Infraestructura Energetica Nova, S. A. P. I. de C. V. (formerly Infraestructura Energetica Nova, S. A. B. de C. V.) and Subsidiaries

Condensed Interim Consolidated Financial Statements as of December 31, 2021 and for the years and three-month periods ended December 31, 2021 (unaudited) and 2020 (hereinafter referred to as the "Condensed Interim Consolidated Financial Statements").

Infraestructura Energetica Nova, S. A. P. I. de C. V. (formerly Infraestructura Energetica Nova, S. A. B. de C. V.) and Subsidiaries

Condensed Interim Consolidated Financial Statements as of December 31, 2021 and for the years and three-month periods ended December 31, 2021 (unaudited) and 2020

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

		December 31, 2021	December 31, 2020
		(unaudited)	
Assets	**Notes**		
Current assets:			
Cash and cash equivalents		$ 199,105	$ 291,993
Restricted cash		16,747	21,655
Finance lease receivables	10	23,786	13,813
Trade and other receivables, net		200,919	182,587
Due from related parties	3, 10	56,062	30,976
Income taxes receivable		53,680	69,596
Natural gas inventories		26,531	5,946
Derivative financial instruments	10	1,270	156
Value-added tax receivable		155,843	128,593
Carbon allowances		8,592	47,439
Other assets	7	30,114	16,876
Total current assets		772,649	809,630
Non-current assets:			
Due from related parties	3, 10	654,723	787,183
Derivative financial instruments	10	6,779	1,246
Finance lease receivables	10	961,749	926,795
Deferred income tax		124,967	100,650
Investments in joint ventures	4	894,850	783,428
Property, plant and equipment, net	6	5,321,869	5,048,512
Right-of-use assets, net		127,439	155,261
Carbon allowances		20,461	6,457
Intangible assets, net	5	290,449	170,993
Goodwill		1,638,091	1,638,091
Restricted cash		2,683	2,688
Other assets	7	71,331	35,490
Total non-current assets		10,115,391	9,656,794
Total assets	14	$ 10,888,040	$ 10,466,424

(Continued)

Liabilities and Stockholder's Equity	Notes	December 31, 2021 (unaudited)	December 31, 2020
Current liabilities:			
Short-term debt	8	$ 1,062,044	$ 839,287
Trade and other payables		130,425	90,673
Due to related parties	3	72,944	61,817
Income taxes		99,462	28,860
Leases		3,073	2,813
Derivative financial instruments	10	9,545	25,223
Other financial liabilities		44,082	36,847
Provisions		2,346	4,952
Other taxes payable		76,025	22,570
Carbon allowances		8,592	47,439
Other liabilities	12	150,011	78,895
Total current liabilities		1,658,549	1,239,376
Non-current liabilities:			
Long-term debt	9, 10	2,403,697	2,838,711
Due to related parties	3, 10	287,126	272,857
Leases		66,264	86,078
Deferred income tax		572,798	604,229
Carbon allowances		20,048	—
Provisions		133,047	108,478
Derivative financial instruments	10	132,429	159,812
Employee benefits		12,422	12,635
Other financial liabilities		—	4,998
Other non-current liabilities	12	27,988	17,453
Total non-current liabilities		3,655,819	4,105,251
Total liabilities	14	5,314,368	5,344,627
Stockholder's equity:			
Common stock	13	743,501	743,501
Additional paid-in capital		2,320,677	2,320,385
Accumulated other comprehensive loss		(118,958)	(186,241)
Retained earnings		2,628,525	2,239,395
Total equity attributable to owners of the Company		5,573,745	5,117,040
Non-controlling interests	1.3, 16	(73)	4,757
Total stockholders' equity		5,573,672	5,121,797
Commitments and contingencies	17, 18	—	—
Events after the reporting period	20	—	—
Total stockholders' liabilities and equity		$ 10,888,040	$ 10,466,424

See accompanying notes to the Condensed Interim Consolidated Financial Statements.

Infraestructura Energetica Nova, S. A. P. I. de C. V.
(formerly Infraestructura Energetica Nova, S. A. B. de C. V.) and Subsidiaries
Condensed Interim Consolidated Statements of Profit or loss
(In thousands of U. S. Dollars, except earnings per share amounts)

	Notes	Year ended December 31, (unaudited) 2021 (Note 1)	Year ended December 31, 2020 (Note 1)	Three-month periods ended December 31, (unaudited) 2021 (Note 1)	Three-month periods ended December 31, (unaudited) 2020 (Note 1)
Revenues	14, 15	$ 1,841,473	$ 1,261,301	$ 473,748	$ 322,499
Cost of revenues	14	(679,831)	(297,901)	(176,794)	(86,278)
Operating, administrative and other expenses		(298,909)	(234,688)	(102,147)	(75,128)
Depreciation and amortization		(212,904)	(161,972)	(60,415)	(40,953)
Impairment of long lived-assets	6	(108,776)	—	(108,776)	—
Finance income		53,606	58,513	14,276	12,639
Finance costs	9	(212,760)	(144,319)	(93,403)	(39,648)
Other (losses) gains, net		(28,505)	(31,764)	(13,034)	84,494
Profit (loss) before income tax and share of profits of joint ventures	11, 14	353,394	449,170	(66,545)	177,625
Income tax (expense) benefit	11, 14	(104,574)	(145,936)	27,142	(40,617)
Share of profits of joint ventures, net of tax	4, 14	140,237	157,832	33,741	4,578
Profit (loss) for the period	14	$ 389,057	$ 461,066	$ (5,662)	$ 141,586
Attributable to:					
Owners of the Company		389,130	462,115	(5,662)	141,489
Non-controlling interests		(73)	(1,049)	—	97
		$ 389,057	$ 461,066	$ (5,662)	$ 141,586
Earnings per share:					
Basic and diluted earnings per share	16	$ —	$ 0.31	$ —	$ 0.10

See accompanying notes to the Condensed Interim Consolidated Financial Statements.

Infraestructura Energetica Nova, S. A. P. I. de C. V.
(formerly Infraestructura Energetica Nova, S. A. B. de C. V.) and Subsidiaries

Condensed Interim Consolidated Statements of Other Comprehensive Income

(In thousands of U. S. Dollars)

		Year ended December 31, (unaudited)		Three-month periods ended December 31, (unaudited)	
	Notes	**2021**	**2020**	**2021**	**2020**
Profit (loss) for the period	14	$ 389,057	$ 461,066	$ (5,662)	$ 141,586
Items that will not be reclassified to profit or (loss):					
Remeasurement on defined benefit liability		497	(393)	—	(393)
Deferred income tax related to remeasurement on defined benefit liability		(149)	118	—	118
Total items that will not be reclassified to profit (loss), net of tax		348	(275)	—	(275)
Items that are or may be subsequently reclassified to profit or (loss):					
Gain (loss) on valuation of derivative financial instruments held for hedging purposes	10.3	55,046	(29,382)	34,492	(6,879)
Deferred income tax on gain (loss) on valuation of derivative financial instruments held for hedging purposes		(16,514)	8,811	(10,348)	2,060
Gain (loss) on valuation of derivative financial instruments held for hedging purposes of joint ventures		54,323	(36,223)	7,665	(7,688)
Deferred income tax on the gain (loss) on valuation of derivative financial instruments held for hedging purposes of joint ventures		(16,298)	10,867	(2,300)	2,307
(Loss) gain exchange differences on translation of foreign operations		(9,622)	(9,120)	(3,886)	28,108
Total items that may be subsequently reclassified to profit or (loss)		66,935	(55,047)	25,623	17,908
Other comprehensive income (loss) for the period		67,283	(55,322)	25,623	17,633
Total comprehensive income for the period		$ 456,340	$ 405,744	$ 19,961	$ 159,219
Attributable to:					
Owners of the Company		456,413	406,793	19,961	159,122
Non-controlling interests		(73)	(1,049)	—	97
		$ 456,340	$ 405,744	$ 19,961	$ 159,219

See accompanying notes to the Condensed Interim Consolidated Financial Statements.

Infraestructura Energetica Nova, S. A. P. I. de C. V.
(formerly Infraestructura Energetica Nova, S. A. B. 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	Treasury shares	Accumulated other comprehensive loss	Retained earnings	Attributable to owners of the parent	Non-controlling interests	Total
Balance as of January 1, 2020		$ 955,239	$ 2,342,883	$ —	$ (130,919)	$ 1,777,280	$ 4,944,483	$ 12,754	$ 4,957,237
Profit for the period	14	—	—	—	—	462,115	462,115	(1,049)	461,066
Remeasurement on defined benefit liability , net of income tax		—	—	—	(275)	—	(275)	—	(275)
Loss on valuation of derivative financial instruments held for hedging purposes, net of income tax	10.3	—	—	—	(20,571)	—	(20,571)	—	(20,571)
Loss on valuation of derivative financial instruments held for hedging purposes of joint ventures, net of income tax	4	—	—	—	(25,356)	—	(25,356)	—	(25,356)
Exchange differences on translation of foreign operations		—	—	—	(9,120)	—	(9,120)	—	(9,120)
Total comprehensive (loss) income for the period		—	—	—	(55,322)	462,115	406,793	(1,049)	405,744
Repurchase of ordinary shares		—	—	(230,990)	—	—	(230,990)	—	(230,990)
Treasury shares cancellation		(211,738)	(19,252)	230,990	—	—	—	—	—
Acquisition of non-controlling interest	13	—	(3,246)	—	—	—	(3,246)	(6,948)	(10,194)
Balance as of December 31, 2020		$ 743,501	$ 2,320,385	$ —	$ (186,241)	$ 2,239,395	$ 5,117,040	$ 4,757	$ 5,121,797
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	—	—	—	—	389,130	389,130	(73)	389,057
Remeasurement income on defined benefit liabilities, net of income tax		—	—	—	348	—	348	—	348
Gain on valuation of derivative financial instruments held for hedging purposes, net of income tax	10.3	—	—	—	38,532	—	38,532	—	38,532
Gain on valuation of derivative financial instruments held for hedging purposes of joint ventures, net of income tax	4	—	—	—	38,025	—	38,025	—	38,025
Exchange differences on currency translation of foreign operations		—	—	—	(9,622)	—	(9,622)	—	(9,622)
Total comprehensive income (loss) for the period		—	—	—	67,283	389,130	456,413	(73)	456,340
Acquisition and others	1.3, 1.6	—	2,246	—	—	—	2,246	—	2,246
Acquisition of non-controlling interest		—	(1,954)	—	—	—	(1,954)	(4,757)	(6,711)
Balance as of December 31, 2021 (unaudited)	13	$ 743,501	$ 2,320,677	$ —	$ (118,958)	$ 2,628,525	$ 5,573,745	$ (73)	$ 5,573,672

See accompanying notes to the Condensed Interim Consolidated Financial Statements.

Infraestructura Energetica Nova, S. A. P. I. de C. V.
(formerly Infraestructura Energetica Nova, S. A. B. de C. V.) and Subsidiaries

Condensed Interim Consolidated Statements of Cash Flows

(In thousands of U. S. Dollars)

	Notes	Year ended December 31, (unaudited) 2021	2020
Cash flows from operating activities:			
Profit for the period	14	$ 389,057	$ 461,066
Adjustments for:			
Income tax expense	11, 14	104,574	145,936
Share of profit of joint ventures, net of income tax	4, 14	(140,237)	(157,832)
Finance costs		212,760	144,319
Finance income		(53,606)	(58,513)
Loss on disposal of property, plant and equipment		1,127	918
Impairment loss (gain) recognized on trade receivables		44	(12)
Depreciation and amortization		212,904	161,972
Impairment loss recognized on long lived assets		108,776	—
Foreign exchange loss		27,379	32,650
Loss on valuation of derivative financial instruments		9,776	1,862
		872,554	732,366
Movements in working capital:			
Increase in trade and other receivables		(81,844)	(43,067)
(Increase) decrease in natural gas inventories		(20,585)	2,324
Increase in other assets		(33,491)	(23,247)
Increase (decrease) in trade and other payables		70,995	(36,281)
(Decrease) increase in provisions		(41,771)	18,326
Increase in other liabilities		90,663	52,781
Cash generated from operations		856,521	703,202
Income taxes paid		(103,607)	(179,860)
Net cash from operating activities		752,914	523,342

(Continued)

	Notes	Year ended December 31, (unaudited) 2021	2020
Cash flows from investing activities:			
Acquisition of Energia Sierra Juarez net of cash acquired	5	$ (64,971)	$ —
Investment in joint ventures	4	(14,788)	(32,475)
Equity reimbursement from joint ventures	4	4,000	7,578
Interest received		46,507	55,529
Acquisitions of property, plant and equipment and others		(299,085)	(560,728)
Loans granted to related parties	3	(22,891)	(88,694)
Proceeds from repayments of loans granted to related parties	3	39,487	2,136
Net cash used in investing activities		(311,741)	(616,654)
Cash flows from financing activities:			
Acquisition of non-controlling interest		(6,711)	(10,441)
Interest paid		(134,590)	(119,095)
Loans received from related parties	3	39,500	64,000
Loans repayments to related parties		(38,460)	—
Loans received from financial institutions	8	1,101,000	1,111,000
Repayments on credit lines with financial institutions	8, 9	(1,489,786)	(1,249,424)
Lease payments	19	(11,051)	(11,269)
Payments for repurchase of shares		—	(230,990)
Proceeds from Senior notes	9	—	800,000
Debt issuance costs	8	(728)	(29,959)
Net cash (used in) provided by financing activities		(540,826)	323,822
(Decrease) increase in cash, cash equivalents and restricted cash		(99,653)	230,510
Cash, cash equivalents and restricted cash at the beginning of the period		316,336	91,502
Effects of exchange rate changes on cash and cash equivalents		1,852	(5,676)
Cash, cash equivalents and restricted cash at the end of the period		218,535	316,336

See accompanying notes to the Condensed Interim Consolidated Financial Statements.

Notes to the Condensed Interim Consolidated Financial Statements

As of December 31, 2021 and for the years and three-month periods ended December 31, 2021 (unaudited) and 2020
(In thousands of U.S. Dollars, except where otherwise stated)

1. Business and relevant events

a. *Business*

Infraestructura Energetica Nova, S. A. P. I. de C. V. (formerly Infraestructura Energetica Nova, S. A. B. 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 office 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 farms 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 "Comisión Reguladora de Energía" ("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.

b. ***Relevant events***

1.1. 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.

It should be noted that the application of the Law Reform to the Electricity Industry has been suspended by court order since March 19, 2021, for which the Federal Government has asked the Supreme Court of Mexico to resolve the matter.

However, a Mexican court issued a suspension of the amendments on March 19, 2021, and it is expected that Mexico’s Supreme Court will ultimately settle the matter. If the proposed amendments are affirmed by the Supreme Court, 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.

In September 2021, the Mexican President presented a constitutional reform initiative under which the government would preserve energy security and self-sufficiency, and a continuous supply of electricity to the country’s population. The CRE and the National Commission of Hydrocarbons would be dissolved, and their functions would be carried out by SENER ("Secretaría de Energía"). CFE would be responsible for generating, conducting, transforming, distributing and supplying electricity, and would be the only entity allowed to commercialize electric energy in Mexico. Production enterprises would become government agencies. Electricity generation permits and contracts for the sale of electricity in the private sector, which would include the permits and contracts at IEnova’s three renewable energy facilities (Don Diego Solar, Border Solar and Ventika), would be canceled, as well as applications for such permits and contracts pending resolution. The CFE would generate at least 54% of the energy required by the country and the private sector would participate in up to 46%. The public electricity supply service would be provided exclusively by the CFE, which may acquire energy from the private sector. Only certain plants would be permitted to continue generating electricity and compete to offer the CFE the lowest production costs.

IEnova is monitoring this legislative procedure while assessing alternatives for its project companies. If passed in its current form, the initiative could have a material adverse effect on our businesses, financial condition, results of operations, cash flows and/or prospects, our ability to recover the carrying values of our investments in Mexico, and our ability to operate existing facilities and develop new energy projects in the country.

On October 1, 2021, we obtained a favorable judgment in the protection filed for our assets under self-Supply against the decree to reform the Electricity Industry Law, however with the presentation of the Constitutional Reform Initiative, IEnova has closely followed this legislative procedure while we assess alternatives for our project´s being affected.

At December 31, 2021, IEnova had $14,000 in other intangible assets, net, related to these self-supply permits previously granted by the CRE and impacted by the Off-taker Resolution that could be subject to impairment if IEnova is unable to obtain adequate legal protection.

1.2. Guaymas - El Oro Pipeline

On March 12, 2021, IEnova and the CFE agreed to extend the suspension of the agreement to September 14, 2021.

On September 14, 2021 the parties signed a new suspension agreement with a six-month extension, expiring on March 14, 2022, however,discussions with the CFE regarding the future of the pipeline, including the potential re-routing of a portion of the pipeline, are underway in accordance with a non-binding MOU announced in January 2022. that, among other matters, addresses efforts to restart service on the pipeline. IEnova intends to enter into a definitive agreement with respect to the pipeline in the first quarter of 2022.

At December 31, 2021, IEnova had $413 million in PP&E, net, related to the Guaymas-El Oro segment of the Sonora pipeline, which could be subject to impairment if IEnova is unable to make such repairs (which have not commenced) or re-route the pipeline (which has not been agreed to by the parties) and resume operations in the Guaymas-El Oro segment of the Sonora pipeline or if Sempra Infrastructure terminates the contract and is unable to obtain recovery, therefore it could have a significant adverse effect on the activities, financial situation, operating results, cash flows, and prospects of the Company and in the ability to recover the value of the investment.

1.3. Acquisition of the remaining 50% equity interest from IG Sierra Juárez S. de R. L de C. V. ("Saavi Energía") in Energía Sierra Juárez, S. de R. L. de C. V. ("ESJ")

On March 19, 2021, IEnova completed the acquisition of Saavi Energía's 50 percent equity interest in ESJ for a purchase price $79,400 after post-closing adjustments, in addition to the purchase price paid, we assumed $271,100 in debt, including $88,000 owed from ESJ to IEnova that will eliminate upon consolidation. IEnova previously accounted for its 50 percent interest in ESJ as an equity method investment. This acquisition increased IEnova's ownership in ESJ from 50 to 100 percent at closing of the acquisition. ESJ owns a fully operating wind power generation facility with a capacity of 155 Megawatts ("MW"), for which San Diego Gas & Electric Company ("SDG&E") has agreed to purchase 100 percent of the output of the facility under a long-term Power Purchase Agreement ("PPA"). ESJ was constructing a second wind power generation facility, that was completed during the first quarter of 2022.

1.4. Veracruz and Estado de Mexico Terminals declared Commercial Operation Date ("COD")

On March 19, 2021, the Company declared the COD for its storage facility which is intended for the receipt, storage and delivery of refined products in the New Port of Veracruz This project has a capacity to store more than 2 million barrels of gasoline, diesel and jet-fuel.

On July 2, 2021, the Company declared the COD for its storage facility which is intended for the receipt, storage and delivery of refined products in Estado de Mexico (also known as "Valle de Mexico" Terminal). This project has a capacity to store more than 640,000 barrels of gasoline, diesel and jet-fuel.

1.5. Border Solar COD

On March 25, 2021, the Company announced that there is no technical or legal impediment to declare the Border Solar´s for COD.

1.6. Acquisition of ManzanilloTerminal

In the first quarter of 2020, IEnova purchased additional shares in ICM Ventures Holdings B.V. ("ICM") for $9,339, increasing its ownership from 53.7% to 82.5%. ICM owns certain permits and land where IEnova is building a terminal for the receipt, storage and delivery of liquid fuels.

On March 26, 2021, the Company informed the execution of a purchase and sale agreement for the acquisition of the remaining equity interest of 17,5% that Trafigura Holdings, B.V. had in the Manzanillo Refined Products Terminal. The purchase price of Trafigura's equity interest was $6,700.

On July 6, 2021, this transaction was completed and IEnova reached 100% of the ICM's equity interest.

1.7. Topolobampo Terminal Service Agreement ("TSA")

On March 26, 2021, the Company executed a long-term, U.S. Dollar-denominated contract with Trafigura Mexico, S. A. de C. V. ("Trafigura") for the storage and delivery of refined products, primarily gasoline and diesel, at the terminal, for the receipt, storage and delivery in Topolobampo, Sinaloa, Mexico.

1.8. Hydrocarbons Law ("HL")

On April 23, 2021, the President's initiative to reform the HL was approved by the Congress, leaving only its promulgation and publication pending. The Reform Project grants SENER and CRE additional powers to suspend and early terminate the permits for the activities described in the third section of the HL and that are the activities carried out by IEnova. The permits will be suspended at anytime when a danger to the national and energy security, or to the national economy is foreseen, no matter how the permit holder performs, who will also be sanctioned if the damage is done intentionally. Likewise, new aspects were included to revoke permits in cases (i) where the permit holder conducts its business with illegal imported products or for products for which taxes were not paid (contraband) or (ii) permit holder relapses in non-compliance activities regarding quantity, quality and measurement of hydrocarbons and petroleum products or in the unauthorized modification of the technical conditions of systems, pipelines, facilities or equipment. Additionally, in the case of existing permits, the HL contemplates that the authorities will also revoke those permits when: (i) fail to comply with the minimum storage requirements established by SENER on the date the HL becomes effective (ii) such HL becomes effective, permit holders do not comply with the requirements of it. Similarly, permits will expire in cases where the permit holder does not exercise the rights within the term established in the permit, or in the absence of a term, for a consecutive period of three hundred and sixty-five natural days.

In May 2021, amendments to Mexico's HL were published and became effective. The amendments grant SENER and the CRE additional powers to suspend and revoke permits related to the midstream and downstream sectors. Suspension of permits will be determined by SENER or the CRE when a danger to national security, energy security, or to the national economy is foreseen. Likewise, new grounds for the revocation of permits are in place if the permit holder (i) carries out its activity with illegally imported products; (ii) fails, on more than one occasion, to comply with the provisions applicable to quantity, quality and measurement of the products; or (iii) modifies the technical conditions of its infrastructure without authorization. Additionally, in the case of existing permits, authorities will revoke those permits that fail to comply with the minimum storage requirements established by SENER or fail to comply with requirements or violate provisions established by the amended HL.

All of IEnova's facilities participating in the hydrocarbons sector filed lawsuits against the initiative to reform the HL and received injunctive relief pending a final resolution by the courts. In May 2021, a Mexican district court ordered the suspension of several of the provisions of the amendments with general application across the sector. In June 2021, the district court issued a judgment that the amendment to the law does not affect the interest of the companies at this time and, as a result, it dismissed the appeal lawsuits filed by several companies in the market, including three of the five lawsuits filed by IEnova.

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

The outbreak of the novel COVID-19 starting in late January 2020 has spread rapidly to many parts of the world. In March 2020, the World Health Organization declared the COVID-19 as a pandemic. The pandemic has resulted in quarantines, travel restrictions and operational slowdown in locations where IEnova does business, mainly in Mexico.

As soon as the pandemic was declared and the first cases became noticeable in Mexican territory, Sempra Energy, our controlling entity and IEnova took strategic guidelines to protect its employees and other stakeholders in Mexico, among which are the conformation of an "Activated Executive Crisis Management Task Force" to mitigate impacts of COVID-19, the implementation of travel bans, office access restrictions and increased sanitization in working areas.

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

- Workforce Protocol - We revised protocols for onsite employees; those that can work remotely continued to do so for the 4th quarter of 2021.

- Customer Exposure - During the 4th quarter of 2021, non-governmental customers continue to account for more than 50 percent of total revenues.

- Volumetric Exposure - During the 4th quarter of 2021, 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 December 31, 2021, 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 reasonable to expect that some construction costs will be deferred from the original COD these changes are not significant.

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 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 December 31, 2021, the Company had $1.3 billion 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.

1.10. Sempra Exchange Offer to acquire IEnova´s publicly traded Shares

On April 5, 2021, the Company informed, based on the provisions of article 50, section III, subsection d) of the General Provisions Applicable to Securities Issuers and other Securities Market Participants issued by the National Banking and Securities Commission ("CNBV"), that its controlling shareholder Sempra Energy, announced the execution of an agreement to perform a transaction that includes a non-controlling interest in IEnova.

On April 12, 2021, IEnova received a non-binding offer letter, dated that day (the "Final Offer Letter"), from Sempra Energy, pursuant to which Sempra conveyed its intention to conduct an offer to acquire all of the issued and outstanding publicly held ordinary shares of IEnova (which represented 29.83% of IEnova's) in exchange for Sempra common stock (the "Exchange Offer"), at an exchange ratio of 0.0323 shares of Sempra common stock for each IEnova ordinary share (the "Exchange Ratio").

Based on the Exchange Ratio, the implied consideration per IEnova ordinary share is equal to $87.20 Mexican pesos per IEnova ordinary share, calculated using the five-day volume-weighted average price for Sempra common stock as quoted on the New York Stock Exchange.

On April 14, 2021, IEnova announced that the equity consideration proposed by Sempra Energy to acquire all of the issued and outstanding publicly held ordinary shares of IEnova in exchange for Sempra common stock is fair to IEnova shareholders from a financial point of view. The Board of Directors evaluated the equity consideration proposed by Sempra in the Exchange Offer by applying the Exchange Ratio and taking into account the prevailing market price for Sempra common stock and the Ps./U.S.$ exchange rate as of the close of market on April 13, 2021.

The opinion of the Board of Directors was made in conformity with the recommendation of the Corporate Practices Committee.

On April 26, 2021, Sempra launched a public exchange tender offer to acquire all of the issued and outstanding ordinary shares of IEnova through the electronic information system ("Emisnet") of the Mexican Stock Exchange (Bolsa Mexicana de Valores or "BMV"), through Casa de Bolsa BBVA Bancomer, S. A. de C. V. ("BBVA Bancomer"), Grupo Financiero BBVA Bancomer as exchange agent.

On May 24, 2021, the Company published through Emisnet on behalf of Sempra, the notice of resultof the exchange offer.

On May 28, 2021, the exchange offer launched by Sempra, was settled through Institución para el Depósito de Valores, S. A. de C. V. ("S. D. Indeval").

On August 12, 2021, Sempra Energy launched a public cash tender offer to acquire all of the issued and outstanding ordinary shares of IEnova through the electronic information system Emisnet.

On August 20, 2021, the directors participating at the Meeting unanimously resolved, among other things, to vote in favor of the price per IEnova share of Ps $78.97 mexican pesos (seventy eight Pesos 97/100 Mexican Currency) offered by Sempra Energy

On September 10, 2021, the broker-dealer, published through the Emisnet" on behalf of Sempra Energy, the notice of results of the public cash tender offer on August 12, 2021, to acquire all of the outstanding ordinary, nominative shares, of a single series, at the price mentioned previously.

On September 13, 2021, IEnova filed an application with the CNBV for the cancellation of the registration of all the shares representing its capital stock from the Mexican Securities Registry (Registro Nacional de Valores) ("RNV"), which resulted in the cancellation of the listing of such shares on the Mexican Stock Exchange BMV.

On September 17, 2021, the public cash tender offer launched by Sempra Energy on August 12th, 2021, was settled through S. D. Indeval, at a price per IEnova Public Share as mentioned previously.

On September 27, 2021, Sempra Energy received all third-party approvals and satisfied all material closing conditions of the agreement to sell a non-controlling interest in Sempra Infrastructure to KKR, and the closing of such sale was effective on October 1, 2021.

On October 1, 2021, Sempra Energy completed the sale to KKR of 20% of the equity interests of Sempra's wholly owned subsidiary, Sempra Infrastructure Partners ("SIP" formerly Sempra Global). As a result of the foregoing, Sempra maintains the control of IEnova through an indirect participation (through SIP) of 80% and KKR will hold an indirect participation in IEnova of 20%. Likewise, for the implementation of the aforementioned closing, Sempra carried out the transfer of the shares it holds directly in IEnova, equivalent to 29.7% of IEnova´s capital stock, in favor Semco Holdco, S. de R. L. de C. V. which is its indirect wholly owned subsidiary, through a series of transfers among various subsidiaries of Sempra.

On October 14, 2021, IEnova informed that, by means of official communication number 153/10026985/2021 dated October 13, 2021, the CNBV notified the authorization for the cancellation of IEnova´s registration in the RNV of all the shares, (the "Shares"). As a result of the foregoing, the Shares ceased to be listed on the BMV, effective on October 15, 2021.

Likewise, IEnova announced that, as required under the Mexican Securities Market Law, on October 8, 2021 Sempra Energy constituted an irrevocable management, investment and payment trust, identified with number F/412194-3, with BBVA México, S. A., Institución Banca Múltiple, Grupo Financiero BBVA México as trustee (the "Trustee"), with the purpose of purchasing the Shares not owned directly or indirectly by Sempra at the same price per share of $78.97 (seventy eight pesos 97/100 Mexican Currency) offered by Sempra in its public cash tender offer launched on August 12, 2021 and settled on September 17, 2021. Such trust shall be effective for a mandatory period beginning on October 13, 2021 (the "Cancellation Date"), and ending on the earlier of (i) the day immediately following the 6 (six)-months after the Cancellation Date; and (ii) the date on which the Trustee has acquired all the remaining Shares not owned directly or indirectly by Sempra, paid the holders of such Shares the purchase price therefor, and transferred all such purchased Shares to Sempra.

1.11. Foreign Trade General Rules

On June 11, 2021, Mexico's federal government amended the Foreign Trade General Rules, to include restrictions to secure "LDA Authorizations" (the LDA for its acronym in Spanish "*Lugar Distinto al Autorizado*"). LDA Authorizations allow terminals and other types of infrastructure (e.g., buoys, tankers) to act as entry/exit points of imports/exports of hydrocarbons, refined products, petrochemicals, and biofuels. These amendments prevent private companies from (i) obtaining LDA Authorizations, affecting new projects which have not obtained such approval, or (ii) renewing an existing LDA Authorization, affecting on-going projects.

The ECA project and the Veracruz Terminal have valid LDAs through the fourth quarter of 2023. As a preventive measure, they filed constitutional claims (amparo recourses) to challenge the newly introduced impediment to renew their LDA Authorizations. In order to start operations in the Topolobampo, Manzanillo and Baja Refinados projects, the companies have filed amparo claims to challenge such amendments as a "barrier to entry" the industry.

In October and November of 2021, the Mexican government published new General Foreign Trade Rules in which private companies are allowed to obtain LDA authorizations and, as a consequence, the amparo claims filed by the ECA Regas Facility and the Veracruz terminal have been dismissed by the courts, while the appropriate court is being determined to hear the amparo claim for future LDA authorizations.

1.12. Execution of credit facilities with The Bank of Nova Scotia

On September 23, 2021, IEnova announced that it has executed an uncommitted credit facility and an amendment agreement to its committed revolving facility with The Bank of Nova Scotia. The uncommitted credit facility is for a principal amount of up to $250,000, with a one-year tenor, whereas the amendment agreement to its committed revolving facility is for a principal amount of up to $350,000 with a two-year tenor. The proceeds from both credit facilities are used for working capital, investments and other general purposes.

1.13. Puebla Terminal

As part of the broad audit and investigation process the CRE initiated in June 2021 to enforce fuel procurement laws, in September 2021, a federal prosecutor conducted an inspection at IEnova's refined products terminal in Puebla to confirm that the gasoline and diesel in storage (in both the train tanks and storage tanks) were legally imported. During the inspection, the federal prosecutor took samples from all the train tanks in the terminal and ordered that the facility be temporarily shut down, while leaving the terminal in IEnova's custody. IEnova filed an amparo lawsuit against the closure and has submitted proof of the legal origin of the products to the prosecutor's office. In November 2021, the CRE notified IEnova of the commencement of an administrative proceeding for revoking the storage permit at the Puebla terminal due to alleged breach of its terms and conditions.

1.14. Prepayment of the financing of Energía Sierra Juárez wind farm ("ESJ")

ESJ is a wind power generation facility located in the Municipality of Tecate, Baja California, México, consisting of two phases. The first phase is currently in operation since 2015 and has an installed capacity of 155 MW. In 2014, ESJ obtained a financing for construction of phase 1, and on October 8, 2021, it prepaid the financing in full for a total amount of $175,070 plus interest, hedge termination costs, and other ancillary costs.

1.15. Prepayment of the financings of Ventika and Ventika II wind farms (jointly the "Ventikas")

The Ventikas are two adjacent wind farms, located in the state of Nuevo León, México, with 126 MW each and a jointly installed capacity of 252 MW. In 2014, the Ventikas obtained financings for its construction, such financing was fully prepaid on October 13, 2021, for a total amount of $375,168 plus interest, hedge termination costs, and other ancillary costs.

1.16. Adoption of the investment promoter corporation of variable capital (sociedad anónima promotora de inversión de capital variable) regime and related matters

On November 1, 2021 as a consequence of the cancellation of the registration in the RNV of all Company's shares and of the cancellation of the listing of such Shares on the BMV, by means of a General Extraordinary Shareholders Meeting among others, the following matters have been approved:

i. That the Company adopts the "Investment Promoter Corporation" ("S.A.P.I.") (Sociedad Anónima Promotora de Inversión) regime of variable capital, and the consequent total reform to the corporate by-laws of the Company. Therefore, as of the time of the Meeting, the Company shall cease to have the regime of a publicly traded corporation ("Sociedad Anónima Bursátil") ("S.A.B.").

ii. Changes in the Board of Directors and Secretary of the Company:

iii. The disintegration of the Corporate Practices Committee and Audit Committee of the Company.

iv. To appoint Mr. Javier Alonso Levario Carrillo as statutory auditor of the Company ("Commissar").

1.17. Transaction announced by its controlling shareholder Sempra Energy

On December 21, 2021 Sempra announced that it has entered into a definitive agreement to sell a non-controlling 10% interest in SIP to a subsidiary of the Abu Dhabi Investment Authority ("ADIA") for $1.785 billion in cash, subject to customary closing adjustments.

This transaction implies an enterprise value for Sempra Infrastructure of $26.5 billion, including asset-related debt of $8.6 billion.

Sempra Infrastructure was created during 2021 through the consolidation of two world-class infrastructure companies – Sempra LNG and IIEnova. The combined business consists of three growth platforms – clean power, energy networks, and LNG and net-zero solutions – with a view towards capturing new opportunities that support the global energy transition.

The transaction is expected to be completed in the summer of 2022, subject to customary closing conditions and consents from regulators. Under the terms of the agreement, ADIA will have certain customary minority rights with respect to Sempra Infrastructure, commensurate with the size of the investment.

Proceeds from the sale will be used to help fund incremental capital expenditures at Sempra's utilities and repurchase $500,000 of the company's stock, of which $300,000 was completed in the fourth quarter of this year, while also supporting the company's balance sheet. The transaction is expected to be accreting to earnings as the proceeds are deployed.

1.18. Execution of an amended and restated letter of credit facility and reimbursement agreement

On December 22, 2021 IEnova announced that the Company and its affiliate SIP, executed an amended and restated letter of credit facility and reimbursement agreement, which amends and restates in its entirety the letter of credit facility and reimbursement agreement executed on January 22, 2018.

The purpose of the Amended Agreement, among others, is to extend the term of the LOCF for an additional term of 5 (five) years and to include SIP as an obligor.

Additionally, the Amended Agreement was executed with a syndicate formed by Banco Nacional de México, S.A., integrante del Grupo Financiero Banamex ("Citibanamex"), Sumitomo Mitsui Banking Corporation, BBVA México, S. A. Institución de Banca Múltiple, Grupo Financiero BBVA México, Scotiabank Inverlat, S. A. Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat, Mizuho Bank, Ltd and Crédit Agricole Corporate and Investment Bank – New York Branch; Sumitomo Mitsui Banking Corporation, Citibanamex and Citibank, N. A., as letter of credit issuers; Citibanamex as administrative agent, and Delaware Trust Company, as tax withholding agent.

1.19. Credit Ratings

On April 28, 2021 the Company announced that Moody´s downgraded IEnova's rating to Baa3 (global scale) from Baa2 and to Aa3.mx (Mexico National Scale) from Aa2.mx. The outlook changed to stable from negative.

On October 20, 2021 S&P Global Ratings ("S&P") affirmed IEnova's long-term issuer credit rating at 'BBB' and its Senior Notes; S&P also affirmed the 'mxAA+' national scale rating. Outlook remains Negative.

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, 2020, and for the three years period then ended (the "2020 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 2020 Annual Consolidated Financial Statements, except for the adoption of new standards effective as of January 1, 2021, were followed for these Condensed Interim Consolidated Financial Statements. (Please refer to Note 19).

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 2021, but do not have a material 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 Company presents additional information at the beginning of the preceding period when there is a retrospective application of an accounting policy.

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. Transactions and balances with related parties

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 related parties

During the years and three-month periods ended December 31, 2021 and 2020, respectively, the Company entered into the following transactions with related parties as part of it's ongoing operations:

	Revenues			
	Year ended		Three-month periods ended	
	12/31/21	12/31/20	12/31/21	12/31/20
Sempra Gas & Power Marketing, LLC (“SG&PM”)	$ 245,356	$ 168,541	$ 68,671	$ 46,278
Sempra LNG International, LLC (“SLNGI”)	69,939	94,198	29,481	25,557
San Diego Gas & Electric, LLC ("SDGE")	33,446	—	11,481	—
Tag Pipelines Norte, S. de R. L. de C. V. (“TAG Pipelines Norte”)	26,257	26,289	6,521	6,603
LNG Occidente Servicios Especializada, S. A. P. I. de C.V. (" ECAOp" formerly ECA Operator, S. A. P. I. de C.V.)	2,919	356	(132)	355
Sempra International, LLC (“Sempra International”)	1,701	1,834	282	486
ECA Liquefaction, S. de R. L. de C.V. ("ECAL")	1,216	2,372	514	641
Servicios ESJ, S. de R. L. de C. V. (“SESJ”)*	756	1,349	—	(1,214)
Tag Norte Holding, S. de R. L. de C. V. ("TAG")	751	741	188	185
Sempra LNG ECA Liquefaction, LLC (“SLNGEL”)	—	166	—	166
Southern California Gas Company (“SoCalGas”)	—	39	—	—
ECA LNG Services, S.A.P.I. de C.V. ("ECAL Services")	—	1	—	—
ECA Minority, S. de R. L. de C.V. ("ECAM")	—	1	—	—
Sempra North American Infraestructure LLC ("Sempra Infraestructure")	—	—	—	(1,464)

*These transactions are as of March 19, 2021, before the acquisition described in Note 5.

	Cost of revenues and operating, administrative and other expenses			
	Year ended		Three-month periods ended	
	12/31/21	12/31/20	12/31/21	12/31/20
SG&PM	$ 283,395	$ 107,078	$ 82,992	$ 27,085
SLNGI	13,854	146,625	4,690	52,415
SoCalGas	4,983	3,610	989	1,203
Sempra Infrastructure	4,931	3,457	814	(562)
Sempra International	4,057	2,660	1,507	1,338
ECAOp	3,243	—	1,340	—
SLNGEL	914	—	—	—
SESJ*	414	—	—	—
Pxise Energy Solutions, LLC ("Pxise")	379	809	1	559
Sempra Energy Holding, XI. B. V. (“SEH”)	123	127	29	37
SDGE	89	12	19	—

*These transactions are as of March 19, 2021, before the acquisition described in Note 5.

The transactions include administrative services from affiliates of $4,057.3 and $2,659.7 for the year ended December 31, 2021 and 2020, respectively and $1,507.2 and $1,337.7 for the three-month periods ended December 31, 2021 and 2020, respectively, which were paid and have been properly distributed to the segments incurring those costs.

	Finance income			
	Year ended		Three-month periods ended	
	12/31/21	12/31/20	12/31/21	12/31/20
Infraestructura Marina del Golfo, S. de R. L. de C. V. (“IMG”)	$ 46,392	$ 55,314	$ 11,944	$ 11,987
ECAL	434	38	125	38
ESJ*	339	585	—	176
Sempra Global, LLC (“SEG”)	142	113	38	34

*These transactions are as of March 19, 2021, before the acquisition described in Note 5.

	Finance cost			
	Year ended		Three-month periods ended	
	12/31/21	12/31/20	12/31/21	12/31/20
TAG	$ 9,042	$ 9,068	$ 2,278	$ 2,279
TAG Pipelines Norte	6,152	4,919	1,636	1,195
Sempra Energy International Holding NV ("SEI NV")	605	912	149	157

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

	Amounts due from related parties (current) As of	
	12/31/21	12/31/20
SG&PM	$ 31,905	$ 19,297
SLNGI	11,549	—
SDGE	7,204	—
TAG Pipelines Norte	2,471	2,576
IMG (i)	2,302	2,198
ECAOp	400	405
ECAL	147	86
TAG	73	72
SEH	6	—
ECA Fase 2 Liquefaction, S. A. P. I. de C. V.	5	—
Sempra Infraestructure	—	5,309
ESJ (ii)*	—	730
SESJ*	—	248
ECAL Services	—	55
	$ 56,062	$ 30,976

*These transactions are as of March 19, 2021, before the acquisition described in Note 5.

New loans or amendments as of 2021:

i. On April 21, 2017, IEnova entered into a loan agreement with IMG, providing a credit line for an amount of up to $439,279 ($9,041.9 million Mexican Pesos) the maturity date of which is March 15, 2022. The applicable interest rate is the Mexican Interbank Interest Rate ("TIIE") at 91 days plus 220 basis points ("BPS") interest to outstanding principal,quarterly.

   On December 6, 2017, the Company signed an addendum modifying the amount of the loan up to $688,313.5 ($14,167.9 million Mexican Pesos).

   As of December 31, 2021, the outstanding balance amounts is $639,663 ($13,166.5 million Mexican Pesos), including $2,302.5 ($47.4 million Mexican Pesos) of accrued interest. During 2021 this loan decreased in $5,169 as a result of the depreciation of the Mexican value peso. However, this impact is compensated with the gain recognized through its equity method investment in joint venture IMG. (See Note 4.2).

ii. On January 31, 2020, IEnova entered into a $35,000 affiliate credit facility with ESJ, to finance working capital and for general corporate purposes. All principal, interest and other amounts under this Note shall have been be due and payable on June 30, 2020, at one-month London Interbank Offered Rate ("LIBOR") plus 1.96 percent per annum.

   On June 30, 2020, the Company signed an addendum modifying the contract term extending the maturity to December 31, 2020.

On December 18, 2020, the Company signed an additional addendum modifying the contract term increasing credit facility from $35,000 to $160,000 and extending the maturity to December 31, 2022.

At March 19, 2021, the Company acquired the remaining equity interest (to reach 100% interest) in ESJ, the balances were reclassified to balances with consolidate affiliates.

	Amounts due to related parties (current) As of	
	12/31/21	12/31/20
SLNGI	$ 36,765	$ 2,381
SG&PM	33,595	11,843
ECAOp	1,180	115
Sempra International	752	88
SoCalGas	333	398
Sempra Infraestructure	303	—
SDGE	13	12
ECAL	3	4,020
TAG Pipelines Norte	—	41,050
SLNGEL	—	1,351
Pxise	—	559
	$ 72,944	$ 61,817

b. Due from related parties (non-current)

	As of	
	12/31/21	12/31/20
IMG (i)	$ 637,360	$ 697,745
ECAL (ii)	13,227	640
SEG	4,136	3,457
ESJ (iii)*	—	85,341
	$ 654,723	$ 787,183

*These transactions are as of March 19, 2021, before the acquisition described in Note 5.

i. As of March 31, 2021 the loan with IMG was classified as long term, as management of IEnova intend to renegotiate before the maturity date (March 15, 2022) on a long-term basis.

   On December 15, 2021, IMG made a payment to the Company for $38,207.

ii. On December 9, 2020, IEnova (as a lender) entered into a $59,000 principal amount and credit facility with ECAL, to finance the liquefaction project. All principal, interest and other amounts under this Note shall be due and payable in December 2025, bearing interest at LIBOR plus 1.80 percent per annum.

iii. On December 18, 2020, IEnova (as a lender) signed an addendum modifying the contractual terms over a $160,000 principal amount U.S. Dollar-denominated and credit facilities with ESJ and the new conditions extended the term and is due and payable in full on December 31, 2022, interest shall be computed on a calendar quarter basis at one-month plus 1.96 percent per annum.

On December 18, 2020, IEnova (as a lender) entered into a loan agreement with ESJ, providing a credit line in an amount of up to $26,720 ($550 million Mexican Pesos), the maturity date of which is November 22, 2023. The applicable interest rate is the TIIE at 91 days plus 100 BPS accruing to outstanding principal quarterly.

At March 19, 2021, the Company acquired the 50% remaining equity interest (to reach 100% interest) in ESJ, the balances were reclassified to balances with consolidate affiliates.

Transactions with related parties as of the date of this Condensed Interim Consolidated Financial Statement are consistent in nature with those in previous years and periods. The amounts outstanding are unsecured and will be settled in cash. No guarantees have either been given or received regarding these loans. No impairment losses have been recognized in the current or prior years and periods for bad or doubtful debts regarding the amounts owed by related parties.

c. ***Due to related parties (non-current)***

	As of			
		12/31/21		**12/31/20**
TAG (iii)	$	176,838	$	166,347
TAG Pipelines Norte (i)		110,288		68,049
SEI NV (ii)		—		38,460
	$	287,126	$	272,856

i. On January 9, 2020, Ductos y Energeticos del Norte, S. de R. L. de C. V. ("DEN") entered into a $64,000 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 annually at 5.50 percent per annum.

On January 14, 2021, DEN entered into a $20,000 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 annually at 5.50 percent per annum.

On July 16, 2021, DEN entered into a $19,500 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 annually at 5.50 percent per annum.

ii. On December 29, 2021, the outstanding balance for an amount of $38,460 was paid in full by the Company to SEI NV.

iii. On December 16, 2019, DEN entered into a $155,396 affiliate credit facility with TAG Norte Holding, to finance working capital and general business purposes. The credit facility has a ten years term. Bears interest at 5.74%.

d. ***Compensation of key management personnel***

Total compensation expense of key management personnel was $17,478 and $20,084.2 for the year ended December 31, 2021 and 2020, respectively, and $5,351 and $3,837.2 for the three-month periods ended December 31, 2021 and 2020, respectively.

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

4. Investment in joint ventures

4.1. ESJ

The Joint Venture ("JV") formed between IEnova and Saavi Energia, started operations in June 2015.

As of March 19, 2021, the Company fully consolidates ESJ. (Please refer to Note 1.3).

Before acquiring the remaining 50% equity interest in ESJ, the Company used to recognize equity method of accounting over ESJ as follows: (figures as of December 31, 2020):

	As of 12/31/20
Total members' equity	$ 30,022
Share of members' equity	$ 15,011
Goodwill	12,121
Carrying amount of investment in ESJ	$ 27,132

On February 28, 2020, pursuant to a resolution in the General Ordinary Shareholders' Meeting it was resolved to reduce the equity for an amount of $8,656 of which 50 percent corresponded to IEnova.

On August 14, 2020, pursuant to a resolution in the General Ordinary Shareholders' Meeting it was resolved to reduce the equity for an amount of $6,160 of which 50 percent corresponded to IEnova.

ESJ´s condensed interim consolidated statements of profit for the periods shown below are as follows:

	Period from January 1 to Mach 19, 2021	Year ended 12/31/20	Three-month period ended 12/31/20
Revenues	$ 11,009	$ 45,138	$ 10,753
Operating, administrative and other expenses	(4,642)	(17,472)	(1,886)
Finance costs	(2,041)	(13,707)	(3,296)
Other (losses) gains, net	(32)	94	926
Income tax expense	(1,015)	(5,004)	(3,450)
Profit for the period	$ 3,279	$ 9,049	$ 3,047
Share of profit of ESJ	$ 1,639	$ 4,524	$ 1,523

4.2. *IMG*

IMG is a 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 December 31, 2021 and 2020, the Company's 40 percent interest in IMG is accounted for under the equity method.

	As of	
	12/31/21	12/31/20
Total members' equity	$ 1,150,671	$ 945,873
Share of members' equity	$ 460,268	$ 378,349
Guarantees (b)	5,018	5,018
Remeasurement of interest rate and others (c)	(62,252)	(65,693)
Share of member's equity and carrying amount of investment in IMG	$ 403,034	$ 317,674

IMG´s condensed interim statements of profit and loss for the twelve and three periods ended December 31, 2021 and 2020 are as follows:

	Year ended		Three-month periods ended	
	12/31/21	12/31/20	12/31/21	12/31/20
Revenue	$ 494,433	$ 488,658	$ 125,279	$ 123,462
Operating, administrative and other expenses	(108,607)	(111,843)	(28,034)	(27,262)
Finance costs	(118,971)	(143,328)	(30,917)	(31,556)
Other gains (losses), net *	56,075	98,639	23,866	(193,298)
Income tax (expense) benefit	(114,537)	(52,530)	(49,434)	95,841
Profit (loss) for the period	$ 208,393	$ 279,596	$ 40,760	$ (32,813)
Share of profit (loss) of IMG	83,357	111,838	16,303	(13,125)
Other adjustments	2,002	2,003	500	502
Share of profit (loss) of IMG adjusted	$ 85,359	$ 113,841	$ 16,803	$ (12,623)

* 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 $12,900).

a. ***Project financing for the IMG project.*** As of December 31, 2021, and 2020, 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).

As of March 31, 2021 the loan with IMG was classified as long term, as management of IEnova intend to renegotiate before March 15, 2022 which is the maturity date on a long-term basis.

On March 23, 2018, IMG entered into a $300,000 revolving credit facility with Scotiabank Inverlat, S. A. ("Scotiabank"), which can be disbursed in U. S. Dollar or Mexican Pesos, to fund Value-Added Tax ("VAT") payments and other capital expenditures. On July 5, 2019, the loan was increased to a total $420,000. The credit facility is for one-year term with option to extend for one additional year. Interest of the outstanding balance is payable on a bullet basis at LIBOR plus 180 BPS for U. S. Dollar or TIIE plus 135 BPS for Mexican Pesos per annum.

4.3. TAG (a Subsidiary of DEN)

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

As of December 31, 2021 and 2020, the Company's 50 percent interest in TAG is accounted for under the equity method.

	As of	
	12/31/21	**12/31/20**
Total members' equity	$ 622,811	$ 546,330
Share of members' equity and carrying amount of investment in TAG	$ 311,406	$ 273,165
Goodwill	99,020	99,020
Total amount of the investment in TAG	$ 410,426	$ 372,185

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

	Year ended		Three-month periods ended	
	12/31/21	**12/31/20**	**12/31/21**	**12/31/20**
Revenues	$ 214,508	$ 209,769	$ 52,670	$ 51,716
Operating, administrative and other expenses	(34,034)	(31,858)	(7,936)	(8,028)
Finance costs	(37,796)	(43,459)	(9,164)	(10,557)
Other (losses) gains, net	(698)	(668)	(439)	3,890
Income tax expense	(31,331)	(43,269)	(2,507)	(2,461)
Profit for the period	$ 110,649	$ 90,515	$ 32,624	$ 34,560
Share of profit of TAG	$ 55,325	$ 45,258	$ 16,312	$ 17,280

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:

i. Long tranche up to $701,900,
ii. Short tranche up to $511,800 and
iii. A letter of credit tranche for debt service reserve up to $62,500.

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 December 31, 2021, the outstanding balance of the loan amounts to $940,000.

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 December 31, 2021, the outstanding balance of the loan amounts to $315,000.

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 has met such covenants as of December 31, 2021.

Long-term debt due dates are as follows:

Year		Amount
2022	$	45
2023		48
2024		50
Thereafter		797
Total	$	940

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

Year		Amount
2022	$	9
2023		9
2024		11
Thereafter		286
Total	$	315

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***. In 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.

In September 2019, TAG signed forward contracts to exchange Mexican Pesos for US Dollars for a portion of the project´s revenues for 2020; maturing from March 2020 through February 2021.

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

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

4.4. ECA LNG Holdings

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

As of December 31, 2021, 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 for the periods shown summarized as follows:

	As of	
	12/31/21	**12/31/20**
Total members' equity	$ 186,875	$ 159,079
Carrying amount of investment in ECA LNG Holdings	$ 77,925	$ 66,365

During 2021 and 2020, the Company made capital contributions for $10,764 and $32,425, respectively.

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

	Year ended		**Three-month periods ended**	
	12/31/21	**12/31/20**	**12/31/21**	**12/31/20**
Operating, administrative and other expenses	$ (9,317)	$ (15,052)	$ (2,589)	$ (4,549)
Depreciation	(758)	—	(220)	—
Other (losses) gain	(411)	158	(224)	3
Interest (losses) gains, net	(283)	68	(59)	8
Income tax benefit	7,364	3,115	4,649	1,204
(Loss) gain for the period	$ (3,405)	$ (11,711)	$ 1,557	$ (3,334)
Share of (loss) gain of ECA LNG Holdings	$ (1,420)	$ (5,757)	$ 649	$ (1,639)

a. ***Construction contract.*** ECA LNG Holdings through its subsidiary ECAL entered into an Engineering, Procurement and Construction agreement ("EPC") 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 $1,580,500. In November 2020, the 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 for $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 $640,000 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 twelve-month period ended as of December 31, 2021 ECAL withdrew $337,226 to finance the construction of the ECA Liquefaction project and finance cost, of which $12,589 is presented in IEnova's balance sheet as an account receivable from ECAL.

The long-term debt as of December 31, 2021 regarding the financing is $354,371 of which $13,229 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.

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.

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.

As of December 31, 2021, outstanding principal amount of the credit line amounts to $63,060, the proceed are to be used for financing the receivable VAT regarding the ECA Liquefaction Project.

The maturity date of the Credit Agreement is August 12, 2023.

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.

4.5. Others

The Company has other investments in development LNG projects that as of December 31, 2021 and December 31,2020 amounted $3,465 and $72 respectively. From a profit or loss perspective these other investments, resulted in a loss of $666 for the year ended December 31, 2021. No effect existed in P&L for the year ended December 31, 2020.

5. Asset acquisition

5.1 ESJ asset acquisition

On March 19, 2021, IEnova completed the acquisition of Saavi Energía’s 50 percent equity interest in ESJ for a purchase price of $79,441 after post-closing adjustments, plus assuming $271,100 in debt, including $88,000 owed from ESJ to IEnova that was eliminated upon consolidation.

ESJ owns a fully operating wind power generation facility with a capacity of 155 MW, for which SDG&E has agreed to purchase 100 percent of the output of the facility under a long-term PPA.

This transaction was accounted for as an asset acquisition because ESJ did not meet the definition of a Business according to IFRS 3 "Business Combinations".

a. ***Asset acquisition***

Entity	Main activity	Date of acquisition	Proportion of voting equity interests acquired	Consideration transferred
ESJ	Owns a fully operating wind power generation facility with a capacity of 155 MW	March 19, 2021	50%	$79,441

b. Assets acquired and liabilities recognized at the acquisition date

		As of 03/19/21
Fair value of assets acquisition:		
Cash consideration (i)	$	79,441
Total fair value of assets acquisition		79,441
Cash acquired		14,496
Other net assets and adjustments		(73,017)
Intangible assets		137,962
Total identifiable, net assets	$	79,441

*Valuation of ESJ´s assets and liabilitie*s. ESJ is substantially comprised of Property Plant and Equipment related to the Power Plant, the related expansion assets and a finite lived intangible asset resulting from valuation associated with the PPA of ESJ representing the "in the money value" of the of such PPA, meaning a market participant might pay more to acquire the existing PPA.

Based on the nature of the industry practice, an income approach was used, based on a cash flow differential approach, to determine the value of the contract (intangible). For all other assets and liabilities, the Company determined that the historical carrying value approximates fair value.

c. Net cash flow acquisition of assets

		As of 03/19/21
Cash consideration	$	79,441
Less: balances of cash and cash equivalents acquired		(14,470)
Cash consideration, net	$	64,971

6. Property, plant and equipment, net

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

	As of	
	12/31/21	12/31/20
Liquid terminals (i)	$ 338,502	$ 644,028
Renewable projects (ii)	120,828	148,252
Pipelines and Compression station projects (iii)	17,215	151,059
Other projects	3,815	42,469
	$ 480,360	$ 985,808

The additions to property, plant and equipment during the years ended December 31, 2021 and, 2020, are mainly comprised of construction in process, related to:

i. Terminals - Veracruz, Puebla, Estado de Mexico, Baja California, Colima, Jalisco and Sinaloa.
ii. Renewable - Tepezala, Don Diego and Border Solar, in Aguascalientes, Sonora and Chihuahua, respectively.
iii. Pipelines - Compression station, in Sonora.

On December 1, 2020, management declared the completion of the construction and COD of Don Diego Solar project.

On March 19, 2021, management declared the completion of the construction and COD of Veracruz Terminal project. (See Note 1.4)

On March 25, 2021, management declared the completion of the construction and COD of Border Solar project. (See Note 1.5)

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

On July 2, 2021, management declared the completion of the construction and COD of Estado de Mexico Terminal project. (See Note 1.5)

Borrowing costs. During the year ended December 31, 2021, and 2020, the Company capitalized interest attributable to the construction in progress for the amounts of $15,752.3 and $26,910.6, respectively.

The weighted average rate used to determine the amount of borrowing costs eligible for capitalization were 3.1 and 3.4 percent, for the year ended December 31, 2021 and 2020, respectively.

During the year, as a result of the identification of triggering events on certain long-lived assets, the Company carried out an impairment test on such assets.

The impairment loss recognized in the Condensed Interim Consolidated Statements of Profit in the "Impairment of Long-Lived Assets" line item, is mainly related to the Estado de Mexico Terminal for an amount of $46,227 and the Puebla Terminal for an amount of $62,549.

The discount rate used to calculate the value in use was 7.94%. An impairment test was not performed in 2020 because there were no triggering events at that time.

7. Other assets

As of December 31, 2021 and 2020, other assets mainly comprise righ-of-way asssets, 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			
	12/31/21		12/31/20	
Credit agreements (a)	$	1,007,000	$	772,000
Current portion of IEnova Pipelines S. de R. L de C. V. ("IEnova Pipelines") Bank Loan (Please refer Note 9. d.)		46,079		43,823
Multilateral Facility (Please refer Note 9. h. j.)		11,437		610
Current portion of Ventika´s I, S. A. P. I. de C. V. and Ventika´s II, S. A. P. I. de C. V. ("Ventika") Bank Loan (Please refer Note 9. b.)		—		27,098
		1,064,516		843,531
Borrowing costs of credit agreement		(2,472)		(4,244)
	$	1,062,044	$	839,287

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 in this transaction.

As of December 31, 2021, the Company has withdrawn an amount of $399,000 which means that as of December 31, 2021 and 2020, the available unused credit portion was $1,101,000 and $1,108,000, respectively.

The weighted average interest rates on short-term debt with SMBC were 0.98 and 2.14 percent during the year ended December 31, 2021 and 2020, respectively.

BNS Bilateral Credit. On September 23, 2019, the Company entered into a two-year, $280,000 revolving credit agreement with BNS. As of December 31, 2021 and 2020, the credit line has been fully used.

The loan can be paid at any time and from time to time, without premium or penalty, voluntarily prepayment 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.

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. On the same day, the Company withdrew the remaining $70,000.

On September 30, 2021, the Company repaid $56,000. and on October 6, 2021, the Company withdrawn the same amount.

On November 30, 2021, the Company repaid $34,000. and on December 2, 2021, the Company withdrawn the same amount.

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 December 31, 2021, the facility was fully used. The Company recognized transaction costs for $753 in this transaction.

Scotiabank. On October 15, 2020, the Company signed a $100,000 uncommitted working capital facility, the maturity in three years after the date of disbursement with BNS.

On November 6, 2020, the Company withdrew $100,000 from its uncommitted working capital facility, the maturity is on May 6, 2021 bearing variable interest rate at month LIBOR plus 65 BPS. On May 6, 2021 credit line was fully paid.

On June 30,2021, the Company withdrew $100,000 from its uncommitted working capital facility, the maturity is on December 27, 2021 bearing variable interest rate at month LIBOR plus 52 BPS. As of December 31, 2021, the facility was paid for $92,000.

9. Long-term debt

Long-term debt includes:

	As of			
	12/31/21		12/31/20	
Senior Notes (a)	$	1,640,000	$	1,640,000
Multilateral Facility (h, j)		530,180		541,000
Debt securities (“CEBURES”) at fixed rate (e, g)		189,472		195,501
BBVA Bancomer S. A. (“BBVA”) – IEnova Pipelines (d)		109,087		155,166
Santander – Ventika Mexico (b, c)		—		375,626
	$	2,468,739	$	2,907,293
Debt issuance costs		(65,042)		(68,582)
	$	2,403,697	$	2,838,711

a. ***Senior Notes.*** On December 14, 2017, the Company obtained $840,000 related to an international Senior Notes offering as follows:

i. The first placement was for $300,000 bearing interest at a rate of 3.75 percent, with semi-annual payments of interest, maturing in 2028.

ii. The second placement was for $540,000 bearing interest at a rate of 4.88 percent, with semi-annual payments of interest, maturing in 2048.

The Company used the net proceeds from the offering to repay outstanding short-term indebtedness and the remainder for general corporate purposes.

On September 15, 2020, the Company obtained $800,000 related to an international Senior Notes offering bearing interest at a rate of 4.75 percent, with semi-annual payments of interest, maturing in 2051.

The offering-related costs of Senior Notes were for $30,200 which include discount of rate improvement, banks fees and other costs. The Company used the net proceeds from the offering to repay outstanding short-term indebtedness.

b. ***Project financing for Ventika.*** On April 8, 2014, Ventika (a subsidiary of IEnova) entered into a project finance loan for the construction of the wind projects with five banks: Santander as administrative and collateral agent, NADB, Banco Nacional de Obras y Servicios Publicos, S. N. C. Institucion de Banca de Desarrollo ("BANOBRAS"), Banco Nacional de Comercio Exterior, S. N. C. Institucion de Banca de Desarrollo ("BANCOMEXT") and NAFINSA as lenders.

On October 8, 2021, credit lines were fully paid. The credit lines was replace for intercompany credit lines.

The finance costs derived from the repayment of the credit lines amounted to $30,600.

c. ***Interest Rate Swaps.*** In order to mitigate the impact of interest rate changes,Ventika entered into interest rate swaps with Santander and BANOBRAS for almost 92 percent of the above mentioned credit facilities. The swap contracts allow the Company to pay a fixed interest rate of 2.94 and 3.68 percent respectively, and to receive variable interest rate (three-month LIBOR).

d. ***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 December 31, 2021, the debt (including short and long-term) matures as follows:

Year	**Amount**
2022	$ 46,079
2023	47,243
Thereafter	61,844
	$ 155,166

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 December 31,2021 the Condensed Interim Consolidated Financial Statements, IEnova Pipelines is in compliance with these covenants.

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 mentioned above as a cash flow hedge, as permitted by IFRS 9 "Financial Instruments", 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.

e. ***CEBURES.*** On February 14, 2013, the Company entered into a public debt issuance of CEBURES as follows:

i. 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.

f. ***Trina Solar - ESJ Renovable I, S. de R. L. de C. V. ("ESJR I").*** On July 31, 2018, the Company signed a credit contract with Trina Solar for an amount up to $12,400, the proceeds were used to develop the Tepezala Solar Project. The maturity of the loan was 10 years.

The loan bears an interest at three-month LIBOR plus 365 BPS, with quarterly payments, maturing in 2028.

On April 28, 2020, the Company fully repaid the loan including interest accrued at that date.

g. ***Cross - currency and interest rate swaps.*** On February 14, 2013, regarding the issuance 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:

i. For the debt maturing in 2023, 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 December 31, 2021, the swap's total notional value is $306,200 ($3,900 million historical Mexican Pesos). The contract has been designated as cash flow hedge.

h. ***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 were used to finance four solar power plants with a total capacity of 376 MW across Mexico. IFC and NADB have a 50 percent contribution each.

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 June 10, 2020, 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.

i. ***Interest rate swaps of Multilateral facility***. To 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.

j. ***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.

k. ***Interest rate swap of JICA Long-term credit***. To 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.

l. ***Mizuho - ESJ***. On June 12, 2014, ESJ entered into a $239,800 project finance loan for the construction of the wind project with five banks: Mizuho Bank, LTD ("Mizuho") as coordinating lead arranger, the NADB as technical and modeling bank, Nacional Financiera, S. N. C. Institucion de Banca de Desarrollo ("NAFINSA"), Norddeutsche Landesbank Girozentrale ("NORD/LB") and SMBC as lenders.

As per the financing agreement, the ability to make withdrawals ended on the term conversion dated June 30, 2015. ESJ made total accumulated withdrawals from the credit facility in the amount of $183,500.

On October 8, 2021, the credit lines were fully repaid and replaced by intercompany credit lines.

The finance costs derived from the repayment of the credit lines amounted to $27,800.

m. ***Interest rate swaps.*** To mitigate its exposure to interest rate changes associated with the loan, ESJ entered into floating-to-fixed interest rate swaps for 90 percent of the ESJ project financing loan amount. There are three outstanding interest rate swaps with Mizuho, SMBC and NORD/LB, each one with a trade date of June 12, 2014, and an effective date of June 30, 2015, the date of conversion to a term loan. The terms of the interest rate swaps were entered into to match the critical terms of the interest payments. The swaps are accounted for as cash flow hedges.

On October 8, 2021, the credit lines were fully repaid and replaced by intercompany credit lines.

10. Financial instruments

a. *Foreign currency exchange rate*

Exchange rates in effect on December 31, 2021, December 31, 2020 and February 25, 2022, were as follows:

	Mexican Pesos		
	12/31/21	12/31/20	02/25/22
One U. S. Dollar	$ 20.5835	$ 19.9487	$ 20.2435

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 its pretty similar to their FV´s.

	As of			
	12/31/21		12/31/20	
	Carrying Amount	FV	Carrying Amount	FV
Financial assets				
Financial lease receivables	$ 985,535	$ 985,535	$ 940,608	$ 1,362,000
Due from related parties	710,785	654,678	818,159	849,002
Financial liabilities				
Long-term debt (traded in stock exchange)	1,773,733	1,849,588	1,776,967	2,000,569
Loans from banks long-term	629,964	550,832	1,061,744	672,983
Loans from related parties (Long-term)	287,126	266,651	272,857	282,109

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 cash flows, including the contract extension period, using the discount rate that represents the Company's Transportation Weighted Average Storage 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 commodity 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 on a recurring basis, 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 or indirectly.

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	
	12/31/21	12/31/20
Financial instruments assets at FV through profit or loss (“FVTPL”)		
Derivative financial instrument assets (Level 2)	$ 8,049	$ 1,402
Derivative financial instrument liabilities at FVTPL		
Derivative financial instrument liabilities (Level 2) (i)	$ 141,974	$ 185,035

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.

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 years and three-month periods ended December 31, 2021 and 2020, are reconciled to the profit of the year / period as follows:

	Year ended		Three-month periods ended	
	12/31/21	12/31/20	12/31/21	12/31/20
Profit before income tax and share of profits of joint ventures	$ 353,394	$ 449,170	$ (66,545)	$ 177,625
Income tax expense calculated at 30%	(106,018)	(134,751)	19,964	(53,287)
Effects of foreign exchange rate (iii)	26,442	36,291	9,871	(96,606)
Effects of inflation adjustment (ii)	(64,535)	(28,028)	(20,920)	(12,005)
Effect of unused tax losses not recognized as deferred income tax asset	(290)	(338)	(290)	(6,008)
Effects of foreign exchange rate and inflation on the tax basis of property, plant and equipment, net and unused tax losses (i)	56,812	(27,166)	25,340	126,408
Tax incentives (iv)	(5,868)	23,302	—	10,939
Other	(11,117)	(15,246)	(6,823)	(10,058)
Income tax (expense) benefit recognized in the Condensed Interim Consolidated Statements of Profit	$ (104,574)	$ (145,936)	$ 27,142	$ (40,617)

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 December 8, 2020, the Decree by which various provisions of the Income Tax Law, the Value Added Tax Law and the Tax Code of the Federation (the "Tax Reform"), which entered into force on January 1, 2021. Among the main changes are the following:

i ***Income Tax***

- Several modifications are made to the regime applicable to authorized donees, among them that various entities that pay taxes under the regime of legal entities for non-profit purposes must have an authorization to receive deductible donations.

- The withholding rates applicable to individuals who obtain income through technological platforms are modified. Likewise, the sanction provided for in the Value Added Tax Law is approved in the event of non-compliance with the obligations to withhold and pay income tax.

ii. ***VAT***

- It is established as a sanction to foreign technology platforms that when they incur serious tax omissions, they can block Internet access to their services.

iii. ***Federal Tax Code***

- With respect to the general anti-abuse rule included in article 5-A of the Federal Tax Code, it is clarified that the resolution that derives from the application of said article must be limited to the determination of a tax credit derived from the reclassification of operations from the fiscal point of view, without implying that said resolution determines criminal consequences for taxpayers.

- New assumptions are added for which the certificates issued by the Tax Administration Service (“SAT”) will be definitively canceled, for example, when the tax authorities detect that the taxpayer issuing digital tax receipts did not disprove the presumption of nonexistence of the operations covered by said vouchers and, therefore, it is definitely in that situation under the terms of the fourth paragraph of article 69-B of the Federal Tax Code.

- Refund requests will not be considered submitted when the taxpayer, or the address indicated by him, are not located before the Federal Taxpayers Registry. The term that the authorities have to notify taxpayers regarding the resolution extends from ten to twenty business days.

- It was approved to establish within the assumptions that conform to the accounting that the taxpayer must keep for all the time in which the company or contract in question subsists, the information and documentation necessary to implement the agreements reached as a result of the procedures resolution of controversies contained in the treaties to avoid double taxation.

- Likewise, to support the information contained in the meeting minutes in which the capital increase is recorded, it is established that the information and supporting documentation of said increase must also be available, such as bank statements, appraisals made, minutes containing capital reserves or decreed dividends, as well as the corresponding accounting records.

- In the case of the capitalization of liabilities, it was also approved that the meeting minutes should be kept in which said acts are recorded, as well as the documents that certify the accounting existence and the value of the liability, documents that must meet the requirements for such effects issued by the SAT through general rules.

- The adoption of a conclusive resolution may only be requested from the beginning of the powers of verification and up to within twenty days after the one in which the final act has been drawn up, the notice of observations or the provisional resolution is notified, depending on the case.

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.

c. On November 12, 2020, the Federal Executive presented a bill before the Congress of the Union that contains various reforms to the Federal Labor Law (“LFT”), Social Security Law (“LSS”), Law of the Institute of National Housing Fund for Workers (“LINFONAVIT”), Federal Tax Code (“CFF”), Income Tax Law (“LISR”) and the Value Added Tax Law (“LIVA”), with the aim of regulating the labor subcontracting regime (“outsourcing”) in our country.

In general, the proposal consists of the following:

i Outsourcing schemes would be prohibited by law.

ii. As the only exception, it is established that the provision of specialized services or the execution of specialized works, which are not part of the corporate purpose or the economic activity of the beneficiary of the services, will not be considered subcontracting of personnel.

iii. The contractor must obtain an authorization from the Ministry of Labor and Social Welfare to operate as a provider of specialized services.

iv. Economic sanctions are established for employers who benefit from outsourcing and fail to comply with the law.

v. For tax purposes, it is established in a general way that the tax receipts that have been issued may not have tax effects due to the subcontracting of personnel.

vi. The contractors of the aforementioned specialized services will be jointly liable for the contributions paid by the contractor.

vii. It is proposed to establish as qualifying for the commission of the crime of tax fraud and its equivalents, the use of simulated schemes for the provision of specialized services or the execution of specialized works, as well as the execution of the subcontracting of personnel.

viii. The amount of employee participation in profits (PTU) that is paid to workers will have a maximum limit of three months of the worker's salary or the average of the participation received in the last three years; the amount that is most favorable to the worker will be applied.

ix. It is expected that the reform will be published in the Official Gazette of the Federation on May 1, 2021 and will enter into force the day after its publication.

12. Other liabilities

As of December 31, 2021 and 2020, other liabilities mainly comprise wages and benefits payable along with deferred income related to the leveling of transportation rates that are deferred according to the remaining term of the related contracts.

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 .

Company stockholder's	Number of shares	As of December 31, 2021 (Mexican Pesos) 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	$ 521,700
Sempra Energy	432,029,739	—	4,320,297,390	4,320,297,390	221,180
Private investors	1,212,981	—	12,129,810	12,129,810	621
	1,452,281,032	$ 50,000	$ 14,522,760,320	$14,522,810,320	$ 743,501

As of December 31 2020, the Company has canceled treasury shares.

Company stockholder's	Number of shares	As of December 31, 2020 (Mexican Pesos) 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

On April 26, 2021, the Company announced that Sempra launched a public exchange tender offer to acquire all of the issued and outstanding ordinary shares of IEnova not owned directly or indirectly by Sempra, which represent 29.8 percent of the total outstanding shares of IEnova ("IEnova Public Shares"), in exchange for shares of Sempra common stock at an exchange ratio of 0.0323 shares of Sempra common stock for each IEnova Public Share. (See note 1.10)

In August 2021, Sempra launched a second public exchange tender offer to acquire remaining 52,227,526 issued and outstanding ordinary shares of IEnova not owned directly or indirectly by Sempra, which represent 3.6 percent of the total outstanding shares of IEnova ("IEnova Public Shares"), in exchange for Ps.78.97 (seventy eight 97/100 Mexican Pesos) for each IEnova Public Share. (See note 1.10.)

14. Segment information

14.1. Change in reportable segments

In February 2020, IEnova approved a change to its reporting segments, effective January 1, 2020, to improve visibility of each business performance and enable the business to respond to management´s needs more effectively. The Segment Information includes the non financial measurements in Condensed Interim Consolidated Statements of Profit: operating income and Earnings before interest, taxes, depreciation and amortization ("EBITDA") for purpose of the management analysis.

Aggregation 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 develops owns and operates projects of the marine and in land terminal for the reception, 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 Condensed Interim Consolidated 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 year ended December 31, 2021 and 2020 are as follows:

	Year ended December 31, 2021				
	Gas	Storage	Power	Corporate and eliminations	Consolidated
External revenue	$ 1,203,418	$ 233,828	$ 399,300	$ 4,927	$ 1,841,473
Intercompany revenue	122,482	83,993	2,720	(209,195)	—
Revenue	1,325,900	317,821	402,020	(204,268)	1,841,473
Cost of revenue	(708,625)	(199)	(179,947)	208,940	(679,831)
Operating costs, administration and others	(140,143)	(79,976)	(71,996)	(6,794)	(298,909)
EBITDA	477,132	237,646	150,077	(2,122)	862,733
Depreciation and amortization	(80,539)	(62,188)	(70,695)	518	(212,904)
Impairment of long-lived Assets	—	(108,776)	—	—	(108,776)
Operating income	396,593	66,682	79,382	(1,604)	541,053
Interest income					53,606
Financial costs					(212,760)
Other loss, net					(28,505)
Profit before income tax and share of profits of joint ventures					353,394
Income tax expense					(104,574)
Share of profits of joint ventures					140,237
Profit of the period					$ 389,057

	Year ended December 31, 2020				
	Gas	Storage	Power	Corporate and eliminations	Consolidated
External revenue	$ 805,377	$ 159,963	$ 289,816	$ 6,145	$ 1,261,301
Intercompany revenue	60,805	83,503	—	(144,308)	—
Revenue	866,182	243,466	289,816	(138,163)	1,261,301
Cost of revenue	(334,425)	(256)	(106,342)	143,122	(297,901)
Operating costs, administration and others	(121,827)	(57,286)	(51,194)	(4,381)	(234,688)
EBITDA	409,930	185,924	132,280	578	728,712
Depreciation and amortization	(67,977)	(47,516)	(47,255)	776	(161,972)
Operating income	341,953	138,408	85,025	1,354	566,740
Interest income					58,513
Financial costs					(144,319)
Other loss, net					(31,764)
Profit before income tax and share of profits of joint ventures					449,170
Income tax expense					(145,936)
Share of profits of joint ventures					157,832
Profit of the period					$ 461,066

	Three-month period ended December 31, 2021				
	Gas	Storage	Power	Corporate and eliminations	Consolidated
External revenue	$ 301,542	$ 58,871	$ 112,925	$ 410	$ 473,748
Intercompany revenue	34,702	21,114	2,208	(58,024)	—
Revenue	336,244	79,985	115,133	(57,614)	473,748
Cost of revenue	(181,870)	(33)	(52,747)	57,856	(176,794)
Operating costs, administration and others	(45,564)	(27,464)	(24,852)	(4,267)	(102,147)
EBITDA	108,810	52,488	37,534	(4,025)	194,807
Depreciation and amortization	(21,232)	(20,081)	(19,275)	173	(60,415)
Impairment of long-lived Assets	—	(108,776)	—	—	(108,776)
Operating income	87,578	(76,369)	18,259	(3,852)	25,616
Interest income					14,276
Financial costs					(93,403)
Other loss, net					(13,034)
Loss before income tax and share of profits of joint ventures					(66,545)
Income tax benefit					27,142
Share of profits of joint ventures					33,741
Loss of the period					$ (5,662)

	Three-month period ended December 31, 2020				
	Gas	Storage	Power	Corporate and eliminations	Consolidated
External revenue	$ 213,781	$ 40,642	$ 69,042	$ (966)	$ 322,499
Intercompany revenue	18,609	20,872	—	(39,481)	—
Revenue	232,390	61,514	69,042	(40,447)	322,499
Cost of revenue	(95,857)	(26)	(29,314)	38,919	(86,278)
Operating costs, administration and others	(39,738)	(17,637)	(19,250)	1,497	(75,128)
EBITDA	96,795	43,851	20,478	(31)	161,093
Depreciation and amortization	(17,158)	(11,857)	(11,826)	(112)	(40,953)
Operating income	79,637	31,994	8,652	(143)	120,140
Interest income					12,639
Financial costs					(39,648)
Other loss, net					84,494
Profit before income tax and share of profits of joint ventures					177,625
Income tax expense					(40,617)
Share of profits of joint ventures					4,578
Profit of the period					$ 141,586

	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

	As of December 31, 2020				
	Gas	Storage	Power	Corporate and eliminations	Consolidated
Assets	$ 6,068,403	$ 2,500,692	$ 1,864,801	$ 32,528	$10,466,424
Liabilities	$ 2,166,265	$ 1,053,231	$ 1,320,363	$ 804,768	$ 5,344,627

14.2. External revenue by segment and subsegment

	Year ended		Three-month periods ended	
	12/31/21	12/31/20	12/31/21	12/31/20
Distribution	$ 89,279	$ 58,914	$ 22,659	$ 17,105
Transport	457,848	424,101	122,894	105,557
Sale of natural gas	656,291	322,882	155,989	91,639
Storage	233,828	159,963	58,871	40,642
Power	399,300	289,527	112,925	68,753
Corporate and others	4,927	5,914	410	(1,197)
	$ 1,841,473	$ 1,261,301	$ 473,748	$ 322,499

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 or loss for the years and three-month periods ended on December 31, 2021 and 2020:

	Year ended		Three-month periods ended	
	12/31/21	12/31/20	12/31/21	12/31/20
Revenue from operations:				
Contracts with customers	$ 949,277	$ 786,846	$ 242,698	$ 203,808
Leases	236,169	174,969	70,421	42,801
Derivatives	230,345	76,350	47,228	16,100
Others - Sale of natural gas	337,152	126,414	83,579	31,937
Other revenue	88,530	96,722	29,822	27,853
Total revenue	$ 1,841,473	$ 1,261,301	$ 473,748	$ 322,499

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 years and three-month periods ended on December 31, 2021 and 2020:

	Year ended		Three-month periods ended	
	12/31/21	**12/31/20**	**12/31/21**	**12/31/20**
Power generation	$ 400,830	$ 286,794	$ 104,856	$ 70,208
Transportation of gas	267,101	252,933	74,599	71,336
Storage of natural gas	160,723	155,354	34,293	39,852
Natural gas distribution	87,069	58,601	21,564	17,550
Administrative services	33,554	33,164	7,386	4,862
Total revenue from contracts with clients	$ 949,277	$ 786,846	$ 242,698	$ 203,808
Obligations met:				
Over time	$ 949,277	$ 786,846	$ 242,698	$ 203,808

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

	Ninth-month period ended	Year ended	Three-month periods ended	
	09/30/21	**12/31/20**	**09/30/21**	**12/31/20**
Basic and diluted earnings per share	$ 0.27	$ 0.31	$ 0.11	$ 0.10

As mentioned in Note 1.10, to the Condensed Interim Consolidated Financial Statements, the Shares of the Company ceased to be listed on the Mexican Stock Exchange, effective on October 15, 2021. Therefore the basic and diluted earnings per share are presented as of September 30, 2021 for comparative and informative purposes as it's the closest available information to the date date on which the shares ceased to be listed.

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:

	Ninth-month period ended	Year ended	Three-month periods ended	
	09/30//21	**12/31/20**	**09/30/21**	**12/31/20**
Earnings used in the calculation of basic and diluted earnings per share	$ 394,792	$ 462,115	$ 162,929	$ 141,489
Weighted average number of shares for the purposes of basic and diluted earnings per share	1,452,281,032	1,521,371,427	1,452,281,032	1,506,250,509

The Company does not have potentially diluted shares.

17 Commitments

In addition to the Commitments disclosed by the Company in the 2020 Annual Consolidated Financial Statements, below are those Commitments assumed for the period from January 1 to December 31, 2021 that are considered relevant in the context of these condensed interim consolidated financial statements :

a. ***ESJ.*** During 2021 the Company entered into several contracts for the construction of the project. During the twelve-month period ended December 31, 2021 payments under these contracts were $50,133. Net future payments under these contractual commitments are as follows:

Year		Amounts
2022	$	11,125

During 2021 the Company entered a contract with Vestas for the maintenance and services of the wind turbines that will be used in the wind farm. During the twelve-month period ended December 31, 2021 payments under these contract were $2,906. Net future payments under these contractual commitments are as follows:

Year		Amounts
2022	$	2,554
2023		2,543
2024		2,594
Thereafter		35,481
Total	$	43,172

b. ***DEN.*** During 2021, the Company entered into several maintenance contracts for the project. Net future payments under these contractual commitments are as follows:

Year		Amounts
2022	$	1,488
2023		213
Total	$	1,701

c. ***Puebla in-land project.*** Puebla in-land project. During 2021, the Company entered into several contracts for the project's construction. During the twelve-month period ended December 31, 2021 payments under these contract were $29. Net future payments under these contractual commitments are as follows:

Year		Amounts
2022	$	94

d. ***Veracruz marine terminal project.*** During 2021, the Company entered into several contracts for the project's construction. During the twelve-month period ended December 31, 2021 payments under these contract were $75. Net future payments under these contractual commitments are as follows:

Year		Amounts
2022	$	609

e. ***Valle De Mexico project.*** During 2021, the Company entered into several contracts for the project's construction. During the twelve-month period ended December 31, 2021 payments under these contracts were $935. Net future payments under these contractual commitments are as follows:

Year	**Amounts**
2022	$ 670

f. ***Topolobampo terminal project.*** During 2021, the Company entered into contract for the project's construction. During the twelve-month period ended December 31, 2021 payments under these contracts were $6,886. Net future payment under this contractual commitments is as follows:

Year	**Amounts**
2022	$ 794

g. ***PIMA Solar.*** During 2021, the Company entered into purchase order for the acquisition of spare parts for the solar panel system. Net future payments under this commitment is as follows:

Year	**Amounts**
2022	$ 6,312

h. ***TDF.*** During 2021, the Company entered into contract for air monitoring service to the LP gas-pipeline. Net future payments under this contractual commitment is as follows:

Year	**Amounts**
2022	$ 467
2023	233
Total	$ 700

i. ***ECA.*** ECA. During 2021, the Company entered into general maintenance contracts for buildings and roads and purchase of electrical materials for the terminals turbines maintenance. During the twelve-month period ended December 31, 2021 payments under these contract were $327. Net future payments under these contractual commitments are as follows:

Year	**Amounts**
2022	$ 547
2023	220
2024	73
Total	$ 840

j. ***TDN.*** During 2021, the Company entered into a contract for Facilities Maintenance and equipment of the workshop and control room. During the twelve-month period ended December 31, 2021 payments under these contract were $416. Net future payments under this contractual commitment is as follows:

Year	**Amounts**
2022	$ 401

k. ***Ventika I and II.*** During 2021 the Company entered contracts with TPI COMPOSITES will provide support for root facing in the Wind Farm. DDuring the twelve-month period ended December 31, 2021 payments under these contract were $393. Net future payments under these contractual commitments are as follows:

Year		Amounts
2022	$	917

l. ***GAP Compression stations.*** During 2021, the Company entered into a contract for the construction of the project. During the twelve-month period ended December 31, 2021 payments made from these contracts were $288. Net future payments under these contractual commitments are as follows:

Year		Amounts
2022	$	234
2023		215
2024		215
Thereafter		367
Total	$	1,031

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

Year		Amounts
2022	$	99,091

n. ***Sempra Infraestructura.*** During 2021, the Company entered contract for hardware, software and support renewal (printing systems).During the twelve-month period ended December 31, 2021 payments under these contract were $18. Net future payments under these contractual commitments are as follows:

Year		Amounts
2022	$	361
2023		184
Total	$	545

During 2021, the Company entered contract for the use of the online platform IHS Engineering Workbench. During the twelve-month period ended December 31, 2021 payments under these contract were $317. Net future payments under these contractual commitments are as follows:

Year		Amounts
2022	$	349
2023		333
Total	$	682

o. ***Solar Tepezalá project.*** During 2021, the Company entered contract for the TrueCapture program implementation. Net future payments under these contractual commitments are as follows:

Year		Amounts
2022	$	841

During the twelve-month period ended December 31, 2021, 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

Major contingencies, regarding the Company's legal, administrative or arbitration procedures are the same as those disclosed in the Consolidated Financial Statements for the year ended December 31, 2020, except for the following:

a. *Amparo* trial filed by TAG Pipelines Norte against the Closing of the MLV2211 valve, of the Los Ramones Phase II North Pipeline, made by the Municipality of Dr. Arroyo, Nuevo Leon, for the alleged lack of the Building Use License, derived from an alleged inspection ordered in official letter 001/2019 dated February 21, 2019, carried out on February 25, 2019. TAG Pipelines Norte promoted *Amparo* Trial before the Third Court of Distrito. in Administrative Matters in Monterrey, Nuevo Leon, whose *amparo* notebook is 413/2019, the responsible authorities being the Municipal President of Dr. Arroyo, the First and Second Trustees of said Municipality, and the Secretary of Urban Development and Public Works. It is noteworthy that on October 8, 2019, the Municipality of Aramberri, Nuevo Leon, at the request via exhortation, of the Municipality of Dr. Arroyo Nuevo Leon, notified TAG Pipelines Norte of the Resolution contained in official letter number 090/2019, dated March 29, 2019, due to the lack of building use license, through which it intends to impose a Tax Credit. Resolution 090/2019 of March 29, 2019, it is fought through a nullity trial before the Administrative Litigation Court based in Monterrey, Nuevo Leon, which claim was filed on October 18, 2019, which process continues. The Appeal of Complaint was resolved with file number 293/2019, filed in the First Collegiate Court in Administrative Matters, filed against the dismissal of the extension of the attempted lawsuit. The dispute was finally resolved in January 2022 as mentioned at the end of the following paragraph (b).

b. On October 8, 2019, the Municipality of Aramberri, Nuevo Leon, notified TAG Pipelines Norte of the resolution contained in official letter number 122/2019, dated March 29, 2019, for allegedly not having fully covered various contributions such as land use permit, approval of construction plans, and lack of building use license, through which it intends to impose a tax credit. Resolution 122/2019 of March 29, 2019, it is fought through a nullity trial before the Administrative Litigation Tribunal based in Monterrey, Nuevo Leon, which claim was filed on October 18,2019. In January 2022, a settlement agreement has been reached, in which TAG Pipelines Norte paid the municipalities $1,443 ($30 million Mexican pesos) to settle the dispute.

c. Federal Injunction case number 603/2018 at the 9th District Court with residence in Ensenada, Baja Californis filed by Bajamar Homeowners Association, against the permits issued by the federal government, to build and operate a natural gas liquefaction terminal. ECA was recently served. The constitutional hearing was set for February 24, 2020. The Judge denied the definitive suspension of the acts claimed, which was appealed by the plaintiff. The Collegiate Court granted the suspension. A counter-guarantee was requested, so that the suspension is null and void, which was denied by the Judge, and we will appeal said refusal which is pending of resolution.

d. *Amparo* lawsuit filed on February 12, 2020 by IEnova Marketing, S. de R.L. de C.V. ("IEnova Marketing"), ECAL, Ecogas Mexico, S. de R.L. de C.V. and Termoelectrica de Mexicali, S. de R.L. de C.V., whereby the plaintiffs as natural gas sellers in the territory of Baja California or as purchasers of such products, challenging the "Tax on the First-hand Sale of gasoline and other derivatives due to environmental impacts" provided in the Finance Law of the State of Baja California, also challenge the articles of the Revenue Law for State of Baja California that establish the "Environmental Tax on the Sale of gasoline and other petroleum derivative due to environmental impacts", provided in the Revenue Law for the State of Baja California, approved by the Congress of Baja California, published in the Official Gazzette of the State on December 31, 2019. On May 1, 2020, the Baja California Congress derogated this tax, as of the date of these Condensed Interim Consolidated Financial Statements it is no longer applicable. Based on the foregoing, the Company is waiting for the final resolution of the *amparo* to be issued by the corresponding Courts.

e. In May 2020, the two third-party capacity customers at the ECA LNG regasification facility, Shell Mexico and 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 IEnova and a force majeure event. Citing these circumstances, the customers subsequently stopped making payments of amounts due under their respective LNG storage and regasification agreements. IEnova has rejected the customers' assertions and has drawn (and expects to continue to draw) on the customers' letters of credit provided as payment security. The parties engaged in discussions under the applicable contractual dispute resolution procedures without coming to a mutually acceptable resolution. In July 2020, Shell Mexico submitted a request for arbitration of the dispute and Gazprom has joined the proceeding. IEnova will avail itself of its available claims, defenses, rights and remedies in the arbitration proceeding, including seeking dismissal of the customers' claims. Gazprom has since replenished the amounts drawn on its letter of credit and has resumed making regular monthly payments under its LNG storage and regasification agreement. Shell and Gazprom filed for preliminary relief asking the Arbitral Tribunal to prevent ECA from invoicing or collecting any payments under the contract and from drawing on the letters of credit. The preliminary relief was initially granted but revoked on December 23, 2020. A hearing to discuss the preliminary relief petitioned by Shell and Gazprom was held in January 2021 and the Arbitral Tribunal decided on February 8, 2021 to deny its petition. Shell Mexico also filed a constitutional challenge to the CRE's approval of the update to the general terms and conditions. In October 2020, Shell Mexico's *amparo* request to stay CRE's approval was denied and, subsequently, Shell Mexico filed an appeal of that decision.

A hearing to discuss the preliminary relief petitioned by Shell and Gazprom was held in January 2021 and the Tribunal decided on February 8, 2021 to deny its petition. On March 10, 2021, Shell and Gazprom filed their statement of claim. On August 11, 2021 the parties filed a Reply. Subsequently, the evidential and pleadings hearings were held from October 18, 2021 to October 22, 2021. Closing arguments were presented on November 22, 2021.The Laudo project has not been delivered. It is expected that the Laudo will be resolved at the end of the first quarter of 2022.

f. On April 29, 2020, Mexico's CENACE issued an order that safeguard Mexico's national power grid from interruptions that may be caused by renewable energy projects. The main provision of the order suspends all legally mandated pre-operative testing that would be needed for new renewable energy projects to commence operations and prevents such projects from connecting to the national power grid until further notice. IEnova's projects affected by the order filed for legal protection via *amparo* claims (constitutional protection lawsuit), and in June 2020, received permanent injunctive relief until the claims are resolved by the courts.ESJ is not expected to be impacted because it is not interconnected to the Mexican Electric grid.

On May 15, 2020, Mexico's SENER published a resolution to establish guidelines intended to guarantee the security and reliability of the national grid's electricity supply by reducing the threat that it claims is caused by clean, intermittent energy. The resolution significantly changes Mexico's policy on renewable energy and includes the following key elements:

i. provides non-renewable electricity generation facilities, primarily non-renewable power plants, preferential access or easier access to Mexico's national power grid, while increasing restrictions on access to the grid to renewable energy facilities;

ii. grants CRE and CENACE broad authority to approve or deny permits and interconnection requests by producers of renewable energy; and

iii. imposes restrictive measures on the renewable energy sector, including requiring all permits and interconnection agreements to include an early termination clause in the event the renewable energy project fails to make certain additional improvements, at the request of CRE or CENACE, in accordance with a specific schedule.

IEnova's renewable energy projects, including those in construction and in service, filed *amparo* claims on June 26, 2020 and received permanent injunctive relief on July 17, 2020. In addition, on June 22, 2020, Comision Federal de Competencia Economica ("COFECE"), Mexico's antitrust regulator, filed a complaint with Mexico's Supreme Court against SENER's resolution. COFECE's complaint was upheld by the court and, pending the court's final ruling, the decision suspends indefinitely the resolution published in May 2020.

On May 28, 2020, CRE approved an update to the transmission rates included in legacy renewables 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, created inequitable competitive conditions. For IEnova's renewables' facilities that are currently holders of contracts with such legacy rates, any increases in the transmission rates would be passed through directly to their customers.

IEnova and other companies affected by these new orders and regulations have challenged the orders and regulations by filing *amparo* claims, some of which have been granted temporary or permanent injunctive relief. The court - ordered injunctions provide relief until Mexico's Federal District Court ultimately resolves the *amparo* claims, the timing of which is uncertain. An unfavorable final decision on these *amparo* challenges may impact our ability to operate our wind and solar facilities, which may have a material adverse impact on our results of operations and cash flows and our ability to recover the carrying values of our renewable energy investments in Mexico.

In October 2020, the CRE approved a resolution to amend the rules for the inclusion of new Self - Supplied partners of legacy generation and self-supply permits (the Self - Supplied Resolution), which became effective immediately.

The Self - Supplied Resolution prohibits self-supply permit holders from adding new partners that were not included in the original development or expansion plans, making modifications to the amount of energy allocated to the named Self - Supplied partners, and including load centers that have entered into a supply arrangement under Mexico's Electricity Industry Law. Don Diego Solar and Border Solar and the Ventika wind power generation facilities are holders of legacy self-supply permits and are impacted by the Self - Supplied Resolution. If IEnova is not able to obtain legal protection for these impacted facilities, IEnova expects it will sell Border Solar capacity and a portion of the Don Diego Solar capacity affected by the Self - Supplied Resolution into the spot market. Currently, prices in the spot market are significantly lower than the fixed prices in the Purchase Power Agreement ("PPA") that were entered into through self-supply permits. IEnova filed lawsuits against the Self - Supplied Resolution and is evaluating the way to obtain injunctive relief that would allow Don Diego and Border Solar to deliver electric power to their Self - Supplied partners while a final decision is reached in the lawsuits it has filed.

On February the 3, 2021, the Supreme Court of Mexico partially voided the Policy of reliability, security, continuity and quality in the National Electric System fought. Therefore, we cannot predict the impact that the political, social, and judicial landscape, including multiparty rule, civil disobedience and trials resolutions, will have on the Mexican economy and our business in Mexico.

At June 30, 2021, IEnova had renewable energy transmission and consumption permits previously granted by the CRE. IEnova has filed lawsuits against the Offtaker Resolution and received definitive injunction, therefore the Offtaker Resolution shall not be applied by the CRE before final resolution. If IEnova is not able to obtain definitive protection against the Offtaker Resolution, Border Solar and Don Diego Solar will be prohibited from delivering electric power to all (with respect to Border Solar) or a portion (with respect to Don Diego Solar) of their respective offtakers pending final resolution of these lawsuits.

CENACE filed an Appeal against the resolution that granted a definitive injunction, pending its resolution. Trial is pending resolution on a motion for receiving expert testimony. Said evidence is still in preparatory stages.

Currently there are two favorable first instance sentences that are under review by the Collegiate Courts for the assets that are under the self-supply regime and for the qualified supplier; the sentence corresponding to the Generators under the LIE regime is still pending, which is expected to be issued in the next few weeks.

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.

g. IEnova Marketing generates monthly balances in favor of VAT which it requests in refund. Recently, the Tax Authority has partially denied the refund of VAT, which amount to $19,000 ($449,400 Mexican Pesos).

The Company started a legal procedure. It is important to mention that under Company and its legal Advisor's opinion, there are enough legal arguments to recover these amounts, therefore its was not recorded any allowance.

h. DEN Tax refund. DEN generates monthly balances in favor of VAT which it requests in refund. Recently, the Tax Authority has denied the refund of VAT, which amount to $1,943 ($40,000 Mexican Pesos). The Company started a legal procedure. It is important to mention that under Company and its legal Advisor's opinion, there are enough legal arguments to recover these amounts.

i.- **Sasabe-Puerto Libertad-Guaymas Segment.** In June 2014, IEnova and a third-party family 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 family's property in exchange for cash consideration of 3.25 million Mexican pesos ($0.2 million in U.S. dollars). Because two of the co-owners of the family's property were minors, a judicial authorization was required for the co-owners to encumber the property with an easement, and we agreed to enter into a promissory easement agreement. Once the judicial authorization was issued, the family refused to execute the definitive easement agreement arguing that IEnova had paid a significantly higher amount to a neighbor and, in 2015, filed a complaint demanding the promissory easement agreement be nullified. In September 2021, a definitive and non-appealable judgment was issued declaring the promissory easement agreement nullified and ordering the removal of the pipeline from the family'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 family 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 IEnova's business, results of operations, financial condition, cash flows and/or prospects.

19. Application of new and revised IFRS

a. *Application of new and revised IFRSs 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, 2020, except for the adoption of new standards effective as of January 1, 2021.

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 2021, but do not have a material impact on the Condensed Interim Consolidated Financial Statements of the Company.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate ("RFR").

The amendments include the following practical expedients:

i. A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
ii. Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
iii. Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no material impact on the Condensed Interim Consolidated Financial Statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

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 have not yet effective:

IFRS 17	Insurance Contracts and amendments	January 1, 2023
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
Amendments to IFRS 3	Reference to the Conceptual Framework	January 1, 2022
Amendments to IAS 16	Property, Plant and Equipment—Proceeds before Intended Use	January 1, 2022
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	January 1, 2022
Annual Improvements to IFRS Standards 2018-2020 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture	January 1, 2022

The Company is in the processes of evaluating the potential impact of these new accounting standards.

20. Events after the reporting period

20.1. Issuance of Senior Notes for $400,000 by Sempra Infrastructure Partners

On January 11, 2022 IEnova anounced the first issuance of $400,000 Senior Notes issued by SIP 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 balance sheet (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.

20.2. Payments and withdrew of credit lines

On January 31, 2022, the Company made a payment of $38,000 plus interest to its uncommitted line of working capital with BNS, resulting in an available balance of $100,000 as of that date.

On the same date, the Company made a payment of $42,000 to the committed bilateral revolving line with BNS, resulting in an outstanding balance of $308,000 as of that date.

On February 2, 2022, the Company withdrew $42,000 from its bilateral revolving committed line with BNS, resulting in an outstanding balance of $350,000 as of that date.

20.3. Mexico's Federal Electricity Commission and Sempra Infrastructure signed 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.

20.4. Energía Sierra Juárez Phase II Wind Farm commences operations

On February 8, 2022 IEnova, announced that Phase II of its ESJ wind farm in Tecate, Baja California began operations. ESJ, the first cross-border renewable energy project between Mexico and the United States, now provides 263 megawatts (MW) of zero-carbon electricity to the California electricity market.

The Phase II expansion of ESJ added 26 new wind turbines with a total incremental capacity of 108 MW. The increased production is equivalent to the annual energy consumption of over 180,000 homes and is expected to reduce greenhouse gas emissions by nearly 170,000 tons of carbon dioxide (CO_2) per year.

21. Approval of financial statements

The Condensed Interim Consolidated Financial Statements were approved and authorized for issuance by Roberto Rubio Macías, Vice President of Controlership Head of Finance Mexico on February 25, 2022.

22. Main registered office

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