.

In compliance with the Electricity Law of 1997, the Group negotiated the purchase of long-term energy purchase with generation companies.

The Electric Transmission Group, S.A. (ETESA) is responsible for preparing tenders for the purchase of energy by distribution companies. The offers are received, evaluated, and awarded by ETESA. They are then assigned to each distribution Group based on their requirements. Distribution companies are obliged to sign contracts based on the bids awarded.

ENSA has several unconditional long-term contractual obligations related to the purchase of energy capacity.

The incremental amounts of payments required for such obligations are presented below:

Year	Payment obligations
2023	105,219,259
2024	100,987,662
2025	127,414,012
2026	125,520,788
Hereinafter	532,180,673
Total	991,322,394

The Group made disbursements of B/.126,902,824 (2021: B/.122,594,907), in unconditional contracts, related to the purchase of long-term energy capacity.

1. Other liabilities

The composition of other liabilities is as follows:

	2022	2021
Non Current		
Income received in Advance	148,170	191,243
Government Subsidies	1,459,151	1,564,747
Total other liabilities non-current	1,607,321	1,755,990
Current		
Income received in Advance	43,074	51,786
Government Subsidies	105,595	105,595
Total other liabilities - current	148,669	157,381
Total Other Liabilities	1,755,990	1,913,371

22.1 The movement of income received in advance is as follows:

	2022	2021
Beginning Balance	243,029	300,740
Recognized in the Profit or Loss during the year	(51,785)	(57,711)
Ending Balance	191,244	243,029

22.2 The movement of government subsidies is as follows:

Changes in liabilities from financing activities

The reconciliation of liabilities arising from financing activities is as follows:

Reconciliation of liabilities arising from the financing activities 2022	Initial Balance	Cash flow		Other Changes	Changes other than Cash	Total
Credits and loans (see note 17)	320,592,359	150,219,084	(87,700,000)	(150,500)	-	382,960,943
Lease liabilities (see note 19)	450,804		(214,485)	129,604	-	365,923
Treasury shares (see note 15)	(574,511)					(574,511)
Retained earnings (see note 15)	125,416,600	-	-	-	37,869,779	163,286,379
Adjustment change IFRS 16 (see note 15)	699	-	-	-	-	699
Dividends or surpluses paid and Complementary Tax (see note 15)	(19,789,594)	689,797	(33,111,774)	-	-	(52,211,571)
Total liabilities for financing activities	426,096,357	150,908,881	(121,026,259)	(20,896)	37,869,779	493,827,862

	2021					
Reconciliation of liabilities arising from the financing activities 2021	**Initial Balance**	**Cash flow**		**Other changes**	**Changes other Cash**	**Total**
Credits and loans (see note 17)	282,668,156	139,535,869	(100,000,000)	(1,611,666)	-	320,592,359
Lease liabilities (see note 19)	534,814	-	(244,355)	160,345	-	450,804
Treasury shares (see note 15)	(574,511)	-	-	-	-	(574,511)
Retained earnings (see note 15)	92,304,826	-	-	-	33,111,774	125,416,600
Adjustment change IFRS 16 (see note 15)					699	699
Dividends or surpluses paid and Complementary Tax (see note 15)	-	445,823	(20,235,417)	-	-	(19,789,594)
Total liabilities for financing activities	374,933,285	139,981,692	(120,479,772)	(1,451,321)	33,112,473	426,096,357

23. Deferred Regulatory accounts:

ENSA is subject to regulation by the ASEP. This entity is responsible for regulating and setting the final rates that the Group invoices to their customers. The Group maintains its accounting records in accordance with the uniform system of accounts established by the ASEP for the electricity companies.

The regulated system under which the Group operates allows any excess or deficiency between the estimated cost of energy considered in the rate and the actual cost incurred by the Group to be included as a compensatory adjustment, to be recovered from or returned to the customers in the next tariff review. Any excess in the energy cost charged to customers is accumulated as credit balance in a deferred regulatory account in the balance sheets of the Group and leads to a reduction in the next tariff review to be applied to clients. In the same way, any shortfall in the energy cost charged to customers is accumulated as debit balance into a deferred regulatory account in the balance sheets of the Group and leads to an increase in the next tariff review to be recovered from the customers.

The deferred regulatory accounts with debit balance represent probable future revenues associated with certain costs which are expected to be recovered from the customers through the process of the fare. The deferred regulatory accounts with credit balance represent probable reductions in future income associated with amounts that are expected to be credited to the customers through the process of rates.

The movement of regulatory accounts is as follows:

	Assets(Liabilities)	
	2022	**2021**
Deferred Regulatory accounts		
Beginning Balance	34,231,578	223,490
Recognized in the consolidated statement of other comprehensive income or (loss) for the year	(22,565,790)	34,008,088
Ending Balance	11,665,788	34,231,578

The decrease in regulatory assets was since the tariff allowed us to recognize the costs of previous periods.

Cash flows used by regulatory accounts amounted to B/. 15,796,053 (2021: B/.23,805,662), which, by Group policy, are classified as operating activities in the statement of cash flows.

The movement of the deferred tax associated with the regulatory accounts is as follows:

	Assets (Liabilities)	
	2022	**2021**
Deferred tax associated with regulatory accounts		
Beginning Balance	(10,269,473)	(67,047)
Increases	6,769,737	(10,202,426)
Ending Balance	(3,499,736)	(10,269,473)

Balances associated with regulatory accounts deferred according to the regulation must be recovered or returned within the following two semesters.

24. Income from ordinary activities

For presentation purposes, the Group disaggregates its income from the services it provides, according to the lines of business in which it participates and the way in which the administration analyzes them. The breakdown of income is presented below:

	2022	**2021**
Services provided		
Energy distribution service	661,938,912	525,644,217
Professional Fees	2,686,618	2,589,696
Connection / reconnection	1,849,839	1,021,907
Late Fees	1,944,852	1,640,612
Other services	1,636,883	1,114,932
Fines and Sanctions	385,569	366,042
Total Income from ordinary activities	670,442,673	532,377,406
Other income (Note 25.1)	3,735,045	8,164,366
Total Income	674,177,718	540,541,772

In the Group, performance commitments are fulfilled as follows:

Energy distribution service - the performance obligation is satisfied when the electric power service is supplied to the customer according to his request.

The Group recognizes all its income from the satisfaction of performance obligations. The Group has no pledged ordinary income, nor does it have firm commitments with customers for the provision of future services.

25.1 Other Income

Other Income	**2022**	**2021**
Valuation of investment properties (Note 6)	699,900	20,900
Government grants	105,595	105,595
Recoveries	186,631	1,848,542
Other ordinary income	2,583,835	5,953,857
Other income	159,084	235,472
Total Other income	3,735,045	8,164,366

The decrease in other ordinary income is because by 2021 other income was recognized as fees associated with the design, supply, transport, delivery and installation of materials and equipment for electrical distribution line and luminaires for the community of Cartí.

1. Costs for service provided.

The breakdown of the costs for the provision of services is as follows:

	2022	**2021**
Cost for Services Provided		
Other Costs of public goods and services for sale	450,885,157	374,142,279
Use of Lines, networks and Pipelines	31,820,283	43,807,957
Depreciation (notes 5 y 8)	31,392,667	29,776,374
Orders & contracts for other services	17,312,301	18,408,843
Salaries & Personnel expenses	8,288,535	7,584,086
Orders & contracts for Maintenance & Repairs	2,705,231	2,757,163
General expenses	1,390,320	1,119,457
Taxes, contributions and Rates	1,058,691	1,082,567
Other Leases	468,198	449,339
Amortization for Right of Use Assets (Note 10)	230,068	251,063
Others	215,035	373,674
Total costs for services provided	545,766,486	479,752,802

For the year ended December 31, 2022, other costs of public goods and services for sale were recognized for B/.450,885,157 (2021: B/.374,142,278) detailed as: purchase of energy B/.446,818,765 (2021: B/.371,906,339) and costs of sales B/.4,066,392 (2021: B/.2,235,940).

1. Administrative expenses

The breakdown of the administrative expenses is as follows:

	2022	**2021**
Personnel expenses:		
Wages and salaries	8,130,248	6,645,067
Social security expenses	1,177,951	1,073,776
Benefits of Union Collective agreement	86,673	94,457
Others	936,988	850,910
Total Personnel expenses	10,331,860	8,664,210
General expenses:		
Depreciation of property, plant and equipment and amortization of intangibles (Notes 5 and 8)	6,813,307	6,115,158
Commissions, Professional fees and services	2,812,624	2,494,648
Taxes, contributions and rates	2,254,859	2,021,044
Maintenance	2,181,969	1,860,240
Public services	1,392,369	1,380,568
General securities	889,596	789,187
Combustible and lubricants	495,398	389,018
Printed matter, publications, subscriptions and affiliations	114,045	142,303
Publicity and Marketing	343,144	189,527
Per diems and travel expenses	195,137	111,077
Provision for contingencies	-	42,688
Cleaning materials and elements for the coffee area	21,143	18,810
Leases	1,581	3,059
Safety equipment	220,927	225,559
Photocopies	27,586	34,385
Legal expenses	450,110	177,719
Others	598,418	352,603
Total General Expenses	18,812,213	16,347,593
Total	29,144,073	25,011,803

The operating lease fees recognized as expenses for the year are B/.469,779 (2021: B/.452,398), included in the costs for the provision of services and administrative expenses.

25. Other Expenses

The details of other expenses are as follows:

	2022	2021
Loss on sale of Assets	5,702,622	877,822
Loss on Inventory retirement & write offs	210,250	382,438
Total	5,912,872	1,260,260

Mainly because of the removal of the meters due to the meter replacement program for being defective, damaged and with inferior technology. as well as defective transformers, system change, change due to increased loads and damaged.

26. Financial Income and Expenses.

29.1 Financial income

The detail of financial income is as follows:

	2022	2021
Financial Income		
Interest income from:		
Bank fixed deposits	170,746	149,470
Other financial income	198,542	224,728
Total	369,288	374,198

29.2 Financial expenses

The detail of financial expenses is as follows:

	2022	2021
Interest expenses		
Loans & Bonds	15,136,054	17,657,678
Interest for Leases	11,811	14,395
Less interest capitalized on appropriate assets	(14,522)	(80,188)
Other financial expenses	561,068	536,169
Total Financial Expense	15,694,411	18,128,054

27. Income Tax.

30.1 Tax Laws and Provisions

The Company's income tax returns, including the one for the year ended December 31, 2022, are subject to review by the tax authorities for the last three tax periods, according to current regulations.

As of January 1, 2010, with the entry into force of Law No.8 of March 15, 2010, Article 699 of the Fiscal Code indicates that legal entities whose taxable income exceeds one million five hundred thousand balboas (B/.1,500,000) per year must pay income tax at a rate of 25% (for the year 2011 it was 25%).

In addition, the Tax Code indicates that companies in which the State has a shareholding greater than forty percent (40%) of the shares will pay Income Tax at a rate of 30%.

On whichever is greater between: (1) the net taxable income calculated by the traditional method established in Title I of the Fourth Book of the Tax Code, or (2) the net taxable income that results from applying to the total taxable income four and sixty-seven percent (4.67%).

On August 29, 2012, Law No. 52 entered into force, modifying the rules on the Transfer Pricing regime to regulate prices, for tax purposes, on transactions carried out between related parties, with the consideration that said transactions they are similar to those made with independent parties. According to these regulations, taxpayers who carry out operations with related parties that have an impact on income, costs, and deductions in the determination of taxable income for income tax purposes for the period in which it is declared, or an operation is carried out, they must prepare an annual report on the operations carried out within six months following the end of the corresponding tax period (Form 930).

Such transactions must be submitted to a study to establish compliance with the assumption established and contemplated in the Law. As of the date of these consolidated financial statements, the Group is in the process of completing said analysis; however, according to Management, it is not expected to have a material impact on the estimated income tax for the year.

30.2 Reconciliation of the Effect Tax Rate

The conciliation between the applicable taxable rate and the effective rate and the composition of expenditure by income tax for 2022 and 2021 periods are as follows:

Elektra Noreste, S. A.

	2022	%	2021	%
Income or (loss) before taxes	73,745,875		10,811,892	
Income Tax Rate	30%		30%	
Income Tax - Nominal Rate	22,123,763	30	3,243,568	30
Effect of permanent tax differences:				
provision of bad accounts	(1,547,394)		1,149,516	
Obsolete inventory	67,436		(47,792)	
Non-deductible portion in depreciation	455,792		455,792	
Compensation Reserves	974,073		(141,489)	
Litigation reserve	-		10,509	
Bonus provision	317,476		(35,755)	
Seniority premium provision	(228,250)		(210,203)	
Replacement asset depreciation	2,265		2,265	
Decommissioning provision	3,021		6,302	
Retired electricity discount provision	10,801		(25,386)	
Retirement bonus provision	7,628		(7,305)	
investment property	(699,900)		(20,900)	
CVC non-taxable income adjustment	(28,732,273)		10,777,669	
Accounting adjustments	(741)		173,980	
Surcharge and fines	3,326		59,150	
Non-deductible expenses	28,486		37,365	
Inventories	93,807		(118,259)	
Interest on bank deposits	(153,549)		(136,364)	
Decrease/Carry-Over Loss	(1,774,811)		(1,774,811)	
Ordinary net income for the year	42,573,068		20,966,176	
Income tax at effective rate	12,771,920	30	6,289,853	30
Previous year rent adjustment	180,871		-	
Detail of current and deferred expenses				
Current tax	12,952,791		6,289,853	
Deferred tax	9,343,241		(2,956,561)	
Income tax	22,296,032		3,333,292	

ENSA Servicios, S. A.	2022	%	2021	%
Income or (loss) before taxes	2,883,814		2,418,439	
Income Tax Rate	25%		25%	
Nominal Tax Rate	722,112	25	604,610	25
Effect of permanent tax differences:				
Provision of bad accounts	(39,891)		39,891	
Seniority premium provision	(14,409)		-	
Average Cost	920		754	
Surcharge and fines	(6,141)		366	
Non-deductible expenses	80,503		88,790	
Apportionment of Non-taxable income	(129,144)		(132,260)	
Bank deposit interest	(17,197)		(13,107)	
Tax discounts	-		(1,427)	
Ordinary net income for the year	2,758,455		2,401,446	
Income tax at effective rate	689,614	25	600,362	25
Previous year rent adjustment	(35,363)		538	
Current Tax	654,251		600,900	
Detail of current and deferred expenses				
Current tax	654,251		600,900	
Deferred tax	13,575		(9,973)	
Income tax	667,826		590,927	

30.3 Income tax recognized on Profit or (Loss) and other comprehensive income (loss)

The most significant expense components for income tax are:

	2022	2021
Current income tax		
Expenditures (Income) for Current income tax expense	13,461,534	6,890,215
Adjustments recognized in the current period related to the current income tax from prior periods	145,508	538
Total Current income tax	13,607,042	6,890,753
Deferred Income tax		
Net deferred tax expense (income) related to the origin and reversal of temporary differences	9,356,816	(2,966,534)
Total Deferred tax	9,356,816	(2,966,534)
Income tax	22,963,858	3,924,219

The value of the asset or liability of the current income tax is as follow:

	2022	2021
Asset or Liability for Current income tax , net	1,525,102	7,471,046
Income tax	(13,607,042)	(6,890,753)
Balance in favor	6,287,509	944,809
Total Asset or Liability for the current income tax , net	(5,794,431)	1,525,102

30.4 Income Tax earnings recognized in Other comprehensive income or (loss)

The detail of the tax effect corresponding to each component of "other comprehensive income (loss)" of the consolidated statement of comprehensive income is as follows:

Other comprehensive income of the comprehensive statement	2022			2021		
	Gross	Effect	Net	Gross	Effect	Net
Items that will not be reclassified later to the Profit or loss of the period						
New measurements of defined benefit plans - Elektra Noreste,S.A.	173,374	(52,063)	121,311	125,943	(37,783)	88,160
New measurements of defined benefit plans - Ensa Servicios,S.A.	7,514	(1,878)	5,636	25,171	(6,293)	18,878
Total	180,888	(53,941)	126,947	151,114	(44,076)	107,038

30.5 Deferred Income Tax

The detail of deferred income taxes is as follows:

	2022	2021
Deferred Income Tax - Assets	-	7,258,172
Deferred Income Tax - Liabilities	(4,097,320)	(1,944,735)
Total Deferred Income Tax - Net	(4,097,320)	5,313,437

The deferred tax item recognized in 2022 in liabilities of the consolidated statement of financial position has the following composition:

	Beginning Balance	Net Changes included in the Income tax statement	Changes included in the OCI(L)	Final Balance
Current Assets				
Accounts Receivables (i)	2,080,506	(9,093,873)	-	(7,013,367)
Inventories	25,212	20,230	-	45,442
Non-Current Assets				
Properties, Plants and Equipment's	(1,140,998)	137,416	-	(1,003,582)
Others	(132,594)	(18,389)	-	(150,983)
Investment Properties	(653,521)	(209,970)	-	(863,491)
Current Liabilities:				
Employee Benefits	6,343	(1,279)	-	5,064
Provisions	3,667,776	293,128	-	3,960,904
Other Liabilities	464,645	95,243	-	559,888
Non-Current Liabilities				
Employee Benefits	(68,820)	(46,880)	(53,941)	(169,641)
Fiscal losses not usted	1,064,888	(532,442)	-	532,446
Total of Deferred Taxes Assets/Liabilities	5,313,437	(9,356,816)	(53,941)	(4,097,320)

i. As of December 31, 2022, there is an increase in the liability for deferred income tax, due to the increase in the subsidy receivable account for the months of April to December 2022, since the resolutions have not been issued. This effect causes a temporary difference for non-taxable income causing a deferred income tax liability.

The deferred tax item recognized in liabilities of the consolidated statement of financial position as of December 31, 2021, presents the following composition:

	Beginning Balance	Net Changes included in the Income tax statement	Changes included in the OCI(L)	Final Balance
Current Assets				
Accounts Receivables	(1,507,623)	3,588,129	-	2,080,506
Inventories	39,550	(14,338)	-	25,212
Non-Current Assets				
Properties, Plants and Equipment's	(1,278,414)	137,416	-	(1,140,998)
Others	(115,975)	(16,619)	-	(132,594)
Investment Properties	(647,251)	(6,270)	-	(653,521)
Current Liabilities:				
Employee Benefits	6,621	(278)	-	6,343
Provisions	3,705,179	(37,403)	-	3,667,776
Other Liabilities	475,371	(10,726)	-	464,645
Non-Current Liabilities				
Employee Benefits	31,228	(55,972)	(44,076)	(68,820)
Fiscal losses not used	1,682,293	(617,405)	-	1,064,888
Total of Deferred Taxes Assets/Liabilities	2,390,979	2,966,534	(44,076)	5,313,437

28. Information disclosure on Related Parties.

ENSA is a trading company, owned by Panama Distribution Group, S. A. (PDG), which owns 51% of the authorized, issued, and outstanding common shares; the Panamanian government, and former IRHE employees who own 48.25% and 0.42%, respectively. Related parties of ENSA are considered subsidiaries, associates, joint ventures, and companies that resulted after the restructuring of Panama's electricity sector, in which the Panamanian government has a stake and key management personnel can exercise joint control or control and post-employment benefit plans for the benefit of employees.

On June 20, 2017, ENSA signed with Hidro ecológica del Teribe, S. A., a company that belongs to the EPM business group, a legal and computer services contract, as well as the lease of a physical space in the Group's corporate building. As of December 31, 2022, the amount recognized as income is B/. 247,500 (2021: B/. 182,945) and the account receivable B/. 20,071 (2021: B/. 20,188) product of this agreement.

In the normal course of business, ENSA purchases electricity from generators and other distribution companies, sells energy to government institutions and makes payments to the transmission Group.

The total value of the transactions conducted by the Group with its related parties during the corresponding year is presented below:

In the normal course of business, ENSA purchases electricity from generators and other distribution companies, sells energy to government institutions and makes payments to the transmission Group.

The total value of the transactions carried out by the Group with its related parties during the corresponding year is presented below:

Transactions and Balances with related Parties	**Income**	**Cost & Expense**	**Value to be collected**	**Value to be paid**
Parent establishment				
2022	-	38,451	-	5,629
2021	-	-		-
Entities with joint control or significant influence over the Company:				
2022	96,537,027	-	23,581,594	-
2021	69,057,802	-	12,850,347	-
Key management personnel:				
2022	-	3,503,931	-	-
2021	-	2,832,848	-	-
Other related parties:				
2022	289,889	198,025,070	282,612	16,160,379
2021	219,528	192,077,580	1,805,708	21,171,387

The detail of income obtained by the Group from its related parties is as follows:

	Income	**2022**	**2021**
Entities with joint control or significant influence over the Company:	Sale of goods and services	96,537,027	69,057,802
Other related parties:	Sale of goods and services	289,889	219,528
Total Income obtained from related parties		96,826,916	69,277,330

The detail of costs and expenses incurred by the Group with its related parties is as follows:

Costs and Expenses		**2022**	**2021**
Parent establishment	Sale of goods and services	38,451	-
Key Management personnel:	Professional Fees	3,503,931	2,832,848
Other related parties	Sale of goods and services	198,025,070	192,077,580
Total of Cost & Expenses with related Parties		201,567,452	194,910,428

Transactions and balances with related government entities

ENSA is obliged by law to guarantee through contracts the coverage of 100% of the demand of its regulated clients within the following 24 months. The power purchase strategy is based on entering into medium- and long-term contracts to protect customers from sharp fluctuations in tariff generation charges. In addition, ENSA pays Empresa de Transmisión Eléctrica, S. A. (ETESA), a company owned 100% by the Panamanian State, a regulated tariff for the connection and use of the transmission system.

Remuneration to the Board of Directors and key Group personnel:

The key management personnel in the Group include the general manager, vice presidents and members of the Group's Executive Committee. The amounts disclosed are those recognized as cost or expense during the period reported as compensation for key management personnel.

Concept	2022	2021
Salaries, other short-term employee benefits, and fees.	3,503,931	2,832,848
Compensation to key management personnel.	3,503,931	2,832,848

29. Capital Management.

The capital of the Group consists of debt (short-term loans, preferential and corporate bonds) and equity (composed of share capital, other comprehensive losses and retained earnings). The main objective of the Group's capital management is to ensure that a strong credit rating and healthy capital ratios are maintained to support the sustainability of the business and maximize the return for shareholders.

The Group manages its capital structure and adjusts in view of changes in economic conditions and according to the requirements of the financial agreements. To maintain or adjust the capital structure, the Group may adjust the payment of dividends to shareholders and the return of capital. No changes were made to these objectives during the years ending December 31, 2022, and 2021.

The Group monitors the capital using a debt ratio, which is debt divided by EBITDA, (Earnings Before Interest, Tax, Depreciation and Amortization for its acronym in English) in accordance with the requirements of current financial agreements, which reveals the limit of 3.5 to 1.0 and anticipating that the violations of the financial clauses would allow bondholders to immediately call for their early cancellation. For the calculation of EBITDA, the Group considers the net profit including the net movement of regulatory deferred accounts, consistent with the accounting policy in force when issuing the bonds and periodically reports to the respective entities. The Group's policy is to maintain that the debt ratio will not exceed 3.50 times its EBITDA and a financial debt ratio of less than 200%.

To achieve this overall objective, the capital management of the Group, among other things, aims to optimize first the management of current assets and liabilities and, if required, take decisions to restructure long-term commitments. During the years ended 31st December 2022 and 2021 there have been no breaches of financial clauses of the bonds issued in the current period or earlier.

	2022	2021
Short term debt	103,000,000	40,700,000
Long term debt	100,000,000	100,000,000
Preferred Bonds 2027	80,000,000	80,000,000
Preferred Bonds 2036	100,000,000	100,000,000
Cash and cash equivalents	(5,419,478)	(14,550,687)
Total net debt	377,580,522	306,149,313
Common Share	106,068,451	106,068,451
Comprehensive profit or loss	(402,677)	(529,624)
Accumulated Earnings	111,075,506	105,627,705
Total equity	216,741,280	211,166,532
Debt ratio	174%	145%
Debt to EBITDA (times)	3.37	3.13

30. Financial Risk management objectives and policies.

The Group is exposed to financial risk, which is defined as the possibility of the occurrence of an event that adversely affects the financial results, within which the market risk, interest rate risk, liquidity risk and credit risk are found.

The risks are described in each of the sections below:

The Group is exposed to financial risks that are part of the regular affairs of the business, which is why it tries to establish the measurement, impact and monitoring parameters that allow taking the necessary precautions and control measures in a risky situation. The risks are reviewed by the Administration periodically in order to update their status and deal with them in a timely manner, if applicable.

33.1 Market Risk

Market risk is the risk that the fair value of the future cash flows of a financial instrument can fluctuate due to variations in market prices. The Group has determined that it does not have financial instruments significantly affected by the market risk. Although the thermal generation contracts involve a price adjustment depending on fluctuations in the price of bunker fuel, which generates variations in expenditures of cash flows, these variations in energy purchase costs by regulatory provisions are transferred in its entirety to customers through semiannual adjustments to the tariff.

33.1.1 **Interest Rate Risk**

The interest rate risk is the risk that the fair value or future cash flows of a financial instrument may fluctuate because of variations in market interest rates. The Group is exposed to interest rate risk due to debt contracted at a floating interest rate. The risk is managed by the Group maintaining a proper balance between contracted fixed and floating interest rates. To minimize the impact of fluctuations in interest rates on our cash flows, the Group has the practice of negotiating the margins with our banking institutions of preference and conducting short-term transactions when the interest is variable.

The Group also has available credit lines with financial institutions that enable it to withstand potential cash deficits to meet its short-term commitments if required.

As of December 31, 2022, the Group holds 0% (2021: 0%) of the debt contracted at a floating interest rate and 100% (2020: 100%) at a fixed interest rate. The Administration's position regarding its financing structure, and given the liquidity of the market, has been to contract most of its short-term debt at variable rates until accumulating representative levels, at which point it migrates to long-term debt.

33.1.2 **Foreign Exchange Risk**

The foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument may fluctuate because of variations in exchange rates. Our revenues and loans and other obligations are denominated in US dollars. We do not face any foreign exchange risk due to the adoption of the U.S. dollar as legal tender and functional currency of Panamá and the use of the United States dollar by the Group in all our operations and transactions. The Group does not use Swaps of exchange rates as a hedge against the risk of foreign currency.

33.1.3 **Credit Risk**

The credit risk is the risk that one of the counterparties does not comply with the obligations derived from a financial instrument or purchase contract and this will translate into a monetary loss. The financial instruments that are potentially subject to credit risk for the Group are mainly cash and cash equivalents, accounts receivable, accounts receivable from related parties and other financial assets.

The credit risk of the Group’s consumer customers is managed in part by requiring a security deposit equivalent to one-month billing for all new customers. (See Note 18) Existing customers with a good payment history can open additional accounts without this security deposit. The Group believes that it has no significant concentration of credit risk with respect to non-governmental accounts.

The concentration of credit risk is limited because the Group is exclusively dedicated to the distribution and marketing of electricity to customers located in its concession area. The Group does not believe that there is a risk of significant loss because of the concentration of credit, given that many of their customers who make up the portfolio are geographically dispersed.

The industrial and commercial customers typically provide deposits or bank guarantees equivalent to one month of estimated cost of service to be able to connect to the electricity services. These deposits or guarantees may be compensated against the overdue debt for this category of customers. The overdue Government accounts may vary depending on the approval processes of the budget of each government entity These accounts tend to be paid after the date of its original maturity, usually due to complications in governmental processes of presentation of accounts for their cancellation. ENSA charges interest on overdue payments. However, once these governmental budgets are approved and the process is complete, the Group generally has the capacity to retrieve all the overdue government accounts receivable.

The Electricity Law of 1997 allows the electricity distribution companies to interrupt service to any client whose invoice is not canceled within 60 days after their billing. The Group policy is to contact the commercial and industrial customers in an active manner whose invoices are due. If a satisfactory agreement is not reached, the service is suspended until the late charge is collected or a satisfactory payment agreement is made.
Cuts are routinely carried out for our residential customers after they have been given a notice of termination in a subsequent invoice, a letter of notification, a phone call, or any other means of notification at our disposal to inform them of their pending termination of service. Most of the disconnected customers reconnect again after the customer cancels the invoice due or signs a satisfactory financing agreement. The Electricity Law of 1997 allows the distribution companies to charge interest on the overdue debt from 30 days after the billing date. The Group currently uses a regulated interest rate based on the average rate available in local banks. The service is restored once the payment of the debt and the due interest is made. A regular monitoring of the accounts receivable and actions related to daily disconnected services are used to limit the risk of giving continuous service to delinquent customers.

In addition, the Group believes that its potential credit risk is adequately covered by the provision for doubtful accounts for Accounts receivable - Public Services.

Regarding the credit risk arising from the other financial assets of the Group, which include cash and cash equivalents, other accounts receivable and other financial assets, the Group's exposure to credit risk arises from the breach of the counterpart, with a maximum exposure equal to the carrying value of these instruments. The Group limits the counterparty credit risk in these assets by only dealing commercially with financial institutions with high credit ratings. The Group believes that the value that best represents their exposure to credit risk at the end of the period without considering any warranty taken or other credit improvements is:

	2022	**2021**
Cash & Cash Equivalents	5,121,180	14,258,437
Restricted Cash balance	298,298	292,250
Commercial Accounts Receivable & Others	173,148,879	109,823,953
Other Assets Non-Current	4,426,703	1,239,100
Maximum exposure of Credit Risk	182,995,060	125,613,740

33.1.4 Liquidity Risk

Liquidity risk is the risk that the Group finds itself having difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The Group monitors its risk to the shortage of funds monitoring its debt index and the expiration dates of their existing debt and of the other accounts payable.

The Group has adopted practices for the management of liquidity risk that have the intention to maintain enough cash and liquid financial assets. The Group maintains lines of short-term financing with first-rate financial entities in Panamá that provide us with the operational flexibility required to meet our energy purchase.
and other obligations. Since the Group invests its operation funds to support the annual investment program, it does not maintain significant amounts of cash surplus for additional investments. The main sources of liquidity are the funds generated by operations, and to a lesser extent, by the lines of short-term financing. The Group considers that its sources of liquidity are enough to meet the needs.

The concentration of liquidity risk is managed by the Group negotiating credit facilities with various financial institutions in Panamá, which allow them to access funds in an expeditious and reliable manner when required.

The following table shows the analysis of remaining contractual maturity for non-derivative financial liabilities:

2022	In Books	1 Year	2 Years	3 years	4 years	5 years or more	TOTAL
Non-derivative financial liabilities							
Credit facilities & Loans	382,960,943	213,821,944	7,654,000	7,654,000	7,654,000	220,515,896	457,299,840
Suppliers and Other accounts payable	204,467,975	171,698,992	3,192,103	7,208,459	7,570,989	28,787,817	218,458,360
Other financial liabilities	365,923	162,977	159,073	39,637	41,303	-	402,990
Employee Benefits	2,445,766	24,469	32,039	34,272	36,661	3,252,185	3,379,626
Other Liabilities	1,755,990	148,669	208,379	218,810	230,182	1,203,085	2,009,125
Total	591,996,597	385,857,051	11,245,594	15,155,178	15,533,135	253,758,983	681,549,941

2021	In Books	1 Year	2 Years	3 years	4 years	5 years or more	TOTAL
Non-derivative financial liabilities							
Credit facilities & Loans	320,592,359	52,829,544	110,168,583	7,654,000	7,654,000	228,169,896	406,476,023
Suppliers and Other accounts payable	229,229,860	193,543,518	7,042,853	6,622,499	5,386,316	18,681,556	231,276,742
Other financial liabilities	450,805	216,853	141,812	33,364	34,770	30,622	457,421
Employee Benefits	331,002	23,104	28,563	28,848	29,137	213,342	322,994
Other Liabilities	1,913,371	157,381	153,879	149,572	144,243	1,240,287	1,845,362
Total	552,517,397	246,770,400	117,535,690	14,488,283	13,248,466	248,335,703	640,378,542

The values listed in the tables above for non-derivative financial assets and liabilities may change with changes in the variable interest rate with respect to the interest rate estimated at the end of the period in which it is reported. The Group considers that the cash flows cannot occur earlier than when it is indicated above.

31. Measurement of Fair value on a recurring and non-recurring basis.

The methodology established in IFRS 13 - Fair Value Measurement, specifies a hierarchy in valuation techniques based on whether the variables used in the determination of the fair value are observable or not observable. The Group determines the fair value with a recurring and non-recurring basis, as well as for the purposes of disclosure:

- Based on prices quoted in the assets market for assets or liabilities that are identical to those that the Group can access on the date of the measurement (level 1).
- Based on valuation techniques commonly used by market participants that use different variables of the quoted prices that are observable for assets or liabilities, directly or indirectly (level 2).
- Based on internal valuation techniques for discounted cash flows or other valuation models, using variables estimated by the Group that are not observable for the asset or liability, in the absence of variables observed in the market (level 3).

There have been no transfers between hierarchy levels of the fair value, given that there have been no transfers of inputs and outputs.

Valuation techniques and variables used by the Group in the measurement of fair value for recognition and disclosure:

The fair value for long-term debt fixed rate instruments has been determined with data from level 1 entry that uses quoted prices in active markets for liabilities which are identical to those that the Group can access on the measurement date.

The fair value for variable interest rate long-term debt instruments has been determined with level 3 input data, using a discounted cash flow methodology based on available market information.

Commercial accounts receivable, accounts payable and short-term debt; The accumulated amount approximates fair value due to the short maturity of these instruments.

The valuation techniques used in the current period of market prices, discounted cash flows and appraisals of goods have not changed from that used in the previous period.

All financial liabilities listed below except employee benefits are measured at cost or amortized cost, but disclosure is required at fair value.

	2022			
	Book		Fair Market Value	
	Value	Level 2	Level 3	Total
Liabilities				
Debt Instrument - Fixed Rate	382,960,943	247,309,870	102,960,943	350,270,813
Suppliers and Other Accounts Payable	204,467,975	-	198,365,632	198,365,632
Other Financial Liabilities	365,923	-	335,018	335,018
Employee Benefits	2,445,766	-	2,428,891	2,428,891
Other Liabilities	1,755,990	-	1,399,309	1,399,309
Total	591,996,597	247,309,870	305,489,793	552,799,663

	2021			
	Book		Fair Market Value	
	Value	Level 2	Level 3	Total
Liabilities				
Debt Instrument - Fixed Rate	320,592,359	226,898,600	102,313,566	329,212,166
Suppliers and Other Accounts Payable	229,229,860	-	228,448,587	228,448,587
Other Financial Liabilities	450,805	-	444,394	444,394
Employee Benefits	331,002	-	309,863	309,863
Other Liabilities	1,913,371	-	1,842,047	1,842,047
Total	552,517,397	226,898,600	333,358,457	560,257,057

32. Segment Information

The Group has two reportable segments, as described below, which are strategic business units of the Group. The strategic business units offer various products and services that are managed separately because they require different marketing strategies. For each of the strategic business units, the Chief Executive of the Group examines the internal management reports, at least quarterly.

The following summary describes the operations of each segment that should be reported:

Segments to be informed on	Operations
Services Provided	Purchase energy in blocks and transport them through distributed networks to customers. In addition, ENSA performs voltage linked transformation, energy delivery to consumers, their measurement, reading, billing and energy collection. In the same way, the Group has the responsibility of installing, operating, and maintaining the public lighting in the concession area.
Sale of Assets	Sale of spare parts and provision of technical, commercial and any other complementary services to the provision of electricity service

Information on the Profit or Loss for the period of each reportable segment is included below:

2022	Energy Distribution and Commercialization	Others Sale of Assets	Total Segments	Eliminations Intersemgments	Consolidated
Services provided	655,014,207	8,651,646	663,665,853	(1,726,941)	661,938,912
Other income from operations	6,866,543	1,637,218	8,503,761	-	8,503,761
Total Income from ordinary activities	661,880,750	10,288,864	672,169,614	(1,726,941)	670,442,673
Other income	5,869,777	-	5,869,777	(2,134,732)	3,735,045
Total Income	667,750,527	10,288,864	678,039,391	(3,861,673)	674,177,718
Cost for Services provided and sale of assets	543,091,445	6,296,714	549,388,159	(3,621,673)	545,766,486
Administrative expenses	28,303,010	1,081,063	29,384,073	(240,000)	29,144,073
Impairment in Accounts receivable	1,362,966	36,508	1,399,474	-	1,399,474
Other expenses	5,912,872	-	5,912,872	-	5,912,872
Financial Income	350,739	18,549	369,288	-	369,288
Financial costs	15,685,098	9,313	15,694,411	-	15,694,411
Net Profit for the year before Tax	73,745,875	2,883,815	76,629,690	-	76,629,690
Income tax for the period	22,296,032	667,826	22,963,858	-	22,963,858
Net Profit for the year before net movement			-		-
in balances in deferred regulatory accounts	51,449,843	2,215,989	53,665,832	-	53,665,832
			-		-
Net Movement in balance of regulatory accounts			-		-
related to Profit and Loss	(22,565,790)	-	(22,565,790)	-	(22,565,790)
Net Movement arising in deferred taxes from balances			-		-
of regulatory accounts related to profit or loss	6,769,737	-	6,769,737	-	6,769,737
Net Income of the year and the net movement			-		-
in balances in deferred regulatory accounts	35,653,790	2,215,989	37,869,779	-	37,869,779
Other comprehensive income (loss) net of tax					
Items that will not be reclassified later					
to Profit or Loss:					
New measurements of defined benefits plan	173,374	7,514	180,888	-	180,888
Income Tax related to the components that will not be reclassified	(52,063)	(1,878)	(53,941)	-	(53,941)
Other comprehensive income (loss) net of taxes	121,311	5,636	126,947	-	126,947
Total Other comprehensive income (loss) for the year	35,775,101	2,221,625	37,996,726	-	37,996,726
			-		-
Total Assets	818,447,524	10,082,204	828,529,728	(4,744,770)	823,784,958
Deferred regulatory account debit balances	11,665,788	-	11,665,788	-	11,665,788
Deferred tax liabilities related with balances	(3,499,736)	-	(3,499,736)	-	(3,499,736)
Total assets and debit balances of deferred regulatory accounts	826,613,576	10,082,204	836,695,780	(4,744,770)	831,951,010
			-		-
Total Liabilities and credit balances of deferred regulatory accounts	617,517,289	2,387,211	619,904,500	(4,694,770)	615,209,730

2021	**Distribución y comercialización energía**	**Otros Venta de bienes**	**Total segmentos**	**Eliminaciones intersegmentos**	**Consolidado**
Services provided	521,183,013	6,020,855	527,203,868	(1,559,651)	525,644,217
Other income from operations	5,639,836	1,093,353	6,733,189	-	6,733,189
Total Income from ordinary activities	526,822,849	7,114,208	533,937,057	(1,559,651)	532,377,406
Other income	10,101,314	-	10,101,314	(1,936,948)	8,164,366
Total Income	536,924,163	7,114,208	544,038,371	(3,496,599)	540,541,772
Cost for Services provided and sale of assets	479,156,157	3,853,244	483,009,401	(3,256,599)	479,752,802
Administrative expenses	24,497,688	754,116	25,251,804	(240,000)	25,011,804
Impairment in Accounts receivable	3,439,672	93,048	3,532,720	-	3,532,720
Other expenses	1,260,260	-	1,260,260	-	1,260,260
Financial Income	361,017	13,181	374,198	-	374,198
Financial costs	18,119,512	8,542	18,128,054	-	18,128,054
Net Profit for the year before Tax	10,811,891	2,418,439	13,230,330	-	13,230,330
Income tax for the period	3,333,292	590,927	3,924,219	-	3,924,219
Net Profit for the year before net movement			-		-
in balances in deferred regulatory accounts	7,478,599	1,827,512	9,306,111	-	9,306,111
			-		-
Net Movement in balance of regulatory accounts			-		-
related to Profit and Loss	34,008,088	-	34,008,088	-	34,008,088
Net Movement arising in deferred taxes from balances			-		-
of regulatory accounts related to profit or loss	(10,202,426)	-	(10,202,426)	-	(10,202,426)
Net Income of the year and the net movement					-
en saldos de cuentas regulatorias diferidas	31,284,261	1,827,512	33,111,773	-	33,111,773
Other comprehensive income (loss) net of tax					
Items that will not be reclassified later					
a ganancias o pérdidas:					
New measurements of defined benefits plan	125,943	25,171	151,114	-	151,114
Income Tax related to the components that will not be reclassified	(37,783)	(6,293)	(44,076)	-	(44,076)
Other comprehensive income (loss) net of taxes	88,160	18,878	107,038	-	107,038
Total Other comprehensive income (loss) for the year	31,372,421	1,846,390	33,218,811	-	33,218,811
Total Assets	745,637,293	6,601,271	752,238,564	(168,059)	752,070,505
Deferred regulatory account debit balances	34,231,578	-	34,231,578	-	34,231,578
Deferred tax liabilities related with balances	(10,269,473)	-	(10,269,473)	-	(10,269,473)
Total assets and debit balances of deferred regulatory accounts	769,599,398	6,601,271	776,200,669	(168,059)	776,032,610
Total Liabilities and credit balances of deferred regulatory accounts	563,929,963	1,054,174	564,984,137	(118,059)	564,866,078

33. Subsequent events

The Group evaluated all events and transactions that took place between the date of the consolidated statement of financial position and the date on which the consolidated financial statements were issued and determined that no additional disclosures are required.

34. Approval of the consolidated financial statements.

The Group's consolidated financial statements for the year ended December 31, 2022, were authorized by the Board of Directors for publication on 6th March 2023.

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Elektra Noreste, S. A. and Subsidiary **Annex 1**

(A 51% owned subsidiary of Panama Distribution Group, S.A.)

Information of Consolidated Statement of Financial position
for the year ended 31st December 2022
(In balboas)

	Notes	2022	Eliminaciones	Sub-total	Elektra Noreste, S. A.	ENSA Servicios, S. A.
Assets						
Non-Current Assets						
Properties, Plant & Equipment Net	5	575,309,491	-	575,309,491	575,302,900	6,591
Inventories	13	2,603,548	-	2,603,548	2,603,548	-
Investment Property	6	4,374,600	-	4,374,600	4,374,600	-
Other Intangible Assets	8	30,952,277	-	30,952,277	30,952,277	-
Deferred tax asset	30	-	-	-	-	-
Right-of-use Assets	10	342,831	-	342,831	342,831	-
Other Assets	12	4,426,703	-	4,426,703	4,346,091	80,612
Investment in Subsidiary		-	(50,000)	50,000	50,000	-
	14	-	-	-	-	-
Total Non-Current Assets		618,009,450	(50,000)	618,059,450	617,972,247	87,203
Current Assets						
Inventories	13	22,563,655	-	22,563,655	22,176,134	387,521
Trade and Other Receivables	9	173,148,879	(4,694,770)	177,843,649	171,970,598	5,873,051
Current income tax assets	30	-	-	-	-	-
Other Assets	12	4,643,496	-	4,643,496	1,427,319	3,216,177
Cash & Cash Equivalents	14	5,419,478	-	5,419,478	4,901,226	518,252
Total Current Assets		205,775,508	(4,694,770)	210,470,278	200,475,277	9,995,001
Total Assets		823,784,958	(4,744,770)	828,529,728	818,447,524	10,082,204
Balances of regulatory deferred debit accounts	24	11,665,788	-	11,665,788	11,665,788	-
Assets (liabilities) of deferred taxes related with balances of deferred regulatory accounts	24	(3,499,736)	-	(3,499,736)	(3,499,736)	-
Total Assets and debit balances of deferred regulatory accounts		831,951,010	(4,744,770)	836,695,780	826,613,576	10,082,204

(Continued)

Elektra Noreste, S. A. and Subsidiary

Annex 1

(A 51% owned subsidiary of Panama Distribution Group, S.A.)

Information of Consolidated Statement of Financial position
for the year ended 31st December 2022
(In balboas)

	Notes	2022	Eliminaciones	Sub-total	Elektra Noreste, S. A.	ENSA Servicios, S. A.
Equity & Liabilities						
Equity						
Issued Capital	15	106,642,962	(50,000)	106,692,962	106,642,962	50,000
Treasury Stocks	15	(574,511)	-	(574,511)	(574,511)	-
Other accumulated comprehensive Income (Loss)	16	(402,677)	-	(402,677)	(427,191)	24,514
Retained Earnings	15	73,205,727		73,205,727	67,801,237	5,404,490
Net Profit for the year in balances of Deferred Regulatory accounts	15	37,869,779	-	37,869,779	35,653,790	2,215,989
Total Equity		216,741,280	(50,000)	216,791,280	209,096,287	7,694,993
Non-current Liabilities						
Credit facilities & loans payable	17	179,979,129	-	179,979,129	179,979,129	-
Creditors and other accounts payable	18	32,600,680	-	32,600,680	32,600,680	-
Other Financial Liabilities	19	202,946	-	202,946	202,946	-
Employee Benefits	20	2,428,890	-	2,428,890	2,405,806	23,084
Deferred tax liability	30	4,097,320		4,097,320	4,085,546	11,774
Other Liabilities	22	1,607,321	-	1,607,321	1,607,321	-
Total Non Current Liabilities		220,916,286	-	220,916,286	220,881,428	34,858
Current Liabilities						
Credit facilities & loans payable	17	202,981,814	-	202,981,814	202,981,814	-
Creditors and other accounts payable	18	171,867,295	(4,694,770)	176,562,065	174,332,433	2,229,632
Other Financial Liabilities	19	162,977	-	162,977	162,977	-
Employee Benefits	20	16,876	-	16,876	16,876	-
Current Taxes Payable	30	5,794,431	-	5,794,431	5,671,710	122,721
Provisions	21	13,321,382	-	13,321,382	13,321,382	-
Other Liabilities	22	148,669	-	148,669	148,669	-
Total Current Liabilities		394,293,444	(4,694,770)	398,988,214	396,635,861	2,352,353
Total Liabilities		615,209,730	(4,694,770)	619,904,500	617,517,289	2,387,211
Balances of regulatory deferred credit accounts	24	-	-	-	-	-
(Assets) Liabilities of deferred taxes related with balances of deferred regulatory accounts	24	-	-	-	-	-
Total Liabilities and credit balances of deferred regulatory accounts		615,209,730	(4,694,770)	619,904,500	617,517,289	2,387,211
Total Liabilities & Equity		831,951,010	(4,744,770)	836,695,780	826,613,576	10,082,204

(Concluded)

Elektra Noreste, S. A. and Subsidiary **Anexo II**
(A 51% owned subsidiary of Panama Distribution Group, S.A.)

Consolidated Statement of Profit or loss with other comprehensive income
For the year ended 31st December 2022
(In balboas)

	Notes	2022	Eliminations	Sub-total	Elektra Noreste, S. A.	ENSA Servicios, S. A.
Services provided		661,938,912	(1,726,941)	663,665,853	655,014,207	8,651,646
Sale of Assets		-	-	-	-	-
Other income from operations		8,503,761	-	8,503,761	6,866,543	1,637,218
Total Income from ordinary activities		670,442,673	(1,726,941)	672,169,614	661,880,750	10,288,864
Other income		3,735,045	(2,134,732)	5,869,777	5,869,777	-
Total Income	25	674,177,718	(3,861,673)	678,039,391	667,750,527	10,288,864
Cost for Services provided and sale of assets	26	545,766,486	(3,621,673)	549,388,159	543,091,445	6,296,714
Administrative expenses	27	29,144,073	(240,000)	29,384,073	28,303,010	1,081,063
Impairment in Accounts receivable	9	1,399,474	-	1,399,474	1,362,966	36,508
Other expenses	28	5,912,872	-	5,912,872	5,912,872	-
Financial Income	29	369,288	-	369,288	350,739	18,549
Financial costs	29	15,694,411	-	15,694,411	15,685,098	9,313
Net Profit for the year before Tax		76,629,690	-	76,629,690	73,745,875	2,883,815
Income tax for the period	30	22,963,858	-	22,963,858	22,296,032	667,826
Net Profit for the year before net movement in balances in deferred regulatory accounts		53,665,832	-	53,665,832	51,449,843	2,215,989
Net Movement in balance of regulatory accounts related to Profit and Loss	24	(22,565,790)	-	(22,565,790)	(22,565,790)	-
Net Movement arising in deferred taxes from balances of regulatory accounts related to profit or loss	24	6,769,737	-	6,769,737	6,769,737	-
Net Income of the year and the net movement in balances in deferred regulatory accounts		37,869,779	-	37,869,779	35,653,790	2,215,989
Other comprehensive income (loss) net of tax						
Items that will not be reclassified later						
1 **to Profit or Loss for the period:**						
New measurements of defined benefits plan	16	180,888	-	180,888	173,374	7,514
Income Tax related to the components that will not be reclassified	16, 30	(53,941)	-	(53,941)	(52,063)	(1,878)
Other comprehensive income (loss) net of taxes		126,947	-	126,947	121,311	5,636
Total Other comprehensive income (loss) for the year		37,996,726	-	37,996,726	35,775,101	2,221,625

Elektra Noreste, S. A. and Subsidiary **Anexo II**
(A 51% owned subsidiary of Panama Distribution Group, S.A.)

Consolidated Statement of Profit or loss with other comprehensive income
For the year ended 31st December 2022
(In balboas)

	Notes	2022	Eliminations	Sub-total	Elektra Noreste, S. A.	ENSA Servicios, S. A.
Services provided		661,938,912	(1,726,941)	663,665,853	655,014,207	8,651,646
Sale of Assets		-	-	-	-	-
Other income from operations		8,503,761	-	8,503,761	6,866,543	1,637,218
Total Income from ordinary activities		670,442,673	(1,726,941)	672,169,614	661,880,750	10,288,864
Other income		3,735,045	(2,134,732)	5,869,777	5,869,777	-
Total Income	25	674,177,718	(3,861,673)	678,039,391	667,750,527	10,288,864
Cost for Services provided and sale of assets	26	545,766,486	(3,621,673)	549,388,159	543,091,445	6,296,714
Administrative expenses	27	29,144,073	(240,000)	29,384,073	28,303,010	1,081,063
Impairment in Accounts receivable	9	1,399,474	-	1,399,474	1,362,966	36,508
Other expenses	28	5,912,872	-	5,912,872	5,912,872	-
Financial Income	29	369,288	-	369,288	350,739	18,549
Financial costs	29	15,694,411	-	15,694,411	15,685,098	9,313
Net Profit for the year before Tax		76,629,690	-	76,629,690	73,745,875	2,883,815
Income tax for the period	30	22,963,858	-	22,963,858	22,296,032	667,826
Net Profit for the year before net movement in balances in deferred regulatory accounts		53,665,832	-	53,665,832	51,449,843	2,215,989
Net Movement in balance of regulatory accounts related to Profit and Loss	24	(22,565,790)	-	(22,565,790)	(22,565,790)	-
Net Movement arising in deferred taxes from balances of regulatory accounts related to profit or loss	24	6,769,737	-	6,769,737	6,769,737	-
Net Income of the year and the net movement in balances in deferred regulatory accounts		37,869,779	-	37,869,779	35,653,790	2,215,989
Other comprehensive income (loss) net of tax						
Items that will not be reclassified later to Profit or Loss for the period:						
New measurements of defined benefits plan	16	180,888	-	180,888	173,374	7,514
Income Tax related to the components that will not be reclassified	16, 30	(53,941)	-	(53,941)	(52,063)	(1,878)
Other comprehensive income (loss) net of taxes		126,947	-	126,947	121,311	5,636
Total Other comprehensive income (loss) for the year		37,996,726	-	37,996,726	35,775,101	2,221,625