



**2022**

## Executive Summary

(millions of US\$)	Three months ended March 31,		
	2022	2021 (unaudited)	% Var.
IEnova Adjusted EBITDA	274.7	261.0	5 %
Profit for the period	156.9	110.5	42 %
Revenues	443.0	365.6	21 %

- In the first quarter of 2022, IEnova Adjusted EBITDA increased 5 percent to \$274.7 million, compared with \$261.0 million in the same period of 2021. The increase of \$13.7 million was mainly due to higher revenue in transportation business, the start of operations of the refined products terminals, and the acquisition of the remaining 50-percent participation in Energía Sierra Juárez wind generation facility, offset by higher operating expenses, lower margin at gas business and lower results at Termoeléctrica de Mexicali power plant.
- In the first quarter of 2022, profit was \$156.9 million, compared with \$110.5 million in the same period of 2021. The increase of \$46.4 million was mainly due to non-cash exchange rate effects and IEnova Adjusted EBITDA drivers mentioned above.
- In the first quarter of 2022, revenues were \$443.0 million, compared with \$365.6 million in the same period of 2021. The increase of \$77.4 million was mainly related to higher revenues at the gas segment, the start of operations of the refined products terminals, the consolidation of Energía Sierra Juárez after the acquisition of the remaining 50-percent interest in March 2021 and the start of operations of Border Solar facility.
- The Company maintains strong level of liquidity with approximately \$2.0 billion, including cash and available committed credit lines.
- In March 2022, the Company announced that Fitch Ratings (“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.
- In March 2022, IEnova informed it entered into a 1-year financing with its parent company Sempra Infrastructure Partners, LP for up to \$200.0 million.
- In March 2022, IEnova informed that it increased its 1-year \$200.0 million financing with its parent company Sempra Infrastructure Partners, LP, by an additional \$100.0 million.
- In April 2022, IEnova informed that Sempra Energy (“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. Among others, the Delisting Trust was amended to provide that it shall remain effective until the date on which it is terminated pursuant to the instructions of Sempra to the Trustee. 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.

- In April, 2022, following up on the relevant event notice issued on July 23, 2020, IEnova informed the market that its subsidiary Energía Costa Azul, S. de R.L. de C.V. was notified of the award issued in the arbitration commenced by Shell derived from certain storage services agreement entered between ECA and Shell. The award is favorable to ECA's interests, given that the plaintiff's claims were dismissed, the agreement's validity was confirmed, and the plaintiff was condemned to pay past due amounts under the referred agreement, as well as to replenish the letters of credit that guaranty its obligations.

## Segment Information

Revenue is presented after eliminating inter-company transactions.

<b>Gas Segment</b>	Three months ended March 31,	
	2022	2021
(millions of US\$)	(unaudited)	
Revenues	\$ 299.7	\$ 260.0
IEnova EBITDA	126.7	128.0

### *Revenues*

In the first quarter of 2022, Gas segment revenues were \$299.7 million, compared with \$260.0 million in the same period of 2021. The increase of \$39.7 million was mainly due to \$20.7 million from higher volume of natural gas sold (offset in cost of revenues) and \$19.7 million from higher revenue in transportation business.

### *IEnova EBITDA*

In the first quarter of 2022, Gas segment IEnova EBITDA was \$126.7 million, compared with \$128.0 million in the same period of 2021. The decrease of \$1.3 million was mainly due to lower margin at gas business and higher operating expenses, offset by higher revenue in transportation business.

<b>Storage Segment</b>	Three months ended March 31,	
	2022	2021
(millions of US\$)	(unaudited)	
Revenues	\$ 57.1	\$ 40.2
IEnova EBITDA	57.6	47.9

### *Revenues*

In the first quarter of 2022, Storage segment revenues were \$57.1 million, compared with \$40.2 million in the same period of 2021. The increase of \$16.9 million was mainly due to the start of operation of the Veracruz and Valle de México Terminals.

### *IEnova EBITDA*

In the first quarter of 2022, Storage segment IEnova EBITDA was \$57.6 million, compared with \$47.9 million in the same period of 2021. The increase of \$9.7 million was mainly due to the start of operation of the Veracruz and Valle de México Terminals.

<b>Power Segment</b>	Three months ended March 31,	
	2022	2021
(millions of US\$)		
	(unaudited)	
Revenues	\$ 85.9	\$ 63.9
IEnova EBITDA	20.5	12.4

### *Revenues*

In the first quarter of 2022, Power segment revenues were \$85.9 million, compared with \$63.9 million for the same period of 2021. The increase of \$22.0 million was mainly due to \$13.0 million from the acquisition of the remaining 50-percent participation in Energía Sierra Juárez wind generation facility, \$3.2 million from the start of operations of Border Solar facility and \$2.8 million in Termoeléctrica de Mexicali power plant from higher power prices offset by lower volumes from scheduled major maintenance in first quarter 2022.

### *IEnova EBITDA*

In the first quarter of 2022, Power segment IEnova EBITDA was \$20.5 million, compared with \$12.4 million for the same period of 2021. The increase of \$8.1 million was mainly due to the acquisition of the remaining 50-percent participation in Energía Sierra Juárez wind generation facility and the start of operations of Border Solar facility, offset by lower results at Termoeléctrica de Mexicali power plant and higher operating expenses.

<b>Joint Ventures IEnova EBITDA and Share of Profits from Joint Ventures</b>		Three months ended March 31,	
(millions of US\$)	Joint Venture with	2022	2021
<b>Joint Ventures IEnova EBITDA</b>		<b>\$ 68.2</b>	<b>\$ 74.1</b>
Los Ramones Norte pipeline	Brookfield	\$ 16.9	\$ 12.8
South Texas - Tuxpan pipeline	TC Energy	27.7	36.0
Energía Sierra Juárez wind generation facility	Actis <sup>(1)</sup>	—	1.6
ECA Liquefaction	Semptra Energy	1.5	(1.0)
<b>Share of Profits from Joint Ventures, net of Income Tax</b>		<b>\$ 46.1</b>	<b>\$ 49.4</b>

(1) On March 19, 2021, IEnova acquired the remaining 50-percent participation in Energía Sierra Juárez wind generation facility.



#### *Joint Ventures IEnova EBITDA*

In the first quarter of 2022, Joint Ventures IEnova EBITDA was \$68.2 million compared with \$74.1 million in the same period of 2021. The decrease of \$5.9 million was mainly due to the consolidation of Energía Sierra Juarez after the acquisition of the remaining 50-percent interest in March 2021, which is now reported in consolidation section.

#### *Share of Profits from Joint Ventures, net of Income Tax*

In the first quarter of 2022, our Share of Profit from Joint Ventures, net of Income Tax was \$46.1 million, compared with \$49.4 million for the same period of 2021. The decrease of \$3.3 million was mainly due to the South Texas - Tuxpan pipeline foreign exchange rate effects primarily related to a peso-denominated shareholder's loan and non-cash exchange rate effects at Los Ramones Norte pipeline. The foreign exchange rate effects are offset in Other (Losses), net.

## Consolidated Results

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### **Depreciation and Amortization**

In the first quarter of 2022, depreciation and amortization was \$56.7 million, compared with \$43.8 million in the same period of 2021. The increase of \$12.9 million was mainly due to new assets in operation in gas, power and storage segments and the consolidation of Energía Sierra Juarez after the acquisition of the remaining 50-percent interest in March 2021.

### **Financing Cost, Net**

In the first quarter of 2022, financing cost, net was \$17.1 million, compared with \$24.1 million in the same period of 2021. The decrease of \$7.0 million was mainly due to lower interest expense regarding the early redemptions of debt in October 2021 of Ventika.

### **Other (Losses), Net**

In the first quarter of 2022, other losses were \$18.2 million, compared with other losses of \$25.3 million in the same period of 2021. The variance of \$7.1 million was mainly related to exchange rate effects, mainly due to a peso-denominated shareholder's loan to fund the South Texas – Tuxpan pipeline, which is offset in Share of Profits from Joint Ventures.

### **Income Tax Expense**

In the first quarter of 2022, income tax expense was \$3.7 million, compared with \$32.6 million in the same period of 2021. The decrease of \$28.9 million is primarily due to the effect of the deferred income tax balance from the fluctuation in the tax basis of property, plant and equipment at our U.S. dollar functional currency, which we are required to remeasure in each reporting period based on changes in the Mexican peso, partially offset by the effect of exchange rate and inflation on monetary assets and liabilities.

## Liquidity and Capital Resources

We are a holding company. As a result, our ability to meet our obligations and to fund our capital needs depends on our ongoing ability to generate cash from operations, the terms of our financing arrangements, and our access to financing sources.

<b>Sources and Uses of Cash</b>	Three months ended March 31,	
	2022	2021
(millions of US\$)	(unaudited)	
<b>Cash, cash equivalents and restricted cash at the beginning of the period</b>	<b>\$ 218.5</b>	<b>\$ 316.3</b>
Net cash provided by operating activities	143.3	174.3
Net cash used in investing activities	(109.8)	(142.7)
Net cash (used in) provided by financing activities	(136.7)	(26.1)
Effects of exchange rate changes on cash and cash equivalents	(4.9)	13.0
<b>Cash, cash equivalents and restricted cash at the end of the period</b>	<b>\$ 110.4</b>	<b>\$ 334.8</b>

### *Operating Activities*

In the first quarter of 2022, net cash provided by operating activities was \$143.3 million, compared with \$174.3 million in the same period of 2021, mainly due to higher income tax payments, offset by changes in working capital and higher operational results.

### *Investing Activities*

In the first quarter of 2022, net cash used in investing activities was \$109.8 million mainly due to capital expenditures of \$105.9 million primarily related to the liquid terminals and solar projects, the funding of \$15.9 million for the ECA liquefaction project, partially offset by \$12.1 million interest received from the shareholder's loan granted to the South Texas – Tuxpan pipeline.

In the first quarter of 2021, net cash used in investing activities was \$142.7 million, mainly due to capital expenditures of \$80.3 million primarily related to the liquid terminals and solar projects, the acquisition of Energia Sierra Juarez net of cash acquired of \$65.0 million, the funding of \$8.4 million for the ESJ Expansion before the acquisition and \$4.0 million for the ECA liquefaction project, partially offset by \$11.3 million interest received from the shareholder's loan granted to the South Texas – Tuxpan pipeline.



### *Financing Activities*

In the first quarter of 2022, net cash used by financing activities was \$136.7 million mainly due to \$403.4 million of payments of bank financing, \$47.5 million of interest paid and \$2.9 million for finance lease payments partially offset by \$317.5 million from a loan received from unconsolidated affiliates.

In the first quarter of 2021, net cash provided by financing activities was \$26.1 million, mainly due to \$27.9 million of interest paid, \$15.4 million of payments of bank financing, and \$2.7 million for finance lease payments partially offset by \$20.0 million from a loan received from unconsolidated affiliates.

The Company ended the first quarter with \$110.4 million of cash, including restricted cash and short term investments. The Company had approximately \$2.0 billion of liquidity, including cash and available committed credit lines.

## Condensed Consolidated Financial Statements

Amounts are presented in U.S. dollars, the functional currency of the Company, unless otherwise noted, and in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). All amounts are unaudited, unless otherwise noted. Numbers may not add up due to rounding.

<b>Statements of Profits</b>	Three months ended March 31,	
	2022	2021
(millions of US\$)		
	(unaudited)	
Revenues	\$ 443.0	\$ 365.6
Cost of revenues	(154.1)	(124.6)
Operating, administrative and other expenses	(82.4)	(54.1)
<b>IEnova EBITDA</b>	<b>206.5</b>	<b>186.9</b>
Depreciation and amortization	(56.7)	(43.8)
<b>Operating profit</b>	<b>149.8</b>	<b>143.1</b>
Financing cost, net	(17.1)	(24.1)
Other (losses), net	(18.2)	(25.3)
<b>Profit before income tax and share of profits of joint ventures</b>	<b>114.5</b>	<b>93.7</b>
Income tax expense	(3.7)	(32.6)
Share of profits of joint ventures, net of income tax	46.1	49.4
<b>Profit for the period</b>	<b>\$ 156.9</b>	<b>\$ 110.5</b>

<b>Statements of Financial Position</b>	March 31, 2022	December 31, 2021
(thousands of US\$)	(unaudited)	(audited)
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 95,021	\$ 199,105
Trade and other receivables, net	196,867	200,919
Taxes receivable	201,504	209,523
Other current assets <sup>(1)</sup>	750,889	163,102
<b>Total current assets</b>	<b>1,244,281</b>	<b>772,649</b>
<b>Non-current assets</b>		
Due from unconsolidated affiliates	19,541	654,723
Finance lease receivables	955,444	961,749
Deferred income tax assets	125,067	124,967
Investments in joint ventures	970,876	894,850
Property, plant and equipment, net	5,332,808	5,321,869
Goodwill	1,638,091	1,638,091
Other non-current assets <sup>(2)</sup>	557,447	519,142
<b>Total non-current assets</b>	<b>9,599,274</b>	<b>10,115,391</b>
<b>Total assets</b>	<b>\$ 10,843,555</b>	<b>\$ 10,888,040</b>
<b>Liabilities and Stockholders' Equity</b>		
Short-term debt	\$ 872,724	\$ 1,062,044
Due to unconsolidated affiliates	338,749	72,944
Other current liabilities <sup>(3)</sup>	520,243	523,561
<b>Total current liabilities</b>	<b>1,731,716</b>	<b>1,658,549</b>
<b>Non-current liabilities</b>		
Long-term debt	2,202,592	2,403,697
Due to unconsolidated affiliates	309,100	287,126
Deferred income tax liabilities	559,333	572,798
Other non-current liabilities <sup>(4)</sup>	272,685	392,198
<b>Total non-current liabilities</b>	<b>3,343,710</b>	<b>3,655,819</b>
<b>Total liabilities</b>	<b>5,075,426</b>	<b>5,314,368</b>
<b>Stockholders' equity</b>		
Common stock	743,501	743,501
Additional paid-in capital	2,320,677	2,320,677
Accumulated other comprehensive (loss)	(80,994)	(118,958)
Retained earnings	2,784,945	2,628,525
<b>Total equity attributable to owners</b>	<b>5,768,129</b>	<b>5,573,745</b>
Non-controlling interests	0	(73)
<b>Total equity of the company</b>	<b>\$ 5,768,129</b>	<b>\$ 5,573,672</b>
<b>Total liabilities and equity</b>	<b>\$ 10,843,555</b>	<b>\$ 10,888,040</b>

<sup>(1)</sup> Other current assets includes finance lease receivables - current, amounts due from unconsolidated affiliates, natural gas inventories, derivative financial instruments, carbon allowances - current, other current assets and restricted cash.

<sup>(2)</sup> Other non-current assets includes derivative financial instruments, other non-current assets, right of use assets, carbon allowances - non-current, intangible assets and restricted cash.

<sup>(3)</sup> Other current liabilities includes trade and other payables, income tax liabilities, lease liabilities - current, derivative financial instruments, other financial liabilities, provisions current, other taxes payable, carbon allowances - current and other current liabilities.

<sup>(4)</sup> Other non-current liabilities includes lease liabilities - non current, carbon allowances - non current, provisions - non current, derivative financial instruments, employee benefits and other non-current liabilities.

## Reconciliation of Profit for the Period to IEnova EBITDA and IEnova Adjusted EBITDA

We present “IEnova EBITDA” and “IEnova Adjusted EBITDA” in this earnings report for the convenience of investors. IEnova EBITDA and IEnova Adjusted EBITDA, however, are not measures of financial performance under IFRS and should not be considered as alternatives to profit or operating income as a measure of operating performance or to cash flows from operating activities as a measure of liquidity.

Our definition of IEnova EBITDA is profit for the period after adding back or subtracting, as the case may be, (1) depreciation and amortization, (2) financing cost, net, (3) other losses (gains), net, (4) income tax expense and (5) share of profits of joint ventures, net of income tax.

We define IEnova Adjusted EBITDA as IEnova EBITDA plus Joint Ventures (JV) IEnova EBITDA adjustment.

We define the JV IEnova EBITDA adjustment as our share of the profit of joint ventures, after adding back or subtracting, as the case may be, our share of: (1) depreciation and amortization, (2) financing cost, net, (3) other (gains) losses, net, and (4) income tax expense.

IEnova EBITDA and IEnova Adjusted EBITDA	Three months ended March 31,	
	2022	2021
(millions of US\$)		
	(unaudited)	
Gas Segment	\$ 126.7	\$ 128.0
Storage Segment	57.6	47.9
Power Segment	20.5	12.4
Corporate & Others	1.7	(1.4)
<b>IEnova EBITDA</b>	<b>\$ 206.5</b>	<b>\$ 186.9</b>
JV EBITDA adjustment	68.2	74.1
<b>IEnova Adjusted EBITDA</b>	<b>\$ 274.7</b>	<b>\$ 261.0</b>

<b>IEnova EBITDA and IEnova Adjusted EBITDA reconciliation to Profit</b>	Three months ended March 31,	
	2022	2021
(millions of US\$)		
	(unaudited)	
<b>IEnova EBITDA reconciliation</b>		
Profit for the period	\$ 156.9	\$ 110.5
Depreciation and amortization	56.7	43.8
Financing cost, net	17.1	24.1
Other losses, net	18.2	25.3
Income tax expense	3.7	32.6
Share of (profits) of joint ventures, net of income tax	(46.1)	(49.4)
<b>(1) IEnova EBITDA</b>	<b>206.5</b>	<b>186.9</b>
<b>JV EBITDA Adjustment reconciliation</b>		
Profit for the period	46.1	49.4
Depreciation and amortization	7.3	8.6
Financing cost, net	15.7	18.3
Other (gains), net	(12.9)	(21.4)
Income tax expense	12.0	19.2
<b>(2) JV IEnova EBITDA Adjustment</b>	<b>68.2</b>	<b>74.1</b>
<b>(1+2) IEnova Adjusted EBITDA</b>	<b>\$ 274.7</b>	<b>\$ 261.0</b>

## Internal Controls

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Our management is responsible for maintaining a system of internal control over financial reporting. This system gives our shareholders reasonable assurance that our transactions are executed and maintained in accordance with the guidelines set forth by our management and that our financial records are reliable as a basis for preparing our financial statements.

The system of internal control over financial reporting is supported by ongoing audits, the results of which are reported to management throughout the year. In addition, we maintain reliable databases and have systems designed to generate key financial information.

In January 2021, the Company implemented a new enterprise resource planning system (ERP system) to replace its legacy system. The implementation increases user access security and automation of internal controls in certain of IEnova's business processes, including accounting, back office and financial reporting, which we consider to be material to the Company. Management has taken steps to help ensure that controls were appropriately designed and implemented in connection with the integration of and transition to the new ERP system. In the third quarter of 2021, IEnova completed its review and enhancement of the design and related documentation of its internal control over financial reporting in connection with its implementation of the new ERP system.