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

Condensed Interim Consolidated Financial Statements as of September 30, 2020 and for the nine and three-month periods ended September 30, 2020 and 2019 (unaudited) and Independent Auditor's Review Report Dated October 21, 2020

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

Condensed Interim Consolidated Financial Statements as of September 30, 2020 and for the nine and three-month periods ended September 30, 2020 and 2019 (unaudited)

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

Assets	**Notes**	**September 30, 2020 (unaudited)**	**December 31, 2019**
Current assets:			
Cash and cash equivalents		$ 417,526	$ 57,966
Restricted cash		27,997	30,844
Finance lease receivables	8	14,016	11,354
Trade and other receivables, net		165,670	139,407
Due from unconsolidated affiliates	3, 8	84,435	36,394
Income taxes receivable		74,686	22,061
Natural gas inventories		2,069	8,270
Derivative financial instruments	8	6,449	10,267
Value-added tax receivable		124,333	132,886
Carbon allowances		—	6,444
Other assets		14,918	9,688
Total current assets		932,099	465,581
Non-current assets:			
Due from unconsolidated affiliates	3, 8	623,101	744,609
Derivative financial instruments	8	1,726	6,974
Finance lease receivables	8	930,562	921,270
Deferred income tax		137,486	89,898
Investments in joint ventures	4	765,078	625,802
Other assets		29,635	32,836
Property, plant and equipment, net	5	4,906,913	4,637,962
Right-of-use assets, net		158,249	175,841
Carbon allowances		43,771	30,083
Intangible assets, net		173,492	180,867
Goodwill		1,638,091	1,638,091
Restricted cash		2,670	2,692
Total non-current assets		9,410,774	9,086,925
Total assets	11	$ 10,342,873	$ 9,552,506

(Continued)

Liabilities and Stockholder's Equity	Notes	September 30, 2020 (unaudited)	December 31, 2019
Current liabilities:			
Short-term debt	6	$ 841,009	$ 1,235,379
Trade and other payables		105,341	154,936
Due to unconsolidated affiliates	3	39,716	24,471
Income tax liabilities		25,911	62,699
Lease current liabilities		2,710	2,654
Derivative financial instruments	8	14,308	15,071
Other financial liabilities		14,289	26,218
Other taxes payable		18,203	31,878
Carbon allowances		—	6,444
Other liabilities		43,710	33,782
Total current liabilities		1,105,197	1,593,532
Non-current liabilities:			
Long-term debt	7, 8	2,832,888	1,818,331
Due to unconsolidated affiliates	3, 8	309,876	233,597
Lease non-current liabilities		79,171	101,788
Deferred income tax liabilities		644,090	565,957
Carbon allowances		42,532	29,843
Provisions		86,832	84,842
Derivative financial instruments	8	187,843	140,860
Employee benefits		11,130	9,901
Other non-current liabilities		17,012	16,618
Total non-current liabilities		4,211,374	3,001,737
Total liabilities	11	5,316,571	4,595,269
Stockholder's equity:			
Common stock	10	955,239	955,239
Additional paid-in capital		2,339,386	2,342,883
Treasury shares	10	(167,019)	—
Accumulated other comprehensive loss	8.3	(203,874)	(130,919)
Retained earnings		2,097,906	1,777,280
Total equity attributable to owners of the Company		5,021,638	4,944,483
Non-controlling interests	1.4, 1.7	4,664	12,754
Total stockholders' equity		5,026,302	4,957,237
Commitments and contingencies	14, 15	—	—
Events after the reporting period	17	—	—
Total stockholders' liabilities and equity		$ 10,342,873	$ 9,552,506

See accompanying notes to the Condensed Interim Consolidated Financial Statements.

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

Condensed Interim Consolidated Statements of Profit

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

	Notes	Nine-month period ended September 30, (unaudited) 2020 (Note 1)	Nine-month period ended September 30, (unaudited) 2019 (Note 1)	Three-month period ended September 30, (unaudited) 2020 (Note 1)	Three-month period ended September 30, (unaudited) 2019 (Note 1)
Revenues	11, 12	$ 938,802	$ 1,052,391	$ 349,184	$ 355,098
Cost of revenues		(211,623)	(296,446)	(91,305)	(100,164)
Operating, administrative and other expenses		(159,560)	(162,394)	(50,971)	(58,851)
Depreciation and amortization		(121,019)	(115,644)	(40,577)	(39,233)
Interest income		45,874	25,564	13,179	9,762
Finance costs		(104,671)	(98,930)	(33,313)	(33,094)
Other (losses) gains, net	3b	(116,258)	(3,045)	16,804	(16,713)
Profit before income tax and share of profits of joint ventures	9, 11	271,545	401,496	163,001	116,805
Income tax expense	9, 11	(105,319)	(113,164)	(36,968)	(32,973)
Share of profits of joint ventures	4, 11	153,254	35,612	20,883	26,961
Profit for the period	11	$ 319,480	$ 323,944	$ 146,916	$ 110,793
Attributable to:					
Owners of the Company	13	320,626	324,269	146,930	111,092
Non-controlling interests		(1,146)	(325)	(14)	(299)
		$ 319,480	$ 323,944	$ 146,916	$ 110,793
Earnings per share:					
Basic and diluted earnings per share	13	$ 0.21	$ 0.21	$ 0.10	$ 0.07

See accompanying notes to the Condensed Interim Consolidated Financial Statements.

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

Condensed Interim Consolidated Statements of Profit and Other Comprehensive Income

(In thousands of U. S. Dollars)

		Nine-month period ended September 30, (unaudited)		Three-month period ended September 30, (unaudited)	
	Notes	2020	2019	2020	2019
Profit for the period	11	$ 319,480	$ 323,944	$ 146,916	$ 110,793
Items that may be subsequently reclassified to profit or (loss):					
(Loss) gain on valuation of derivative financial instruments held for hedging purposes	8.3	(22,503)	(15,197)	6,640	(1,304)
Deferred income tax on the (loss) gain on valuation of derivative financial instruments held for hedging purposes		6,751	4,559	(1,992)	391
(Loss) gain on valuation of derivative financial instruments held for hedging purposes of joint ventures		(28,535)	(53,954)	11,803	(15,791)
Deferred income tax on the (loss) gain on valuation of derivative financial instruments held for hedging purposes of joint ventures		8,560	16,186	(3,542)	4,737
(Loss) gain exchange differences on translation of foreign operations, net		(37,228)	277	5,189	(5,446)
Total items that may be subsequently reclassified to (loss) or profit		(72,955)	(48,129)	18,098	(17,413)
Other comprehensive (loss) income for the period		(72,955)	(48,129)	18,098	(17,413)
Total comprehensive income for the period		$ 246,525	$ 275,815	$ 165,014	$ 93,380
Attributable to:					
Owners of the Company		247,671	276,140	165,028	93,679
Non-controlling interests		(1,146)	(325)	(14)	(299)
		$ 246,525	$ 275,815	$ 165,014	$ 93,380

See accompanying notes to the Condensed Interim Consolidated Financial Statements.

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	Other comprehensive loss	Retained earnings	Attributable to owners of the parent	Non-controlling interests	Total
Balance as of January 1, 2019		$ 963,272	$ 2,351,801	$ (7,190)	$ (104,105)	$ 1,536,662	$ 4,740,440	$ 13,310	$ 4,753,750
Profit for the period	11	—	—	—	—	324,269	324,269	(325)	323,944
Loss on valuation of derivative financial instruments held for hedging purposes, net of income tax		—	—	—	(10,638)	—	(10,638)	—	(10,638)
Loss on valuation of derivative financial instruments held for hedging purposes of joint ventures, net of income tax		—	—	—	(37,768)	—	(37,768)	—	(37,768)
Exchange differences on translation of foreign operations, net		—	—	—	277	—	277	—	277
Total comprehensive income for the period		—	—	—	(48,129)	324,269	276,140	(325)	275,815
Repurchase of ordinary shares, net		—	—	(9,761)	—	—	(9,761)	—	(9,761)
Balance as of September 30, 2019 (unaudited)		$ 963,272	$ 2,351,801	$ (16,951)	$ (152,234)	$ 1,860,931	$ 5,006,819	$ 12,985	$ 5,019,804
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	11	—	—	—	—	320,626	320,626	(1,146)	319,480
Loss on valuation of derivative financial instruments held for hedging purposes, net of income tax	8.3	—	—	—	(15,752)	—	(15,752)	—	(15,752)
Loss on valuation of derivative financial instruments held for hedging purposes of joint ventures, net of income tax	4	—	—	—	(19,975)	—	(19,975)	—	(19,975)
Exchange differences on translation of foreign operations, net		—	—	—	(37,228)	—	(37,228)	—	(37,228)
Total comprehensive income for the period		—	—	—	(72,955)	320,626	247,671	(1,146)	246,525
Repurchase of ordinary shares, net	10	—	—	(167,019)	—	—	(167,019)	—	(167,019)
Acquisition of non-controlling interest	1.4, 1.7	—	(3,497)	—	—	—	(3,497)	(6,944)	(10,441)
Balance as of September 30, 2020 (unaudited)	10	$ 955,239	$ 2,339,386	$(167,019)	$ (203,874)	$ 2,097,906	$ 5,021,638	$ 4,664	$ 5,026,302

See accompanying notes to the Condensed Interim Consolidated Financial Statements.

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	Nine-month period ended September 30, (unaudited) 2020	Nine-month period ended September 30, (unaudited) 2019	Three-month period ended September 30, (unaudited) 2020	Three-month period ended September 30, (unaudited) 2019
Cash flows from operating activities:					
Profit for the period	11	$ 319,480	$ 323,944	$ 146,916	$ 110,793
Adjustments for:					
Income tax expense	9, 11	105,319	113,164	36,968	32,973
Share of profit of joint ventures, net of income tax	4, 11	(153,254)	(35,612)	(20,883)	(26,961)
Finance costs		104,671	98,930	33,313	33,094
Interest income		(45,874)	(25,564)	(13,179)	(9,762)
Loss on disposal of property, plant and equipment		1,197	8,866	1,183	4,606
Impairment loss recognized on trade receivables		39	78	65	50
Depreciation and amortization		121,019	115,644	40,577	39,233
Net foreign exchange loss (gain)	3b	117,788	1,415	(17,264)	16,337
Net (gain) loss on valuation of derivative financial instruments		(3,909)	(3,084)	1,903	634
Others		—	(187)	—	(92)
		566,476	597,594	209,599	200,905
Movements in working capital:					
(Increase) decrease in trade and other receivables, net		(59,514)	9,541	(57,058)	(42,842)
Decrease (increase) in natural gas inventories, net		6,201	(1,934)	3,478	3,875
(Increase) decrease in other assets, net		(995)	4,064	28,352	6,730
(Decrease) increase in trade and other payables, net		(19,732)	(4,196)	71	3,828
Decrease in provisions, net		(5,818)	(36,551)	(1,840)	(30,073)
Increase (decrease) in other liabilities, net		3,768	22,426	(6,789)	11,316
Cash generated from operations		490,386	590,944	175,813	153,739
Income taxes paid		(155,325)	(95,340)	(39,908)	(20,880)
Net cash provided by operating activities		335,061	495,604	135,905	132,859

(Continued)

	Notes	Nine-month period ended September 30, (unaudited) 2020	2019	Three-month period ended September 30, (unaudited) 2020	2019
Cash flows from investing activities:					
Investment in joint ventures	4	(13,575)	(8,590)	(5,050)	(6,295)
Equity reimbursement from joint ventures	4	7,578	1,955	3,250	1,955
Interest received		43,376	192	13,147	40
Acquisitions of property, plant and equipment and others		(401,002)	(435,375)	(97,977)	(182,164)
Loans granted to unconsolidated affiliates	3	(27,104)	(20,276)	(184)	(191)
Receipts of loans granted to unconsolidated affiliates	3	2,062	7,321	36	919
Net cash used in investing activities		(388,665)	(454,773)	(86,778)	(185,736)
Cash flows from financing activities:					
Acquisition of non-controlling interest		(10,441)	—	—	—
Interest paid		(102,579)	(100,739)	(35,962)	(33,550)
Loans received from unconsolidated affiliates	3	64,000	—	—	—
Loans payments to unconsolidated affiliates		—	(135,500)	—	(135,500)
Proceeds from bank financing	6	1,011,000	842,265	—	411,382
Payments on bank lines of credit	6, 7	(1,133,557)	(553,354)	(790,393)	(222,594)
Lease payments	16	(8,745)	(24,675)	(3,396)	(3,507)
Payments for repurchase of shares		(161,065)	(9,761)	(150,721)	(1,548)
Proceeds from Senior notes	1.10	800,000	—	800,000	—
Debt issuance costs		(28,032)	—	(28,032)	—
Net cash provided by (used in) financing activities		430,581	18,236	(208,504)	14,683
Increase (decrease) in cash, cash equivalents and restricted cash		376,977	59,067	(159,377)	(38,194)
Cash, cash equivalents and restricted cash at the beginning of the period		91,502	78,047	600,815	140,242
Effects of exchange rate changes on cash and cash equivalents		(20,286)	(43,888)	6,755	(8,822)
Cash, cash equivalents and restricted cash at the end of the period		$ 448,193	$ 93,226	$ 448,193	$ 93,226

See accompanying notes to the Condensed Interim Consolidated Financial Statements.

Notes to the Condensed Interim Consolidated Financial Statements

As of September 30, 2020 and for the nine and three-month periods ended September 30, 2020 and 2019 (unaudited)
(In thousands of U.S. Dollars, except where otherwise stated)

1. Business and relevant events

a. *Business*

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") 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 19.

The Company reorganized its prior reporting segments effective first quarter 2020. The change did not affect neither the accounting policies nor the basis of preparation of the financial information. This change reflects how the management will evaluate and review the performance of the business. Disclosures are uniformly conducted in accordance with the new segments established for 2020.The new reportable segments are Gas, Storage and Power. The aggregation criteria disclosure is described in Note 11.

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 marine and in - land terminals 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 wind farm located in Nuevo Leon, Mexico, and holds interests in a renewable energy project in a joint venture in Baja California, Mexico. The renewable energy projects use the solar and wind resources to serve customers in Mexico and in the U.S.

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

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

b. *Relevant events*

1.1. Guaymas - El Oro Pipeline

On September 15, 2020, the Guaymas - El Oro contract's suspension term was extended until March 15, 2021.

1.2. ICM Ventures Holdings B.V. ("ICM") Equity Increase

On January 23, 2020, IEnova made an equity contribution to ICM for an amount of $3.3 million dollars.

1.3. Corporate Long - Term Credit facilities

On March 23, 2020, the Company informed that the U.S. International Development Finance Corporation ("DFC") approved a long-term financing for IEnova for up to $241.0 million dollars. This long-term financing was agreed and the funds were received in June 2020.

On March 26, 2020, the Company entered into a 15-year credit facility for $100.0 million dollars with Japan International Cooperation Agency ("JICA").

These facilities are part of the financing structure that the Company closed in November 2019, with the International Finance Corporation ("IFC") and North American Development Bank ("NADB").

The funds are used to finance and/or refinance the construction of IEnova´s solar generation projects.

1.4. Acquisition of Non-Controlling interest

On March 27, 2020, IEnova acquired 8,239,437 additional shares (with a nominal value $1 U.S. Dollar per share) of ICM for an amount of $9.3 million dollars, increasing its participation to 82.5 percent.

1.5. Assessment of the impact of COVID 19

The outbreak of the novel coronavirus ("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 continue to do so for the 3rd quarter of 2020.

- Customer Exposure - During the 3rd quarter of 2020, non-governmental customers continue to account for more than 50 percent of total revenues.

- Volumetric Exposure - During the 3rd quarter of 2020, the majority of contracts with customers remain take-or-pay and U.S. dollar denominated contracts, with an average remaining life of 21 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 September 30, 2020, 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. As of September 30, 2020 we have not increased the allowance for doubtful accounts.

- 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 of construction cost will be deferred from the original Commercial Operation Date ("COD") these changes are not significant.

IEnova is one of the first companies without governmental investment to enter the energy infrastructure business in Mexico as described in Note 1.a. During the last 23 years, the Company has increased its presence as a leader in private investment in the Mexican Energy Sector (including through new development projects, organic growth, acquisitions and by diversifying its type of assets and customer base) and it is recognized as one of the largest sector companies in the country.

The energy sector has been considered "essential" by Mexican Authorities, which has allowed us to operate practically uninterrupted during this 3rd quarter of 2020. Although the demand for electricity, natural gas, gasoline and other fuels has declined in the last quarter, mainly due to social lockdown and other restrictions on mobility (similar to what was observed in the rest of the world), IEnova is expected to continue to provide energy services on a normal basis.

IEnova has enough liquidity to meet its operating costs, expenses and financial obligations. As of September 30, 2020, the Company had approximately US $1.8 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 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.

The full extent to which COVID-19 may impact the Company's results of operations or liquidity is uncertain, and could depend on upcoming developments about a vaccine or approved medications that help treat the coronavirus effects on people, on new information that may emerge regarding the duration and severity of the COVID-19 pandemic, and on the actions taken by local (federal and governmental) authorities, which are beyond our control.

The Board of Directors and the management work continuously to minimize the negative impact of the COVID-19 pandemic, through crisis planning, effective communication, and cooperation.

1.6 Credit rating

On April 17, 2020, the Company announced that Fitch downgraded IEnova´s rating to BBB / Stable from BBB+/ Stable, following the downgrade of Mexico´s sovereign to BBB-/ Stable from BBB/ Stable.

On April 21, 2020, the Company announced that Moody's downgraded IEnova's rating to Baa2 (global scale) from Baa1 and to Aa2.mx (Mexico National Scale) from Aa1.mx. The outlook remains negative.

The rating downgrade follows the recent rating actions on the ratings and outlooks of the Mexican government (Baa1 negative), Comision Federal de Electricidad ("CFE"; Baa1/Aa1.mx negative) and Petroleos Mexicanos ("PEMEX"; Ba2/A2.mx negative).

Moody's affirms that this action is balanced by IEnova's otherwise stable cash - flow profile coming from Dollar-denominated and long term take-or-pay contracts from a diverse portfolio.

1.7 Acquisition of Non-Controlling interest

On April 28, 2020, IEnova acquired additional 10 percent of participation in Tepezala solar project for an amount of $1.1 million dollars increasing its participation to 100 percent.

1.8 Changes in Energy Renewable regulation

On April 29, 2020, Mexico's Centro Nacional de Control de Energia ("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.

On May 15, 2020, Mexico's Secretaria de Energia ("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:

- 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;
- grants CRE and CENACE broad authority to approve or deny permits and interconnection requests by producers of renewable energy; and
- 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 expects to file *amparo* claims for its affected facilities in the third quarter of 2020.

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.

IEnova obtained a definitive suspension in the *amparo* claims for its affected facilities. However, the legal authority required a guarantee for the differential of the amount that IEnova must pay to CFE Intermediacion de Contratos Legados S.A. de C.V. for the transmission services which were guaranteed as follows:

Project	Definitive suspension date		Guarantee Amount
Border	8/3/2020	$	2,937
Don Diego	8/3/2020		4,806
Ventika I	8/17/2020		1,060
Ventika II	8/17/2020		1,734

1.9 ECA LNG Joint Venture ("JV") Liquefaction Export

Through a JV agreement, Sempra LNG and IEnova are developing a proposed natural gas liquefaction project at IEnova's existing ECA LNG Regasification facility. The proposed liquefaction facility project, which is planned for development in two phases (a mid-scale project referred to as ECA LNG JV Phase 1 and a large-scale project referred to as ECA LNG JV Phase 2), is being developed to provide buyers with direct access to west coast LNG supplies. The ECA LNG regasification facility currently has profitable long-term regasification contracts for 100 percent of the regasification facility's capacity through 2028, making the decisions on whether and how to pursue the ECA LNG JV Phase 2 liquefaction project dependent, in part on, whether the investment in a large-scale liquefaction facility would, over the long term, be more beneficial financially than continuing to supply regasification services under our existing contracts. We do not believe that the development of ECA LNG JV Phase 1 will disrupt operations at the ECA LNG Regasification facility.

In November 2018, Sempra LNG and IEnova signed Heads of Agreements with affiliates of TOTAL S.A., Mitsui & Co., Ltd. and Tokyo Gas Co., Ltd. for ECA LNG JV Phase 1 in respect of LNG sales of approximately 2.5 Mtpa in the aggregate. In April 2020, ECA LNG JV executed definitive 20-year LNG sale and purchase agreements with Mitsui & Co., Ltd. and an affiliate of TOTAL S.A. for approximately 0.8 Mtpa of LNG and 1.7 Mtpa of LNG, respectively. Each agreement remains subject to certain customary conditions of effectiveness, including our final investment decision for the project. TOTAL S.A., it also has the option to acquire an equity interest in ECA LNG JV Phase 1.

In March 2019, ECA LNG JV received two authorizations from the Department of Energy ("DOE") to export U.S.-produced natural gas to Mexico and to re-export LNG to non-USMCA countries from its ECA LNG JV Phase 1 project, a one-train natural gas liquefaction export facility with a nameplate capacity of 3.25 million tons per annum ("Mtpa") and initial offtake capacity of approximately 2.5 Mtpa, and its ECA LNG JV Phase 2 project, each of which is in development.

On February 27, 2020, we entered into an Engineering Procurement Construction ("EPC") contract with TechnipFMC for the engineering, procurement and construction of ECA LNG JV Phase 1. We have no obligation to move forward on the EPC contract, and we may release TechnipFMC to perform portions of the work pursuant to limited notices to proceed. We plan to fully release TechnipFMC to perform all of the work to construct ECA LNG JV Phase 1 only after we reach a Final Investment Decision ("FID") with respect to the project and after certain other conditions are met. The total price of the EPC contract for ECA LNG JV Phase 1 is estimated at approximately $1.5 billion. We estimate that capital expenditures for ECA LNG JV Phase 1 will approximate $2.0 billion, including capitalized interest and project contingency. The actual cost of the EPC contract and the actual amount of these capital expenditures may differ, perhaps substantially, from our estimates.

We continue to work towards reaching a FID for ECA LNG JV Phase 1. However, this project is contingent on the receipt of an export permit from the Mexican government.

1.10 International Senior Notes Offering

On September 15, 2020, IEnova obtained $800.0 million related to an international Senior Notes offering, the notes were offered and sold in a private placement to qualified institutional buyers in the U. S. pursuant to Rule 144A and outside the U. S. pursuant to Regulation S under the U. S. Securities Act of 1933, as amended (the “Securities Act”). The notes bear interest at a rate of 4.75 percent, with semiannual payments of interest beginning on July 2021, maturing in 2051.

The Senior Notes received an investment grade rating from Fitch Ratings (BBB), Moody's Corporation (“Moody’s”) (Baa2) and Standard & Poor’s Global Ratings (“S&P”) (BBB). The Company used the net proceeds from the offering to repay outstanding short-term indebtedness, with the remainder for general corporate purposes.

The Senior Notes may not be offered or sold in Mexico absent authorization by the Comision Nacional Bancaria y de Valores (“CNBV”) in accordance with the Ley del Mercado de Valores ("Mexican Securities Market Law") and all applicable regulations and the registration of the Senior Notes in the Registro Nacional de Valores (“National Securities Registry”) maintained by the CNBV; or in the U. S. absent registration under the Securities Act or an exemption from registration therefrom.

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 for the year ended December 31, 2019, 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 annual Consolidated Financial Statements for the year ended December 31, 2019, except for the adoption of new standards effective as of January 1, 2020, were followed for these Condensed Interim Consolidated Financial Statements. (Please refer to Note 16).

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 2020, but do not have an impact on the Condensed Interim Consolidated Financial Statements of the Company.

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, a retrospective restatement, or a reclassification of items in the Consolidated Financial Statements. (Please refer to Note 11).

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 unconsolidated affiliates

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

a. *Transactions and balances with unconsolidated affiliates*

During the nine and three-month periods ended September 30, 2020 and 2019, respectively, the Company entered into the following transactions with unconsolidated affiliates as part of ongoing operations:

	Revenues			
	Nine-month period ended		Three-month period ended	
	09/30/20	09/30/19	09/30/20	09/30/19
Sempra Gas & Power Marketing, LLC (“SG&PM”)	$ 122,263	$ 158,300	$ 55,270	$ 54,186
Sempra LNG International, LLC (“SLNGI”)	68,641	76,395	14,747	26,603
Tag Pipelines Norte, S. de R. L. de C. V. (“TAG Pipelines Norte”)	19,686	19,151	6,603	6,470
Servicios ESJ, S. de R. L. de C. V. (“SESJ”)	2,563	1,209	846	355
ECA Liquefaction, S. de R. L. de C.V. (“ECAL”)	1,731	789	704	90
Sempra North American Infraestructure, LLC (“Sempra Infraestructure”)	1,464	—	366	—
Sempra International, LLC (“Sempra International”)	1,348	1,336	444	505
Tag Norte Holding, S. de R. L. de C. V. (“TAG”)	556	520	186	180
Southern California Gas Company (“SoCalGas”)	39	405	—	—
ECA LNG Services, S. A. P. I. de C. V. (“ECAL Services”)	1	—	—	—
ECA Minority, S. de R. L. de C.V. (“ECAM”)	1	—	—	—
ECA Operator, S. A. P. I. de C. V. (“ECAOp”)	1	—	—	—

	Cost of revenues and operating, administrative and other expenses			
	Nine-month period ended		Three-month period ended	
	09/30/20	09/30/19	09/30/20	09/30/19
SLNGI	$ 94,210	$ 180,175	$ 34,051	$ 64,928
SG&PM	79,993	80,940	30,378	15,153
Sempra Infrastructure	4,019	4,142	1,335	1,388
SoCalGas	2,407	1,919	993	689
Sempra International	1,322	3,662	1,400	1,329
Pxise Energy Solutions, LLC (“Pxise”)	251	1,111	(1)	—
Sempra Energy Holding, XI. B. V. (“SEH”)	90	72	28	—
San Diego Gas & Electric Company (“SDGE”)	12	—	—	—

The transactions include an administrative services benefit from affiliates of $1.3 million and administrative services from affiliates of $3.7 million for the nine-month period ended September 30, 2020 and 2019, respectively and $1.4 million and $1.3 million for the three-month period ended September 30, 2020 and 2019, respectively, which were paid and have been properly distributed to the segments incurring those costs.

	Interest income			
	Nine-month period ended		**Three-month period ended**	
	09/30/20	**09/30/19**	**09/30/20**	**09/30/19**
Infraestructura Marina del Golfo, S. de R. L. de C. V. ("IMG")	$ 43,327	$ 22,728	$ 12,482	$ 8,662
Energia Sierra Juarez, S. de R. L. de C. V. ("ESJ")	409	36	133	—
Sempra Global, LLC ("SEG")	80	65	28	23
ECAL	—	18	—	5

	Finance cost			
	Nine-month period ended		**Three-month period ended**	
	09/30/20	**09/30/19**	**09/30/20**	**09/30/19**
TAG	$ 6,789	$ —	$ 2,280	$ —
TAG Pipelines Norte	3,724	1,625	1,197	465
Sempra Energy International Holding NV ("SEI NV")	755	1,149	164	363
Inversiones Sempra Limitada ("ISL")	—	4,320	—	1,349
Peruvian Opportunity Company, S. A. C. ("POC")	—	2,618	—	775

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

	Amounts due from unconsolidated affiliates (current)	
	As of	
	09/30/20	**12/31/19**
SG&PM	$ 49,610	$ 30,581
ESJ (i)	25,113	—
Sempra Infraestructure	3,827	2,349
TAG Pipelines Norte	2,508	2,524
IMG	1,912	—
SESJ	747	575
ECAL	378	295
SLNGI	166	—
TAG	73	70
ECAOp	50	—
ECAL Services	50	—
ECAM	1	—
	$ 84,435	$ 36,394

New loans or amendments as of 2020:

i. On January 31, 2020, IEnova entered into a $35.0 million U.S. Dollar-denominated affiliate credit facility with ESJ, to finance working capital and for general corporate purposes. All principal, interest and other amounts under this Note shall 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's terms extending the maturity to December 31, 2020.

	Amounts due to unconsolidated affiliates (current)	
	As of	
	09/30/20	12/31/19
SLNGI	$ 22,850	$ 10,525
SG&PM	16,469	13,343
SoCalGas	307	227
Sempra International	75	136
SDGE	12	—
ECAL	3	—
Pxise	—	235
SEH	—	5
	$ 39,716	$ 24,471

b. ***Due from unconsolidated affiliates***

	As of	
	09/30/20	12/31/19
IMG (i)	$ 619,803	$ 741,816
SEG	3,298	2,793
	$ 623,101	$ 744,609

i. On April 21, 2017, IEnova entered into a loan agreement with IMG, providing a credit line in an amount of up to $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") accruing to outstanding principal quarterly.

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

As of September 30, 2020, the outstanding balance amounts to $13,962.0 million Mexican Pesos, including $2,521.5 million Mexican Pesos of accrued interest. For the nine-month period this loan decreased approximately in $119.0 million as a result of the increase in the exchange rate as it is denominated in Mexican Pesos. However, this impact is compensated with the gain recognized through its equity method investment in joint venture IMG. (See Note 4.2).

Transactions with unconsolidated affiliates as of the date of this report 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 expenses have been recognized in the current or prior years and periods for bad or doubtful debts regarding the amounts owed by unconsolidated affiliates.

c. ***Due to unconsolidated affiliates (non-current)***

	As of	
	09/30/20	**12/31/19**
TAG	$ 163,703	$ 155,769
TAG Pipelines Norte (i)	107,713	39,368
SEI NV	38,460	38,460
	$ 309,876	$ 233,597

i. On January 9, 2020, Ductos y Energeticos del Norte, S. de R. L. de C. V. ("DEN") entered into a $64.0 million U.S. Dollar-denominated affiliate credit facility with TAG Pipelines Norte, 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.

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

Total compensation expense of key management personnel was $16.2 and $11.0 million for the nine-month periods ended September 30, 2020 and 2019, respectively, and $2.7 and $1.8 million for the three-month periods ended September 30, 2020 and 2019, respectively.

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

4. Investment in joint ventures

4.1. ESJ

The JV formed between IEnova and IG Sierra Juarez, S. de R.L. de C.V. ("Saavi Energia"), started operations in June 2015. As of September 30, 2020 and 2019, the Company's 50 percent interest in ESJ is accounted for under the equity method.

	As of	
	09/30/20	**12/31/19**
Total members' equity	$ 25,688	$ 42,496
Share of members' equity	$ 12,844	$ 21,248
Goodwill	12,121	12,121
Carrying amount of investment in ESJ	$ 24,965	$ 33,369

On February 28, 2020, pursuant to a resolution in the General Ordinary Shareholders' Meeting it was resolved to reduce the equity in the amount of $8,656.0 of which 50 percent corresponds to IEnova.

On August 14, 2020, pursuant to a resolution in the General Ordinary Shareholders' Meeting it was resolved to reduce the equity in the amount of $6,160.0 of which 50 percent corresponds to IEnova.

ESJ´s Condensed Interim Consolidated Statements of Profit are as follows:

	Nine-month period ended		Three-month period ended	
	09/30/20	**09/30/19**	**09/30/20**	**09/30/19**
Revenues	$ 34,385	$ 40,421	$ 8,812	$ 12,295
Operating, administrative and other expenses	(15,586)	(19,648)	(5,538)	(6,513)
Finance costs	(10,411)	(10,610)	(3,378)	(3,573)
Other (losses) gains, net	(832)	29	10	(16)
Income tax (expense) benefit	(1,554)	(3,500)	92	(431)

	Nine-month period ended		Three-month period ended	
	09/30/20	09/30/19	09/30/20	09/30/19
Profit (loss) for the period	$ 6,002	$ 6,692	$ (2)	$ 1,762
Share of profit (loss) of ESJ	$ 3,001	$ 3,346	$ (1)	$ 881

a. ***Project financing for the ESJ project***. On June 12, 2014, ESJ entered into a $239.8 million 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 Sumitomo Mitsui Banking Corporation ("SMBC") as lenders.

On June 30, 2015, ESJ converted the construction loans into 18-year term loans. The credit facilities mature on June 30, 2033, with payments due on a semi-annual basis (each June 30 and December 30 until the final maturity date), starting on December 30, 2015.

The credit facilities bear interest at LIBOR plus the applicable margin, as follows:

Years	LIBOR applicable margin
June 2019 - June 2023	2.625%
June 2023 - June 2027	2.875%
June 2027 - June 2031	3.125%
June 2031 - June 2033	3.375%

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 $239.8 million. The debt outstanding as of September 30, 2020, is as follows:

	Debt balance
Mizuho	$ 41,914
SMBC	41,914
NORD/LB	41,914
NAFINSA	30,484
NADB	30,484
	$ 186,710

b. ***Interest rate swaps.*** To partially 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.

c. ***Other disclosures.*** The member's agreement provides certain restrictions and benefits to the sale of the membership interest in ESJ. The agreement establishes that capital calls are to be contributed on a pro rata basis by the members.

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 commercial operations.

As of September 30, 2020 and 2019, the Company's 40 percent interest in IMG is accounted for under the equity method.

	As of	
	09/30/20	12/31/19
Total members' equity	$ 958,325	$ 673,012
Share of members' equity	$ 383,330	$ 269,205
Guarantees (b)	5,018	5,018
Remeasurement of interest rate and others (c)	(58,050)	(70,390)
Share of member's equity and carrying amount of investment in IMG	$ 330,298	$ 203,833

IMG´s Condensed Interim Consolidated Statements of Profit are as follows:

	Nine-month period ended		Three-month period ended	
	09/30/20	09/30/19	09/30/20	09/30/19
Revenue	$ 365,196	$ 18,800	$ 121,027	$ 18,800
Operating, administrative and other expenses	(84,581)	(2,683)	(26,534)	(2,683)
Finance (costs) income, net	(111,772)	1,480	(32,485)	1,570
Other gains (losses), net *	291,937	(1,770)	(35,787)	38,426
Income tax expense	(148,371)	(11,499)	(442)	(18,101)
Profit for the period	$ 312,409	$ 4,328	$ 25,779	$ 38,012
Share of profit of IMG	124,964	1,732	10,312	15,204
Other adjustments	1,501	74	499	74
Share of profit of IMG	$ 126,465	$ 1,806	$ 10,811	$ 15,278

* 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 $116.77 million).

a. ***Project financing for the IMG project.*** As of September 30, 2020, and 2019, 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, parent entities, for $9,041.9 million Mexican Pesos and $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 $14,167.9 and $21,252.1 million Mexican Pesos, respectively. The loans accrue an annual interest rate of TIIE plus 220 BPS. Outstanding balance as of September 30, 2020, with IEnova is $13,919.1 million Mexican Pesos.

On March 23, 2018, IMG entered into a $300.0 million 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 $420.0. million. 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.

b. ***Guarantees.*** IEnova and TC Energy have each provided guarantees to third parties associated with the construction of IMG’s Sur de Texas-Tuxpan natural gas marine pipeline. IEnova’s share of potential exposure of the guarantees was estimated to be $5.0 million and terminated upon completion of all guaranteed obligations. The guarantees had terms that expired in July 2019.

c. ***Remeasurement of interest rate.*** As of September 30, 2019, the adjusted amount in the interest income for the loan between IEnova and IMG was $7.3 million, derived from the difference in the capitalized interest rates of projects under construction per contract, the loan accrued interest at TIIE rate plus 220 BPS, 10.6 percent as of September 30, 2019; while the financing of the resources used by IEnova accrued interest at an average rate of 4.1 percent as of September 30, 2019. The COD was in September 17, 2019 and interest capitalization stopped at this date.

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 began operations in February 2016.

As of September 30, 2020, and 2019, the interest in TAG is accounted for under the equity method.

	As of	
	09/30/20	**12/31/19**
Total members’ equity	$ 523,819	$ 500,160
Share of members’ equity and carrying amount of investment in TAG	$ 261,910	$ 250,080
Goodwill	99,020	99,020
Total amount of the investment in TAG	$ 360,930	$ 349,100

TAG´s Condensed Interim Consolidated Statements of Profit are as follows:

	Nine-month period ended		Three-month period ended	
	09/30/20	**09/30/19**	**09/30/20**	**09/30/19**
Revenues	$ 158,053	$ 161,078	$ 51,908	$ 54,990
Operating, administrative and other expenses	(23,830)	(25,775)	(8,240)	(8,165)
Finance costs	(32,902)	(41,870)	(10,857)	(13,741)
Other losses	(4,558)	(1,675)	(1,343)	(3,346)
Income tax expense	(40,808)	(30,254)	(8,065)	(8,134)
Profit for the period	$ 55,955	$ 61,504	$ 23,403	$ 21,604
Share of profit of TAG	$ 27,978	$ 30,752	$ 11,702	$ 10,802

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 $1,274.5 million, divided in tranches:

i. Long tranche up to $701.0 million,
ii. Short tranche up to $513.3 million and
iii. A letter of credit tranche for debt service reserve up to $60.2 million.

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 September 30, 2020, the total outstanding loan is $999.1 million, with its respective maturities.

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

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

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

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

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

On December 16, 2019, TAG issued $332.0 million of 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.

The loans mentioned above contain restrictive covenants, which require TAG to maintain certain financial ratios and limit dividend payments, loans and obtaining additional financing. TAG met such covenants as of September 30, 2020.

Long-term debt due dates are as follows:

Year	**Amount**
2020	$ 20
2021	39
2022	45
2023	48
Thereafter	847
Total	$ 999

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

Year	Amount
2020	$ 6
2021	8
2022	9
2023	9
Thereafter	296
Total	$ 328

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 coverage 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 coverage 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.

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

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

4.4. ECA LNG Holdings B.V.

In February 2019, ECAL and ECAM, (formerly IEnova´s subsidiaries) were deconsolidated. The new parent ECA LNG Holdings B. V. is an investment between IEnova and SLNGEL (50 percent each). (Please refer to Note 1.9).

As of September 30, 2020, the Company's 50 percent interest in ECAL is accounted for under the equity method. ECAL's Condensed Interim Consolidated Financial Statements and the Company's equity method investment are summarized as follows:

	As of	
	09/30/20	12/31/19
Total members' equity	$ 97,770	$ 78,999
Carrying amount of investment in ECAL	$ 48,885	$ 39,500

On June 3 and February 18, 2020, the Company made capital contributions for $3.5 and $5.0 million, respectively.

ECAL´s Condensed Interim Consolidated Statements of Loss are as follows:

	Nine-month period ended		Three-month period ended	
	09/30/20	09/30/19	09/30/20	09/30/19
Operating, administrative and other expenses	$ (10,503)	$ (819)	$ (4,436)	$ (195)
Other (losses) gain	155	(1)	95	145
Interest gain (losses), net	60	(1)	4	(2)
Income tax benefit	1,911	236	1,082	47
Loss for the period	$ (8,377)	$ (585)	$ (3,255)	$ (5)
Share of loss of ECAL	$ (4,190)	$ (292)	$ (1,629)	$ (2)

5. Property, plant and equipment, net

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

	As of	
	09/30/20	12/31/19
Liquid terminals (i)	$ 584,231	$ 365,045
Solar projects (ii)	266,658	169,972
Pipelines and Compression station projects (iii)	112,805	139,923
Other projects	36,538	26,451
	$ 1,000,232	$ 701,391

The additions to property, plant and equipment during 2020 and 2019, are mainly comprised of construction in process, related to:

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

On April 1, 2019, management declared the completion of the construction and COD of the Pima Solar project.

On June 1, 2019, management declared the completion of the construction and COD of the Rumorosa Solar project.

On October 6, 2019, management declared the completion of the construction and COD of Tepezala Solar project.

Borrowing costs. During the nine-month periods ended September 30, 2020, and 2019, the Company capitalized interest attributable to the construction in progress in the amount of $9.5 and $16.7 million, respectively.

The weighted average rate used to determine the amount of borrowing costs eligible for capitalization were 3.2 and 3.8 percent, for the nine-month periods ended September 30, 2020 and 2019, respectively.

6. Short-term debt

Short-term debt includes:

	As of	
	09/30/20	12/31/19
Credit agreements (a)	$ 772,007	$ 1,174,068
Current portion of IEnova Pipelines S. de R. L de C. V. ("IEnova Pipelines") Bank Loan (Please refer Note 7.d.)	43,101	41,186
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 7.b.)	26,755	25,665
Multilateral Facility (Please refer Note 7.h. j.)	4,060	588
Trina Solar Holdings, B. V. ("Trina Solar") (Please refer Note 7.f.)	—	231
	$ 845,923	$ 1,241,738
Borrowing costs of credit agreement	(4,914)	(6,359)
	$ 841,009	$ 1,235,379

a. *Credit agreements*

SMBC. On February 11, 2019, the Company entered into an amendment agreement to increase the amount of the credit line to $1.5 billion. The Company recognized transaction costs for $5.8 million in this transaction.

As of September 30, 2020, the Company has withdrawn $492.0 million.

As of December 31, 2019, the Company made withdrawals of $990.0 million and payments of $904.0 million.

As of September 30, 2020 and December 31, 2019, the available unused credit portion was $1,008.0 million and $606.0 million, respectively.

The weighted average interest rate on short-term debt with SMBC was 2.19 percent during the nine-month periods ended September 30, 2020.

Bank of Nova Scotia ("BNS"). On September 23, 2019, the Company entered into a two-year, $280.0 million revolving credit agreement with BNS. As of June 30, 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 of loans in part in the minimum amount or in full.

The loan bears interest at three-month LIBOR plus 54 BPS, with quarterly payments.

Dispositions of credit lines are used for working capital and general corporate purposes.

Scotiabank. On March 9, 2020, the Company withdrew $100.0 million from its uncommitted working capital facility with Scotiabank, the maturity was on June 8, 2020, with a variable interest rate at month LIBOR plus 30 BPS, on this date, the maturity date was extended to July 8, 2020. The loan was prepaid on June 24, 2020.

7. Long-term debt

Long-term debt includes:

	As of	
	09/30/20	12/31/19
Senior Notes (a)	$ 1,640,000	$ 840,000
Santander – Ventika Mexico (b, c)	381,065	401,764
Debt securities (“CEBURES”) at fixed rate (e, g)	173,663	206,949
Multilateral Facility (h, j)	541,000	200,000
BBVA Bancomer S. A. (“BBVA”) – IEnova Pipelines (d)	166,388	198,759
Trina Solar (f)	—	11,190
	$ 2,902,116	$ 1,858,662
Debt issuance costs	(69,228)	(40,331)
	$ 2,832,888	$ 1,818,331

a. ***Senior Notes.*** On December 14, 2017, the Company obtained $840.0 million related to an international Senior Notes offering as follows:

i. The first placement was for $300.0 million bearing interest at a rate of 3.75 percent, with semi-annual payments of interest, maturing in 2028.

ii. The second placement was for $540.0 million 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 $800.0 million 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 amount of costs by the offering of Senior Notes was for 30.2 million, 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 the Ventika project.*** 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.

The credit facilities mature according to the following table, with payments due on a quarterly basis each March 15, June 15, September 15 and December 15, until the final maturity date, as follows:

Bank	Maturity date
Santander	3/15/2024
BANOBRAS	3/15/2032
NADB	3/15/2032
BANCOMEXT	3/15/2032
NAFINSA	3/15/2032

The breakdown of the debt (including short and long-term) is as follows:

Bank	**As of 09/30/20**
NADB	$ 130,529
BANOBRAS	83,806
Santander	62,955
NAFINSA	65,265
BANCOMEXT	65,265
	$ 407,820

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 92.0 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 $475.4 million, the proceeds to be used to develop IEnova Pipelines projects.

The four participating credit institutions are Bancomer with a 50.0 percent contribution, The Bank of Tokyo Mitsubishi (“Bank of Tokyo”) with 20.0 percent, Mizuho with 15.0 percent and NORD/LB with 15.0 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 2.0 percent per year until the fifth anniversary, LIBOR plus 2.25 percent from the fifth to the eight anniversary, 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 September 30, 2020, the debt (including short and long-term) matures as follows:

Year	**Amount**
2020	$ 21,493
2021	68,281
2022	50,450
Thereafter	79,541
	$ 219,765

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 the date of the Condensed Interim Consolidated Financial Statements, IEnova Pipelines has complied with these obligations.

On January 22, 2014, IEnova Pipelines contracted a derivative financial instrument (swap) with Bancomer, Bank of Tokyo, Mizuho and NORD/LB to hedge the interest rate risk on the total of its outstanding debt. The financial instrument changes LIBOR for a fixed rate of 2.63 percent.

The Company has designated the derivative financial instrument mentioned above as a cash flow hedge, as permitted by applicable accounting standards, given that, the interest rate swap hedge's objective is to fix the cash flows derived from variable interest payments on the syndicated loan maturing in 2026.

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

i. The outstanding placement was for $306.2 million ($3,900.0 million of 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 $12.4 million, the proceeds were used to develop the Tepezala Solar Project. The maturity of the loan is 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 made the repayment of the loan including interest accrued at this date.

g. ***Cross - currency and interest rate swaps.*** On February 14, 2013, regarding the placements of CEBURES, the Company executed cross-currency and interest rate swap contracts for hedging its exposure to the payment of its liabilities in Mexican Pesos:

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 September 30, 2020, the swap's total notional value is $306.2 million ($3,900.0 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 $200.0 million, the proceeds will be 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 for 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 $241.0 million dollars.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 partially mitigate its exposure to interest rate changes associated with the Multilateral Facility loan, IEnova entered into floating-to-fixed interest rate swaps for 100 percent of the loan. The outstanding interest rate swap assigned to Credit Agricole with a trade date of November 20, 2019, and an effective date of December 5, 2019, the date of disbursement of the loan. The term of the interest rate swap matches the critical terms of the interest payments. The swap is accounted for as cash flow hedge. The fixed contracted interest rate is 1.78 percent.

j. ***JICA Long-term credit.*** On March 26, 2020, the Company entered into a15-year credit facility for US $100.0 million 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 partially mitigate its exposure to interest rate changes associated with the JICA Long-term credit, IEnova entered into floating-to-fixed interest rate swaps for 100 percent of the loan. The outstanding interest rate swap assigned to BBVA with a trade date of March 27, 2020, and an effective date of April 13, 2020, the date of disbursement of the loan. The term of the interest rate swap matches the critical terms of the interest payments. The swap is accounted for as cash flow hedge. The fixed contracted interest rate is 0.88 percent.

8. Financial instruments

a. *Foreign currency exchange rate*

Exchange rates in effect on September 30, 2020, December 31, 2019 and October 21, 2020, were as follows:

	Mexican Pesos		
	09/30/20	12/31/19	10/21/20
One U. S. Dollar	$ 22.4573	$ 18.8452	$ 21.1342

b. *Fair value ("FV") of financial instruments*

8.1. FV of financial instruments carried at amortized cost

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

	As of			
	09/30/20		12/31/19	
	Carrying Amount	FV	Carrying Amount	FV
Financial assets				
Financial lease receivables	$ 944,578	$ 1,389,000	$ 932,624	$ 1,308,000
Due from unconsolidated affiliates	707,536	736,947	781,003	823,757

	As of			
	09/30/20		12/31/19	
	Carrying Amount	FV	Carrying Amount	FV
Financial liabilities				
Long-term debt (traded in stock exchange)	1,754,662	1,731,690	1,016,697	1,010,330
Loans from banks long-term	1,078,226	976,805	790,444	756,411
Loans from unconsolidated affiliates (Long-term)	309,876	300,713	233,597	228,578
Loans from associate (Long-term)	—	—	11,190	10,848

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

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

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

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

iii. For financial liabilities, other than long-term debt, accounts receivables and payable due to unconsolidated affiliates, 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).

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

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

A FV measurement reflects the assumptions market 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	
	09/30/20	**12/31/19**
Financial instruments assets at FV through profit or loss (“FVTPL”)		
Derivative financial instrument assets (Level 2)	$ 8,175	$ 17,241
Derivative financial instrument liabilities at FVTPL		
Derivative financial instrument liabilities (Level 2) (i)	$ 202,151	$ 155,931

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.

9. 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 nine and three-month periods ended September 30, 2020 and 2019, are reconciled to the profit as follows:

	Nine-month period ended		Three-month period ended	
	09/30/20	**09/30/19**	**09/30/20**	**09/30/19**
Profit before income tax and share of profits of joint ventures	$ 271,545	$ 401,496	$ 163,001	$ 116,805
Income tax expense calculated at 30%	(81,464)	(120,449)	(48,901)	(35,042)
Effects of foreign exchange rate (i)	132,897	(5,395)	(13,382)	14,113
Effects of inflation adjustment (iii)	(16,023)	(4,084)	(10,838)	(2,926)
Effect of unused tax losses not recognized as deferred income tax asset	5,670	(1,308)	(1,817)	244
Effects of foreign exchange rate and inflation on the tax basis of property, plant and equipment, net and unused tax losses (ii)	(153,574)	3,749	37,046	(11,072)
Tax incentive (iv)	12,363	17,333	4,017	5,773
Other	(5,188)	(3,010)	(3,093)	(4,063)
Income tax expense recognized in the Condensed Interim Consolidated Statements of Profit	$ (105,319)	$ (113,164)	$ (36,968)	$ (32,973)

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

i. The effect of foreign currency exchange gains or losses is being calculated on Mexican Peso balances for financial reporting purposes, while the Mexican income tax law recognizes foreign exchange gains or losses on U. S. Dollar balances.

ii. The effect of exchange rate changes in the tax basis of property, plant and equipment, are valued 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.

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

iv. Recognition 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.

v. Tax Reform (“The Reform”) was published in the Official Gazette on November 25 and December 9, 2019. Most of the Reform went into effect on January 1, 2020. The most relevant modifications to the Mexican Tax Law are summarized below:

a. ***Income Tax***

- The Reform establishes for taxpayers with interest expense over $20.0 million Mexican Pesos a net interest expense deduction limitation equal to 30 percent of “adjusted taxable profit”. Non-deductible interest expense for each year could be carried forward for 10 years.

- The Reform limits the deduction of payments made, directly or indirectly, to related parties whose income is considered subject to a preferential tax jurisdiction (“REFIPRE” for its initials in Spanish). The Reform establishes that payments made directly, indirectly or through a “structured arrangement” to entities whose income is considered subject to REFIPRE, including the cost of sales and services, will not be deductible.

b. ***VAT***

- The independent services provided by a third party is an issue that is also addressed by this tax reform. When a third party that places personnel at the client’s disposal, regardless of the legal form of the contract, where the service is provided, or who directs the personnel, will carry a 6 percent VAT withholding on the consideration paid for these services. Non-compliant withholding agents shall not be able to take either the corresponding income tax deduction or VAT credit related to the payments made for the outsourcing services.

- It is established that the VAT in favor can only be recovered by accreditation or refund.

c. ***Federal Tax Code***

- A general anti-avoidance rule would give Mexican tax authorities the ability to re-characterize a transaction for tax purposes if the transaction lacked a business purpose. The tax authorities may re-characterize the transaction to one that would have provided the taxpayer with the reasonably expected economic benefit.

- The Reform aligns Mexican law with Base Erosion and Profits Shifting (“BEPS”) 12 Action by introducing mandatory reporting requirements or “reportable schemes” for tax advisors and taxpayers. Taxpayers would be required to report transactions not otherwise reported by their advisor.

Reportable transactions entered in 2020 would be reportable beginning in 2021. For tax benefits obtained in 2020 or later years, taxpayers may be obligated to report certain transactions entered before 2020.

The Company assessed 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 September 30, 2020, that there were no significant impacts as of that date. However, the Company 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 on the application of the 2020 Tax Reform.

10. 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 $250.0 million was approved. This repurchase fund was reestablished in the General Shareholders Meeting on April 30, 2020 per an amount of $500.0 million.

As of September 30, 2020 the Company repurchased 57,547,381 shares for a total of $167.0 million.

		As of September 30, 2020 (Mexican Pesos)			
Company stockholder's	**Number of shares**	**Fixed shares**	**Variable shares**	**Total**	**Total shares in USD**
Semco Holdco, S . de R . L . de C .V . ("SEMCO")	1,019,038,312	$ 50,000	$ 10,190,333,120	$10,190,383,120	$ 751,825
Private investors	510,365,500	—	4,528,181,190	4,528,181,190	203,414
	1,529,403,812	$ 50,000	$ 14,718,514,310	$14,718,564,310	$ 955,239

		As of December 31, 2019 (Mexican Pesos)			
Company stockholder's	**Number of shares**	**Fixed shares**	**Variable shares**	**Total**	**Total shares in USD**
SEMCO	1,019,038,312	$ 50,000	$ 10,190,333,120	$10,190,383,120	$ 751,825
Private investors	510,365,500	—	5,103,655,000	5,103,655,000	203,414
	1,529,403,812	$ 50,000	$ 15,293,988,120	$15,294,038,120	$ 955,239

11. Segment information

11.1. 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.

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 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 and transportation activities, sale of natural gas, which cannot be carried out without in 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 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 California in the 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, for being of 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 them.

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

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

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

The following summarizes the changes made to the reporting business segments:

1. Energia Costa Azul, S. de R.L. de C. V. (“ECA”), Transportadora del Norte SH, S. de R.L. de C.V. (“TDN”),TDF and marine and land terminals projects have been moved from Gas segment to a new segment “Storage”.

2. Servicios DGN de Chihuahua, S. de R.L. de C.V. (“SDGN”), Gasoductos Ingenieria, S. de R.L. de C.V. (“GI”) Servicios de Energia Costa Azul, S. de R.L. de C.V. (“SECA”), have been moved from Gas segment to a non-reportable segment Corporate.

3. Intrasegment/intersegment eliminations are presented in a separate column.

The operating segment information for the nine-month periods ended September 30, 2020 and 2019 are as follows:

	Nine-month period ended September 30, 2020				
	Gas	Storage	Power	Corporate and eliminations	Consolidated
External revenue	$ 591,596	$ 119,321	$ 220,774	$ 7,111	$ 938,802
Intercompany revenue	42,196	62,631	—	(104,827)	—
Revenue	633,792	181,952	220,774	(97,716)	938,802
Cost of revenue	(238,568)	(230)	(77,028)	104,203	(211,623)
Operating costs, administration and others	(82,089)	(39,649)	(31,944)	(5,878)	(159,560)
EBITDA	313,135	142,073	111,802	609	567,619
Depreciation and amortization	(50,819)	(35,659)	(35,429)	888	(121,019)
Operating income	262,316	106,414	76,373	1,497	446,600
Interest income					45,874
Financial costs					(104,671)
Other loss, net					(116,258)
Profit before income tax and share of profits of joint ventures					271,545
Income tax expense					(105,319)
Share of profits of joint ventures					153,254
Profit of the period					$ 319,480

	Nine-month period ended September 30, 2019 (Restated)				
	Gas	Storage	Power	Corporate and eliminations	Consolidated
External revenue	$ 687,332	$ 115,808	$ 244,926	$ 4,325	$ 1,052,391
Intercompany revenue	66,084	62,129	—	(128,213)	—
Revenue	753,416	177,937	244,926	(123,888)	1,052,391
Cost of revenue	(328,904)	(158)	(94,677)	127,293	(296,446)
Operating costs, administration and others	(93,086)	(37,674)	(30,405)	(1,229)	(162,394)
EBITDA	331,426	140,105	119,844	2,176	593,551
Depreciation and amortization	(49,216)	(36,020)	(31,185)	777	(115,644)
Operating income	282,210	104,085	88,659	2,953	477,907
Interest income					25,564
Financial costs					(98,930)
Other loss, net					(3,045)
Profit before income tax and share of profits of joint ventures					401,496
Income tax expense					(113,164)
Share of profits of joint ventures					35,612
Profit of the period					$ 323,944

	Three months ended September 30, 2020				
	Gas	**Storage**	**Power**	**Corporate and eliminations**	**Consolidated**
External revenue	$ 213,135	$ 39,876	$ 93,814	$ 2,359	$ 349,184
Intercompany revenue	18,915	20,984	—	(39,899)	—
Revenue	232,050	60,860	93,814	(37,540)	349,184
Cost of revenue	(97,336)	(117)	(33,685)	39,833	(91,305)
Operating costs, administration and others	(27,473)	(13,205)	(7,586)	(2,707)	(50,971)
EBITDA	107,241	47,538	52,543	(414)	206,908
Depreciation and amortization	(18,173)	(12,254)	(11,926)	1,776	(40,577)
Operating income	89,068	35,284	40,617	1,362	166,331
Interest income					13,179
Financial costs					(33,313)
Other gains, net					16,804
Profit before income tax and share of profits of joint ventures					163,001
Income tax expense					(36,968)
Share of profits of joint ventures					20,883
Profit of the period					$ 146,916

	Three months ended September 30, 2019 (Restated)				
	Gas	**Storage**	**Power**	**Corporate and eliminations**	**Consolidated**
External revenue	$ 223,642	$ 38,926	$ 90,610	$ 1,920	$ 355,098
Intercompany revenue	22,080	20,919	(2)	(42,997)	—
Revenue	245,722	59,845	90,608	(41,077)	355,098
Cost of revenue	(110,055)	(30)	(32,710)	42,631	(100,164)
Operating costs, administration and others	(29,540)	(11,611)	(13,367)	(4,333)	(58,851)
EBITDA	106,127	48,204	44,531	(2,779)	196,083
Depreciation and amortization	(17,711)	(12,796)	(11,319)	2,593	(39,233)
Operating income	88,416	35,408	33,212	(186)	156,850
Interest income					9,762
Financial costs					(33,094)
Other loss, net					(16,713)
Profit before income tax and share of profits of joint ventures					116,805
Income tax expense					(32,973)
Share of profits of joint ventures					26,961
Profit of the period					$ 110,793

	As of September 30, 2020				
	Gas	**Storage**	**Power**	**Corporate and eliminations**	**Consolidated**
Assets	$ 6,034,481	$ 2,356,416	$ 1,850,226	$ 101,750	$10,342,873
Liabilities	$ 2,175,626	$ 998,434	$ 1,304,038	$ 838,473	$ 5,316,571

	As of December 31, 2019 (Restated)				
	Gas	Storage	Power	Corporate and eliminations	Consolidated
Assets	$ 5,795,587	$ 2,126,634	$ 1,720,286	$ (90,001)	$ 9,552,506
Liabilities	$ 2,087,468	$ 776,212	$ 1,193,539	$ 538,050	$ 4,595,269

11.2. Segment revenues

The following tables show the restated numbers from the previous operating segments disclosure:

	Revenues — Nine - month period ended 09/30/19			
	Previous	Storage	Other	Current
Gas	$ 806,026	$ (177,937)	$ 125,327	$ 753,416
Storage	—	177,937	—	177,937
Power	244,926	—	—	244,926
Corporate and eliminations	1,439	—	(125,327)	(123,888)
	$ 1,052,391			$ 1,052,391

	Revenues — Three - month period ended 09/30/19			
	Previous	Storage	Other	Current
Gas	$ 263,985	$ (59,845)	$ 41,582	$ 245,722
Storage	—	59,845	—	59,845
Power	90,608	—	—	90,608
Corporate and eliminations	505	—	(41,582)	(41,077)
	$ 355,098			$ 355,098

11.3. Assets and liabilities by segment

	Assets by segment — As of 12/31/19			
	Previous	Storage	Other	Current
Gas	$ 7,030,018	$ (2,126,634)	$ 892,203	$ 5,795,587
Storage	—	2,126,634	—	2,126,634
Power	1,654,192	—	66,094	1,720,286
Corporate and eliminations	868,296	—	(958,297)	(90,001)
	$ 9,552,506			$ 9,552,506

	Liabilities by segment			
	As of 12/31/19			
	Previous	Storage	Other	Current
Gas	$ 1,306,150	$ (776,212)	$ 1,557,530	$ 2,087,468
Storage	—	776,212	—	776,212
Power	690,230	—	503,309	1,193,539
Corporate and eliminations	2,598,889	—	(2,060,839)	538,050
	$ 4,595,269			$ 4,595,269

11.4. External revenue by segment and subsegment

	Nine-month period ended		Three-month period ended	
	09/30/20	09/30/19	09/30/20	09/30/19
Distribution	$ 41,809	$ 55,754	$ 11,293	$ 13,785
Transport	318,544	336,869	104,123	109,336
Sale of natural gas	231,243	294,709	97,719	100,521
Storage	119,321	115,808	39,876	38,926
Power	220,774	244,926	93,814	90,610
Corporate and others	7,111	4,325	2,359	1,920
	$ 938,802	$ 1,052,391	$ 349,184	$ 355,098

12. Revenues

12.1. Distribution by type of revenues

The following table shows the distribution by type of revenue shown in the Condensed Interim Consolidated Statements of Profit for the nine and three-month periods ended on September 30, 2020 and 2019:

	Nine-month period ended		Three-month period ended	
	09/30/20	09/30/19	09/30/20	09/30/19
Revenue from operations:				
Contracts with customers	$ 583,038	$ 621,074	$ 216,622	$ 201,987
Leases	132,168	128,043	41,434	42,348
Derivatives	60,250	79,191	24,695	26,727
Others - Sale of natural gas	94,477	143,226	51,458	52,971
Other revenue - Non IFRS 15	68,869	80,857	14,975	31,065
Total revenue	$ 938,802	$ 1,052,391	$ 349,184	$ 355,098

12.2. *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 nine and three-month periods ended on September 30, 2020 and 2019:

	Nine-month period ended		Three-month period ended	
	09/30/20	**09/30/19**	**09/30/20**	**09/30/19**
Power generation	$ 216,586	$ 221,122	$ 98,680	$ 78,497
Transportation of gas	181,597	212,101	58,153	67,733
Storage and regasification capacity	115,502	116,344	38,723	39,220
Natural gas distribution	41,051	52,471	10,965	12,884
Administrative services	28,302	19,036	10,101	3,653
Total revenue from contracts with clients	$ 583,038	$ 621,074	$ 216,622	$ 201,987
Obligations met:				
Over time	$ 583,038	$ 621,074	$ 216,622	$ 201,987

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.

13. Earnings per share

13.1. *Basic earnings per share*

	Nine-month period ended		Three-month period ended	
	09/30/20	**09/30/19**	**09/30/20**	**09/30/19**
Basic and diluted earnings per share	$ 0.21	$ 0.21	$ 0.10	$ 0.07

13.2. *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:

	Nine-month period ended		Three-month period ended	
	09/30/20	**09/30/19**	**09/30/20**	**09/30/19**
Earnings used in the calculation of basic and diluted earnings per share	$ 320,626	$ 324,269	$ 146,930	$ 111,092
Weighted average number of shares for the purposes of basic and diluted earnings per share	1,521,371,427	1,532,456,909	1,506,250,509	1,532,456,909

The Company does not have potentially diluted shares.

14. Commitments

Material commitments of the Company are the same as those disclosed in the Consolidated Financial Statements for the year ended December 31, 2019, except for the following:

a. ***Don Diego Solar project***. During 2020, the Company entered into several contracts for the construction of the project. During the nine-month period ended September 30, 2020 payments under these contracts were $2.0 million. There are not material future payments under these contractual commitments.

b. ***DEN.*** During 2020, the Company entered into several maintenance contracts for the project. Net future payments under these contractual commitments are as follows:

Year		Amounts
2020	$	313
2021		364
2022		470
Total	$	1,147

c. ***ECA.*** During 2020, the Company entered into several contracts for control room video wall and corrosion service. During the nine-month period ended September 30, 2020 payments under these contracts were $0.1 million. Net future payments under these contractual commitments are as follows:

Year		Amounts
2020	$	607
2021		876
2022		744
Thereafter		77
Total	$	2,304

d. ***GDT.*** During 2020, the Company entered into several contracts for Turbocharger PK-191 replacement at Caracol Station, Turbine PK-171 replacement at Los Indios Station, Turbocharger PK-172 maintenance and major inspection . Net future payments under this contractual commitment is as follows:

Year		Amounts
2020	$	4,135
2021		7,124
2022		941
Total	$	12,200

e. ***Puebla in-land project.*** During 2020, the Company entered into several contracts for the project's construction. During the nine-month period ended September 30, 2020 payments under these contracts were $2.4 million. Net future payments under these contractual commitments are as follows:

Year		Amounts
2020	$	2,775

f. ***Topolobampo terminal project.*** During 2020, the Company entered into a contract for soil reinforcement on tanks area construction. During the nine-month period ended September 30, 2020 payments under these contracts were $3.4 million. Net future payments under this contractual commitments is as follows:

Year		Amounts
2020	$	210

g. ***Veracruz marine terminal project.*** During 2020, the Company entered into several contracts for the project's construction. During the nine-month period ended September 30, 2020 payments under these contracts were $4.6 million. Net future payments under these contractual commitments are as follows:

Year		Amounts
2020	$	3,321

h. ***Valle De Mexico project.*** During 2020, the Company entered into several contracts for the project's construction. During the nine-month period ended September 30, 2020 payments under these contracts were $1.6 million. Net future payments under these contractual commitments are as follows:

Year		Amounts
2020	$	3,446

i. ***Manzanillo terminal project.*** During 2020, the Company entered into several contracts for the project's construction. During the nine-month period ended September 30, 2020 payments under these contracts were $0.9 million. Net future payments under these contractual commitments are as follows:

Year	**Amounts**
2020	$ 1,153

j. ***TDN.*** During 2020, the Company entered into a contract for Facilities Maintenance. During the nine-month period ended September 30, 2020 payments under these contracts were $0.1 million. Net future payments under this contractual commitment is as follows:

Year	**Amounts**
2020	$ 72
2021	252
2022	252
Thereafter	22
Total	$ 598

k. ***TDF.*** During 2020, the Company entered into a contract for the supply and commissioning of a chromatograph in TDF. During the nine-month period ended September 30, 2020 payments under these contracts were $0.1 million. Net future payments under these contractual commitments is as follows:

Year	**Amounts**
2020	$ 3,060

l. ***Gasoducto de Ingenieria.*** During 2020 the Company entered into two agreements with CEMEX, for transfering rights to the management agreement Ventika and Ventika II . During the nine-month period ended September 30, 2020 payments under these contracts were $2.5 million. Net future payments under these contractual commitments is as follows:

Year	**Amounts**
2021	$ 2,500

15. 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, 2019, 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.

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. Which process continues.

c. Federal Injunction no. 390/2018, at the 8th District Court with residence in Ensenada Baja California. filed by Santander as the representative of the trust that comprehends the land properties of Bajamar against the permits issued by the federal government, to build and operate a natural gas liquefaction terminal. The trial is currently suspended due to an appeal, filed against the admission of evidence of the plaintiff. Regarding the definite suspension or injunction of the permits, initially, the judge granted the order, however, the Company was able to revoke it.

d. 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 will be resolved in approximately 2 months.

e. *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.

f. In May 2020, two of the customers at the ECA regasification facility filed notices alleging that a 2019 update of the general terms and conditions for service at this facility resulted in both a force majeure and a breach of the existing contracts. IEnova has rejected the customers’ allegations as meritless and the parties are engaged in discussions under the applicable upper management discussion period as part of the contractual dispute resolution procedures. During this period the customers have not made payments of the amounts payable under their respective LNG storage and regasification agreements and the Company has drawn on (and receive payments under) the letters of credit provided by the customers as payment security. If a mutual resolution is not achieved, the dispute could proceed to arbitration.

On July 23, 2020, Shell Mexico, submitted a request for arbitration of the dispute. IEnova will avail itself of its available claims, defenses and remedies in the arbitration proceeding. Shell Mexico has also informed IEnova that it filed a constitutional challenge to the CRE’s approval of the update to the general terms and conditions. The other customer has since replenished the amounts drawn on its letter of credit and has resumed making regular monthly payments.

g. On September 2020, ECA was notified of an administrative claim filed at the Ensenada Municipality, by two companies. They are suing for the annulment of several municipal administrative permits and licenses issued in favor of ECA, related to the liquefaction plant, arguing that such permits were granted over land that they owned. The Ensenada Municipality granted a suspension of the permits and licenses, until a ruling is issued regarding their legality. ECA filed its answer to the administrative claim, defending the legality of the permits and its property titles, petitioning for a quick dismissal of the case and requesting that the plaintiffs file a bond to guarantee possible damages because of the suspension of the permits.

h. 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 $2 million approximately.

The Company stared a legal procedure. Its important to mention that under Company and its legal advisors opinion, there are enough legal arguments to recover this amounts, therefore its was not recorded any allowance.

16. 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, 2019, except for the adoption of new standards effective as of January 1, 2020.

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 2020, but do not have an impact on the Condensed Interim Consolidated Financial Statements of the Company.

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs.

These amendments had no impact on the Condensed Interim Consolidated Financial Statements of the Company, but may impact future periods should the Company enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

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

Amendments to IAS 1 and IAS 8: Definition of Material

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those Financial Statements, which provide financial information about a specific reporting entity.”

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the Financial Statements.

A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

These amendments had no impact on the Condensed Interim Consolidated Financial Statements of, nor is there expected to be any future impact to the Company.

Conceptual Framework for Financial Reporting issued on March 29, 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

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

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

The Company has not applied the following new and revised IFRS that have been issued but have not being enforced:

-IFRS 17 - *Insurance Contracts*
-Amendments to IAS 1 - Classification of Liabilities as Current or Non-Current

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

17. Events after the reporting period

17.1. Repurchase of shares

From the date of these financial statements to October 21, 2020, the management has approved to repurchase 19,575,399 shares for a total of $64.0 million.

17.2. Changes in regulation Self-supply contracts

On October 6, 2020, CRE approved a new change in regulation related to power plans that operate under the figure of self-supply.

The change lies in limiting the inclusion of new consumer partners to their contracts and load centers.

The Company is evaluating the legal procedures to challenge these regulations.

17.3. Arbitration proceedings against ECA

On October 13, 2020, ECA was informed by its client Gazprom its consent to join the arbitration proceeding initiated by Shell against ECA and it is therefore awaiting the formalization of Gazprom’s recognition as a claimant party in such arbitration. ECA considers that Shell and Gazprom's claims are unfounded and inadmissible and it will enforce its rights in the corresponding arbitration process, seeking to dismiss the claims of the counterparts.

18. Approval of financial statements

The Condensed Interim Consolidated Financial Statements were approved and authorized for issuance by Carlos Mauer Diaz Barriga, Chief Financial Officer on October 21, 2020 and subject to the approval of the Ordinary General Shareholders’ Meeting and Board of Directors.

19. Main registered office

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