Infraestructura Energetica Nova, S. A. P. I. de C. V. and Subsidiaries

Condensed Interim Consolidated Financial Statements as of June 30, 2022 and for the six and three-month periods ended June 30, 2022 and 2021 (unaudited) (hereinafter referred to as the "Condensed Interim Consolidated Financial Statements").

Infraestructura Energetica Nova, S. A. P. I. de C. V. and Subsidiaries

Condensed Interim Consolidated Financial Statements as of June 30, 2022 and for the six and three-month periods ended June 30, 2022 and 2021 (unaudited)

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Infraestructura Energetica Nova, S. A. P. I. de C. V. and Subsidiaries
Condensed Interim Consolidated Statements of Financial Position
(In thousands of U. S. Dollars)

	Notes	June 30, 2022 (unaudited)	December 31, 2021
Assets			
Current assets:			
Cash and cash equivalents		$ 79,295	$ 199,105
Restricted cash		98,021	16,747
Finance lease receivables	10	25,987	23,786
Trade and other receivables, net		262,456	200,919
Due from related parties	4, 10	687,357	56,062
Income taxes receivable		59,952	53,680
Natural gas inventories		32,381	26,531
Derivative financial instruments	10	5,227	1,270
Value-added tax receivable		141,196	155,843
Carbon allowances		8,358	8,592
Other assets	7	26,570	30,114
Total current assets		1,426,800	772,649
Non-current assets:			
Due from related parties	4, 10	22,161	654,723
Derivative financial instruments	10	27,410	6,779
Finance lease receivables	10	948,729	961,749
Deferred income tax		134,945	124,967
Investments in joint ventures	5	1,018,470	894,850
Property, plant and equipment, net	6	5,331,843	5,321,869
Right-of-use assets, net		127,827	127,439
Carbon allowances		25,703	20,461
Intangible assets, net		280,258	290,449
Goodwill		1,638,091	1,638,091
Restricted cash		59,371	2,683
Other assets	7	89,384	71,331
Total non-current assets		9,704,192	10,115,391
Total assets	14	$ 11,130,992	$ 10,888,040

(Continued)

Liabilities and Stockholder's Equity	Notes	June 30, 2022 (unaudited)	December 31, 2021
Current liabilities:			
Short-term debt	8	$ 849,278	$ 1,062,044
Trade and other payables		119,770	130,425
Due to related parties	4	402,647	72,944
Income tax		67,806	99,462
Leases		3,451	3,073
Derivative financial instruments	10	122,556	9,545
Other financial liabilities		53,973	44,082
Provisions		2,346	2,346
Other taxes payable		65,064	76,025
Carbon allowances		8,358	8,592
Other liabilities	12	106,830	150,011
Total current liabilities		1,802,079	1,658,549
Non-current liabilities:			
Long-term debt	9, 10	2,185,187	2,403,697
Due to related parties	4, 10	281,565	287,126
Leases		70,452	66,264
Deferred income tax liabilities		526,563	572,798
Carbon allowances		31,247	20,048
Provisions		134,832	133,047
Derivative financial instruments	10	4,793	132,429
Employee benefits		12,739	12,422
Other non-current liabilities	12	83,333	27,988
Total non-current liabilities		3,330,711	3,655,819
Total liabilities	14	5,132,790	5,314,368
Stockholder's equity:			
Common stock	13	743,501	743,501
Additional paid-in capital		2,320,677	2,320,677
Accumulated other comprehensive loss		(54,041)	(118,958)
Retained earnings		2,988,065	2,628,525
Total equity attributable to owners of the Company		5,998,202	5,573,745
Non-controlling interests		—	(73)
Total stockholders' equity		5,998,202	5,573,672
Commitments and contingencies	17, 18	—	—
Events after the reporting period	20	—	—
Total stockholders' liabilities and equity		$ 11,130,992	$ 10,888,040

See accompanying notes to the Condensed Interim Consolidated Financial Statements.

Infraestructura Energetica Nova, S. A. P. I. de C. V. and Subsidiaries

Condensed Interim Consolidated Statements of Profit or loss

(In thousands of U. S. Dollars, except per share amounts)

		Six-month periods ended June 30, (unaudited)		Three-month periods ended June 30, (unaudited)	
	Notes	**2022** (Note 1)	**2021** (Note 1)	**2022** (Note 1)	**2021** (Note 1)
Revenues	14, 15	$ 998,313	$ 774,243	$ 555,327	$ 408,601
Cost of revenues	14	(374,038)	(249,501)	(219,949)	(124,925)
Operating, administrative and other expenses		(168,760)	(124,462)	(86,355)	(70,345)
Depreciation and amortization		(114,804)	(97,350)	(58,148)	(53,525)
Finance income		20,594	25,564	7,521	13,204
Finance costs		(71,571)	(75,941)	(41,336)	(39,426)
Other (losses) gains, net		(15,235)	5,256	3,034	30,521
Profit before income tax and share of profits of joint ventures		274,499	257,809	160,094	164,105
Income tax expense	11, 14	(4,801)	(89,215)	(1,131)	(56,625)
Share of profits of joint ventures, net of tax	5, 14	90,284	63,197	44,157	13,802
Profit for the period	14	$ 359,982	$ 231,791	$ 203,120	$ 121,282
Attributable to:					
Owners of the Company		359,982	231,864	203,120	121,311
Non-controlling interests		—	(73)	—	(29)
		$ 359,982	$ 231,791	$ 203,120	$ 121,282
Earnings per share:					
Basic and diluted earnings per share	16	N/A	$ 0.16	N/A	$ 0.08

See accompanying notes to the Condensed Interim Consolidated Financial Statements.

Infraestructura Energetica Nova, S. A. P. I. de C. V. and Subsidiaries

Condensed Interim Consolidated Statements of Other Comprehensive Income

(In thousands of U. S. Dollars)

		Six-month periods ended June 30, (unaudited)		Three-month periods ended June 30, (unaudited)	
	Notes	**2022**	**2021**	**2022**	**2021**
Profit for the period	14	$ 359,982	$ 231,791	$ 203,120	$ 121,282
Items that will not be reclassified to profit or (loss):					
Remeasurement on defined benefit liability		974	(786)	—	—
Deferred income tax related to remeasurement on defined benefit liability		(292)	236	—	—
Total items that will not be reclassified to profit (loss), net of tax		682	(550)	—	—
Items that may be subsequently reclassified to profit or (loss):					
Gain (loss) on valuation of derivative financial instruments held for hedging purposes	10.3	36,810	8,968	15,547	(18,779)
Deferred income tax on the gain (loss) on valuation of derivative financial instruments held for hedging purposes		(11,043)	(2,694)	(4,664)	5,626
Gain (loss) on valuation of derivative financial instruments held for hedging purposes of joint ventures		45,217	37,551	22,180	(2,465)
Deferred income tax on the gain (loss) on valuation of derivative financial instruments held for hedging purposes of joint ventures		(13,565)	(11,265)	(6,654)	739
Exchange gain differences on translation of foreign operations		6,816	158	544	8,295
Total items that may be subsequently reclassified to profit or (loss)		64,235	32,718	26,953	(6,584)
Other comprehensive income for the period		64,917	32,168	26,953	(6,584)
Total comprehensive income for the period		$ 424,899	$ 263,959	$ 230,073	$ 114,698
Attributable to:					
Owners of the Company		424,899	264,032	230,073	114,727
Non-controlling interests		—	(73)	—	(29)
		$ 424,899	$ 263,959	$ 230,073	$ 114,698

See accompanying notes to the Condensed Interim Consolidated Financial Statements.

Infraestructura Energetica Nova, S. A. P. I. de C. V. and Subsidiaries

Condensed Interim Consolidated Statements of Changes in Stockholders' Equity

(In thousands of U. S. Dollars)

	Notes	Common shares	Additional paid-in capital	Other comprehensive loss	Retained earnings	Attributable to owners of the parent	Non-controlling interests	Total
Balance as of January 1, 2021		$ 743,501	$ 2,320,385	$ (186,241)	$ 2,239,395	$ 5,117,040	$ 4,757	$ 5,121,797
Profit for the period	14	—	—	—	231,864	231,864	(73)	231,791
Remeasurement on defined benefit liability, net of income tax		—	—	(550)	—	(550)	—	(550)
Gain on valuation of derivative financial instruments held for hedging purposes, net of income tax	10.3	—	—	6,274	—	6,274	—	6,274
Gain on valuation of derivative financial instruments held for hedging purposes of joint ventures, net of income tax	5	—	—	26,286	—	26,286	—	26,286
Exchange Gain differences on translation of foreign operations		—	—	158	—	158	—	158
Total comprehensive income (loss) for the period		—	—	32,168	231,864	264,032	(73)	263,959
Acquisition and others		—	2,246	—	—	2,246	—	2,246
Balance as of June 30, 2021 (unaudited)	13	$ 743,501	$ 2,322,631	$ (154,073)	$ 2,471,259	$ 5,383,318	$ 4,684	$ 5,388,002
Balance as of January 1, 2022		$ 743,501	$ 2,320,677	$ (118,958)	$ 2,628,525	$ 5,573,745	$ (73)	$ 5,573,672
Profit for the period	14	—	—	—	359,982	359,982	—	359,982
Remeasurement on defined benefit liability, net of income tax		—	—	682	—	682	—	682
Gain on valuation of derivative financial instruments held for hedging purposes, net of income tax	10.3	—	—	25,767	—	25,767	—	25,767
Gain on valuation of derivative financial instruments held for hedging purposes of joint ventures, net of income tax	5	—	—	31,652	—	31,652	—	31,652
Exchange Gain differences on translation of foreign operations		—	—	6,816	—	6,816	—	6,816
Total comprehensive income for the period		—	—	64,917	359,982	424,899	—	424,899
Dividends paid		—	—	—	(369)	(369)	—	(369)
Acquisition and others		—	—	—	(73)	(73)	73	—
Balance as of June 30, 2022 (unaudited)	13	$ 743,501	$ 2,320,677	$ (54,041)	$ 2,988,065	$ 5,998,202	$ —	$ 5,998,202

See accompanying notes to the Condensed Interim Consolidated Financial Statements.

Infraestructura Energetica Nova, S. A. P. I. de C. V. and Subsidiaries

Condensed Interim Consolidated Statements of Cash Flows

(In thousands of U. S. Dollars)

	Notes	Six-month periods ended June 30, (unaudited) 2022	2021
Cash flows from operating activities:			
Profit for the period	14	$ 359,982	$ 231,791
Adjustments for:			
Income tax expense	11, 14	4,801	89,215
Share of profit of joint ventures, net of income tax	5, 14	(90,284)	(63,197)
Finance costs		71,571	75,941
Finance income		(20,594)	(25,564)
Loss on disposal of property, plant and equipment		156	947
Impairment loss recognized on trade receivables		78	98
Depreciation and amortization		114,804	97,350
Foreign exchange loss		15,080	(6,203)
Loss on valuation of derivative financial instruments		8,619	23,251
		464,213	423,629
Movements in working capital:			
Increase in trade and other receivables		(58,528)	(67,276)
Increase in natural gas inventories		(5,850)	(5,918)
Increase in other assets		(5,390)	(23,521)
Increase in trade and other payables		62,231	82,415
Increase (decrease) in provisions employee benefits and other liabilities		14,633	2,903
Increase in other liabilities, net		12,167	(28,848)
Cash generated from operations		483,476	383,384
Income taxes paid		(108,360)	(49,034)
Net cash provided by operating activities		375,116	334,350

(Continued)

	Notes	Six-month periods ended June 30, (unaudited) 2022	2021
Cash flows from investing activities:			
Acquisition of Energia Sierra Juarez net of cash acquired		—	(64,971)
Investment in joint ventures	5	(33,888)	(600)
Equity reimbursement from joint ventures	5	—	4,000
Interest received		16,824	22,887
Acquisitions of property, plant and equipment and others		(143,571)	(159,707)
Loans granted to unconsolidated affilitates	4	(4,754)	(15,984)
Receipts of loans granted to related parties	4	35	46
Net cash used in investing activities		(165,354)	(214,329)
Cash flows from financing activities:			
Interest paid		(60,454)	(53,471)
Loans received from related parties	4	317,500	20,000
Loans received from financial institutions		370,000	100,000
Repayments on credit lines	8, 9	(809,637)	(345,352)
Lease payments		(5,488)	(5,135)
Dividends paid	13	(369)	—
Net cash used in financing activities		(188,448)	(283,958)
Increase (decrease) in cash, cash equivalents and restricted cash		21,314	(163,937)
Cash, cash equivalents and restricted cash at the beginning of the period		218,535	316,336
Effects of exchange rate changes on cash and cash equivalents		(3,162)	13,756
Cash, cash equivalents and restricted cash at the end of the period		$ 236,687	$ 166,155

See accompanying notes to the Condensed Interim Consolidated Financial Statements.

Notes to the Condensed Interim Consolidated Financial Statements

As of June 30, 2022 and for the six and three-month periods ended June 30, 2022 and 2021 (unaudited)
(In thousands of U.S. Dollars, except where otherwise stated)

1. Business and relevant events

1.1. Business

Infraestructura Energetica Nova, S. A. P. I. de C. V. and Subsidiaries (collectively, "IEnova or the Company") are located and incorporated mainly in Mexico. Their parent and ultimate holding company is Sempra Energy (the "Parent or Sempra") located and incorporated in the United States of America ("U. S."). The address of the Company's registered offices and principal place of business is disclosed in Note 22.

The Company's main activity relates to the development, construction and operation of energy infrastructure projects. The Company's activities comprise various business segments throughout the energy infrastructure productive chain, which is open to private investment.

The Gas segment develops, owns and operates, or holds interests in, natural gas and ethane pipelines, transportation, distribution and sale of natural gas in the states of Baja California, Sonora, Sinaloa, Coahuila, Chihuahua, Durango, Chiapas, San Luis Potosi, Tabasco, Veracruz and Nuevo Leon, Mexico.

The Storage segment owns and operates a liquefied natural gas ("LNG") terminal in Baja California, Mexico, for importing, storing and regasifying LNG; storage spheres of liquid petroleum gas ("LPG") in Jalisco, and Tamaulipas, Mexico. The Company develops, owns and operates projects of the marine and in - land terminal for the reception, storage and delivery of refined products, located in Veracruz,, Estado de Mexico, Puebla, Baja California, Sinaloa, Colima and Jalisco, Mexico.

The Power segment develops, owns and operates solar projects located in Baja California, Aguascalientes, Sonora, and Chihuahua, Mexico, a natural gas fire power plant that includes two gas turbines and one steam turbine in Baja California, Mexico to serve customers in U.S.; and two wind farm located in Nuevo Leon and Baja California, Mexico. The renewable energy projects use the solar and wind resources to serve customers in Mexico and in the U.S.

The Company obtained the corresponding authorization from the Comision Reguladora de Energia ("CRE") in order to perform the regulated activities.

Seasonality of operations. Customer demand in both Gas and Power segments experience seasonal fluctuations. For the Gas segment, the demand for natural gas service is higher in summer and winter. In the case of the Power segment, the demand for power distribution service is higher during months with hot weather. Storage segment does not experience seasonal fluctuation.

1.2. Relevant events

1.2.1. Assessment of the impact of Coronavirus ("COVID 19")

As an update on the COVID-19 outbreak in alignment with Sempra Energy, we continuously monitor four main items:

- Workforce Protocol - In June, a new work model came into force, which combines the physical assistance and remote work of the employees. Protocols for the prevention of COVID-19 are maintained.

- Customer Exposure - As of the 2nd quarter of 2022, non-governmental customers continue to account for more than 50 percent of total revenues.

- Volumetric Exposure - During the 2nd quarter of 2022, the majority of contracts with customers remain take-or-pay and U.S. Dollar denominated contracts, with an average remaining life of 20.4 years. However, IEnova will continue evaluating recoverability and collection considering the effect in the supply chain. It is possible that certain customers may experience delay in payments and others may temporarily stop operations. This could imply that our customers require additional time to pay us, which may require us to record additional allowances for doubtful accounts. As of June 30, 2022, our collection did not present recoverability issues and remains in line with the original due terms. We are continuously evaluating and working with customers to resolve any potential credit issues.

- Capital Deployment - Although we do not expect major effects such as infrastructure project cancellations, as a result of the current pandemic it is highly probable that some of our projects that are in a construction phase will get delayed in achieving Commercial Operation Date ("COD"), including the construction costs that might increase as compared to the original cost budgeted.

The energy sector has been considered "essential" by Mexican Authorities, which has allowed us to operate practically on an uninterrupted basis from the beginning of the pandemic. Although the demand for electricity, natural gas, gasoline and other fuels declined in the period 2020, mainly due to social lockdown and other restrictions on mobility (similar to what was observed in the rest of the world), during period 2021 IEnova continued to provide energy services on a normal basis, achieving an increase in its income.

IEnova has enough liquidity to meet its operating costs, expenses and financial obligations. As of June 30, 2022, the Company had $1,776,686 of cash and available committed credit lines that contribute to a healthy working capital. The Company has not reduced its workforce.

As of the date of issuance of these Condensed Interim Consolidated Financial Statements, the COVID-19 pandemic has not had a material impact on our results of operations; however, we have observed other companies, including our current and prospective counterparties, customers and partners, as well as government, including our regulators and other governing bodies that affect our business, taking precautionary and preemptive actions to address COVID-19, and they may take further actions that alter their normal operations. These actions could result in a material reduction in cash received from our customers, which could have a material adverse effect on the cash flows, financial condition and results of operations.

1.2.2. Conflict Ukraine - Russia

As of the date of issuance of these Condensed Interim Consolidated Financial Statements, the conflict Ukraine - Russia has not had any material impact on our consolidated results of operations and consolidated financial condition and related cash flows; however, we will continue to monitor the associated risks that may alter the normal operations and could have a material adverse effect on the consolidated financial condition, results of operations and cash flows of the Company.

1.2.3. Extension of the effectiveness of the Delisting Trust established by Sempra

On April 13, 2022, the Company informed that Sempra and BBVA México, S.A., Institución Banca Múltiple, Grupo Financiero BBVA ("Trustee"), agreed to amend the irrevocable management, investment and payment trust, identified with number F/412194-3 (the "Delisting Trust") that was established by Sempra as required under the Mexican Securities Market Law, with the purpose of purchasing the ordinary, nominative, Single Series shares, without par value, representing the capital stock of IEnova (the "Shares") owned by the shareholders who did not tender their Shares in the public cash tender offer launched by Sempra on August 12, 2021.

Shareholders of IEnova that have not sold their Shares to the Delisting Trust will continue to have the ability to do so in the terms thereunder until the Delisting Trust is terminated as instructed by Sempra to the Trustee.

1.2.4. Amendments to Mexico's Electricity Industry Law

In March 2021, the Mexican government published a decree with amendments to Mexico's Electricity Industry Law that include some public policy changes, including establishing priority of dispatch for CFE plants over privately owned plants. According to the decree, these amendments were to become effective on March 10, 2021, and SENER, the CRE and CENACE were to have 180 calendar days to modify, as necessary, all resolutions, policies, criteria, manuals and other regulations applicable to the power industry to conform with this decree. However, a Mexican court issued a suspension of the amendments on March 19, 2021.

In April 2022, the Mexican Supreme Court resolved an action of unconstitutionality filed by a group of senators against the amended Electricity Industry Law, but the qualified majority of eight votes out of 11 as is required in matters involving constitutionality was not reached and the proceeding was dismissed, which means that the Mexican Supreme Court did not issue a binding precedent and the amended Electricity Industry Law remains in force. Sempra Infrastructure filed three lawsuits against the amendments to the Electricity Industry Law and, in each of them, Sempra Infrastructure obtained a favorable judgment of first instance and is waiting for final resolution. If the proposed amendments are affirmed by the lower courts or by the Mexican Supreme Court (which in these cases would only require a simple majority vote), the CRE may be required to revoke self-supply permits granted under the former electricity law, which were grandfathered when the new Electricity Industry Law was enacted, under a legal standard that is ambiguous and not well defined under the law.

1.2.5. Electrical Reform

On March 9, 2021, a reform to the Electricity Industry Law was published in the Official Gazette of the Federation to include the following main provisions:

- Providers of basic services are allowed to enter into Electricity Coverage Contracts outside of Centro Nacional de Energia ("CENACE") auctions. Before the Reform, they could only enter into medium and long-term Hedging Contracts after an auction organized by CENACE.
- Access to the Transmission Network ("RNT") and the General Distribution Networks ("RGD") is restricted, since Comision Federal de Electricidad ("CFE") centrals are granted preferential access.
- In accordance with the Reforms, Clean Energy Certificates will be recognized for all Power Plants regardless of the date of their construction.
- The Energy Regulatory Commission is ordered, prior to the corresponding process, to revoke the self-supply permits granted in fraud of the law.

On April 17, 2022, the Chamber of Congress rejected the proposed constitutional reform.

1.2.6. Issuance of Senior Notes for $400,000 by Sempra Infrastructure Partners ("SIP")

On January 11, 2022 IEnova announced the first issuance of $400,000 Senior Notes with a rate of 3.250% and maturity in 2032.

SIP intends to use the net proceeds of the offering for general corporate purposes, which could include the repayment of debt. This offering is expected to strengthen IEnova's Statement of Financial Position (though SIP) and increase the company's financial flexibility to continue investing in the energy systems of the future.

The senior Notes were offered and sold through a private offering to qualified institutional investors in the United States of America pursuant to Rule 144A and outside the United States pursuant to Regulation S of the United States Securities Act. States Act of 1933, as amended (the "Securities Act"). The Senior Notes have not been registered under the Securities Act or the securities laws of any state or other jurisdiction, and the Senior Notes may not be offered or sold in the United States of America without registration under the Securities Act or an exemption from recording it.

1.2.7. Mexico's Federal Electricity Commission and Sempra Infrastructure sign MOU for the development of natural gas supply projects

On January 31, 2022 Mexico's CFE, and Sempra Infrastructure, signed a non-binding memorandum of understanding ("MOU") for the development of important proposed projects, including Vista Pacífico LNG, a natural gas liquefaction project in Topolobampo, Sinaloa; a natural gas regasification project in La Paz, Baja California Sur; and the resumption of operations of the Guaymas-El Oro pipeline in Sonora.

The development of these projects would allow CFE to optimize excess natural gas and pipeline capacity from Texas to Topolobampo in order to increase its natural gas supply to its power plants in Baja California Sur, to advance the commitment of the President of Mexico to supply the state with low-cost electricity and lower-emission fuels, and to promote economic growth and development of the region, with a view toward strengthening CFE's position in global LNG markets.

The MOU also addresses the return to service of the Guaymas–El Oro pipeline in Sonora through a proposed re-routing based on mutual understanding between the Yaqui community and CFE through continued respectful dialogue. Through this new route, CFE would be able to supply natural gas to industrial, commercial and residential markets in the Pacific Coast of Mexico, Baja California Sur, as well as the Vista Pacífico LNG facility.

1.2.8. IEnova's Credit Rating

On March 9, 2022, the Company announced that Fitch upgraded IEnova's long-term foreign and local currency issuer default rating to BBB+ from BBB; this rating action affects its Senior Notes. Outlook remains stable.

2. Significant accounting policies

a. *Statement of compliance*

The Condensed Interim Consolidated Financial Statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB").

Certain information and disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been condensed or omitted pursuant to the interim period reporting provisions.

Therefore, the Condensed Interim Consolidated Financial Statements information should be read in conjunction with the Annual Consolidated Financial Statements as of December 31, 2021, and for the three-year period then ended (the "2021 Annual Consolidated Financial Statements") which were prepared in accordance with IFRS as issued by the IASB. Results of operations for interim periods are not necessarily indicative of results for the entire year.

b. ***Basis of preparation***

The same accounting policies, presentation and methods of computation followed in the preparation of the Company's 2021 Annual Consolidated Financial Statements were followed for these Condensed Interim Consolidated Financial Statements.

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2022, but do not have an impact on the Condensed Interim Consolidated Financial Statements

Comparative information

The Condensed Interim Consolidated Financial Statements provide comparative information with respect to the previous period.

The Condensed Interim Consolidate Financial Statements have been prepared in Spanish (official language in Mexico) and also have been translated into English for various legal and reporting purposes.

3. Use of judgements and estimates

In preparing these condensed interim consolidated financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements.

Measurement of fair value

A number of the Company's accounting policies require the measurement of fair value, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. The includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, included Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If thirty party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the standards, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Company audit committee.

When measuring the fair value of an asset or a liability, the Company uses market observable data as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

-Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

-Level 2: inputs other the quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
-Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are categorised in different levels of the fair value hierarchy, then value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 10.

4. Transactions and balances with affiliates

Transactions and balances between IEnova and its subsidiaries have been eliminated upon consolidation and are not disclosed in this note.

a. Transactions and balances with affiliates

During the six and three-month periods ended June 30, 2022 and 2021, respectively, the Company entered into the following transactions with related parties as part of ongoing operations:

	Revenues			
	Six-month periods ended		Three-month periods ended	
	06/30/22	06/30/21	06/30/22	06/30/21
Sempra Gas & Power Marketing, LLC (“SG&PM”)	$ 108,008	$ 92,045	$ 75,284	$ 47,547
Sempra LNG International, LLC (“SLNGI”)	45,783	31,895	21,303	24,560
San Diego Gas & Electric, LLC ("SDGE")	33,946	15,700	18,780	13,469
Tag Pipelines Norte, S. de R. L. de C. V. (“TAG Pipelines Norte”)	13,492	13,232	6,756	6,649
ECA Liquefaction, S. de R. L. de C.V. ("ECAL")	1,078	380	566	253
Tag Norte Holding, S. de R. L. de C. V. ("TAG")	402	377	200	188
LNG Occidente Servicios Especializados, S. A. P. I. de C. V. ("ECAOp")	14	2,473	—	1,429
Sempra International, LLC (“Sempra International”)	—	927	—	454
Servicios ESJ, S. de R. L. de C. V. (“SESJ”)*	—	756	—	—

*This transaction is as of March 19, 2021, before its acquisition.

	Cost of revenues and operating, administrative and other expenses			
	Six-month periods ended		Three-month periods ended	
	06/30/22	06/30/21	06/30/22	06/30/21
SG&PM	$ 141,882	$ 92,140	$ 79,187	$ 53,364
SLNGI	105,556	6,030	102,636	2,739
ECAOp	2,538	572	1,191	282
SoCalGas	2,110	1,092	1,108	(1)
Sempra LNG ECA Liquefaction, LLC (“SLNGEL”)	914	914	914	914
Sempra LNG, LLC ("Sempra LNG", before Sempra North American Infraestructure LLC)	787	2,802	—	1,595
Sempra Energy Holding, XI. B. V. (“SEH”)	77	69	34	39
SDGE	50	50	19	35
Sempra International	(242)	779	80	718
SESJ*	—	164	—	—
Pxise Energy Solutions, LLC ("Pxise")	—	60	—	60

*This transaction is as of March 19, 2021, before its acquisition.

The transactions include an administrative services benefit from affiliates of $242 and administrative services from affiliates of $779 for the six-month periods ended June 30, 2022 and 2021, respectively and administrative services from affiliates of $80 and $718 for the three-month periods ended June 30, 2022 and 2021, respectively, which were paid and have been properly distributed to the segments incurring those costs.

	Interest income			
	Six-month periods ended		Three-month periods ended	
	06/30/22	06/30/21	06/30/22	06/30/21
Infraestructura Marina del Golfo, S. de R. L. de C. V. (“IMG”)	$ 24,770	$ 33,954	$ 14,453	$ 22,770
ECAL	438	278	306	191
Sempra Infrastructure Partners, LP ("SIP" antes Sempra Global, LLC)	116	102	79	68
ESJ*	—	678	—	339

*This transaction is as of March 19, 2021, before its acquisition.

	Finance cost			
	Six-month periods ended		Three-month periods ended	
	06/30/22	06/30/21	06/30/22	06/30/21
TAG	$ 6,142	$ 6,715	$ 3,912	$ 4,485
TAG Pipelines Norte	5,508	4,225	3,881	2,836
SIP	1,606	—	1,562	—
Sempra Energy International Holding NV ("SEI NV")	—	462	—	307

The following balances were outstanding at the end of the reporting period / year:

	Amounts due from affiliates (current)	
	As of	
	06/30/22	12/31/21
IMG (i)	$ 625,972	$ 2,302
SG&PM	46,857	31,904
SDGE	11,724	7,204
TAG Pipelines Norte	2,578	2,471
ECAL	109	147
TAG	78	73
ECAOp	34	400
ECA Fase 2 Liquefaction , S. A. P. I. de C. V.	5	5
SLNGI	—	11,549
SEH	—	6
	$ 687,357	$ 56,061

New loans or amendments as of June 30, 2022:

i. On March 15, 2022, the Company signed an addendum modifying the currency of the loan to US Dollar, the new maturity to March 15, 2023 and the interest on the outstanding balance at a rate per annum based on a 360 day year at rate Secured Overnight Financing Rate ("SOFR") plus 180 basis points.

	Amounts due to affiliates (current)	
	As of	
	06/30/22	12/31/21
SIP (i)	$ 300,001	$ —
SLNGI	55,232	36,765
SG&PM	38,553	33,595
ECAL	6,957	3
ECAOp	1,073	1,180
SoCalGas	418	333
Sempra International	373	752
SEH	34	—
SDGE	6	13
Sempra LNG	—	303
	$ 402,647	$ 72,944

New loans or amendments as of June 30, 2022:

i. On March 29 and 30, 2022, IEnova borrowed $200,000 and $100,000, respectively, from SIP ("Loans"). The maturity date for these Loans is March 31, 2023. IEnova promises to pay interest on the outstanding principal amount of the Loans from the date each Loan is made until such principal amount is paid in full at the rate per annum of 2.00%.

b. Due from affiliates (non-current)

	As of	
	06/30/22	12/31/21
ECAL	$ 17,634	$ 13,227
SIP	4,527	4,136
IMG	—	637,360
	$ 22,161	$ 654,723

Transactions with affiliates as of the date of these Condensed Interim Consolidated Financial Statements are consistent in nature with those in previous years and periods, except for the reclassification of IMG's short-term debt, which was explained in item a. The amounts outstanding are unsecured and will be settled in cash. No guarantees have either been given or received regarding these loans. No expenses have been recognized in the current or prior years and periods for bad or doubtful debts regarding the amounts owed by affiliates.

c. Due to affiliates (non-current)

	As of	
	06/30/22	12/31/21
TAG	$ 149,275	$ 176,838
TAG Pipelines Norte (i)	132,290	110,288
	$ 281,565	$ 287,126

i. On January 14, 2022, Ductos y Energeticos del Norte, S. de R. L. de C. V. ("DEN") entered into a $17,500 affiliate credit facility with TAG Pipelines Norte (as a lender), to finance working capital and general business purposes. The credit facility has a four-year term. Interest on the outstanding balance is payable on the due date at 5.50 percent per annum.

d. Compensation of key management personnel

Total compensation expense of key management personnel was $6,964 and $9,993 for the six-month period ended June 30, 2022 and 2021, respectively, and $2,340 and $1,693 for the three-month periods ended June 30, 2022 and 2021, respectively.

There are no loans granted to the Company's key management personnel.

5. Investment in joint ventures

5.1. IMG

IMG is a Joint Venture ("JV") formed between IEnova and TC Energy Corporate ("TC Energy"), for the construction of the South Texas - Tuxpan marine pipeline, where TC Energy has 60 percent interest in the partnership and the Company owns the remaining 40 percent interest of the project.

On September 17, 2019, IMG announced that the South of Texas - Tuxpan Marine Pipeline had reached COD.

As of June 30, 2022 and 2021, the Company's 40 percent interest in IMG is accounted for under the equity method.

	As of	
	06/30/22	12/31/21
Total members' equity	$ 1,292,944	$ 1,150,671
Share of members' equity	$ 517,178	$ 460,268
Guarantees (b)	5,018	5,018
Remeasurement of interest rate and others (c)	(64,499)	(62,252)
Share of member's equity and carrying amount of investment in IMG	$ 457,697	$ 403,034

IMG´s condensed interim statements of profit and loss are as follows:

	Six-month periods ended		Three-month periods ended	
	06/30/22	06/30/21	06/30/22	06/30/21
Revenue	$ 243,391	$ 246,688	$ 121,708	$ 123,167
Operating, administrative and other expenses	(55,193)	(53,267)	(26,911)	(25,691)
Finance costs	(36,247)	(58,378)	(8,094)	(29,335)
Other gains (losses), net *	31,002	(12,855)	4,833	(70,142)
Income tax (expense) benefit	(48,802)	(34,251)	(25,447)	1,245
Profit for the period	$ 134,151	$ 87,937	$ 66,089	$ (756)
Share of profit (loss) of IMG	53,660	35,175	26,435	(303)
Other adjustments	1,002	1,001	502	501
Share of profit of IMG	$ 54,662	$ 36,176	$ 26,937	$ 198

* Includes a foreign exchange impact mainly related to the Mexican Peso-denominated inter-affiliate loan granted by the Company and TC Energy to IMG for the proportionate share of the project financing. In the Condensed Interim Consolidated Statements of Profit, in the "Other gains (losses), net" line item, a corresponding foreign exchange gain (loss) which fully offsets the aforementioned effect, is included. (Gain related to the loan with IEnova was $10,467).

a. ***Project financing for the IMG project.*** As of June 30, 2022, and 2021, the project resources for the design and construction of the marine pipeline have been funded with capital contributions and loans of its members.

On April 21, 2017, IMG entered into two revolving credit agreements with IEnova and TC Energy, equity holders of the entity, for $439,279 ($9,041.9 million Mexican Pesos) and $665,473.3 ($13,513.1 million Mexican Pesos), respectively.

On December 6, 2017, IEnova and TC Energy renegotiated the credit line of such credit facility agreements for an amount up to $688,279 ($14,167.2 million Mexican Pesos) and $1,032,482.3 ($21,252.1 million Mexican Pesos), respectively. The loans accrue an annual interest rate of TIIE plus 220 BPS. On December 15, 2021, IMG made a partial principal repayment of $38,207.5 ($800 million Mexican Pesos). Outstanding balance as of December 31, 2021, with IEnova is $637,360 ($13,119.1 million Mexican Pesos).

On March 15, 2022, IEnova executed an amended and restated loan agreement (the Agreement) to restate and reprofile the existing principal amount of revolving loans in an amount of $625,628 under a revolving credit facility agreement dated as of April 21, 2017, as amended on December 6, 2017. The maturity date for this Agreement is March 15, 2023. The principal amount unpaid and outstanding shall bear interest, to the date of the repayment in full of the principal amount, SOFR in effect on the first day of the interest period applicable to such loan plus 180 basis points plus SOFR adjustment as defined in the loan agreement. As of March 31, 2022 the loan with IMG was classified as short term. Outstanding balance as of June 30, 2022, with IEnova is $625,972 (includes interest).

5.2. TAG (a Subsidiary of DEN)

TAG, together with TAG Pipelines Norte, a JV between IEnova and Brookfield, owns Los Ramones Norte II pipeline, which began operations in February 2016.

As of June 30, 2022 and 2021, the Company's 50 percent interest in TAG is accounted for under the equity method.

	As of	
	06/30/22	**12/31/21**
Total members' equity	$ 690,415	$ 622,811
Share of members' equity and carrying amount of investment in TAG	$ 345,208	$ 311,406
Goodwill	99,020	99,020
Total amount of the investment in TAG	$ 444,228	$ 410,426

TAG´s condensed interim consolidated statements of profit are as follows:

	Six-month periods ended		**Three-month periods ended**	
	06/30/22	**06/30/21**	**06/30/22**	**06/30/21**
Revenues	$ 115,143	$ 108,432	$ 57,330	$ 51,306
Operating, administrative and other expenses	(17,024)	(16,372)	(8,519)	(8,003)
Finance costs	(17,356)	(19,549)	(8,611)	(9,813)
Other gains (losses), net	1,873	(128)	(1,689)	3,119
Income tax expense	(14,138)	(19,219)	(3,872)	(9,018)
Profit for the period	$ 68,498	$ 53,164	$ 34,639	$ 27,591
Share of profit of TAG	$ 34,249	$ 26,582	$ 17,320	$ 13,796

a. ***TAG Project financing***. On December 19, 2014, TAG entered into a credit agreement with Banco Santander (Mexico), S. A. ("Santander") as lender, administrative agent and collateral agent, with the purpose of financing the engineering, procurement, construction and commissioning of a gas pipeline.

During 2016 and 2015, there were amendments to the credit contract in order to include additional banks as lenders. The total amount of the credit is $1,276,200 divided in tranches:

a. Long tranche up to $701,900,
b. Short tranche up to $511.800 and
c. A letter of credit tranche for debt service reserve up to $68,810.

On December 16, 2019, the existing credit agreement was modified and restated concurrently with the issuance of the guaranteed notes to, among other things, renew the original terms of 12 and 20 years of the commercial banking and development banking tranches.

As of June 30, 2022, the total outstanding loan is $917,943, with its respective maturities.

The credit facilities mature in December 2031 and December 2039 for the short and long tranche loan respectively, with payments due on a semi-annual basis.

The credit facilities bear interest at LIBOR plus a spread, in the short tranche as follows:

Years	**Applicable margin BPS**
December 16, 2019 to 4th year	215
4-8	240
8th until credit maturity	265

The credit facilities bear interest at LIBOR plus a spread, in the long tranche as follows:

Years	**Applicable margin BPS**
December 16, 2019 to 4th year	265
4-8	300
8-12	325
12-16	350
16th until credit maturity	375

On December 16, 2019, TAG issued $332,000, 20-year senior secured notes in an international private placement that was fully subscribed by investors from the U.S., Germany, France and Canada, including affiliates and clients of Allianz Global Investors.

As of June 30, 2022, the outstanding balance of the loan amounts to $310,088.

The loans mentioned above contain restrictive covenants, which require TAG to maintain certain financial ratios and limit dividend payments, loans and obtaining additional financing. TAG met such covenants as of June 30, 2022.

Long-term debt due dates are as follows:

Year	**Amount**
2022	$ 22,634
2023	48,274
2024	49,790
Thereafter	797,245
Total	$ 917,943

The payment of the bonds is semiannually and will be made as follows:

Year	**Amount**
2022	$ 4,814
2023	8,798
2024	10,790
Thereafter	285,686
Total	$ 310,088

b. ***Interest rate swaps***. In November 2015, TAG contracted derivative financial instruments in order to hedge the risk of variable interest rates originated from LIBOR. The fixed contracted interest rates are 2.5 and 2.9 percent for the debt maturing in 2026 and 2034, respectively.

In December 2019, an additional hedge was contracted for a modification to the credit amortization curve derived from the refinancing formalized on December 16, 2019, the fixed rates contracted were 2.1 and 2.6 percent beginning in June 2021 and July 2029 and ending in 2031 and 2039, respectively.

In August 2020, an additional hedge was contracted to increase the fix rate loan; the fixed rates contracted were 0.64 and 0.99 percent beginning in December 2020 ending in December 2031 and 1.14 percent beginning in December 2020 ending in December 2039.

c. ***Exchange rate forwards***. On September 2018, TAG entered into forward contracts to exchange Mexican Pesos for U. S. Dollars of a portion of the projects' revenues for 2019; maturing from January 2019 through February 2020.

On September and November 2020, TAG signed forward contracts to exchange Mexican Pesos for US Dollars for a portion of the project´s revenues for 2020; maturing from March 2021 through February 2022.

On September 2021, TAG signed forward contracts to exchange Mexican Pesos for US Dollars for a portion of the project´s revenues for 2020; maturating from April 2022 through February 2023.

5.3. ECA LNG Holdings, B. V.

In February 2019, ECAL and ECAM, (formerly IEnova´s subsidiaries) were deconsolidated. The new parent ECA LNG Holdings, B. V. ("ECA LNG Holdings") is an investment between IEnova and SLNGEL (41.7 percent each) and TotalEnergies Gaz & Electricité Holdings France S. A. S. ("Total") (16.6 percent).

As of June 30, 2022, the Company's 41.7 percent interest in ECA LNG Holdings is accounted for under the equity method. ECA LNG Holdings Condensed Interim Consolidated Financial Statements and the Company's equity method investment are summarized as follows:

	As of	
	06/30/22	**12/31/21**
Total members' equity	$ 266,365	$ 186,875
Carrying amount of investment in ECA LNG Holdings	$ 111,074	$ 77,925

During 2022, the Company made capital contributions for $31,763.

ECA LNG Holdings condensed interim consolidated statements of profit (loss) are as follows:

	Six-month periods ended		Three-month periods ended	
	06/30/22	06/30/21	06/30/22	06/30/21
Operating, administrative and other expenses	$ (6,326)	$ (4,298)	$ (3,235)	$ (2,301)
Depreciation	(471)	(337)	(241)	(230)
Other gain	3,691	305	2,815	722
Interest expense, net	(118)	(131)	(60)	(110)
Income tax benefit	6,547	1,746	587	1,501
Profit (loss) for the period	$ 3,323	$ (2,715)	$ (134)	$ (418)
Share of profit (loss) of ECA LNG Holdings	$ 1,386	$ (1,132)	$ (57)	$ (174)

a. ***Construction contract.*** ECA LNG Holdings through its subsidiary ECAL entered into an Engineering, Procurement and Construction ("EPC") agreement contract with TP Oil & Gas Mexico, S. de R. L. de C. V. (“TP Oil & Gas Mexico”) subsidiary of Technip, the total price of the EPC contract is estimated to be approximately $1.5 billion. In November 2020, a Final Investment Decision (“FID”) was reached with which the construction contract started.

b. ***Financing contract.*** On December 9, 2020, ECA LNG Holdings through its subsidiary ECAL celebrated a five-year financing agreement of $1,580,500. The agreement consists of three tranches associated with the commitments of each partner according to the percentage of participation they have in the joint venture. The initial financing issuance costs were of $17,144 of which $640 is presented in IEnova's balance sheet as an account receivable from ECAL given that IEnova is part of the lenders for an amount of up to $59,000 of the total financing.

The financial institutions related to the IEnova tranche are: Banco Bilbao Vizcaya Argentaria, S. A. New York Branch, Banco Nacional de México, S. A., Member of Grupo Financiero Banamex, The Bank of Nova Scotia (“BNS”) and Sumitomo Mitsui Banking Corporation (“SMBC”) as agent bank.

The financing accrues interest at LIBOR rate plus a common applicable margin of 7.13 percent per annum, from these interests the financial institutions obtain a margin between 1.5 and 1.8 percent in each of the three tranches associated with the partners' commitments. The interest is paid on a quarterly basis.

For the undrawn amount of the financing, a commitment fee is generated at a common rate of 0.57 percent per annum; from the commitment fees the financial institutions obtain a margin between 0.3 and 0.54 percent in each of the three tranches associated with the commitments of the partners. The commitment fees are paid on a quarterly basis.

During the six-month period ended as of June 30, 2022 ECAL withdrew $118,000 to finance the construction of the ECA Liquefaction project, of which $4,405 is presented in IEnova's balance sheet as an account receivable from ECAL. The long-term debt as of June 30, 2022 regarding the financing is $472,371 of which $17,634 is presented in IEnova's balance sheet as an account receivable from ECAL, the outstanding balance is due and payable on December 9, 2025, the maturity date As of June 30, 2022, the available unused credit portion was $1,108,129.

c. ***Credit agreement.*** On August 12, 2021, ECA LNG Holdings through its subsidiary ECAL celebrated a two-year credit agreement with Scotiabank Inverlat, S. A. Institución de Banca for $100,000. The issuance costs were of $224.

On March 2, 2022, the Company signed an addendum increasing the uncommitted credit facility with Scotiabank from $100,000 to $200,000.

The disbursements of the credit line have a maturity of 11 months and accrue interest based on the currency in which the loans are made, which can be made in Mexican pesos at TIIE rate or in U. S.

Dollars at LIBOR rate, in both cases adding the applicable margin of 1.05 percent per annum. Interest is paid on a monthly basis.

During the six-month period ended as of June 30, 2022 ECAL withdrew $28,312 from the credit line. During the first half of the year 2022, ECAL paid $59,478 of principal amount. As of June 30, 2022, the outstanding principal amount of the credit line amounts to $32,701, including effect of translation from Mexican pesos to U. S. Dollars. The maturity date of the Credit Agreement is August 12, 2023. As of June 30, 2022, the available unused credit portion was $167,299.

The proceed are used to finance the receivable VAT regarding the ECA Liquefaction Project.

d. ***Guarantees.*** Sempra Energy, IEnova and Total have provided guarantees to TP Oil & Gas Mexico as beneficiary for an aggregate amount of $150,000 with expiration after the construction period.

In August 2020, ECAL executed Firm Transportation Service Agreements with an affiliate entity Gasoducto de Aguaprieta, S. de R. L. de C. V. ("GAP") for natural gas transportation services on a firm basis for a 20-year period. For this agreement, Sempra Energy, IEnova and Total have provided guarantees to GAP as beneficiary for an aggregate amount of $360,000.

5.4. Others

The Company has other investments in development LNG projects that as of June 30, 2022 and December 31, 2021 amounted $5,471 and $3,465 respectively. From a profit or loss perspective these other investments, loss $13 for the six-month period ended June 30, 2022 and a loss of $666 for the year ended December 31, 2021.

During 2022, Company made capital contributions for $2,125.

6. Property, plant and equipment, net

Property, plant and equipment includes construction in progress as follows:

	As of	
	06/30/22	**12/31/21**
Liquid terminals (i)	$ 332,674	$ 338,502
Renewable projects (ii)	3,484	120,828
Pipelines and Compression station projects (iii)	48,265	17,215
Other projects	4,229	3,815
	$ 388,652	$ 480,360

The additions to property, plant and equipment during the six month period ended June 30, 2022 and December 31, 2021, are mainly comprised of construction in process, related to:

i. Terminals - Veracruz, Puebla, Estado de Mexico, Baja California, Colima and Sinaloa.
ii. Renewable - Border Solar and expansion of ESJ in Chihuahua and Baja California, respectively.
iii. Pipelines - Compression stations in Baja California and Sonora.

On March 19, 2021, management declared the completion of the construction and COD of Veracruz Terminal project. (See Note 1.5)

On March 25, 2021, management declared the completion of the construction and COD of Border Solar project. (See Note 1.6)

On April 1, 2021, management declared the completion of the construction and COD of Hermosillo and Pitiquito compression station projects.

In the first quarter 2022, management declared the completion of the construction and COD of the Phase II expansion of ESJ.

Borrowing costs. During the six-month periods ended June 30, 2022, and 2021, the Company capitalized interest attributable to the construction in progress in the amount of $5,976 and $10,020, respectively.

The weighted average rate used to determine the amount of borrowing costs eligible for capitalization were 3.6 and 3.7 percent, for the six-month periods ended June 30, 2022 and 2021, respectively.

7. Other assets

As of June 30, 2022 and December 31, 2021, other assets mainly comprise right-of-way assets, prepayments, guarantee deposits, among others classified as either current or non-current depending on the contractual terms of the assets.

8. Short-term debt

Short-term debt includes:

	As of	
	06/30/22	**12/31/21**
Credit agreements (a)	$ 596,116	$ 1,007,000
CEBURES at fixed rate (b,c)	195,149	—
Current portion of IEnova Pipelines S. de R. L de C. V. (“IEnova Pipelines”) Bank Loan (Please refer Note 9.e.)	49,243	46,079
Multilateral Facility (Please refer Note 9.a. c.)	11,667	11,437
	852,175	1,064,516
Borrowing costs	(2,897)	(2,472)
	$ 849,278	$ 1,062,044

a. *Credit agreements*

SMBC. On February 11, 2019, the Company entered into an amendment agreement to increase the amount of the credit line to $1,500,000. The Company recognized transaction costs for $5,800.

As of December 31, 2021, the Company has withdrawn of $399,000. As of June 30, 2022 the credit line has been fully paid. As of June 30, 2022 and 2021, the available unused credit portion was $1,500,000 and $1,311,000, respectively.

The weighted average interest rate on short-term debt with SMB was 1.28 percent during the six-month periods ended June 30, 2021. As of June 30, 2022 the interest rate is not applicable since the credit line had not withdrawn.

BNS. On September 23, 2019, the Company entered into a two-year, $280,000 revolving credit agreement with BNS. On September 23, 2021, the Company entered into an Amended and Restated Credit Agreement to increase the amount of the credit line to $350,000.

The loan can be paid at any time and from time to time, without premium or penalty, voluntarily prepayment of loans in part in the minimum amount or in full. The loan bears interest at three-month LIBOR plus 54 BPS, with quarterly payments. Dispositions of credit lines are used for working capital and general corporate purposes.

As of December 31, 2021, the credit line was fully used. During the six-month periods ended June 30, 2022, the Company repaid $224,000 and withdrew $184,000. As of June 30, 2022 the debt balance is $310,000.

BNS Working Capital. On September 22, 2021, the Company entered into a one year, $250,000 from its uncommitted working capital facility, the maturity is on September 23, 2022 bearing variable interest rate at month LIBOR plus 10 BPS. As of June 30, 2022, the facility was fully used.

Scotiabank. On October 15, 2020, the Company signed a $100,000 uncommitted working capital facility, the maturity is three years after the date of disbursement with BNS. As of December 31, 2021, the facility was paid for $92,000. During the six-month periods ended June 30, 2022, the Company repaid $158,000 and withdrew $186,000. As of June 30, 2022 the debt balance is $36,000.

b. ***CEBURES.*** On February 14, 2013, the Company entered into a public debt issuance of CEBURES. The outstanding placement was for $306,200 ($3,900 million historical Mexican Pesos), bearing interest at a fixed rate of 6.3 percent, with semi-annual payments of interest, maturing in 2023. As of March 31, 2022 the outstanding placement was classified as short term.

c. ***Cross - currency and interest rate swaps.*** On February 14, 2013, regarding the placements of CEBURES, the Company executed cross-currency and interest rate swap contracts for hedging its exposure to the payment of its liabilities in Mexican Pesos. The Company swapped a fixed rate in Mexican Pesos for a fixed rate in U. S. Dollars, exchanging principal and interest payments. The weighted average interest rate, in U. S. Dollars for this swap is 4.12 percent. As of June 30, 2022, the swap's total notional value is $306,200 ($3,900 million historical Mexican Pesos). The contract has been designated as cash flow hedge.

9. Long-term debt

Long-term debt includes:

	As of			
	06/30/22		12/31/21	
Senior Notes	$	1,640,000	$	1,640,000
Multilateral Facility (a,c)		524,770		530,180
BBVA Bancomer S. A. ("BBVA") – IEnova Pipelines (e)		83,670		109,087
Debt securities ("CEBURES") at fixed rate (Please refer to Note 8.b.c)		—		189,472
	$	2,248,440	$	2,468,739
Debt issuance costs		(63,253)		(65,042)
	$	2,185,187	$	2,403,697

a. ***Multilateral Facility -*** On November 19, 2019, the Company signed a credit agreement with IFC and NADB. The amount of the loan was $200,000, the proceeds will be used to finance four solar power plants across Mexico. The loan calls requires semiannual amortization beginning on June 15, 2022 and ending in November 2034, for a total of 15 years. The loan bears interest at LIBOR plus 2.25 percent per year until maturity.

On June 10, 2020, the Company signed the First Amended and Restated Common Terms Agreement by and among the Borrower IFC, NADB, JICA and DFC. On the same date, the Company entered into a 15-year financing with DFC for up to $241,000 .The loan bears fix interest payment at a 2.90 percent per year until maturity. This transaction is part of the financing structure that the company closed in November 2019, with IFC, a member of the World Bank Group, and NADB.

On June 15, 2022, the Company made the first payment of the loan for $5,410.

b. ***Interest rate swaps of Multilateral facility***. To partially mitigate its exposure to interest rate changes associated with the Multilateral Facility loan, IEnova entered into floating-to-fixed interest rate swaps for 100 percent of the loan. The outstanding interest rate swap assigned to Credit Agricole with a trade date of November 20, 2019, and an effective date of December 5, 2019, the date of disbursement of the loan. The term of the interest rate swap matches the critical terms of the interest payments. The swap is accounted for as cash flow hedge. The fixed contracted interest rate is 1.78 percent.

c. ***JICA Long-term credit.*** On March 26, 2020, the Company entered into a 15-year credit facility for US$100,000 with JICA. This transaction is part of the financing structure that the company closed in November 2019, with IFC, a member of the World Bank Group, and NADB. Funds were disbursed on April 13, 2020 and integrated into those granted last year by IFC and NADB to finance and/or refinance the construction of the Company's solar generation project portfolio. The loan bears interest at LIBOR plus 1.50 percent per year until maturity.

d. ***Interest rate swap of JICA Long-term credit***. To partially mitigate its exposure to interest rate changes associated with the JICA Long-term credit, IEnova entered into floating-to-fixed interest rate swaps for 100 percent of the loan. The outstanding interest rate swap assigned to BBVA with a trade date of March 27, 2020, and an effective date of April 13, 2020, the date of disbursement of the loan. The term of the interest rate swap matches the critical terms of the interest payments. The swap is accounted for as cash flow hedge. The fixed contracted interest rate is 0.88 percent.

e. ***BBVA - IEnova Pipelines.*** On December 5, 2013, IEnova Pipelines signed a credit contract with Bancomer as agent and Deutsche Bank Mexico, Fiduciary Division, as fiduciary. The amount of the loan was for $475,400, the proceeds were used to develop IEnova Pipelines projects. The four participating credit institutions were Bancomer with a 50 percent contribution, The Bank of Tokyo Mitsubishi ("Bank of Tokyo") with 20 percent, Mizuho with 15 percent and NORD/LB with 15 percent.

The loan calls for quarterly payments beginning on March 18, 2014 and ending in 2026 for a total term of 13 years. The loan bears an interest at LIBOR plus 2 percent per year until the fifth anniversary, LIBOR plus 2.25 percent from the fifth to the eight anniversaries, LIBOR plus 2.50 percent from the eighth to twelfth anniversary and LIBOR plus 2.75 percent from the thirteenth anniversary until maturity.

As of June 30, 2022, the short debt and long-term debt matures as follows:

Year	Amount
2022	$ 49,243
2023	29,366
2024	18,898
Thereafter	35,406
	$ 132,913

In such credit, IEnova Pipelines was defined as debtor and TDF, S. de R. L. de C. V. ("TDF") together with Gasoductos de Tamaulipas, S. de R. L. de C. V. ("GdT"), subsidiaries of IEnova, were assigned as guarantors and collaterals through the cession of the collections rights from their portfolio of projects integrated by IEnova Pipelines, TDF and GdT as source of payment for the credit.

Covenants arising from the credit require the following:

i. Maintain a minimum member´s equity during the term of the loan, in the amounts indicated below:

Entity		Amount
IEnova Pipelines	$	450,000
GdT		130,000
TDF		90,000

ii. Maintain an interest ratio of at least 2.5 to 1 on a consolidated basis (Earnings Before Interest, Tax, Depreciation and Amortization (“EBITDA”) to interest) for the payment of interest.

As of June 30, 2022, the Condensed Interim Consolidated Financial Statements show that IEnova Pipelines has complied with these obligations.

On January 22, 2014, IEnova Pipelines contracted a derivative financial instrument (swap) with Bancomer, Bank of Tokyo, Mizuho and NORD/LB to hedge the interest rate risk on the total of its outstanding debt. The financial instrument changes LIBOR for a fixed rate of 2.63 percent. The Company has designated the derivative financial instrument as a cash flow hedge, as permitted by applicable accounting standards, given that, the interest rate swap hedge’s objective is to fix the cash flows derived from variable interest payments on the syndicated loan maturing in 2026.

10. Financial instruments

a. *Foreign currency exchange rate*

Exchange rates in effect on June 30, 2022 and December 31, 2021 and July 27, 2022, were as follows:

	Mexican Pesos		
	06/30/22	12/31/21	07/27/22
One U. S. Dollar	$ 19.9847	$ 20.5835	$ 20.4652

b. *Fair value (“FV”) of financial instruments*

10.1. FV of financial instruments carried at amortized cost

Except as detailed in the following table, management considers that the carrying amounts of financial assets and financial liabilities recognized in the Condensed Interim Consolidated Financial Statements approximate their FV´s.

	As of			
	06/30/22		12/31/21	
	Carrying Amount	FV	Carrying Amount	FV
Financial assets				
Financial lease receivables	$ 974,716	$ 974,716	$ 985,535	$ 985,535
Due from related parties	709,518	708,913	710,785	654,678

	As of			
	06/30/22		12/31/21	
	Carrying Amount	FV	Carrying Amount	FV
Financial liabilities				
Long-term debt (traded in stock exchange)	1,585,690	1,259,514	1,773,733	1,849,588
Loans from banks long-term	599,497	509,512	629,964	550,832
Loans from related parties (Long-term)	281,565	221,373	287,126	266,651

10.2. *Valuation techniques and assumptions applied for the purposes of measuring FV*

The FV of financial assets and financial liabilities are determined as follows:

i. The FV of finance lease receivable is determined by calculating the present value of discounted cash flows, including the contract extension period, using the discount rate that represents the Company's Transportation Weighted Average Cost of Capital. (Level 3).

ii. The Company determined the FV of its long-term debt using prices quoted on recognized markets. (Level 1).

iii. For financial liabilities, other than long-term debt, accounts receivables and payable due to related parties, the Company determined the FV of its financial liabilities carried at amortized cost by determining their present value as of each period end. The risk-free interest rate used to discount the present value is adjusted to reflect the Company's own credit risk. (Level 2).

iv. The FV of commodities and other derivative positions, which include interest rate swaps, is determined using market participant assumptions to measure these derivatives. Market participants' assumptions include the risk inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. (Level 2).

10.3. *FV measurements recognized in the Condensed Interim Consolidated Statements of Financial Position*

The Company applies recurring FV measurements to certain assets and liabilities. FV is defined as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price).

A FV measurement reflects the assumptions market that participants would use in pricing an asset or liability based on the best available information. These assumptions include the risk inherent in a particular valuation technique (such as a pricing model) and the risks inherent in the inputs to the model. Also, management considers the Company's credit risk when measuring its liabilities at FV.

The Company establishes a FV hierarchy that prioritizes the inputs used to measure FV. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs. (Level 3).

The three levels of the FV hierarchy are as follows:

i. Level 1 FV measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

ii. Level 2 FV measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability as of the reporting date, either directly /for example: price) or indirectly (for example: other than price).

iii. Level 3 FV measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data and are generally less observable than objective sources.

The assets and liabilities of the Company that were recorded at FV on a recurring basis are listed in the following table and were classified as Level 1 and Level 2 in the FV hierarchy as shown below:

	As of	
	06/30/22	**12/31/21**
Financial instruments assets at FV through profit or loss (“FVTPL”)		
Derivative financial instrument assets (Level 2)	$ 32,637	$ 8,049
Derivative financial instrument liabilities at FVTPL		
Derivative financial instrument liabilities (Level 2) (i)	$ 127,349	$ 141,974

The Company does not have financial assets or liabilities classified as Level 3 and there were no transfers between Level 1 and 2 during the reporting periods presented.

i. The change in the liability position is driving due to the fluctuation on forward curve Peso-US Dollar mainly in the Cross-Currency Swaps, this effect is recorded as Cash Flow Hedge on the OCI, net of deferred taxes.

c. ***Interest rate bechmark reform***

LIBOR is a benchmark interest rate that is used as a reference rate for a wide range of financial transactions, including derivatives and loans. The UK's Financial Conduct Authority (FCA), which regulates LIBOR, has highlighted the need for market participants to transit outside of LIBOR. ICE Benchmark Administration, the administrator of LIBOR, with the support of the FCA, stopped publishing certain LIBOR terms in US dollars at the end of 2021 and will stop publishing certain key terms in mid-2023 for existing and unexpired loans. US dollar LIBOR contracts will not be allowed after the close of 2021. This could cause LIBOR to perform differently than it has historically performed, pending any discontinuation or modification and after any modification. Adoption of the Secured Overnight Financing Rate (SOFR), which has been identified as the replacement benchmark rate for LIBOR, could result in higher interest payments. Higher than expected or that over time do not correlate with the payments that would have been made on such indebtedness if the applicable LIBOR rate were available in its current form. Changes or discontinuation of LIBOR, any additional uncertainties related to the implementation of such changes, or the discontinuation and uncertainties related to the performance and characteristics of alternative reference rates, could have a material adverse effect on the value and cost. of our variable rate debt and/or loans, on our future hedging interest rates and the cost of doing business under our commercial agreements that incorporate LIBOR, and could require us to seek to modify the terms of the corresponding debt or of the contracts, which could be on substantially worse terms than current terms. As of the date of issue of these Condensed Interim Consolidated Financial Statements, the Company cannot predict the future impact of a deviation from LIBOR as the reference rate, however, the Company is currently working on the migration of the reference rate with its counterparties.

11. Income taxes

The Company pays income taxes on an individual basis for each of its subsidiaries.

Income tax expense for interim periods is recognized based on Company management's best estimate of the effective income tax rate expected for the full financial year applied to the profit before income tax of the year and interim period.

Income tax for the six and three-month periods ended June 30, 2022 and 2021, are reconciled to the profit of the year / period as follows:

	Six-month periods ended		Three-month periods ended	
	06/30/22	**06/30/21**	**06/30/22**	**06/30/21**
Profit before income tax and share of profits of joint ventures	$ 274,499	$ 257,809	$ 160,094	$ 164,105
Income tax expense calculated at 30%	(82,350)	(77,343)	(48,028)	(49,232)
Effects of foreign exchange rate (iii)	(27,997)	(7,508)	415	(35,801)
Effects of inflation adjustment (ii)	(33,944)	(31,057)	(12,433)	(12,957)
Effect of unused tax losses not recognized as deferred income tax asset	1,076	—	(49)	6,163
Effects of foreign exchange rate and inflation on the tax basis of property, plant and equipment, net and unused tax losses (i)	121,820	38,313	56,060	47,366
Tax incentive (iv)	6,187	(5,868)	6,187	(5,868)
Other	10,407	(5,752)	(3,283)	(6,296)
Income tax expense recognized in the Condensed Interim Consolidated Statements of Profit	$ (4,801)	$ (89,215)	$ (1,131)	$ (56,625)

The change in the effective tax rates was mainly attributable to the following:

i. The effect of exchange rate changes in the tax basis of property, plant and equipment, are measured in Mexican Pesos for tax purposes, while maintained in U. S. Dollars (functional currency) for financial reporting purposes. In addition, the Mexican income tax law takes into account the effects of inflation on such tax basis.

ii. The inflationary effects related to certain monetary assets and liabilities.

iii. The effect of foreign currency exchange gains or losses is calculated on Mexican Peso balances for financial reporting purposes, while the Mexican income tax law recognizes foreign exchange gains or losses balances for any currency other than the Mexican Peso (US Dollars in this case).

iv. The effect of the income tax incentive applicable to certain taxpayers residing in the northern border region, in accordance with a decree issued on December 28, 2018 and modified on December 30, 2020.

v. Tax legislation in Mexico has undergone various modifications so there is no guarantee that the legal regime, including, but not limited to, in tax matters will not undergo modifications in the future. Among the changes and considerations we have the following:

a. On October 25, 2021, the Decree by which various provisions of the Income Tax Law, the Value Added Tax Law ("VAT") and the Tax Code of the Federation (the "Tax Reform"), which entered into force on January 1, 2022. Among the main changes are the following:

i ***Income Tax***

- Payments in connection with technical assistance, technology transfer, or royalties paid to Mexican residents will only be deductible for specialized services or the execution of specialized works, which are not part of the corporate business purpose or the preponderant economic activity of the beneficiary of the services, in accordance with the recently enacted subcontracting/outsourcing reform.

- Financing operations that derive interest from legal entities or permanent establishments in Mexico will attract the same treatment as back-to-back loans (interest recharacterization to nondeductible dividends), whenever such operations lack business reasons.

- For purposes of the thin capitalization rules, net operating losses pending to be offset that have not been considered in the determination of the tax result should be included in the calculation of the tax equity for the year based on the tax balances. This option may not apply when the result of that operation exceeds 20% of the total accounting equity of the fiscal year in question, with certain exemptions.

- The reduced withholding tax rate on interest payments made to nonresidents with a source of income in Mexico (4.9%) shall not be available when the beneficial owners receive directly or indirectly, individually, or jointly with related parties, more than 5% of the interest payments regardless of the origin of the loans, meaning if they derive from one or multiple loan instruments and are:

  a. Shareholders of more than 10% of the voting stock of the debtor, directly or indirectly, individually, or jointly with related parties, or

b. legal entities in which more than 20% of their shares are property of the debtor, directly or indirectly, individually, or jointly with related parties.

ii. ***VAT***

- Acts or activities that are outside of the scope of the VATL are defined as those that the taxpayer does not carry out in national territory, as well as those not specifically listed in the VATL, for which the taxpayer obtains income or compensation, and makes expenses, investments, or imports and VAT is paid. Under the new provisions, the VAT paid by the taxpayer that is linked to activities that are outside the scope of the VATL would not be recovered.

iii. ***Federal Tax Code***

- For purposes of defining joint and several liability in the acquisition of an ongoing concern, the budget lists cases that may arise from such a situation.

  Those entities or individuals who are appointed as legal representatives in Mexico in compliance with the tax provisions also are jointly and severally liable with taxpayers, up to the amount of the taxes and in terms of the relevant provisions.

- Mexican entities will be obligated to audit their financial statements and produce a tax report prepared by an authorized Certified Public Accountant in Mexico when in the previous fiscal year they:

  1. declared accruable income for an amount equal to or greater than $82,587 ($1,650,490 mexican pesos), or
  2. listed shares among the greater investor public in the authorized stock exchanges.

- Seeking to ensure that the tax authorities comply with international standards requiring minimum levels of transparency in connection with controlling beneficiaries of legal entities, trusts, and other legal figures for tax purposes, the budget introduced changes that include the obligation of such vehicles to obtain and maintain, as part of their accounting records, and to disclose with the Mexican tax authorities, the relevant information related to their controlling beneficiaries in a reliable, complete, and up-to-date manner. For such purposes, the definition of controlling beneficiary is included in the Federal Tax Code ("FTC").

- The 2022 economic package includes several amendments applicable to the hydrocarbons sector, the most relevant are the following:

  I. Volumetric Controls Authorized Providers

  The Reform aims to expedite the implementation of the volumetric controls project by eliminating the obligation to obtain an “authorization” to be a volumetric control service provider (equipment, software, verification services and reports). The obligations related to the volumetric controls entered into force on January 1, 2022, and taxpayers must ensure that they comply with the FTC, the Miscellaneous Tax Rules (“MTR”), as well as Annexes 30, 31 and 32 of such rules (which we understand will still contain the characteristics, periodicity, and requirements with which the taxpayers must comply regarding volumetric controls). Taxpayers will therefore be able to obtain these services/equipment from any qualified supplier, provided they comply with the aforementioned provisions.

II. Volumetric Controls Violations

The amendments to articles 81 and 82 of the FFC contemplate all the conducts that constitute volumetric control violations.

The reform also provides criminal penalties for taxpayers obliged to comply with volumetric control obligations which:

- Do not keep volumetric controls, alter them, use them improperly or destroy them.
- Do not have the equipment and software to carry out volumetric controls or, do not keep them operating at all times, alter them, render them unusable or destroy them.
- Do not have the certificates proving the correct functioning of equipment and software to keep volumetric controls, or having them, alter or falsify them.
- Have any system or program installed whose purpose is to alter the volume registries or the information contained in the volumetric controls, or
- Give tax effects to tax receipts issued by companies that simulate fuel acquisition operations.

Finally, the Reform includes the following three scenarios, in which it is understood that fuel of illicit origin is being sold (and thus subject to a penalty of 6 to 12 years of prison):

a) When there is a difference between the measured stock and the existing stock.
b) When it is detected that the taxpayer delivers more liters than contemplated in its invoices; and
c) When the taxpayer's invoicing is higher than its sale capacity.

b. On December 31, 2018, the Decree of fiscal incentives for the Northern Border Region (the Decree) was published in the Official Gazette of the Federation, which entered into force as of January 1, 2019, which had an original validity. of two years, 2019 and 2020. However, its validity was extended until December 31, 2024 through the Decree that modifies the various tax incentives for the northern border region published in the Official Gazette of the Federation on 30 December 2020.

The purpose of the Decree is to strengthen the economy on the northern border of the country, stimulate and encourage investment, promote productivity and contribute to the creation of sources of employment. Said Decree establishes fiscal incentives in ISR and VAT, applicable to those who have their fiscal domicile, branches or establishments in the northern border region. The stimuli consist of the following:

i. A tax credit for the equivalent of one third of the ISR for the year or provisional payments related to the income obtained in the region, except those derived from intangible assets and digital commerce.
ii. A 50 percent reduction in VAT for the sale of goods, provision of services and temporary use or enjoyment of goods delivered materially or services provided in the region, except for the sale of real estate and intangibles and the provision of digital content .

The Company evaluated the accounting and fiscal impact of the 2020 Tax Reform on its financial information and concluded, based on the facts and circumstances as of the date of the authorization of the Condensed Interim Consolidated Financial Statements as of December 31, 2020, that they were not significant impacts as of that date. However, the Administration will subsequently evaluate the facts and circumstances that will change in the future, especially due to the particular rules that the tax authorities will issue or the interpretation and recently on the application of the Reform.

12. Other liabilities

As of June 30, 2022 and December 31, 2021, other liabilities mainly comprise wages and benefits payable, deferred income related to the leveling of transportation rates that are deferred according to the remaining term of the related contracts, and amounts accounted for as liability contracts. term of the related contracts, and amounts accounted for as liability contracts.

The company had a substantial increase in restricted cash as of June 30, 2022, mainly related to the effect coming from the execution by Energía Costa Azul S. de R. L. de C. V. of a letter of credit derived from a contract with Gazprom for $82,000, as explained in note 18.

13. Stockholders' equity

During the Company's General Shareholders' Meeting on June 14, 2018, the formation of a repurchase fund of the Company's own shares for a maximum amount of $250,000 was approved. This repurchase fund was reestablished in the General Shareholders Meeting on April 30, 2020 per an amount of $500,000.

		As of June 30, 2022 (Mexican Pesos)			
Company stockholder's	**Number of shares**	**Fixed shares**	**Variable shares**	**Total**	**Total shares in USD**
Semco Holdco, S. de R. L. de C. V . ("SEMCO")	1,451,068,051	$ 50,000	$ 10,190,333,120	$10,190,383,120	$ 742,617
Private investors	1,212,981	—	12,129,810	12,129,810	884
	1,452,281,032	$ 50,000	$ 10,202,462,930	$10,202,512,930	743,501

		As of December 31, 2021 (Mexican Pesos)			
Company stockholder's	**Number of shares**	**Fixed shares**	**Variable shares**	**Total**	**Total shares in USD**
Semco Holdco, S. de R. L. de C. V . ("SEMCO")	1,019,038,312	$ 50,000	$ 10,190,333,120	$10,190,383,120	$ 520,976
Private investors	433,242,720	—	4,332,427,200	4,332,427,200	222,525
	1,452,281,032	$ 50,000	$ 14,522,760,320	$14,522,810,320	$ 743,501

13.1. Transfer of Sempra Energy Holdings ordinary shares to SEMCO

On May 23, 2022, Sempra Energy Holdings XI B. V. transferred its 432,029,739 ordinary shares in the capital of IEnova to SEMCO.

As a result of this transaction, ownership of IEnova is held as follows:

Shareholders	Series	Number of shares Fix Capital Class I	Variable Capital Class II	Percentage
Semco Holdco, S. de R. L. de C. V . ("SEMCO")	Unique	5,000	1,451,063,051	99.92 %
Public Investors (shares exclusively deposited in S.D. Indeval Institución para el Depósito de Valores, S.A. de C.V. These shares are no longer being traded)	Unique	—	1,212,981	0.08 %
	Total	$ 5,000	$ 1,452,276,032	100 %

13.2. Declared dividends:

The Board of Directors, in its meeting held on February 8, 2022, resolved to pay a cash dividend of $369 on February 16, 2022.

14. Segment information

14.1. Agregation criteria

IEnova groups its reportable segments according to the nature of the business activities, having as main starting point the interrelation of its activities in the business operations as the main relevant economic characteristic. In order to determine the aggregation of the operating segments to reportable, the nature of the products or services, the operation processes, the category of product customers and the existing regulatory framework were considered within its evaluation, and concluded from the above that the reportable segments identified by IEnova are as follows:

Gas:

The Gas segment includes IEnova's assets that develop, own and operate or have an equity investment in natural gas pipelines, ethane and LPG pipelines and natural gas transportation, distribution and sales operations, in the states of Baja California, Sonora, Sinaloa, Coahuila, Chihuahua, Durango, Tamaulipas, Chiapas, San Luis Potosi, Tabasco, Veracruz, Nuevo Leon and Jalisco, Mexico. The aggregation criteria in this segment included the specific analysis of the distribution, transportation activities and sale of natural gas, which cannot be carried out without the pipeline system for transportation, for which the management considers the evaluation of the performance of these activities as a whole.

In addition, the operation of transportation and distribution of natural gas, ethane and LPG is regulated by CRE, which establishes the guidelines for the operation, as well as maximum rates for each service to be charged to customers, as well as the authorization for the commercialization of natural gas in Mexico.

Power:

The Power segment includes three types of technology: solar, wind and combined cycle based on natural gas. Likewise, they participate in two markets, Mexico and United States. In all projects, the nature of the product is electrical power energy, which is unique, regardless of the technology with which it has been generated, and the markets have similar characteristics in their operation, with certain regulatory or contractual differences, for example, having an export nature. As an important feature, customers in the energy sector are entities that require minimum consumption to carry out their operations regardless of the technology that produces it.

Management considers that reporting Power segment, regardless of its technology, has the benefit of a natural portfolio compensation due to its diversification of technology and customers, synergies of administration and operation and similar regulations for electrical systems, among others.

Storage:

This segment includes one LNG terminal in Baja California, Mexico for the import, storage and regasification of LNG. Additionally, it includes the operations of four LPG storage spheres in Jalisco, Mexico. The Company is developing projects for the construction of onshore and in land terminals for the receipt, storage and delivery of hydrocarbons, these terminals will be located in Veracruz, Estado de Mexico, Puebla, Baja California, Sinaloa, Colima and Jalisco, Mexico. The aggregation in this segment is based on the nature and operation of the assets, the activities are also included in the hydrocarbons law and the clients are companies authorized to commercialize those products.

The operation of the terminals will have important synergies in the forms of operation, allocation of capacity, procedures and security protocols, as well as similarities in contracts with different clients (fixed rates for capacity and variables), ensuring the expected returns of the investment in its assets.

The following information is provided to assist the users of the financial statements during transition to the new segment reporting structure. The change did not affect neither the accounting policies nor the preparation basis of the financial information.

The operating segment information for the six-month periods ended June 30, 2022 and 2021 are as follows:

	Six-month period ended June 30, 2022				
	Gas	**Storage**	**Power**	**Corporate and eliminations**	**Consolidated**
External revenue	$ 647,864	$ 115,465	$ 234,428	$ 556	$ 998,313
Intercompany revenue	65,233	41,520	—	(106,753)	—
Revenue	713,097	156,985	234,428	(106,197)	998,313
Cost of revenue	(389,440)	(78)	(91,136)	106,616	(374,038)
Operating costs, administration and others	(74,481)	(38,724)	(57,195)	1,640	(168,760)
EBITDA	249,176	118,183	86,097	2,059	455,515
Depreciation and amortization	(42,960)	(30,231)	(41,648)	35	(114,804)
Operating income	206,216	87,952	44,449	2,094	340,711
Interest income					20,594
Financial costs					(71,571)
Other loss, net					(15,235)
Profit before income tax and share of profits of joint ventures					274,499
Income tax expense					(4,801)
Share of profits of joint ventures					90,284
Profit of the period					$ 359,982

	Six-month period ended June 30, 2021				
	Gas	Storage	Power	Corporate and eliminations	Consolidated
External revenue	$ 521,303	$ 87,336	$ 162,202	$ 3,402	$ 774,243
Intercompany revenue	50,091	41,617	341	(92,049)	—
Revenue	571,394	128,953	162,543	(88,647)	774,243
Cost of revenue	(267,862)	(98)	(73,789)	92,248	(249,501)
Operating costs, administration and others	(61,957)	(32,631)	(28,361)	(1,513)	(124,462)
EBITDA	241,575	96,224	60,393	2,088	400,280
Depreciation and amortization	(38,792)	(26,360)	(32,477)	279	(97,350)
Operating income	202,783	69,864	27,916	2,367	302,930
Interest income					25,564
Financial costs					(75,941)
Other loss, net					5,256
Profit before income tax and share of profits of joint ventures					257,809
Income tax expense					(89,215)
Share of profits of joint ventures					63,197
Profit of the period					$ 231,791

	Three-month period ended June 30, 2022				
	Gas	Storage	Power	Corporate and eliminations	Consolidated
External revenue	$ 348,198	$ 58,340	$ 148,498	$ 291	$ 555,327
Intercompany revenue	44,877	21,053	(2,007)	(63,923)	—
Revenue	393,075	79,393	146,491	(63,632)	555,327
Cost of revenue	(230,463)	(42)	(53,317)	63,873	(219,949)
Operating costs, administration and others	(40,117)	(18,767)	(27,536)	65	(86,355)
EBITDA	122,495	60,584	65,638	306	249,023
Depreciation and amortization	(21,744)	(15,036)	(21,411)	43	(58,148)
Operating income	100,751	45,548	44,227	349	190,875
Interest income					7,521
Financial costs					(41,336)
Other gains, net					3,034
Profit before income tax and share of profits of joint ventures					160,094
Income tax expense					(1,131)
Share of profits of joint ventures					44,157
Profit of the period					$ 203,120

	Three-month period ended June 30, 2021				
	Gas	Storage	Power	Corporate and eliminations	Consolidated
External revenue	$ 261,345	$ 47,098	$ 98,275	$ 1,883	$ 408,601
Intercompany revenue	20,832	21,003	227	(42,062)	—
Revenue	282,177	68,101	98,502	(40,179)	408,601
Cost of revenue	(132,688)	(44)	(33,992)	41,799	(124,925)
Operating costs, administration and others	(35,927)	(19,761)	(16,562)	1,905	(70,345)
EBITDA	113,562	48,296	47,948	3,525	213,331
Depreciation and amortization	(20,833)	(14,451)	(18,965)	724	(53,525)
Operating income	92,729	33,845	28,983	4,249	159,806
Interest income					13,204
Financial costs					(39,426)
Other loss, net					30,521
Profit before income tax and share of profits of joint ventures					164,105
Income tax expense					(56,625)
Share of profits of joint ventures					13,802
Profit of the period					$ 121,282

	As of June 30, 2022				
	Gas	Storage	Power	Corporate and eliminations	Consolidated
Assets	$ 6,711,960	$ 2,928,492	$ 2,184,312	$ (693,772)	$11,130,992
Liabilities	$ 2,201,642	$ 1,340,315	$ 1,511,377	$ 79,456	$ 5,132,790

	As of December 31, 2021				
	Gas	Storage	Power	Corporate and eliminations	Consolidated
Assets	$ 6,459,963	$ 2,719,667	$ 2,183,771	$ (475,361)	$10,888,040
Liabilities	$ 2,237,101	$ 1,243,232	$ 1,553,848	$ 280,187	$ 5,314,368

14.2. External revenue by segment and subsegment

	Six-month periods ended		Three-month periods ended	
	06/30/22	06/30/21	06/30/22	06/30/21
Distribution	$ 49,139	$ 46,286	$ 18,172	$ 19,804
Transport	252,092	217,984	126,978	110,881
Sale of natural gas	346,633	257,033	203,048	130,659
Storage	115,465	87,336	58,340	47,098
Power	234,428	162,202	148,498	98,275
Corporate and others	556	3,402	291	1,884
	$ 998,313	$ 774,243	$ 555,327	$ 408,601

15. Revenues

15.1. Distribution by type of revenues

The following table shows the distribution by type of revenue shown in the Condensed Interim Consolidated Statements of Profit for the six and three-month periods ended on June 30, 2022 and 2021:

	Six-month periods ended		Three-month periods ended	
	06/30/22	**06/30/21**	**06/30/22**	**06/30/21**
Revenue from operations:				
Contracts with customers	542,631	455,508	278,763	230,401
Leases	120,122	90,282	71,972	45,466
Derivatives	88,452	46,127	62,248	46,043
Others - Sale of natural gas	201,322	150,431	121,038	62,132
Other revenue - Non IFRS 15	45,786	31,895	21,306	24,559
Total revenue	$ 998,313	$ 774,243	$ 555,327	$ 408,601

15.2. Disaggregation of revenues from contracts with customers

Following is a breakdown of revenues from contracts with clients by revenue stream and date on which obligations are met for the six and three-month periods ended on June 30, 2022 and 2021:

	Six-month periods ended		Three-month periods ended	
	06/30/22	**06/30/21**	**06/30/22**	**06/30/21**
Power generation	$ 239,075	$ 181,745	$ 142,310	$ 96,606
Transportation of gas	147,048	122,134	73,686	59,363
Storage and regasification capacity	89,427	86,636	33,866	46,976
Natural gas distribution	52,259	47,359	21,444	18,776
Administrative services	14,822	17,634	7,458	8,680
Total revenue from contracts with clients	$ 542,631	$ 455,508	$ 278,764	$ 230,401
Obligations met:				
Over time	$ 542,631	$ 455,508	$ 278,764	$ 230,401

The revenue from products and services shown in the preceding table arises independently from contracts with each of the clients with possible renewal provided in the contracts.

16. Earnings per share

16.1. Basic earnings per share

	Six-month period ended	Three-month period ended
	06/30/21	**06/30/21**
Basic and diluted earnings per share	$ 0.16	$ 0.08

The Shares of the Company ceased to be listed on the Mexican Stock Exchange (Bolsa Mexicana de Valores in spanish) effective on October 15, 2021. Therefore the basic and diluted earnings per share are presented as of June 30, 2021 for comparative and informative purposes.

16.2. Basic and diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	Six-month period ended	Three-month period ended
	06/30/21	**06/30/21**
Earnings used in the calculation of basic and diluted earnings per share	$ 231,864	$ 121,311
Weighted average number of shares for the purposes of basic and diluted earnings per share	1,452,281,032	1,452,281,032

The Company does not have potentially diluted shares.

17. Commitments

In addition to the Commitments disclosed by the Company in the consolidated financial statements as of and for the year ended December 31, 2021, below are those Commitments assumed for the period from January 1 to June 30, 2022 that are considered relevant in the context of these condensed interim consolidated financial statements :

a. ***ESJ.*** During 2022 the Company increased the contract value whit EPC by $2,025 for the construction of the project. During the six-month period ended June 30, 2022 payments under these contracts were $10,810. Net future payments under these contractual commitments are as follows:

Year	Amounts
2022	$ 2,340

Due to the operation beginning at Expansion ESJ on 2022, the Company increased the contract value with Vestas by $23,630 for the maintenance and services of the wind turbines that will be used in the wind farm. During the six-month period ended June 30, 2022 payments under these contract were $1,627. Net future payments under these contractual commitments are as follows:

Year	Amounts
2022	$ 2,566
2023	3,922
2024	4,001
Thereafter	54,732
Total	$ 65,221

b. ***IEnova.*** During 2022 the Company entered into several contracts of private security for the central office and its assets. During the six-month period ended June 30, 2022 payments under these contracts were $149. Net future payments under these contractual commitments are as follows:

Year		Amounts
2022	$	4,567
2023		5,521
2024		5,422
Thereafter	$	6,194
Total	$	21,704

During 2022 the Company entered into a contract of Telecommunication services. Net future payments under these contractual commitments are as follows:

Year		Amounts
2022	$	282
2023		415
Total	$	697

c. ***ECA.*** During 2022, the Company entered into general contracts for the terminals turbines maintenance. During the six-month period ended June 30, 2022 payments under these contracts were $641. Net future payments under these contractual commitments are as follows:

Year		Amounts
2022	$	1,013

During 2022, the Company entered into several contracts for specialized technical services in preventive and corrective maintenance for the areas of instrumentation, electricity, mechanics and welding. During the six-month period ended June 30, 2022 payments under these contracts were $105. Net future payments under these contractual commitments are as follows:

Year		Amounts
2022	$	182
2023		326
Total	$	508

During 2022 the Company entered into several contracts of private security for the central office and its assets. During the six-month period ended June 30, 2022 payments under these contracts were $107. Net future payments under these contractual commitments are as follows:

Year		Amounts
2022	$	613
2023		781
2024		781
Thereafter		846
Total	$	3,021

During 2022, the Company entered into a service contract of port facilities maintenance services. During the six-month period ended June 30, 2022 payments under these contracts were $2. Net future payments under these contractual commitments are as follows:

Year	Amounts
2022	$ 798
2023	1,200
2024	1,200
Thereafter	2,800
Total	$ 5,998

During 2022, the Company entered into a contract of transport service. During the six-month period ended June 30, 2022 payments under these contracts were $37. Net future payments under these contractual commitments are as follows:

Year	Amounts
2022	$ 24
2023	105
2024	105
Thereafter	255
Total	$ 489

d. Veracruz marine terminal project. During 2022 the Company entered into a contract of inspection, verification and testing of all systems. During the six-month period ended June 30, 2022 payments under these contracts were $29. Net future payments under these contractual commitments are as follows:

Year	Amounts
2021	$ 1,013

During 2022 the Company entered into several purchase orders for the acquisition of explosion-proof junction boxes and electrical material for the terminal. During the six-month period ended June 30, 2022 payments under these contracts were $907. Net future payments under these contractual commitments are as follows:

Year	Amounts
2022	$ 159

During 2022 the Company entered into a contract of Labor for electrical work and instrumentation at terminal. During the six-month period ended June 30, 2022 payments under these contracts were $204. Net future payments under these contractual commitments are as follows:

Year	Amounts
2022	$ 454

During 2022 the Company entered into a contract of civil works and mechanical completion at Terminal. During the six-month period ended June 30, 2022 payments under these contracts were $196. Net future payments under these contractual commitments are as follows:

Year	Amounts
2022	$ 467

e. ***GAP Rosarito Operation Pipeline.*** During 2022 the Company entered into a contract for the provision of a sealing service (seal to be able to clean the ducts) and supply of saddles. During the six-month period ended June 30, 2022 payments under these contracts were $264. Net future payments under these contractual commitments are as follows:

Year	Amounts
2022	$ 601

f. ***GAP Rosarito Pipeline.*** During 2022 the Company entered into a contract by measuring equipment maintenance. Net future payments under these contractual commitments are as follows:

Year		Amounts
2022	$	378
2023		558
2024		180
Total	$	1,116

g. ***GAP Gasoducto expansion.*** During 2021, the Company entered contract for the pipe supply. Net future payments under these contractual commitments are as follows:

Year		Amounts
2022	$	51,148
2023		87,682
2024		58,455
Total	$	197,285

h. ***ECAL.*** During 2022, the Company entered into a service contract of Implementation of Wild Flora and Protection and Conservation Plan and Wild Fauna Rescue and Relocation Program. Net future payments under these contractual commitments are as follows:

Year		Amounts
2022	$	150
2023		299
2024		299
Thereafter		698
Total	$	1,446

i. ***Ventika.*** During 2022, the Company entered into a service contract of repairs to the ASPAS milling machine. During the six-month period ended June 30, 2022 payments under these contracts were $566. Net future payments under these contractual commitments are as follows:

Year	Amounts
2022	$ 246

j. ***DEN.*** During 2022, the Company entered into a maintenance contract for the project. The future payments of said contracts are mentioned below:

Year		Amounts
2022	$	122
2023		365
Total	$	487

During the six-month period ended June 30, 2022, addendums have been signed to contracts from previous periods, which were disclosed in those periods and that individually are not material for these Condensed Interim Consolidated Financial Statements. Likewise, during this same period, payments have been made to those contracts, which are not disclosed to consistently present the commitments for the period only.

18. Contingencies

Below are the changes as of June 30, 2022 of main contingencies, regarding the Company's legal, administrative or arbitration procedures disclosed in the Consolidated Financial Statements for the year ended December 31, 2021:

a. *Saloman Arya Furst* and *Abraham Hanono Raffoul* filed before the Unitary Agrarian District Court of *Ensenada* a claim against the Ministry of Agrarian Reform *(Secretaria de la Reforma Agraria),* ECA and other 20 defendants. The purpose of such claim is to procure a declaration of nullity of the property rights granted by the National Agrarian Registry regarding some plots of land where ECA's Terminal is located, as well as the return of another plot which allegedly is located in the same place, based on the argument that the property titles issued in favor of the ECA's former owners were issued improperly and without considering the existing property rights of such immovable property. In September 2011, was held a definitive hearing on the subject, where the plaintiffs offered evidence to extend their claim. The judge did not admit the evidence, and before issuing the judgment, the plaintiffs filed a constitutional claim against the refusal of the judge to the admittance of the evidence. The action of the judge is suspended by the constitutional claim, and, the constitutional trial cannot continue until the Court serves notice of the civil claim to the other defendants, which has not happened. The Company deems that the claim is ungrounded.

After several adjourned hearings, on June 9, 2015, the parties were duly notified of these proceedings. On that same date, the hearing was held, during which the disputed issues were set and the evidence of all the parties was offered. Given the amount of evidentiary material, the Court reserved the right of study and assessment thereof to subsequently set a new date of hearing. It was held on September 2015, where there was no resolution, later it was programmed the relief of an expert test in the field for the November 3, 2016. This test was released and to the date was submitted to the Agrarian Court.

On November 3, 2017, a diligence for inspection and study in the field was carried out by various experts offered by the litigants. To date all experts have surrendered their respective opinions.

On July 8, 2021, a judgment was issued in which the action was declared inadmissible and ECA was acquitted of the benefits claimed. The plaintiff filed an appeal for review against the final judgment, which was turned over to the Superior Agrarian Court under appeal for review 462/2021.

On February 2, 2022, the appeal for review was resolved in favor of ECA, declaring it unfounded and the final judgment was confirmed. The opposing party filed a claim for direct amparo against the ruling issued by the Superior Agrarian Court, which is pending referral to a Collegiate Court for resolution. It is estimated that the sentence that resolves the amparo trial will be issued within a period of 5 to 6 months.

b. Amparo claim against the permits issued by the Agencia de Seguridad, Energía y Ambiente ("ASEA") and by SENER related to the Environmental Impact Assessment ("MIA") and the Social Impact Assessment ("EVIS"), respectively, from one of our liquefaction projects at ECA. In August 2018, the Bajamar Tourist Complex, through Banco Santander Mexico, S.A. Institución de Banca Múltiple Grupo Financiero Santander Mexico, Fiduciary Institution in Trust Number 53153-0, filed an amparo lawsuit before the 8th District Judge with residence in Ensenada, Baja California, against the MIA and the EVIS of one of our liquefaction projects in ECA, under file 390/2018, which were issued at the end of 2017 by ASEA and SENER, respectively. The District Judge admitted the lawsuit and granted the provisional suspension in order to keep things in the state they are in, and without suspending the procedure, no final resolution is issued on the authorization of the works and/or constructions and / or operation of the project from which the claimed acts derive, as long as it has not occurred.

The incidental hearing that was scheduled for October 23, 2018 was deferred to January 28, 2019, later to April 11, 2019, in which a new bail was set, and the suspension granted at the time was lifted.

An expert valuation test, offered by the complainant, is pending. Regarding the definitive suspension of the acts claimed, it was originally granted, however, the Company managed to have it nullified.

c. Indirect amparo proceeding heard by the 8th District Court residing in Ensenada B.C. presented by the Association of Colonists Bajamar, A.C. against the permits issued by the ASEA to build and operate a natural gas liquefaction terminal. The constitutional hearing is set for May 11, 2022. The Judge denied the definitive suspension of the acts claimed, which was appealed by the complainant. The Collegiate Court granted the suspension. A counterbail was requested to nullify the suspension, which was denied by the Judge, so said refusal was challenged, but the suspension was upheld by the Second Collegiate Court of the Fifteenth Circuit.

The complaining party promoted an incident of violation to the definitive suspension, which was resolved in favor of the Company through a ruling dated February 23, 2022. The complainant filed a complaint against the aforementioned ruling, which is pending. resolved by a Collegiate Circuit Court.

This amparo proceeding was originally processed before the 9th District Court in the State, however, it was accumulated under the different amparo of Banco Santander Mexico, S.A. described above, so that both disputes are resolved in the same resolution that will be issued by the 8th District Judge in the State, in this way contradictory sentences are avoided.

d. *Transmission Rates for Legacy Generation Facilities.* In May 2020, the CRE approved an update of the transmission rates included in the legacy renewable and cogeneration energy contracts, based on the claim that the legacy transmission rates did not reflect fair and proportional costs for providing the applicable services and, therefore, inequitable competitive conditions. Three of IEnova's renewable energy facilities (Don Diego Solar, Border Solar and Ventika) are currently holders of contracts with such legacy rates, and under the terms of these contracts any increases in the transmission rates would be passed through directly to their customers. The three facilities obtained favorable resolutions from a lower court and the CRE has appealed those decisions, which were definitively affirmed in favor of the Don Diego Solar, Border Solar and Ventika facilities, whereby the injunctions were made permanent, the regulations were declared unconstitutional, and the guarantee was determined to not be required. The resolution is definitive and final.

Offtakers of Legacy Generation Permits. In October 2020, the CRE approved a resolution to amend the rules for the inclusion of new offtakers of legacy generation and self-supply permits (the Offtaker Resolution), which became effective immediately. The Offtaker Resolution prohibits self-supply permit holders from adding new offtakers that were not included in the original development or expansion plans, making modifications to the amount of energy allocated to the named offtakers, and including load centers that have entered into a supply arrangement under Mexico's Electricity Industry Law. Don Diego Solar, Border Solar and the Ventika are holders of self-supply permits and are impacted by the Offtaker Resolution.

In January 2022, a favorable sentence was obtained from an instance against RES 1094, which prevented the inclusion of new members to the self-supply permits, which is under review before the Collegiate Courts. The CRE denied the inclusion of partners in the Border Solar and Don Diego Solar permits, a decision that was appealed and is pending resolution. If IEnova is not able to obtain legal protection for these impacted facilities, IEnova expects it will sell Border Solar's capacity and a portion of Don Diego Solar's capacity affected by the Offtaker Resolution into the spot market. Currently, prices in the spot market are higher than the fixed prices in the Purchase Power Agreement ("PPA") that were entered into through self-supply permits. At June 30, 2022, IEnova had $9,494 in intangible assets, net, related to these self-supply permits previously granted by the CRE and impacted by the Offtaker Resolution that could be subject to impairment if IEnova is unable to obtain adequate legal protection. IEnova has filed lawsuits against the Offtaker Resolution and received injunctive relief pending final resolution.

e. In May 2020, the two third-party capacity customers at the ECA LNG Regasification Terminal, Shell Mexico Gas Natural, S. de R.L. de C.V. ("Shell Mexico") and Gazprom Marketing & Trading México, S. de R.L. de C.V. ("Gazprom"), asserted that a 2019 update of the general terms and conditions for service at the facility, as approved by the CRE, resulted in a breach of contract by ECA and a force majeure event. In July 2020, Shell Mexico submitted a request for arbitration of the dispute and Gazprom has joined the proceeding, and a hearing was held in October 2021. The International Court of Arbitration issued a final, non-appealable decision dated April 27, 2022 in favor of ECA dismissing all claims and confirming the contracts remain in force. Shell Mexico submitted a request to the International Court of Arbitration, and Gazprom joined the proceeding, to issue an additional decision, asserting that two of the claims were not addressed in the ruling. ECA filed a response and requested that any additional decision by the International Court of Arbitration be incorporated into the original decision as one, final ruling for clarity to aid in enforcement proceedings should they become necessary.

Citing the alleged breach, Shell Mexico stopped making payments of amounts due under its LNG storage and regasification agreement. Due to non-payment, ECA drew against Shell Mexico's letters of credit provided as payment security until they were fully exhausted in March 2022 and thereafter has not been able to collect amounts owed by this customer. We do not expect that Shell Mexico will resume making payments until the International Court of Arbitration issues a ruling on Shell Mexico's and Gazprom's request for an additional decision and any enforcement proceeds. Although Gazprom has paid regularly, ECA has recently withdrawn Gazprom's letters of credit for non-renewal. Gazprom had not paid its invoices since March 2022, so funds drawn from the letters of credit have been used for payment. We expect that these funds will provide payment security from Gazprom through mid-December 2024.

In addition to the arbitration proceeding, Shell Mexico also filed constitutional claims against the CRE's approval of the general terms and conditions for service at the facility and against the issuance of the liquefaction permit. Shell Mexico's request for an injunction against the general terms and conditions was denied, and the ruling was upheld on appeal. The request for an injunction against the liquefaction permit was denied, and the decision was vacated and remanded on appeal to the First District Court in Administrative Matters, which again denied the injunction. The case on the injunction request was then heard again by the appellate court. A hearing was held on the merits and a decision is pending.

19. Application of new and revised IFRS

a. *Application of new and revised IFRS's or IAS that are mandatory effective for the current year*

The accounting policies adopted in the preparation of the Condensed Interim Consolidated Financial Statements are consistent with those followed in the preparation of the Company´s Annual Consolidated Financial Statements for the year ended December 31, 2021, except for the adoption of new standards effective as of January 1, 2022.

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2022, but do not have an impact on the Condensed Interim Consolidated Financial Statements of the Company.

Onerous contracts - cost of fulfilling a contract: Amendments to IAS 37

Following the withdrawal of IAS 11 Construction Contracts, companies apply the requirements in IAS 37 when determining whether a contract is onerous. These requirements specify that a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations – i.e. the lower of the costs of fulfilling the contract and the costs of terminating it – outweigh the economic benefits.

While IAS 11 specified which costs were included as a cost of fulfilling a contract, IAS 37 did not, which led to diversity in practice. The International Accounting Standards Board's amendments address this issue by clarifying those costs that comprise the costs of fulfilling a contract.

The amendments clarify that the 'costs of fulfilling a contract' comprise both:

i. The incremental costs – e.g. direct labor and materials; and

ii. An allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract

This clarification is unlikely to affect companies that already apply the 'full cost' approach, but those that apply the 'incremental cost' approach will need to recognize bigger and potentially more provisions.

These amendments had no impact on the Condensed Interim Consolidated Financial Statements of the Company.

Annual improvements to IFRS Standards 2018-2020: Amendments to IFRS 9 and illustrative examples accompanying IFRS 16

a. **Amendments to IFRS 9:** this amendment clarifies that – for the purpose of performing the '10 per cent test' for Derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

b. **IFRS 16 Leases, Illustrative Example 13:** the amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive.

These amendments had no impact on the Condensed Interim Consolidated Financial Statements of the Company.

Property, Plant and Equipment - Proceeds before intended use: Amendments to IAS 16

In the process of making an item of PPE available for its intended use, a company may produce and sell items – e.g. minerals extracted in the process of constructing an underground mine or oil and gas from testing wells before starting production.

To address diversity in practice, the International Accounting Standards Board (the Board) has amended IAS 16 Property, Plant and Equipment to provide guidance on the accounting for such sale proceeds and the related production costs.

Under the amendments, proceeds from selling items before the related item of PPE is available for use should be recognized in profit or loss, together with the costs of producing those items. IAS 2 Inventories should be applied in identifying and measuring these production costs.

Companies will therefore need to distinguish between:

i. Costs associated with producing and selling items before the item of PPE is available for use; and

ii. Costs associated with making the item of PPE available for its intended use

Making this allocation of costs may require significant estimation and judgement.

The amendments also clarify that testing whether an item of PPE is functioning properly means assessing its technical and physical performance rather than assessing its financial performance – e.g. assessing whether the PPE has achieved a certain level of operating margin.

No disclosure requirements have been added to IAS 16 for sales of items that are an output of a company's ordinary activities: the disclosure requirements of IFRS 15 Revenue from Contracts with Customers and IAS 2 will apply in such cases.

However, for the sale of items that are not part of a company's ordinary activities, the amendments require the company to:

i. Disclose separately the sales proceeds and related production cost recognized in profit or loss; and

ii. Specify the line items in which such proceeds and costs are included in the statement of comprehensive income.

This disclosure is not required if such proceeds and cost are presented separately in the statement of comprehensive income.

These amendments had no impact on the Condensed Interim Consolidated Financial Statements of the Company.

b. ***New and revised IFRSs issued but not yet effective***

The Company has not applied the following new and revised IFRS that have been issued but are not yet effective:

IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Pending
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2023
Amendments to IAS 8	Definition of Accounting Estimate	January 1, 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	January 1, 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023

The Company is in the processes of evaluating the possible impact of this amendments.

20. Events after the reporting period

20.1. Repayments and withdrew of credit lines

On July 5, 2022, the Company withdrew $64,000 from its working capital credit line with BNS, bearing variable interest rate on a quarterly basis of LIBOR plus 52 BPS.

On July 18, 2022, the Company withdrew $25,000 from its committed revolving credit agreement with BNS, bearing variable interest rate on a quarterly basis of LIBOR plus 54 BPS.

On July 25, 2022, the Company withdrew $15,000 from its committed revolving credit agreement with BNS, bearing variable interest rate on a quarterly basis of LIBOR plus 54 BPS.

On July 25, 2022, the Company withdrew $45,000 from its committed revolving credit agreement with SMBC, bearing variable interest rate on a quarterly basis of LIBOR plus 80 BPS.

20.2. IEnova and CFE expand agreements for the development of energy infrastructure in Mexico

On July 21, 2022, IEnova (and GAP) and CFE (together the "parties"), announced several agreements to advance the joint development of critical energy infrastructure projects in Mexico, including the rerouting of the Guaymas-El Oro pipeline in Sonora, the proposed Vista Pacífico LNG project in Topolobampo, Sinaloa, and the potential development of a LNG terminal in Salina Cruz, Oaxaca.

These new agreements establish the framework for a joint venture between the parties to ultimately enable the restoration of service provided by the Guaymas-El Oro pipeline.

These agreements also outline the path forward for the Vista Pacífico LNG terminal, including the definition of the project's configuration to advance engineering and permitting efforts.

In addition, the parties are expanding the memorandum of understanding (MOU) signed earlier this year to jointly explore the potential development of an LNG terminal in Salina Cruz, Oaxaca. This new opportunity will support the Government of Mexico's Interoceanic Corridor in the Isthmus of Tehuantepec project, which is intended to promote economic growth and development of Mexico's South-Southeast region.

The agreements for the development of the Vista Pacifico LNG and the proposed LNG project in Salina Cruz are preliminary and non-binding. These development projects, together with the rerouting of the Guaymas-El Oro pipeline, remain subject to a number of commitments to be satisfied, including, as applicable, feasibility studies, reaching definitive customer, construction and partnership agreements, securing all necessary permits, obtaining financing and incentives, receiving respective board approval, and reaching a final investment decision.

20.3. Sasabe-Puerto Libertad-Guaymas Segment

In June 2014, IEnova and a landowner agreed to enter into a voluntary right-of-way easement agreement for the construction and operation of a seven-mile section of the 314-mile Sasabe-Puerto Libertad-Guaymas segment of the Sonora natural gas pipeline on the landowner's property. However, in 2015, the landowner filed a complaint demanding the easement agreement be nullified. In September 2021, a definitive and non-appealable judgment was issued declaring the easement agreement nullified and ordering the removal of the pipeline from the landowner's property.

The execution of the judgment is suspended as a result of an amparo lawsuit filed by the CFE as an interested third party that did not participate in the litigation. IEnova filed a special judicial action asking the civil court to acknowledge the existence of the easement and to determine the consideration the landowner should receive in exchange for the easement.

The failure to stay this judgment pending the resolution of IEnova's planned special judicial action or prevail in preserving the easement in the special judicial action could require us to modify the route of the pipeline and could require a temporary shutdown of this portion of the pipeline, which could have a material adverse effect on IEnovas's business, results of operations, financial condition, cash flows and/or prospects.

In July 2022, IEnova and the landowner entered into a judicial settlement agreement and a new right-of-way easement agreement for the seven miles section of the Sasabe-Puerto Libertad-Guaymas segment of the Sonora pipeline on the landowner's property thus bringing this case to a definitive conclusion.

21. Approval of financial statements

The Condensed Interim Consolidated Financial Statements were approved and authorized for issuance by Roberto Rubio Macías, Vice President of Controllership Head of Finance Mexico on July 27, 2022.

22. Main registered office

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