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 2023, and the Independent Auditors' report of 15th March 2024

“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 2023.

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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, 2023, 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, 2023, 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) issued and approved by the International Accounting Standards Board.

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. We have determined that the matters described below are the key audit matters that should be communicated in our report.

Provision for accounts receivable.
See Notes (2.14, 3 and 8) of the consolidated financial statements.

Key Audit Matter

As of December 31, 2023, the Group maintains accounts receivable amounting to B/.200,097,211. said accounts maintain a provision of B/.25,712,754. 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.

Other information

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 ll 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.

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 pay 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 Edgardo Lezcano - Partner, and Mario Arracera - Manager.

Deloitte, Inc.   Edgardo Lezcano

March 15, 2023   CPA No.0029-2007

Panamá, Republic of Panamá.

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 2023
(In balboas)

	Notes	2023	2022
Assets			
Non-Current Assets			
Properties, Plant & Equipment Net	4	589,472,233	575,309,491
Inventories	12	3,354,607	2,603,548
Investment Properties	5	3,957,600	4,374,600
Other Intangible Assets	7	25,775,652	30,952,277
Deferred Income Taxes Net	29	426,098	-
Right-of-use Assets	9	590,875	342,831
Other Assets	11	4,937,053	4,426,703
Total Non-Current Assets		628,514,118	618,009,450
Current Assets			
Inventories	12	26,518,589	22,563,655
Trade and Other Receivables	8	174,384,457	173,148,879
Other Assets	11	5,507,206	4,643,496
Cash & Cash Equivalents	13	9,554,212	5,419,478
Total Current Assets		215,964,464	205,775,508
Total Assets		844,478,582	823,784,958
Balances of regulatory deferred debit accounts	23	36,075,659	11,665,788
Assets (Liabilities) of deferred taxes related with balances of deferred regulatory accounts	23	(10,822,698)	(3,499,736)
Total Assets and debit balances of deferred regulatory accounts		869,731,543	831,951,010

(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 2023
(In balboas)

	Notes	2023	2022
Equity & Liabilities			
Equity			
Issued Capital	14	106,642,962	106,642,962
Treasury Stocks	14	(574,511)	(574,511)
Other accumulated comprehensive Income (Loss)	15	(401,813)	(402,677)
Retained Earnings	14	73,426,252	73,205,727
Net Profit for the year in balances of Deferred Regulatory accounts	14	52,997,021	37,869,779
Total Equity		232,089,911	216,741,280
Non-current Liabilities			
Credit facilities & loans payable	16	229,967,354	179,979,129
Creditors and other accounts payable	17	33,634,956	32,600,680
Other Financial Liabilities	18	490,987	202,946
Employee Benefits	19	2,479,929	2,428,890
Deferred tax liability Net	29	-	4,097,320
Other Liabilities	21	1,463,312	1,607,321
Total Non Current Liabilities		268,036,538	220,916,286
Current Liabilities			
Credit facilities & loans payable	16	199,813,882	202,981,814
Creditors and other accounts payable	17	151,987,331	171,867,295
Other Financial Liabilities	18	126,679	162,977
Employee Benefits	19	21,726	16,876
Current Taxes Payable	29	5,318,828	5,794,431
Provisions	20	12,192,640	13,321,382
Other Liabilities	21	144,008	148,669
Total Current Liabilities		369,605,094	394,293,444
Total Liabilities		637,641,632	615,209,730
Total Liabilities and credit balances of deferred regulatory accounts		637,641,632	615,209,730
Total Liabilities & Equity		869,731,543	831,951,010

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 2023
(In balboas)

	Notes	2023	2022
Services provided		703,572,599	661,938,912
Other income from operations		9,467,945	8,503,761
Total Income from ordinary activities		713,040,544	670,442,673
Other income		2,808,176	3,735,045
Total Income	24	715,848,720	674,177,718
Cost for Services provided and sale of assets	25	600,623,174	545,766,486
Administrative expenses	26	34,422,308	29,144,073
Impairment in Accounts receivable	8	5,087,994	1,399,474
Other expenses	27	4,143,626	5,912,872
Financial Income	28	(442,195)	(369,288)
Financial costs	28	20,954,809	15,694,411
Net Profit for the year before Tax		51,059,004	76,629,690
Income tax for the period	29	15,148,893	22,963,858
Net Profit for the year before net movement in balances in deferred regulatory accounts		35,910,111	53,665,832
Net Movement in balance of regulatory accounts related to Profit and Loss	23	24,409,871	(22,565,790)
Net Movement arising in deferred taxes from balances of regulatory accounts related to profit or loss	23	(7,322,961)	6,769,737
Net Income of the year and the net movement in balances of deferred regulatory accounts		52,997,021	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	15, 29	236	180,888
Income Tax related to the components that will not be reclassified	15, 29	628	(53,941)
Other comprehensive income (loss) net of taxes		864	126,947
Total Profit or Loss and other comprehensive Income (Loss)		52,997,885	37,996,726

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 2023

(In balboas)

	Note	Issued Capital	Treasury Shares	Other Comprehensive Income (loss) Accumulated	Retained Earnings	Total
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 Declared		-	-	-	(33,111,774)	(33,111,774)
Income Taxe related to						
Advance Dividend Tax		-	-	-	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
Balance at 1st January 2023		106,642,962	(574,511)	(402,677)	111,075,506.00	216,741,280
Total Comprehensive Income (loss) for the Year						
Net profit for the year and net movement						
in deferred regulatory account balances		-	-	-	52,997,021	52,997,021
Other comprehensive income (loss) net of						
Income Tax		-	-	864	-	864
Total comprehensive income (loss) for the year		-	-	864	52,997,021	52,997,885
Transactions with the owners of the Group						
Contributions and Distributions						
Dividends Declared	14	-	-	-	(37,869,779)	(37,869,779)
Income Taxe related to						
Advance Dividend Tax		-	-	-	220,525	220,525
Total transactions with the owners of the Group		-	-	-	(37,649,254)	(37,649,254)
Balance as of December 31, 2023		106,642,962	(574,511)	(401,813)	126,423,273	232,089,911

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 2023
(In balboas)

	Notes	2023	2022
Cash flows from the operation's activities:			
Net income for the period and net movement of in balances of deferred regulatory accounts		52,997,021	37,869,779
Adjustments for			
Depreciation and amortization of property, plant and equipment intangible assets and right-of-use assets	4, 7, 9	45,967,993	38,436,042
Impairment of Trade Receivables	8	5,087,994	1,399,474
Gain on changes in fair value of investment property	5	(60,802)	(699,900)
Income Tax	29.3	15,148,893	22,963,858
Financial costs Net		20,512,614	15,325,123
Profit or loss from disposal of property, plant and equipment.	4	4,854,485	6,908,217
Provisions		117,332	1,878,611
		144,625,530	124,081,204
Changes in:			
Inventories		(4,667,033)	(4,197,481)
Trade receivables and Other accounts receivables		(6,323,572)	(64,724,400)
Other Assets		(869,257)	(3,824,780)
Creditors and other accounts payable		(22,063,993)	(25,177,894)
Employee Benefits		(292,771)	18,131
Provisions		(936,140)	(650,812)
Other Liabilities		(148,670)	(157,383)
		109,324,094	25,366,585
Interest paid		(21,067,173)	(16,672,849)
Income tax paid		(20,147,285)	(6,287,509)
Cash flows from operating activities:			
before net changes in balances of deferred regulatory accounts		68,109,636	2,406,227
Changes in Deferred regulatory accounts		(17,086,909)	15,796,053
Net cash flows generated by activities of the operation and			
Net changes in balances of deferred regulatory accounts		51,022,727	18,202,280
Cash flows from investing activities:			
Interest received	28	442,195	369,288
Purchase of property, plant and equipment	4, 7	(55,812,346)	(57,106,988)
Severance Payment Fund		(504,804)	(478,411)
Net cash generated by operating activities		(55,874,955)	(57,216,111)
Cash flows from financing activities:			
Finance Obtained	22	832,777,302	150,219,084
Debt and treasury repayment	22	(785,957,008)	(87,700,000)
Dividends paid	22	(37,869,779)	(33,111,774)
Income tax related to transactions with owners	22	220,525	689,797
Payment of Lease Liabilities	22	(184,078)	(214,485)
Net cash flows generated (used) by financing activities		8,986,962	29,882,622
Net decrease in cash and bank balances		4,134,734	(9,131,209)
Cash and bank balances at the end of the year		5,419,478	14,550,687
Cash and bank balances at the end of the year	13	9,554,212	5,419,478
Non-monetary transactions			
Creditors and other accounts payable		3,330,667	(1,243,945)
Is Acquisition of property, plant and equipment	7	(3,330,667)	1,243,945

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

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.

El régimen regulatorio está compuesto principalmente por las siguientes normas:

- 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.

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.

- 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.

- "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.

  "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 6.

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 Equivalents.

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 on 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 land or buildings, part of buildings, or both 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 20 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.

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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.

2.14.5 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.

2.14.6 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.

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.

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 commercial credit is determined by evaluating the recoverable value of each CGU (or group of CGUs) to which the commercial credit relates. Impairment losses related to commercial credit 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 Short Term Benefits

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 Long Term Benefits

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 their 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 Employee termination Benefits

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 33, 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,2023, 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, 2023, the accounting policies applied in the consolidated financial statements are consistent with those of 2022, except for the following changes:

New Standards implemented:

During 2023, 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, 2023.

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 4 – Extending the Temporary Exemption from the Application of IFRS 9

This amendment published in June 2020, aims to achieve the alignment of the expiration date of the temporary exemption by delaying the application of IFRS 9 and the effective date of IFRS 17 that replaces IFRS 4, given that the IASB concluded that the benefit of expanding the availability of the exemption to continue allowing some insurers to apply IFRS 17 and IFRS 9 for the first time at the same time outweighs the disadvantages of the additional delay of the application of IFRS 9.

The modification to IFRS 4 adds paragraphs 20A, 20J and 20O, it also made modifications to the Basis for Conclusions of said IFRS by adding Footnotes at the end of paragraphs FC267, FC275 and FC276 and adds paragraphs FC277A to FC277C.

The modification to the paragraphs mentioned allows further extension of the temporary exemption from not applying IFRS 9 for periods beginning before January 1, 2023, the date on which IFRS 17 comes into effect replacing IFRS 4, and in its default may temporarily apply, before said date, IAS 39 Financial Instruments:

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

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

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

IAS 1 - Disclosure of Accounting Policies and the 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 amendment to IAS 1 shall apply to mandatory annual periods beginning on or after 1 January 2023 retroactively. Early application is permitted.

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

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

The Group is not impacted by this modification because it has been applying the definition of accounting estimates under the same criteria that was specified in the amendment.

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.

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

The Group is not impacted by this modification because it has been applying this interpretation or has been applying the deferred tax in this way in said transactions / or is the process of implementation analysis.

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, 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.

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

IAS 12 - International tax reform - Second pillar model rules

This amendment was issued in May 2023 with the purpose of aligning the content of IAS 12 with the implementation of rules of the Second Pillar model published by the Organization for Economic Cooperation and Development (OECD), which establishes worldwide the creation of an "additional and complementary minimum national tax" to be applied to profits in any jurisdiction as long as the effective tax rate, determined on a jurisdictional basis, is lower than the minimum rate of 15% required by the second pillar, avoiding thus the erosion of the tax base in international operations that operate in a digitalized economy. Each jurisdiction will determine its second pillar legislation for tax purposes.

This modification aims to improve the usefulness of the information to the investor through the realization of three key disclosures and at the same time, while evolving and knowing the effects of this pillar worldwide on organizations and the market, it can be temporarily applying an exception to recognize and disclose deferred tax assets and liabilities generated by the second pillar. The disclosures established in the paragraphs of the standard are: 88A – The entity must disclose whether it applied the pillar 2 exception in the deferred tax (assets and liabilities); 88B – The entity must separately disclose pillar 2 income and expenses in current tax; 88C and 88D – The entity will disclose the possible impacts or exposure of the entity to the Second Pillar in the event that standards (projects or firm standards) exist but are not yet in force, providing qualitative and quantitative information according to the example given in the rule.

The amendments are effective under the paragraphs, for paragraphs 4A and 88A immediately with retroactive application under IAS 8 and paragraphs 88B to 88D retroactively from January 1, 2023.

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

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 16 - Leases - Lease liability in a sale and leaseback	1st January 2024	Modification
IAS 1 - Presentation of Financial Statements - Non-current liabilities with agreed conditions	1st January 2024	Modification
IAS 7 and IFRS 7 - Supplier financing agreements	1st January 2024	Modification
IAS 21 – Effects of variations in foreign currency exchange rates - Lack of interchangeability.	1st January 2025	Modification

IFRS 16 - Leases - Lease liability on a sale and leaseback sale

It is intended to establish the accounting for the sale of an asset with a leaseback after the transaction date of the sale.

The amendment specifies the requirements that a seller-lessee must use to quantify the lease liability that arises in the sale and subsequent lease with the objective that the seller-lessee does not recognize any gain or loss related to the right of use that it retains. The amendment is intended to improve the registration requirements for sale and leaseback under IFRS 16, given that it did not specify the measurement of the liability that arises in a sale and leaseback transaction.

This amendment will not change the accounting for leases that do not arise in a sale and leaseback transaction.

The amendment adds paragraphs 102A, C1D and C20E and modifies paragraph C2. A new heading is added before paragraph C20E. New text is underlined and deleted text is crossed out.

The Group is evaluating the impact that could be generated by the application of this modification, although it is estimated that future adoption will not have an impact on the consolidated financial statements given that this type of transactions is not in the consolidated financial statements.

The modification will be mandatory to apply prospectively for annual periods beginning on or after January 1, 2024. Early application is permitted.

IAS 1 Presentation of Financial Statements - Non-current liabilities with agreed conditions.

This amendment was issued in October 2022 with the purpose of improving the information that companies provide on long-term debt with financial conditions, also known as “covenants”, in such a way that the investor can understand the risk to which they are exposed. faced when a company has liabilities with agreed conditions and that are classified as non-current, but due to non-compliance with the covenants, the debt must be repaid within a period of twelve months, which is why a company is required to disclose information about these agreements. in the Notes to the financial statements, improving the information provided on long-term debt with agreed conditions, allowing investors to understand the risk that said debt may become repayable early.

Consequently, this modification requires an entity to review its loan contracts in order to determine whether their classification will change on the cut-off date, according to the circumstances, data and contexts at that time, based on an informed judgement, and not based on management's expectations as evident from paragraphs 74 and 75A.

The amendment adds paragraphs 72B, 76ZA and 139W and modifies paragraphs 60, 71, 72A, 74 and 139U. It adjusts the previous amendment to IAS 1 published in January 2020 with the title “Classification of Liabilities as Current or Non-Current” and requires a simultaneous application of these last two modifications in the same period.

If an entity applies those modifications for an earlier period after the issuance of Non-Current Liabilities with Covenants (see paragraph 139W), it will also apply Non-Current Liabilities with Covenants for that period. If an entity applies the classification of Liabilities as Current or Non-Current for a prior period, it shall disclose this change.

The amendments are effective for annual periods beginning on or after January 1, 2024, retrospectively in accordance with IAS 8, with early adoption permitted.

The Group is evaluating the impacts that the application of this modification could generate, although it is estimated that the future adoption will not have an impact on the consolidated financial statements since the event is not expected to occur.

IAS 7 and IFRS 7 - Supplier financing arrangements

Amendment published in May 2023 with the purpose of enabling users to obtain from the financial statements the information they need to understand the effects of vendor financing arrangements on an entity's financial statements and to compare one entity with another.

The disclosures are intended to provide users with information to enable them to assess how vendor financing arrangements affect an entity's liabilities and cash flows and to understand the effect of vendor financing arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to the entity.

The amendment indicates that arrangements that are solely credit enhancements to the entity (e.g., financial guarantees, including letters of credit used as collateral) or instruments used by the entity to settle amounts due directly with a supplier (e.g., an entity uses a credit card to settle the amount due to a supplier and instead will have an obligation to pay the issuing bank) are not vendor financing arrangements.

This amendment requires entities to provide disclosures about these financial obligations arising from specific agreements with suppliers, including details such as expected timing of settlement, significant contractual terms and any other relevant elements related to these agreements.

The Group is evaluating the impacts that could be generated by the application of this amendment.

IAS 21 - The Effects of Changes in Foreign Exchange Rates - Lack of Interchangeability

The purpose of this amendment, issued in August 2023, is to establish a consistent approach in assessing whether a currency is convertible into another currency and if not, what procedure to apply when conversion does not occur and what type of disclosures should be provided to provide useful financial information.

The amendment establishes that a currency is convertible into another currency if there is an exchange for another currency in a normal administrative delay, under a market or exchange mechanism that generates enforceable rights or obligations, and the amount is not insignificant.

The conversion of the currency occurs at the time of measurement or for a specific purpose, for which two steps are applied: assessing whether the currency is convertible and estimating the spot exchange rate. This is done by means of an evaluation question as to whether the currency is convertible, which, if so, applies the requirements established in IAS 21, and if not, an estimate of the spot exchange rate is applied, which represents the exchange rate used in an immediate delivery transaction and between market participants.

The amendment to IAS 21 is mandatorily applicable for annual periods beginning on or after January 1, 2025, does not apply restatement of comparative information, but rather provides guidance on its replacement and allows its early application.

The Group is evaluating the impacts that could be generated by the application of this amendment, although it is estimated that future adoption will have no impact on the consolidated financial statements.

2.22 Correction of Errors of Prior Periods.

During the year ended December 31, 2023, the Group had no changes in accounting policies, reclassifications or corrections of errors.

2.23 Deferred Regulatory activities.

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 as follows:

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 4 Property, plant and equipment, net and note 7 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 20: 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 20: 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 9 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 = Σ (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 8: 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 29: Income tax).

ELEKTRA NORESTE, S. A. & SUBSIDIARY

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

Notes to the consolidated financial statements for the year ended 31st December 2023.

(In balboas)

4. Property, plant, and equipment – Net

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

	2023	**2022**
Cost	976,652,549	933,654,235
Accumulated Depreciation and impairment value	(387,180,316)	(358,344,744)
Total	589,472,233	575,309,491

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

2023	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	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
Additions	973,171	-	58,112,729	-	-	-	-	-	59,085,900
Transfers	29,649,674	4,461,815	(52,931,499)	1,183,987	14,942,441	1,766,576	137,876	789,130	-
Dispositions & withdrawals	(7,576,132)	(70,703)	-	-	(5,269,340)	(89,613)	(3,100)	(172,223)	(13,181,111)
Reclassifications			(3,836,001)	929,526					(2,906,475)
Final Balance Cost	502,139,748	243,416,570	35,546,572	47,771,701	114,658,707	19,034,993	6,094,598	7,989,660	976,652,549
Depreciation accumulated									
Beginning balance 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
Depreciation for the year	17,210,337	7,049,649	-	828,277	7,604,305	1,491,662	504,524	392,129	35,080,883
Disposals and Withdrawals	(3,722,646)	(56,533)	-	-	(2,656,555)	(89,613)	(3,100)	(146,390)	(6,674,837)
Reclassifications	-	-	-	429,526	-	-	-	-	429,526
Final Balance of Accumulated Depreciation	196,039,077	109,740,795	-	10,182,044	48,908,780	12,628,292	4,640,722	5,040,606	387,180,316
Total Final Balance of Property, Plant $ Equipment Net	306,100,671	133,675,775	35,546,572	37,589,657	65,749,927	6,406,701	1,453,876	2,949,054	589,472,233

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

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 7.)

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 7), For this period 2023 the Sabanita branch ceased to be investment property and became property for use (See Note 5).

The constructions in progress correspond to the following:

	2023	2022
Projects		
Network growth	14,100,289	15,323,444
Sub Stations and High Voltage Lines	482,822	1,770,099
Other minor Projects	11,074,676	7,834,672
Loss reduction and reliability improvements	4,795,424	4,399,289
Technology application replacement	2,443,948	3,273,499
Prepaid and postpaid meters	2,649,413	1,600,340
	35,546,572	34,201,343

The other minor projects include the costs associated with the construction of the new operational building at the “Cerro Viento” B/ main office. 3,009,936 (2022: B/.232,861), additionally, the execution of projects to replace LED lighting, remodeling of service centers, rerouting of medium voltage lines in Davis - Colón and renewal of RTU communication equipment is contemplated. RTU S/E France Field.

As of December 31, 2023, an impairment test was carried out on the assets linked to the CGU (Energy Distribution and Marketing), which in turn has intangibles with an indefinite useful life. No signs of impairment were identified in long-lived assets.

As of December 31, 2023, construction in progress includes capitalization of loan costs for B/.5,694 (2022: B/.14,522). The average rate used to determine the amount of borrowing costs was 5.47% (2022: 3.1741%), which is the effective interest rate specific to this type of loan.

5. 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 33 - Measurement of fair value on a recurring and non-recurring basis (Level 3)

	2023	2022
Beginning Balance	4,374,600	3,674,700
Net result from fair value adjustment (Note 24.1)	60,802	699,900
Transfers (Note4)	(500,000)	-
Other Changes	22,198	-
Ending Balance	3,957,600	4,374,600

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.

- For this period 2023, the Sabanita branch ceased to be an investment property and became use of properties.

The fair value of investment properties as of December 31, 2023, is B/.3,957,600 (2022: B/.4,374,600) 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	**2023**	**2022**
Market value estimated by independent appraiser	3,957,600	4,374,600
Fair Value for financial reporting purposes	3,957,600	4,374,600

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	Homogenization factors: • Location Factor (between -15% and 10%). • Commercialization factor (between -15% and 5%). • Influence of the extension of the land (between -5% and 10%). • Influence of Market time absorption capacity (between -20 and 0%). • Source Influence (between -5% and -0%).	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).

have been marketed in the open market. Ads and offers can also be considered to get comparative prices.	• Expo Commercial and Access influence (-l0% and 0%) • Potential development Influence (between -10% and 5%). • Improvement's influence (between -15% and 0%). • Influence of topography (-0% to 5%).

6. 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 2023	2022
ENSA Servicios, S.A.	Panamá	Provision of technical commercial and any other complimentary services to the provision of Electrical energy service.	100%	100%

7. Other Intangible Assets.

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

	2023	2022
Cost	67,648,421	62,125,714
Accumulated and Amortization and impairment value	(41,872,769)	(31,173,437)
Ending Balance	25,775,652	30,952,277

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

2023	Software & IT Applications	Licenses	Easement Rights	Other Intangible Assets	Total
Beginning Balance - Cost	47,802,589	10,011,754	2,080,392	2,230,979	62,125,714
Additions	57,114		-	-	57,114
Transfers	-	-	-	1,651,790	1,651,790
Reclassifications (Note4)	1,777,497	2,036,306	-	-	3,813,803
Final Balance Cost	49,637,200	12,048,060	2,080,392	3,882,769	67,648,421
Beginning Balance Accum Amortization	25,163,132	5,856,727	-	153,578	31,173,437
Amortization for the year	8,775,190	1,737,285	-	186,857	10,699,332
Final Balance Amortization	33,938,322	7,594,012	-	340,435	41,872,769
Net Final Balance Intangible Assets	15,698,878	4,454,048	2,080,392	3,542,334	25,775,652

2022	Software and 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
Transfers	2,041,781	532,735	138,453	-	2,712,969
Reclassifications (Note4)	-	-	-	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

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, 2023, 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, 2023, and 2022 and the remaining amortization period for the largest assets are:

(In balboas)

	Useful Life	Remaining Periiod for Amortization	Book Value 2023	Book Value 2022
SAP Comercial system	Definite	2 years	3,826,692	9,191,420
Maximo System	Definite	5 to 12 years	819,282	950,694
Choice System	Definite	10 years	672,393	763,635
SCADA System	Definite	1 month	2,605	33,862
ERP System sustem (SAP)	Definite	3 years	1,795,745	3,430,823
Field Service System	Definite	14 years	1,389,389	1,296,016
Other Software and Licenses	Definite	1 to 12 years	6,861,577	6,049,787
ADMS System	Definite	5 to 13 years	4,785,245	5,078,248
Other Intangible Assets	Definite	5 to 25 years	3,542,332	2,077,400
Easement Rights	Indefinida	N/A	2,080,392	2,080,392
			25,775,652	30,952,277

Since the company plans to replace the SAP commercial system and the SAP EPR, the useful life of the systems was adjusted according to the entry of the new systems.
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.

Intangible Assets with indefinte life

Other intangible assets		
Easement rights	2,080,392	2,080,392
Total of Intangible assets with indefinite life	2,080,392	2,080,392

8. Trade and Other receivables.

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

	2023	2022
Current:		
Customers - Public Service	187,899,870	185,622,901
Impairment in Value - Public services & others	(25,712,754)	(22,406,811)
Others	12,197,341	9,932,789
Total Current amount	174,384,457	173,148,879

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:

	2023		2022	
	Gross Value in Books	**Value expected credit losses during its lifetime**	**Gross Net value in Books**	**Value losses incurred**
Public Utilities customers				
Current	135,337,641	1,276,840	136,906,999	1,419,522
Less than 30 days	17,213,410	948,126	15,083,890	668,024
30-60 days	8,055,171	944,704	7,436,811	668,249
61-90 days	2,936,438	823,124	4,917,171	811,036
91-120 days	2,059,960	823,775	1,852,924	746,528
121-180 days	3,560,181	1,865,551	2,588,790	1,544,763
181-360 days	3,696,114	3,501,384	4,657,820	3,803,561
More than 360 days	15,040,955	15,040,955	12,178,496	12,178,496
Total Public Utilities Customers	187,899,870	25,224,459	185,622,901	21,840,179
Other Receivables				
Current	11,600,675	230,829	8,708,668	196,166
Less than 30 days	272,414	20,548	688,986	51,022
30-60 days	76,776	21,236	230,891	64,063
61-90 days	36,566	15,900	29,380	11,431
91-120 days	14,996	8,682	55,002	30,482
121-180 days	51,352	46,538	32,857	26,463
181-360 days	41,049	41,049	3,673	3,673
More than 360 days	103,513	103,513	183,332	183,332
Total Other Receivables	12,197,341	488,295	9,932,789	566,632
Total Accounts Receivables	200,097,211	25,712,754	195,555,690	22,406,811

The reconciliation of the impairment losses of the portfolio is:

	2023	2022
Beginning Balance at the start of the year	22,406,811	24,533,138
Charges against the Provision	(1,782,051)	(3,525,801)
Impairment in Accounts Receivable	5,087,994	1,399,474
Ending Balance at the end of the year	25,712,754	22,406,811

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.

9. Leases.

9.1 Leases that originate from assets by right of use as Lesse.

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

	Right of use Assets 2023	Right of use Assets 2022
Cost		
Beginning Balance	825,370	695,766
Additions	435,164	129,604
Retirements	(19,778)	-
Other Changes	658	-
Ending Cost Balance	1,241,414	825,370
Accumulated Amortization		
Beginning Balance Amortization	(482,539)	(252,471)
Amortization for the year	(188,392)	(230,068)
Retirements	19,778	-
Other changes	614	-
Final ending Balance Amortizations	(650,539)	(482,539)
Right of Use Asset - Net	590,875	342,831

The Company revised the calculations to establish the right-of-use asset originated by the leasing contracts of the customer service branches. The effect of this change is shown in modifications to the contracts within costs for B/.658 and other changes in accumulated amortization is B/.614.

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

Financial Leases	2023 Minimum Payments	2023 Present Value of Minimum payments	2022 Minimum Payments	2022 Present Value of Minimum payments
Up to one year	114,896	108,362	171,206	161,470
More than one year and up to 5 years	595,104	537,968	191,732	173,655
Total Financial Leases	710,000	646,330	362,938	335,125
Less Value of unearned interest	16,502	15,563	11,811	11,139
Present Value of minimum payments for Financial Leases	693,498	630,767	351,127	323,986

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

- Los Andes, with a term of six (6) years from December 1, 2023, to November 30, 2029. Payments must be made monthly in advance and within the first fifteen (15) days of each month of the term of the contract. Lease payments are updated every two (2) years. The contract may be terminated for non-payment of two (2) monthly payments of the lease fee, or of any expense stipulated in the contract without prejudice to the lessor's right to request compensation for damages caused. The lessee and/or lessor may terminate the lease by giving notice to the lessor ninety (120) days prior to the date scheduled for vacating the leased premises.

- Plaza Toledano, agreed to a new contract with a term of four (4) years starting on June 5, 2023. The lease payments will be updated as stipulated in the contract. The term of the lease may be extended if both the lessor and the lessee agree in writing prior to its expiration. The contract may be terminated by the lessor for: a) non-payment of the rent within the term of the contract for two (2) consecutive monthly rental payments; b) the use of the property for illicit purposes or contrary to good customs or that represent a danger to the property or the health of its inhabitants; c) when the property must be rebuilt or repaired with necessary construction work that cannot be carried out without delivery or vacating or demolished due to its state of ruin or for the construction of a new building; any others provided for by law. On the part of the lessee if: a) the property is expropriated, confiscated or in any other way intervened by any legal act ordered by any authority; b) In case the lessor is declared in liquidation, bankruptcy or suspension of payment; c) if the property cannot be used by the Group due to causes attributable to the lessor or due to 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.

  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, with a term of five (5) years from November 1, 2021, to October 31, 2026. The contract maintains a renewal option and could be renegotiated by the parties with four (4) months prior to the expiration date of the contract the new term and rent that would be in effect. The lease may be terminated by both parties as follows: The lessee (1): The lessee may terminate this lease after the expiration of two (2) years with notice to the lessor one hundred and twenty (120) days prior to the effective date of termination, with the obligation to pay the lessor the monthly rent for the period in which the lessee actually used or had possession of the premises. (2) : The lessee may terminate the lease at any time without liability to the lessor and without the necessity of paying the lessor any sum whatsoever, provided that such termination is for just cause or is the result of a breach of the lease by the lessor, otherwise the lessee shall pay the lessor an additional rental fee as indemnification; by the Lessor: (1): The Lessor may terminate the Lease after two (2) years of the Lease by giving the Lessee one hundred and twenty (120) days' notice prior to the effective date of termination, in which case the Lessor shall return to the Lessee the amount equivalent to the deposit and an additional Lease Fee as indemnification, provided such termination is for cause or not arising out of any breach of the Lease by the Lessee. (2): Landlord may terminate this Lease at any time without liability to Tenant and without payment to Tenant, provided that such termination is for cause or for breach of the Lease by Landlord by giving written notice to Tenant stating the date chosen for termination. This contract does not contain an option to purchase the property.

- 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.

- Pacora, effective from June 1, 2022, to November 30, 2027 (with four months of grace period). The lease fee is payable as of October 2022 for a fixed amount during the term of the contract. The contract does not include a purchase option. The parties agree that the lease will be extendable at the option of the lessee for which it will announce such decision to the lessor, at least sixty (60) calendar days prior to the termination of the term of this lease, being at the sole decision of the lessor to extend the lease of the lessee.

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/.16,502 (2022: B/.11,811). (Note 28 Financial income and expenses).

Total cash disbursements for leases during the year are B/.200,280 (2022: B/.225,695).

9.2 Leases that do not originate assets by right of use as lessee.

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 (2022: B/.12,000).

Total cash outflows from leases during the year are B/.12,000 (2022: B/.12,000).

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10. 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 (2022: 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 (2022: B/.4,933,979).

- 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 (2022: 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 (2022: B/.2,649,532).

- Compliance guarantees to provide credit security and compliance with the obligations contracted under the energy purchase contracts, granted to the generating companies for B/.40,214,429 (2022: B/.47,848,544).

- Bank Guarantee granted to the Electric Transmission Company to guarantee the payment of one month of billing of the Transmission System B/.12,196,913 (2022: B/.0)

The Group has not received guarantees as of December 31, 2023, and 2022, in which it is authorized to sell or pledge them without there having been a breach by the owner of the guarantee.

11. Other Assets

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

Concept	2023	2022
Non-Current		
Benefits of Employees	4,693,973	4,189,169
Other Advances	243,080	237,534
Total Non-Current Other Assets	4,937,053	4,426,703
Current		
Projects in Process	4,344,049	2,804,087
Advances to Suppliers	173,623	974,542
Other Advances	989,534	864,867
Total Current Other Assets	5,507,206	4,643,496
Total Other Assets	10,444,259	9,070,199

As of December 31, 2023, projects in progress include the incremental costs of obtaining or fulfilling contracts with clients that amount to B/.4,344,049 (2022: B/.2,804,087).

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 hiring crews for cutting services for clients that were not paying their accounts.

12. Inventories.

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

	2023	2022
Non-Current		
Materials for Provision of Service	3,354,607	2,603,548
Total Non-Current Inventories	3,354,607	2,603,548
Current		
Materials for Provision of Service	24,317,925	21,352,691
Inventory in Transit	2,200,664	1,210,964
Total Current inventories	26,518,589	22,563,655
Total Inventories	29,873,196	25,167,203

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, 2023, inventories for B/.2,964,139 (2022: B/.1,012,960) were recognized as a cost for the provision of the service during the period. In 2023, B/.42,104 (2022: B/.87,559) have been recognized as an expense resulting from reductions in the value of inventories. As of December 31, 2023, there were reversals of inventory reductions for B/.38,960 (2021: B/.67,436).

The Group has no inventories committed to guarantee its liabilities.

13. Cash & Cash Equivalents.

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

	2023	2022
Cash & Bank Balances	9,254,197	5,121,180
Restricted bank Balance 1	300,015	298,298
Total Cash and Cash Equivalents presented in the consolidated statement of financial position and statement of cash flows	9,554,212	5,419,478

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

14. Equity.

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

	Value		Number of Shares	
	2023	2022	2023	2022
Authorized Capital	106,642,962	106,642,962	50,000,000	50,000,000
Treasury Shares	(574,511)	(574,511)	(164,946)	(164,946)
Subscribed and Paid Capital	106,068,451	106,068,451	49,835,054	49,835,054

14.1 Retained Earnings.

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

	2023	2022
Retained Earnings		
Beginning Balance	111,075,506	105,627,705
Declared surpluses or dividends	(37,869,779)	(33,111,774)
Advances against Dividend Tax	220,525	689,796
Total Accumulated results beofre the net result of the year	73,426,252	73,205,727
Net Profit for the year	52,997,021	37,869,779
Total Accumulated Retained earnings	126,423,273	111,075,506

Dividends declared during the year were for B/.37,869,779 (2022: B/.33,111,774) corresponds to profits from prior years.

15. 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:

	2023			2022		
	Gross	Net Tax Effect	Net	Gross	Net Tax Effect	Net
New Measures for defined Benefit plans	577,280	(175,467)	401,813	577,516	(174,839)	402,677

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

15.1 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.

	2023	**2022**
Beginning Balance	402,677	529,624
Comprehensive result for the year due to new measurements of defined benefit plans	(236)	(180,888)
Income Tax associated	(628)	53,941
Total	401,813	402,677

16. Credit Facilities and Loans

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

	2023	**2022**
Credit Facilities and Loans		
Non-Current		
Bonds & securities issued	229,967,354	179,979,129
Total Non- Current Loans	229,967,354	179,979,129
Current:		
Bank Commercial Loans	199,813,882	202,981,814
Total creditors and current Loans	199,813,882	202,981,814
Total Credit facilities and Loans	429,781,236	382,960,943

As of December 31, 2023, the Company maintains contracts for credit lines facilities for a total amount of B/.301,884,450 (2022: 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:

Entidad	Type	Original Currency	Start Date	Term	Nominal Interest rate	2023 IRR	2023 Nominal Value	2023 Amortized Value Cost	2023 Total Value	2022 IRR	2022 nominal vale	2022 Amortized Value Cost	2022 Total Value
BANESCO	Loan	USD	20-Oct-23	1.00	6.00%	6.00%	15,000,000	-	15,000,000	-	-	-	-
CITIBANK	Loan	USD	19-Dec-23	0.01	6.00%	6.00%	15,000,000	-	15,000,000	-	-	-	-
SCOTIABANK	Loan	USD	3-Oct-23	0.30	6.00%	6.00%	15,000,000	-	15,000,000	-	-	-	-
SCOTIABANK	Loan	USD	5-Dec-23	0.50	6.00%	6.00%	30,000,000	-	30,000,000	-	-	-	-
SCOTIABANK	Loan	USD	2-Aug-23	1.00	6.41%	6.41%	50,000,000	-	50,000,000	-	-	-	-
SCOTIABANK	Loan	USD	3-Oct-23	1.00	6.60%	6.60%	75,000,000	(186,118)	74,813,882	-	-	-	-
BLADEX	Loan	USD	1-Feb-22	1.00	2.00%	2.00%	-	-	-	2.00%	5,000,000	-	5,000,000
SCOTIABANK	Loan	USD	9-Mar-22	1.00	2.00%	2.00%	-	-	-	2.00%	60,000,000	-	60,000,000
SCOTIABANK	Loan	USD	1-Nov-22	0.20	5.35%	5.35%	-	-	-	5.35%	15,000,000	-	15,000,000
BANESCO	Loan	USD	23-Sep-22	1.00	3.80%	3.80%	-	-	-	3.80%	15,000,000	-	15,000,000
CITIBANK	Loan	USD	7-Dec-22	0.10	5.88%	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%	-	-	-	4.25%	100,000,000	(18,186)	99,981,814
Total							200,000,000	(186,118)	199,813,882		203,000,000	(18,186)	202,981,814

As of December 31, 2023, interest payments were made on short-term loans of B/.10,378,720 (2022: B/.1,554,562).

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

Entity	Type	Original Currency	Start Date	Term	Nominal Interest Rate	2023 IRR	2023 Nominal Value	2023 Amortized Cost Value	2023 Total Value	2022 IRR	2022 Nominal Value	2022 Amortized Cost Value	2022 Total Value
BID	Loan	USD	2-Aug-23	2	6.46%	6.46%	50,000,000	(197,960)	49,802,040	-	-	-	-
Preferred bonds 2027	International Bond	USD	13-Dec-12	15	4.73%	4.73%	80,000,000	1,963,188	81,963,188	4.73%	80,000,000	1,963,189	81,963,189
Preferred bonds 2036	International Bond	USD	1-Jul-21	15	3.87%	3.87%	100,000,000	(1,797,874)	98,202,126	3.87%	100,000,000	(1,984,060)	98,015,940
Total							230,000,000	(32,646)	229,967,354		180,000,000	(20,871)	179,979,129

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.

This loan was repaid at maturity in October 2023.

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 “Redemptionthe 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 Company 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.

Multilateral bank loan 2025
On July 14, 2023, the Group signed a loan agreement with Inter -American investment Corporation (IDB invest) and The Bank of Nova Scotia for a nominal amount of B/.100,000,000. broken down as follows:

Loan from IDB invest for an aggregate principal amount of up to fifty million balboas (B/.50,000,000).

Loan from The Bank of Nova Scotia for an aggregate principal amount of up to fifty million balboas (B/.50,000,000).

To date, B/. 50,000,000 corresponding to the loan from The Bank of Nova Scotia and B/. 50,000,000 of the IDB invest loan have been disbursed. The IDB invest loan has a variable interest rate with a 1-month SOFR rate and a spread of 1.10% and the loan from The Bank of Nova Scotia has a variable interest rate with a 1-month SOFR rate and a spread of 1.05%, both payable monthly, with a minimum annual rate of 4.75%. The IDB invest loan matures on July 15, 2025, and the loan from The Bank of Nova Scotia matures on July 15, 2024, extendable at the bank's option for an additional year.

The proceeds of this loan will be used exclusively for the Company's investment program and corporate purposes in accordance with applicable law and the terms of the agreement. They may also be used for payment or reimbursement of expenses for goods produced or services provided that originate in IDB member countries.

Payment of principal is made at maturity. The Group may prepay the loan in part or in full provided that certain conditions stipulated in the agreement are met. This credit facility has at least the same degree of priority or preference "pari passu" as all other credits held by third parties, except for those credits privileged exclusively by virtue of law.

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

- Maintain its corporate existence as a corporation and ensure that all necessary authorizations and rights for its business are obtained and maintained.

- To conduct its business with due diligence, in an efficient and environmentally responsible manner, complying with all environmental and social requirements, adhering fully to standard practices, and ensuring that all its operations are conducted in accordance with market conditions.

- Always comply with a consolidated total debt to consolidated EBITDA ratio of no more than 4.0 times. This indicator will be subject to there being no outstanding debt with a Debt to EBITDA ratio lower than that established in this loan.

- Comply with the Corporate Governance plan established in Annex 4 of the contract.

- Deliver a report in due time and form, with the information and addressing the issues listed in the development indicators section.

- Comply with the social and environmental action plan indicating the required performance, including assignment of responsibilities and implementation schedule, to ensure that the design, construction, installation, testing, commissioning, start-up, operation and maintenance of all company facilities, plants and equipment meet and maintain compliance with environmental and social standards, environmental laws and political sustainability.

- For measurement purposes, development impact indicators shall be submitted annually within 60 days of closing, which shall include qualitative and quantitative information.

As of December 31, 2023, the result of the (Covenant) Debt / EBITDA indicator is 2.94 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:

	2023	2022
Net income for the year before net movement in deferred regulatory account balances	35,910,111	53,665,832
Net Movement on balances of deferred regulatory accounts with profit & loss	24,409,871	(22,565,790)
Net movement on deferred taxes that that come from balances with deferred regulatory accounts related to profit or loss	(7,322,961)	6,769,737
Net Profit on the net movement of balances of deferred regulatory accounts	52,997,021	37,869,779
Depreciation & Amortization	45,967,992	38,436,042
Financial Expenses Net	20,512,614	15,325,123
Asset disposal and other costs	4,143,626	5,912,872
Income Tax	22,471,854	16,194,121
EBITDA	146,093,107	113,737,937
Contract Debt		
Debt Short term	200,000,000	103,000,000
Debt Long Term	50,000,000	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	430,000,000	383,000,000
Debt to EBITDA (times)	2.94	3.37

During 2023, the Group has not failed to pay principal and interest on its loans.

17. Suppliers and Other Accounts Payable.

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

	2023	2022
Non-Current		
Deposits received as collateral	6,164,332	6,096,011
Construction contracts	27,226,567	26,237,108
Acquisition of goods and services	244,057	267,561
Total non-current financial liabilities	33,634,956	32,600,680
Current		
Energy Suppliers	96,544,771	124,080,747
Acquisition of goods and services	43,991,953	29,975,622
Guarantee deposits	2,734,664	2,620,147
Other accounts payable	6,511,933	9,530,746
Constructions contracts	2,204,010	5,660,033
Total Current financial liabilities	151,987,331	171,867,295

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.

18. Other Financial Liabilities.

The Other financial liabilities are composed of:

	2023	2022
Non-Current		
Leases (See Note 9)	490,987	202,946
Total Financial Liabilities Non-Current	490,987	202,946
Current		
Leases (See Note 9)	126,679	162,977
Total Financial Liabilities Current	126,679	162,977

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

19. 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	2023	2022
Non - Current		
Post-Employment Benefits - Liabilities	(2,479,929)	(2,428,890)
Total Non Current Employee Benefits	(2,479,929)	(2,428,890)
Current		
Post-Employment Benefits - Liabilities	(21,726)	(16,876)
Total Current Employee Benefits	(21,726)	(16,876)
Total Employee Benefits	(2,501,655)	(2,445,766)

19.1 Post Employee Benefits.

Includes the defined benefit plans detailed below:

Defined Benefits Plans	Another Defined Benefits Plan		Senority Payment		Total	
	2023	2022	2023	2022	2023	2022
Present value of obligations for defined benefits						
Beginning Balance	(231,271)	(331,002)	(2,214,495)	(2,094,254)	(2,445,766)	(2,425,256)
Cost of Present services	(10,080)	(12,551)	(345,697)	(337,409)	(355,777)	(349,960)
Income or (expense) for interest	(12,193)	(7,441)	4,633	11,225	(7,560)	3,784
Actuarial gains or losses from changes in:	-	-	-	-	-	-
Assumptions for experience	(47,073)	79,164	(64,163)	(338,384)	(111,236)	(259,220)
Financial assumptions	3,486	38,827	89,373	382,543	92,859	421,370
Payments made by the plan	39,000	9,000	267,986	161,784	306,986	170,784
Other changes that adjust the obligation	18,839	(7,268)	-	-	18,839	(7,268)
Present value of the obligations for the end of the period	(239,292)	(231,271)	(2,262,363)	(2,214,495)	(2,501,655)	(2,445,766)
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	-	-	(2,262,363)	424,838	(2,501,655)	193,567
Total of Defined Benefits	-	-	(2,262,363)	424,838	(2,501,655)	193,567

The Group has three post-employment defined benefit plans:

Benefit	2023		2022	
	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/.306,862 (2022: B/.363,833) and expects to make contributions for the following year for B/.370,557.

The assets of the plan, managed by Pro-Futuro, S.A. 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:

Assumptions	**Concept**	
	2023	**2022**
Discount Rate %		
Seniority Premium (%) ENSE	5.78	5.44
Seniority Premium (%)	5.8	5.52
Retirement Bonus	5.79	5.48
Discount on Light Bill to Retired Clients (%)	5.59	5.34
Electrical Bill Benefit		
Annual Salary rate increase (%) ENSE	3.8	5
Annual Salary rate increase (%)	5	5
Incremental Rate on the discount of the electrical Bill benefit (%)	1.84	1.64
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 minus 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	(2,999)	3,785	3,658	(2,925)	No aplica	No aplica
Seniority Premium	(239,384)	287,355	245,930	(210,268)	No aplica	No aplica
Subsidized Public Services	7,171	(7,926)	No aplica	No aplica	(7,407)	6,817
Retirement Bonus	(8,857)	10,500	No aplica	No aplica	No aplica	No aplica
Total Benefits Post Employment	(244,069)	293,714	249,588	(213,193)	(7,407)	6,817

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.

20. Provisions, Contingent Assets and Liabilities

20.1 Provisions

The reconciliation of provisions is as follows:

2023	Dismantling & Restoration	Legal Litigations	Others	Total
Beginning Balance	195,286	595,000	12,531,096	13,321,382
Additions	-	-	1,429,414	1,429,414
Utilizations (-)	-	(95,000)	(841,140)	(936,140)
Reversals and amounts not used	(54,860)	(55,000)	(1,512,156)	(1,622,016)
Saldo final	140,426	445,000	11,607,214	12,192,640

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.

20.1.1 **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 71 transformers should be discarded for being suspects in PCB content.
b. The present value of the obligation was determined using a discount rate of 4.56%, 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.

20.1.2 **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 2023:

Claims and Provisions	**Value**
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
	445,000

20.1.3 Other Provisions

The Group maintains other provisions for B/.11,607,214 (2022: B/.12,531,096) 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 or restoration	Litigious	Others	Total
2023	140,426	445,000	11,607,214	12,192,640
Total	140,426	445,000	11,607,214	12,192,640

20.2 Contingent Liabilities

The composition of contingent liabilities is as follows:

Type of Contingencies	Contingents Liabilities
Pending Litigations	293,939
Total	293,939

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	275,000
Labor Disputes	18,939
Total – Contingent Liabilities.	293,939

20.3 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.

ENSA tiene varias obligaciones contractuales incondicionales a largo plazo, relacionadas con la compra de capacidad de energía.

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

Year	**Payment Obligations**
2024	159,189,496
2025	181,184,124
2026	173,163,174
2027	171,866,944
Hereinafter	750,530,210
Total	1,435,933,948

The Group made disbursements of B/.116,839,988 (2022: B/.126,902,824), in unconditional contracts, related to the purchase of long-term energy capacity.

21. Other Liabilities.

The composition of other liabilities is as follows:

	2023	2022
Non Current		
Income received in Advance	109,757	148,170
Government Subsidies	1,353,555	1,459,151
Total Other liabilities Non- Current	1,463,312	1,607,321
Current		
Income received in Advance	38,413	43,074
Government Subsidies	105,595	105,595
Total Other liabilities Current	144,008	148,669
Total Other liabilities	1,607,320	1,755,990

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

	2023	2022
Beginning Balance	191,244	243,029
Recognized in the Profit lor Loss during the year	(43,074)	(51,785)
Final Balance	148,170	191,244

21.2 The movement of government subsidies is as follows:

	2023	2022
Beginning Balance	1,564,746	1,670,342
Recognized in the Profit lor Loss during the year	(105,596)	(105,596)
Final Balance	1,459,150	1,564,746

22. Changes in Labilities from financing activities.

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

	2023					
Reconciliation of liabilities arising from the financing activities 2023	**Initial Balance**	**Cash flow**		**Other Changes**	**Changes other than**	**Total**
Credits and loans (see note 16)	382,960,943	832,777,302	(785,957,009)	-	-	429,781,236
Lease liabilities (see note 18)	385,923	-	(184,078)	435,821	-	637,666
Treasury shares (see note 14)	(574,511)	-	-	-	-	(574,511)
Retained earnings (see note 14)	163,286,379	-	-	-	52,997,021	216,283,400
Adjustment change IFRS 16	699	-	-	-	-	699
Dividends or surpluses paid and Complementary Tax (see note 14)	(52,211,571)	220,525	(37,869,779)	-	-	(89,860,825)
Total liabilities for financing activities	493,847,862	832,997,827	(824,010,866)	435,821	52,997,021	556,267,665

	2022					
Reconciliation of liabilities arising from the financing activities 2022	**Initial Balance**	**Cash flow**		**Other Changes**	**Changes other than**	**Total**
Credits and loans (see note 16)	320,592,359	150,219,084	(87,700,000)	(150,500)	-	382,960,943
Lease liabilities (see note 18)	450,804	-	(214,485)	129,604	-	365,923
Treasury shares (see note 14)	(574,511)	-	-	-		(574,511)
Retained earnings (see note 14)	125,416,600	-	-	-	37,869,779	163,286,379
Adjustment change IFRS 16 (see note 14)	699	-	-	-	-	699
Dividends or surpluses paid and Complementary Tax (see note 14)	(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

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)	
	2023	**2022**
Deferred Regulatory accounts		
Beginning Balance	11,665,788	34,231,578
Recognized in the consolidated statement of other comprehensive income or (loss) for the year	24,409,871	(22,565,790)
Ending Balance	36,075,659	11,665,788

The increase in the regulatory assets was mainly due to the increase in the macroeconomic indicators related to the cost of energy which generated a reserve to be collected in the next tariff periods. This reserve is adjusted every 6 months to recognize fluctuations in energy costs.

Cash flows used by regulatory accounts decreased to B/.17,086,909 (2022: B/.15,796,053), 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)	
	2023	**2022**
Deferred Tax associated with regulatory accounts		
Beginning Balance	(3,499,736)	(10,269,473)
Increases	(7,322,961)	6,769,737
Ending Balance	(10,822,697)	(3,499,736)

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:

	2023	2022
Services provided		
Energy distribution service	703,572,599	661,938,912
Professional Fees	2,791,505	2,686,618
Connection / reconnection	1,956,816	1,849,839
Late Fees	1,988,686	1,944,852
Other services	2,246,515	1,636,883
Fines and Sanctions	484,423	385,569
Total Income from ordinary activities	713,040,544	670,442,673
Other income (Note 24.1)	2,808,176	3,735,045
Total Income	715,848,720	674,177,718

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.

24.1 Other Income.

Other Income	**2023**	**2022**
Valuation of investment properties (Note 5)	60,802	699,900
Government grants	105,595	105,595
Recoveries	221,328	186,631
Other ordinary income	1,920,960	2,583,835
Other income	499,491	159,084
Total Other income	2,808,176	3,735,045

25. Cost of Services provided and the Sale of Assets.

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

	2023	2022
Cost for Services Provided		
Other Costs of public goods and services for sale	502,972,399	450,885,157
Use of Lines, networks and Pipelines	27,074,887	31,820,283
Depreciation (notes 4 y 7)	34,429,443	31,392,667
Orders & contracts for other services	18,924,851	17,312,301
Salaries & Personnel expenses	8,843,718	8,288,535
Orders & contracts for Maintenance & Repairs	4,561,487	2,705,231
General expenses	1,621,238	1,390,320
Taxes, contributions and Rates	1,007,869	1,058,691
Other Leases	567,160	468,198
Amortization for Right of Use Assets (Note 9)	187,778	230,068
Others	432,344	215,035
Total costs for services provided	600,623,174	545,766,486

For the year ended December 31, 2023, other costs of public goods and services for sale were recognized for B/.502,972,399 (2022: B/.450,885,157) detailed s: purchase of energy B/.497,638,953 (2022: B/.446,818,765) and costs of sales B/.5,333,446 (2022: B/.4,066,392).

26. Administration Costs.

The breakdown of the administrative expenses is as follows:

	2023	2022
Personnel expenses:		
Wages and salaries	7,921,827	8,130,248
Social security expenses	1,220,986	1,177,951
Benefits of Union Collective agreement	96,783	86,673
Others	1,032,267	936,988
Total Personnel expenses	10,271,863	10,331,860
General expenses:		
Depreciation of property, plant and equipment and amortization of intangibles (Notes 4 and 7)	11,350,770	6,813,307
Commissions, Professional fees and services	3,494,658	2,812,624
Taxes, contributions and rates	2,217,853	2,254,859
Maintenance	2,235,570	2,181,969
Public services	1,323,322	1,392,369
General securities	869,020	889,596
Combustible and lubricants	460,265	495,398
Printed matter, publications, subscriptions and affiliations	164,400	114,045
Publicity and Marketing	277,148	343,144
Per diems and travel expenses	172,698	195,137
Leases	27,235	21,143
Safety equipment	1,230	1,581
Photocopies	149,704	220,927
Legal expenses	38,738	27,586
Others	491,304	450,110
Total General Expenses	876,530	598,418
Total	24,150,445	18,812,213
Total	34,422,308	29,144,073

Since the Group plans to replace the SAP commercial system and the SAP EPR, the useful life of the systems was adjusted based on the entry of the new systems, with an impact of B/.5,696,473.

The operating lease fees recognized as expenses for the year are B/.568,390 (2022: B/.469,779), included in the costs for the provision of services and administrative expenses.

27. Other Expenses

The details of other expenses are as follows:

	2023	2022
Loss on Sale of Assets	3,822,297	5,702,622
Loss on inventory retirements and write offs	321,329	210,250
Total	4,143,626	5,912,872

The loss of fixed asset disposal is due to the write-off of damaged meters, defective transformers, burned-out luminaires, and other assets to a lesser extent.

28. Financial Income and Expenses.

28.1 Financial Income

The detail of financial income is as follows:

	2023	2022
Financial Income		
Interest income from:		
Bank fixed deposits	265,904	170,746
Other financial income	176,291	198,542
Total	442,195	369,288

28.2 Financial expenses

The detail of financial expenses is as follows:

	2023	2022
Interest expenses		
Loans & Bonds	21,049,710	15,136,054
Interest for Leases	16,502	11,811
Less interest capitalized on appropriate assets	(5,694)	(14,522)
Other financial expenses	(105,709)	561,068
Total Financial Expense	20,954,809	15,694,411

29. Income Tax

29.1 Tax Laws and Provisions.

The Company's income tax returns, including the one for the year ended December 31, 2023, 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.

29.2 Reconciliation of the Effective Tax Rate.

The conciliation between the applicable taxable rate and the effective rate and the composition of expenditure by income tax for 2023 and 2022 periods are as follows:

Elektra Noreste, S. A.

	2023	%	2022	%
Income or (loss) before taxes	47,107,515		73,745,875	
Income Tax Rate	30%		30%	
Income Tax - Nominal Rate	14,132,255	30	22,123,763	30
Effect of permanent tax differences:				
provision of bad accounts	1,543,550		(1,547,394)	
Obsolete inventory	(38,959)		67,436	
Non-deductible portion in depreciation	455,792		455,792	
Compensation Reserves	(923,882)		974,073	
Litigation reserve	(150,000)		-	
Bonus provision	(188,395)		317,476	
Seniority premium provision	(244,317)		(228,250)	
Replacement asset depreciation	2,265		2,265	
Decommissioning provision	(54,860)		3,021	
Retired electricity discount provision	(12,291)		10,801	
Retirement bonus provision	(23,276)		7,628	
investment property	170,273		(699,900)	
CVC non-taxable income adjustment	16,324,491		(28,732,273)	
Accounting adjustments	(16,948)		(741)	
Surcharge and fines	43,084		3,326	
Non-deductible expenses	20,805		28,486	
Inventories	(862)		93,807	
Interest on bank deposits	(261,117)		(153,549)	
Decrease/Carry-Over Loss	(1,774,811)		(1,774,811)	
Ordinary net income for the year	61,978,057		42,573,068	
Income tax at effective rate	18,593,416	30	12,771,920	30
Previous year Income tax adjustment	80,891		180,871	
Detail of current and deferred expenses				
Current tax	18,674,307		12,952,791	
Deferred tax	(4,525,673)		9,343,241	
Income tax	14,148,634		22,296,032	

ENSA Servicios, S. A.	**2023**	**%**	**2022**	**%**
Income or (loss) before taxes	4,049,930		2,883,814	
Income Tax Rate	25%		25%	
Nominal Tax Rate	1,012,483	25	722,112	25
Effect of permanent tax differences:				
Provision of bad accounts	(12,015)		(39,891)	
Seniority premium provision	9,635		(14,409)	
Average Cost	997		920	
Surcharge and fines	5		(6,141)	
Non-deductible expenses	75,142		80,503	
Apportionment of Non-taxable income	(185,355)		(129,144)	
Bank deposit interest	(4,787)		(17,197)	
Ordinary net income for the year	3,933,552		2,758,455	
Income tax at effective rate	983,388	25	689,614	25
Previous year tax adjustment	13,987		(35,363)	
Current Tax	997,375		654,251	
Detail of current and deferred expenses				
Current tax	997,375		654,251	
Deferred tax	2,884		13,575	
Income tax	1,000,259		667,826	

29.3 Income tax recognized on Profit or (loss) and other comprehensive income (loss).

The most significant expense components for income tax are:

	2023	**2022**
Current income tax		
Expenditures (Income) for Current income tax expense	19,576,804	13,461,534
Adjustments recognized in the current period related to the current income tax from prior periods	94,878	145,508
Total Current income tax	19,671,682	13,607,042
Deferred Income tax		
Net deferred tax expense (income) related to the origin and reversal of temporary differences	(4,522,789)	9,356,816
Total Deferred tax	(4,522,789)	9,356,816
Income tax	15,148,893	22,963,858

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

	2023	2022
Asset or Liability for Current income tax , net	(5,794,431)	1,525,102
Income tax	(19,671,682)	(13,607,042)
Balance in favor	20,147,285	6,287,509
Total Asset or Liability for the current income tax , net	(5,318,828)	(5,794,431)

29.4 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	2023			2022		
	Gross	Tax Effect	Net	Gross	Tax 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.	(13,744)	4,123	(9,621)	173,374	(52,063)	121,311
New measurements of defined benefit plans - Ensa Servicios,S.A.	13,980	(3,495)	10,485	7,514	(1,878)	5,636
Total	236	628	864	180,888	(53,941)	126,947

29.5 Deferred Income Tax.

The detail of deferred income taxes is as follows:

	2023	2022
Deferred Income Tax - Assets	426,098	-
Deferred Income Tax - Liabilities	-	4,097,320
Total Deferred Income Tax - Net	426,098	4,097,320

The deferred tax item recognized in 2023 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)	(7,013,367)	5,357,409	-	(1,655,958)
Inventories	45,442	(11,688)	-	33,754
Non-Current Assets				
Properties, Plants and Equipment's	(1,003,582)	137,417	-	(866,165)
Others	(150,983)	(16,080)	-	(167,063)
Investment Properties	(863,491)	51,082	-	(812,409)
Current Liabilities:				
Employee Benefits	5,064	(3,687)	-	1,377
Provisions	3,960,904	(322,165)	-	3,638,739
Other Liabilities	559,888	(56,519)	-	503,369
Non-Current Liabilities				
Employee Benefits	(169,641)	(80,535)	628	(249,548)
Fiscal losses not usted	532,446	(532,444)	-	2
Total of Deferred Taxes Assets/Liabilities	(4,097,320)	4,522,789	628	426,098

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, 2022, 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	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 used	1,064,888	(532,442)	-	532,446
Total of Deferred Taxes Assets/Liabilities	5,313,437	(9,356,816)	(53,941)	(4,097,320)

30. 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, 2023, the amount recognized as income is B/.225,886 (2022: B/.247,500) and the account receivable B/.20,094 (2022: B/.20,071) 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
Head Office				
2023	-	86,301	-	5,629
2022	-	38,451	-	-
Entities with joint control or significant influence over the Company:				
2023	98,635,569	-	22,440,631	-
2022	96,537,027	-	23,581,594	-
Key management personnel:				
2023	-	3,296,912	-	-
2022	-	3,503,931	-	-
Other related parties:				
2023	661,077	160,624,096	394,866	12,099,990
2022	289,889	198,025,070	282,612	16,160,379

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

	Income	2023	2022
Entities with joint control or significant influence over the Company:	Sale of goods and services	98,635,569	96,537,027
Other related parties:	Sale of goods and services	661,077	289,889
Total Income obtained from related parties		99,296,646	96,826,916

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

Costs and Expenses		2023	2022
Head Office	Sale of goods and services	86,301	38,451
Key Management personnel:	Professional Fees	3,296,912	3,503,931
Other related parties	Sale of goods and services	160,624,096	198,025,070
Total of Cost & Expenses with related Parties		164,007,309	201,567,452

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	2023	2022
Salaries, other short-term employee benefits, and fees	3,296,912	3,503,931
Compensation to key management personnel.	3,296,912	3,503,931

31. 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, 2023, and 2022.

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 2023 and 2022 there have been no breaches of financial clauses of the bonds issued in the current period or earlier.

	2023	2022
Short term debt	200,000,000	103,000,000
Long term debt	50,000,000	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	(9,554,212)	(5,419,478)
Total net debt	420,445,788	377,580,522
Common Share	106,068,451	106,068,451
Comprehensive profit or loss	(401,813)	(402,677)
Accumulated Earnings	126,423,273	111,075,506
Total equity	232,089,911	216,741,280
Debt ratio	181%	174%
Debt to EBITDA (times)	2.94	3.37

32. 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.

32.1 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.

32.1.1 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, 2023, the Group holds 41%0% (2022: 0%) of the debt contracted at a floating interest rate and 59% (2022: 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.

Interest rate sensitivity analysis

The following table indicates the sensitivity to a possible reasonable change in the interest rates of the financial instruments exposed to this risk. Holding all other variables constant, the Group's income/loss before taxes and shareholders' equity would be affected by changes in variable interest rates as follows:

	Increase/ Decrease in Base points	Value Exposed	Financial Effect In the Profit or loss beofre Taxes	Financial Effect Effect in Equity
2023				
Financial liabilities measured at amortized cost				
Credit and Loans	100	430,000,000	(3,901,653)	(1,170,496)
	(100)	430,000,000	3,901,653	1,170,496
2023				
Financial liabilities measured at amortized cost				
Credit and Loans	100	383,000,000	(3,644,347)	(1,093,304)
	(100)	383,000,000	3,644,347	1,093,304

32.1.2 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.

32.1.3 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 counterparty credit risk on these assets by dealing commercially only with financial institutions with high credit ratings of at least AA to BBB- investment grade. The Group believes that the value that best represents its credit risk exposure at year-end, without considering any collateral taken or other credit enhancements is:

	2022	2022
Cash & Cash Equivalents	9,254,197	5,121,180
Restricted Cash balance	300,015	298,298
Commercial Accounts Receivable & Others	174,384,457	173,148,879
Other Assets Non-Current	4,937,053	4,426,703
Maximum exposure of Credit Risk	188,875,722	182,995,060

32.1.4 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 of 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:

	In Books	Less than a year	From 1 to 2 years	From 2 to 3 years	From 3 to 4 years	More than 4 years	Total contractual obligations
2023							
Non-derivative financial liabilities							
Credit facilities & Loans	429,781,236	216,423,079	33,520,728	7,654,000	87,457,025	133,038,137	478,092,969
Suppliers and Other accounts payable	185,622,287	151,791,880	3,837,532	3,597,439	7,983,764	33,728,428	200,939,043
Other financial liabilities	617,666	126,679	125,084	136,253	141,590	227,905	757,511
Employee Benefits	2,501,655	24,476	32,057	34,301	36,702	3,328,331	3,455,867
Other Liabilities	1,607,320	144,008	208,495	218,994	230,440	1,002,793	1,804,730
Total	620,130,164	368,510,122	37,723,896	11,640,987	95,849,521	171,325,594	685,050,120

	In Books	Less than a year	From 1 to 2 years	From 2 to 3 years	From 3 to 4 years	More than 4 years	Total contractual obligations
2022							
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

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.

33. 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.

	2023			
	Book	Fair Market Value		
	Value	Level 2	Level 3	Total
Liabilities				
Debt Instrument - Fixed Rate	255,165,314	156,337,600	75,000,000	231,337,600
Debt Instrument - Variable Rate	174,615,922	174,615,921	-	174,615,921
Suppliers and Other Accounts Payable	185,622,287	-	179,287,201	179,287,201
Other Financial Liabilities	617,666	-	511,158	511,158
Employee Benefits	2,501,655	-	2,501,655	2,501,655
Other Liabilities	1,607,320	-	1,290,694	1,290,694
Total	620,130,164	330,953,521	258,590,708	589,544,229

	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

34. 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 about the results of each reportable segment is included below:

2023	Energy Distribution and Marketing	Others Sale of Assets	Total Segments	Intersegment Eliminations	Consolidated
Services provided	693,257,163	12,028,332	705,285,495	(1,712,896)	703,572,599
Other income from operations	7,240,236	2,326,149	9,566,385	(98,440)	9,467,945
Total Income from ordinary activities	700,497,399	14,354,481	714,851,880	(1,811,336)	713,040,544
Other income	5,279,539	-	5,279,539	(2,471,363)	2,808,176
Total Income	705,776,938	14,354,481	720,131,419	(4,282,699)	715,848,720
Cost for Services provided and sale of assets	595,554,950	9,010,902	604,565,852	(3,942,678)	600,623,174
Administrative expenses	33,427,722	1,236,167	34,663,889	(241,581)	34,422,308
Impairment in Accounts receivable	5,036,187	51,807	5,087,994	-	5,087,994
Other expenses	4,143,626	-	4,143,626	-	4,143,626
Financial Income	(434,166)	(8,029)	(442,195)	-	(442,195)
Financial costs	20,941,104	13,705	20,954,809	-	20,954,809
Net Profit for the year before Tax	47,107,515	4,049,929	51,157,444	(98,440)	51,059,004
Income tax for the period	14,148,634	1,000,259	15,148,893	-	15,148,893
Net Profit for the year before net movement in balances in deferred regulatory accounts	32,958,881	3,049,670	36,008,551	(98,440)	35,910,111
Net Movement in balance of regulatory accounts related to Profit and Loss	24,409,871	-	24,409,871	-	24,409,871
Net Movement arising in deferred taxes from balances			-		-
of regulatory accounts related to profit or loss	(7,322,961)	-	(7,322,961)	-	(7,322,961)
Net Income of the year and the net movement in balances in deferred regulatory accounts	50,045,791	3,049,670	53,095,461	(98,440)	52,997,021
Other comprehensive income (loss) net of tax					
Items that will not be reclassified later to Profit or Loss for the period:					
New measures for definite benefit plans which will not be reclassified	(13,744)	13,980	236	-	236
Income Tax related to the components that will not be reclassified	4,123	(3,495)	628	-	628
Other comprehensive income (loss) net of taxes	(9,621)	10,485	864	-	864
Total Profit or Loss and other comprehensive Income (Loss) for the period	50,036,170	3,060,155	53,096,325	(98,440)	52,997,885
Total Assets	830,586,915	14,344,828	844,931,743	(453,161)	844,478,582
Deferred regulatory account debit balances	36,075,659	-	36,075,659	-	36,075,659
Deferred tax liabilities related balances	(10,822,698)	-	(10,822,698)	-	(10,822,698)
Total deferred regulatory account assets and debit balances	855,839,876	14,344,828	870,184,704	(453,161)	869,731,543
Total liabilities and deferred regulatory account credit balances	634,269,189	3,677,164	637,946,353	(304,721)	637,641,632

ELEKTRA NORESTE, S. A. & SUBSIDIARY

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

Notes to the consolidated financial statements for the year ended 31st December 2023.

(In balboas)

2022	Energy Distribution and Marketing	Others Sale of Assets	Total Segments	Intersegment Eliminations	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 for the period:					
New measures for definite benefit plans	173,374	7,514	180,888	-	180,888
which will not be reclassified					
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 balances	(3,499,736)	-	(3,499,736)	-	(3,499,736)
Total deferred regulatory account assets and debit balances	826,613,576	10,082,204	836,695,780	(4,744,770)	831,951,010
			-		-
Total liabilities and deferred regulatory account credit balances	617,517,289	2,387,211	619,904,500	(4,694,770)	615,209,730

35. Subsequent events after the reporting period.

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.

36. Approval of the consolidated financial statements.

The Group's consolidated financial statements for the year ended December 31, 2023, were authorized by the Board of Directors for publication on 22 February 2024.

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

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

Consolidated Statement of Financial position
For the year 31st December 2023
(In balboas)

	Notes	2023	Eliminations	Sub-total	Elektra Noreste, S. A.	ENSA Servicios, S. A.
Assets						
Non-Current Assets						
Properties, Plant & Equipment Net	4	589,472,233	(98,440)	589,570,673	588,611,713	958,960
Inventories	12	3,354,607	-	3,354,607	3,354,607	-
Investment Properties	5	3,957,600	-	3,957,600	3,957,600	-
Other Intangible Assets	7	25,775,652	-	25,775,652	25,775,652	-
Deferred Income Taxes Net	29	426,098	-	426,098	444,251	(18,153)
Beneficios a los empleados	9	590,875	-	590,875	590,875	-
Right-of-use Assets	11	4,937,053	-	4,937,053	4,848,005	89,048
Other Assets		-	(50,000)	50,000	50,000	-
Total Non-Current Assets		628,514,118	(148,440)	628,662,558	627,632,703	1,029,855
Current Assets						
Inventories	12	26,518,589	-	26,518,589	24,708,361	1,810,228
Trade and Other Receivables	8	174,384,457	(304,721)	174,689,178	170,807,998	3,881,180
Other Assets	11	5,507,206	-	5,507,206	995,050	4,512,156
Cash & Cash Equivalents	13	9,554,212	-	9,554,212	6,442,803	3,111,409
Total Current Assets		215,964,464	(304,721)	216,269,185	202,954,212	13,314,973
Total Assets		844,478,582	(453,161)	844,931,743	830,586,915	14,344,828
Balances of regulatory deferred debit accounts	23	36,075,659	-	36,075,659	36,075,659	-
Assets (Liabilities) of deferred taxes related with balances of deferred regulatory accounts	23	(10,822,698)	-	(10,822,698)	(10,822,698)	-
Total Assets and debit balances of deferred regulatory accounts		869,731,543	(453,161)	870,184,704	855,839,876	14,344,828

(Continued)

Elektra Noreste, S. A. and Subsidiary

Anexo I

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

Consolidated Statement of Financial position
For the year 31st December 2023
(In balboas)

	Notes	2023	Eliminations	Sub-total	Elektra Noreste, S. A.	ENSA Servicios, S. A.
Equity & Liabilities						
Equity						
Issued Capital	14	106,642,962	(50,000)	106,692,962	106,642,962	50,000
Treasury Stocks	14	(574,511)	-	(574,511)	(574,511)	-
Other accumulated comprehensive Income (Loss)	15	(401,813)	-	(401,813)	(436,812)	34,999
Retained Earnings	14	73,426,252	-	73,426,252	65,893,257	7,532,995
Net Profit for the year in balances of Deferred Regulatory accounts	14	52,997,021	(98,440)	53,095,461	50,045,791	3,049,670
Total Equity		232,089,911	(148,440)	232,238,351	221,570,687	10,667,664
Non-current Liabilities						
Credit facilities & loans payable	16	229,967,354	-	229,967,354	229,967,354	-
Creditors and other accounts payable	17	33,634,956	-	33,634,956	33,634,956	-
Other Financial Liabilities	18	490,987	-	490,987	490,987	-
Employee Benefits	19	2,479,929	-	2,479,929	2,454,365	25,564
Other Liabilities	21	1,463,312	-	1,463,312	1,463,312	-
Total Non Current Liabilities		268,036,538	-	268,036,538	268,010,974	25,564
Current Liabilities						
Credit facilities & loans payable	16	199,813,882	-	199,813,882	199,813,882	-
Creditors and other accounts payable	17	151,987,331	(304,721)	152,292,052	148,916,637	3,375,415
Other Financial Liabilities	18	126,679	-	126,679	126,679	-
Employee Benefits	19	21,726	-	21,726	21,726	-
Current Taxes Payable	29	5,318,828	-	5,318,828	5,042,643	276,185
Provisions	20	12,192,640	-	12,192,640	12,192,640	-
Other Liabilities	21	144,008	-	144,008	144,008	-
Total Current Liabilities		369,605,094	(304,721)	369,909,815	366,258,215	3,651,600
Total Liabilities		637,641,632	(304,721)	637,946,353	634,269,189	3,677,164
Total Liabilities and credit balances of deferred regulatory accounts		637,641,632	(304,721)	637,946,353	634,269,189	3,677,164
Total Liabilities & Equity		869,731,543	(453,161)	870,184,704	855,839,876	14,344,828

(Concluded)

Elektra Noreste, S. A. and Subsidiary

Annex 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 2023

(In balboas)

	Notes	2023	Eliminations	Sub-total	Elektra Noreste, S. A.	ENSA Servicios, S. A.
Services provided		703,572,599	(1,712,896)	705,285,495	693,257,163	12,028,332
Other income from operations		9,467,945	(98,440)	9,566,385	7,240,236	2,326,149
Total Income from ordinary activities		713,040,544	(1,811,336)	714,851,880	700,497,399	14,354,481
Other income		2,808,176	(2,471,363)	5,279,539	5,279,539	-
Total Income	24	715,848,720	(4,282,699)	720,131,419	705,776,938	14,354,481
Cost for Services provided and sale of assets	25	600,623,174	(3,942,678)	604,565,852	595,554,950	9,010,902
Administrative expenses	26	34,422,308	(241,581)	34,663,889	33,427,722	1,236,167
Impairment in Accounts receivable	8	5,087,994	-	5,087,994	5,036,187	51,807
Other expenses	27	4,143,626	-	4,143,626	4,143,626	-
Financial Income	28	(442,195)	-	(442,195)	(434,166)	(8,029)
Financial costs	28	20,954,809	-	20,954,809	20,941,104	13,705
Net Profit for the year before Tax		51,059,004	(98,440)	51,157,444	47,107,515	4,049,929
Income tax for the period	29	15,148,893	-	15,148,893	14,148,634	1,000,259
Net Profit for the year before net movement in balances in deferred regulatory accounts		35,910,111	(98,440)	36,008,551	32,958,881	3,049,670
Net Movement in balance of regulatory accounts related to Profit and Loss	23	24,409,871	-	24,409,871	24,409,871	-
Net Movement arising in deferred taxes from balances of regulatory accounts related to profit or loss	23	(7,322,961)	-	(7,322,961)	(7,322,961)	-
Net Income of the year and the net movement i en saldos de cuentas regulatorias diferidas		52,997,021	(98,440)	53,095,461	50,045,791	3,049,670
Other comprehensive income (loss) net of tax						
Items that will not be reclassified later to Profit or Loss for the year						
New measurements of defined benefits plan	15	236	-	236	(13,744)	13,980
Income Tax related to the components that will not be reclassified	15, 29	628	-	628	4,123	(3,495)
Other comprehensive income (loss) net of taxes		864	-	864	(9,621)	10,485
Total Profit or Loss and other comprehensive Income (Loss) for the period		52,997,885	(98,440)	53,096,325	50,036,170	3,060,155