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

Condensed Interim Consolidated Financial Statements as of March 31, 2020 and for the three-month periods ended March 31, 2020 and 2019 (unaudited) and Independent Auditor’s Review Report Dated April 22, 2020

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

Condensed Interim Consolidated Financial Statements as of March 31, 2020 and for the three-month periods ended March 31, 2020 and 2019 (unaudited)

Content	Page

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**	**March 31, 2020 (unaudited)**	**December 31, 2019**
Current assets:			
Cash and cash equivalents		$ 538,890	$ 57,966
Restricted cash		23,129	30,844
Finance lease receivables	8	11,490	11,354
Trade and other receivables, net		142,332	139,407
Due from unconsolidated affiliates	3, 8	52,271	36,394
Income taxes receivable		17,379	22,061
Natural gas inventories		1,985	8,270
Derivative financial instruments	8	19,637	10,267
Value added tax receivable		134,836	132,886
Carbon allowances		6,434	6,444
Other assets		21,014	9,688
Total current assets		969,397	465,581
Non-current assets:			
Due from unconsolidated affiliates	3, 8	595,031	744,609
Derivative financial instruments	8	2,362	6,974
Finance lease receivables	8	937,118	921,270
Deferred income tax		163,738	89,898
Investments in joint ventures	4	713,711	625,802
Other assets		30,623	32,836
Property, plant and equipment, net	5	4,742,923	4,637,962
Right-of-use-assets, net		163,648	175,841
Carbon allowances		32,271	30,083
Intangible assets, net		178,435	180,867
Goodwill		1,638,091	1,638,091
Restricted cash		2,659	2,692
Total non-current assets		9,200,610	9,086,925
Total assets	11	$ 10,170,007	$ 9,552,506

(Continued)

Liabilities and Stockholder's Equity	Notes	March 31, 2020 (unaudited)	December 31, 2019
Current liabilities:			
Short-term debt	6	$ 1,808,623	$ 1,235,379
Trade and other payables		168,137	154,936
Due to unconsolidated affiliates	3	7,879	24,471
Income tax liabilities		41,208	62,699
Lease current liabilities		2,488	2,654
Derivative financial instruments	8	12,898	15,071
Other financial liabilities		12,560	26,218
Provisions		75	—
Other taxes payable		29,072	31,878
Carbon allowances		6,434	6,444
Other liabilities		30,296	33,782
Total current liabilities		2,119,670	1,593,532
Non-current liabilities:			
Long-term debt	7, 8	1,762,679	1,818,331
Due to unconsolidated affiliates	3, 8	301,719	233,597
Lease non-current liabilities		78,073	101,788
Deferred income tax liabilities		642,920	565,957
Carbon allowances		33,209	29,843
Provisions		85,467	84,842
Derivative financial instruments	8	211,518	140,860
Employee benefits		10,311	9,901
Other non-current liabilities		16,514	16,618
Total non-current liabilities		3,142,410	3,001,737
Total liabilities	11	5,262,080	4,595,269
Stockholder's equity:			
Common stock	10	955,239	955,239
Additional paid-in capital		2,341,393	2,342,883
Accumulated other comprehensive loss	8.3	(217,235)	(130,919)
Retained earnings		1,824,059	1,777,280
Total equity attributable to owners of the Company		4,903,456	4,944,483
Non-controlling interests		4,471	12,754
Total stockholders' equity		4,907,927	4,957,237
Commitments and contingencies	14, 15	—	—
Events after the reporting period	17	—	—
Total stockholders' liabilities and equity		$ 10,170,007	$ 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	Three-month period ended March 31, (unaudited) 2020 (Note 1)	2019 (Note 1)
Revenues	11, 12	$ 313,214	$ 380,630
Cost of revenues		(72,720)	(127,550)
Operating, administrative and other expenses		(58,463)	(52,230)
Depreciation and amortization		(40,734)	(37,563)
Interest income		17,996	8,036
Finance costs		(35,036)	(32,796)
Other (losses) gains, net	3b	(148,267)	6,654
(Loss) profit before income tax and share of profits of joint ventures	9	(24,010)	145,181
Income tax expense	9	(38,809)	(48,014)
Share of profits of joint ventures	4, 11	109,164	3,423
Profit for the period	11	$ 46,345	$ 100,590
Attributable to:			
Owners of the Company	13	46,779	100,605
Non-controlling interests		(434)	(15)
		$ 46,345	$ 100,590
Earnings per share:			
Basic and diluted earnings per share	13	$ 0.03	$ 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)

	Notes	Three-month period ended March 31, (unaudited) 2020	2019
Profit for the period	11	$ 46,345	$ 100,590
Items that may be subsequently reclassified to profit or (loss):			
Loss on valuation of derivative financial instruments held for hedging purposes	8.3	(24,941)	(2,161)
Deferred income tax on the loss on valuation of derivative financial instruments held for hedging purposes		7,483	648
Loss on valuation of derivative financial instruments held for hedging purposes of joint ventures		(31,326)	(17,312)
Deferred income tax on the loss on valuation of derivative financial instruments held for hedging purposes of joint ventures		9,398	5,194
Exchange differences on translation of foreign operations		(46,930)	2,859
Total items that may be subsequently reclassified to loss		(86,316)	(10,772)
Other comprehensive loss for the period		(86,316)	(10,772)
Total comprehensive (loss) income for the period		$ (39,971)	$ 89,818
Attributable to:			
Owners of the Company		(39,537)	89,833
Non-controlling interests		(434)	(15)
		$ (39,971)	$ 89,818

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	10	$ 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	—	—	—	—	100,605	100,605	(15)	100,590
Loss on valuation of derivative financial instruments held for hedging purposes, net of income tax		—	—	—	(1,513)	—	(1,513)	—	(1,513)
Loss on valuation of derivative financial instruments held for hedging purposes of joint ventures, net of income tax		—	—	—	(12,118)	—	(12,118)	—	(12,118)
Exchange differences on translation of foreign operations		—	—	—	2,859	—	2,859	—	2,859
Total comprehensive income for the period		—	—	—	(10,772)	100,605	89,833	(15)	89,818
Repurchase of ordinary shares, net		—	—	(5,902)	—	—	(5,902)	—	(5,902)
Balance as of March 31, 2019 (unaudited)	10	$ 963,272	$ 2,351,801	$ (13,092)	$ (114,877)	$ 1,637,267	$ 4,824,371	$ 13,295	$ 4,837,666
Balance as of January 1, 2020	10	$ 955,239	$ 2,342,883	$ —	$ (130,919)	$ 1,777,280	$ 4,944,483	$ 12,754	$ 4,957,237
Profit for the period	11	—	—	—	—	46,779	46,779	(434)	46,345
Loss on valuation of derivative financial instruments held for hedging purposes, net of income tax	8.3	—	—	—	(17,458)	—	(17,458)	—	(17,458)
Loss on valuation of derivative financial instruments held for hedging purposes of joint ventures, net of income tax	4	—	—	—	(21,928)	—	(21,928)	—	(21,928)
Exchange differences on translation of foreign operations		—	—	—	(46,930)	—	(46,930)	—	(46,930)
Total comprehensive (loss) for the period		—	—	—	(86,316)	46,779	(39,537)	(434)	(39,971)
Acquisition of non-controlling interest		—	(1,490)	—	—	—	(1,490)	(7,849)	(9,339)
Balance as of March 31, 2020 (unaudited)	10	$ 955,239	$ 2,341,393	$ —	$ (217,235)	$ 1,824,059	$ 4,903,456	$ 4,471	$ 4,907,927

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	Three-month period ended March 31, (unaudited) 2020	2019
Cash flows from operating activities:			
Profit for the period	11	$ 46,345	$ 100,590
Adjustments for:			
Income tax expense	9	38,809	48,014
Share of profit of joint ventures, net of income tax	4, 11	(109,164)	(3,423)
Finance costs		35,036	32,796
Interest income		(17,996)	(8,036)
Loss on disposal of property, plant and equipment		14	817
Impairment (gain) loss recognized on trade receivables		(30)	15
Depreciation and amortization		40,734	37,563
Net foreign exchange loss (gain)	3b	150,661	(8,926)
Net (gain) loss on valuation of derivative financial instruments		(500)	924
Others		—	(95)
		183,909	200,239
Movements in working capital:			
(Increase) decrease in trade and other receivables, net		(10,003)	14,360
Decrease (increase) in natural gas inventories, net		6,285	(3,295)
Increase in other assets		(7,500)	(20,715)
Decrease in trade and other payables, net		(6,744)	(12,813)
Decrease in provisions, net		(1,245)	(9,536)
(Decrease) increase in other liabilities, net		(3,036)	1,848
Cash generated from operations		161,666	170,088
Income taxes paid		(46,469)	(25,661)
Net cash provided by operating activities		115,197	144,427

(Continued)

	Notes	Three-month period ended March 31, (unaudited) 2020	2019
Cash flows from investing activities:			
Acquisition of non-controlling interest		(9,339)	—
Investment in joint ventures	4	(5,000)	—
Equity reimbursement from joint ventures	4	4,328	—
Interest received		15,691	160
Acquisitions of property, plant and equipment and others		(159,763)	(80,522)
Loans granted to unconsolidated affiliates	3	(24,658)	(2,737)
Receipts of loans granted to unconsolidated affiliates	3	1,972	5,591
Net cash used in investing activities		(176,769)	(77,508)
Cash flows from financing activities:			
Interest paid		(43,834)	(46,107)
Loans received from unconsolidated affiliates	3	64,000	—
Proceeds from bank financing	6	570,000	301,241
Payments on bank lines of credit	6, 7	(14,438)	(313,866)
Lease payments	16	(2,878)	(19,651)
Payments for repurchase of shares		—	(5,902)
Net cash provided by (used in) financing activities		572,850	(84,285)
Increase (decrease) in cash, cash equivalents and restricted cash		511,278	(17,366)
Cash, cash equivalents and restricted cash at the beginning of the period		91,502	78,047
Effects of exchange rate changes on cash and cash equivalents		(38,102)	18,624
Cash, cash equivalents and restricted cash at the end of the period		$ 564,678	$ 79,305

See accompanying notes to the Condensed Interim Consolidated Financial Statements.

Notes to the Condensed Interim Consolidated Financial Statements

As of March 31, 2020 and for the three-month periods ended March 31, 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 addresses of the Company's registered offices and principal places of business are disclosed in Note 19.

The Company reorganized its prior reporting segments effective first quarter 2020. The change does not affect the accounting policies nor the preparation basis of the financial information. This change aligns how the management will evaluate and review the performance of the business. Disclosure are uniformly conducted in accordance with the new segments for 2020.The new reportable segments are Gas, Storage and Power. (Please refer to Note 11).

The Gas segment develops, owns and operates, or holds interests in, natural gas, 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 the liquefied natural gas ("LNG") terminal in Baja California, Mexico, for importing, storing and regasifying LNG. Addionally, operates four storage spheres of liquid petroleum gas ("LPG") in Jalisco, Mexico and a LPG pipeline in 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, owns and operates a natural gas fire power plant that includes two gas turbines and one steam turbine in Baja California, Mexico, owns a 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., respectively.

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 January 13, 2020, the Guaymas - El Oro contract was extended the term suspension until May 15, 2020.

1.2. ICM Capital Increase

On January 23, 2020, IEnova made a capital contribution to ICM Ventures Holdings B.V. (“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.

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 will be 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. The continuity of the Company's business could be affected by measures implemented by Mexico´s governments and other countries to prevent the spread of contagious diseases among the population

During the first quarter of 2020, there has been an outbreak of Coronavirus (“COVID-19”), which has spread to various jurisdictions, including locations where IEnova does business (Mexico). The full extent of the outbreak, related business and travel restrictions and changes in behavior intended to reduce its spread are uncertain as of the date of the issuance of the consolidated financial statements as this continues to evolve globally.

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 is a sector of essential economic interest in Mexico and the world. COVID-19 has not stopped the activity of the energy sector, although the demand for electricity, natural gas, gasoline and other fuels could decline. The extent of such decline and its duration will depend on how the pandemic evolves. Activity in the energy sector cannot be stopped: electricity, natural gas, gasoline and other fuels must continue to reach consumers. It is not expected that IEnova’s operation will stop providing energy services.

Many of the Company’s agreements are under “take or pay contracts” modality. 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.

IEnova has sufficient liquidity to meet its operating costs and financial obligations. As of March 31, 2020, the Company had approximately US$1.0 billion of liquidity (including cash and committed credit lines).

As of today, 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. Given the speed and frequency of the continuously evolving developments with respect to this pandemic, the Company will continue to actively monitor the effects of the COVID-19 pandemic and may take further actions that alter business operations as may be required by federal, state or local authorities, or that management determine are in the best interests of employees, consumers, partners and suppliers. However, the Company cannot predict the extent to which the COVID-19 pandemic will impact liquidity, financial condition, results of operations, and prospects. 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.

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 three-month periods ended March 31, 2020 and 2019, respectively, the Company entered into the following transactions with unconsolidated affiliates as part of ongoing operations:

	Revenues	
	Three-month period ended	
	03/31/20	03/31/19
Sempra Gas & Power Marketing, LLC ("SG&PM")	$ 31,834	$ 73,576
Sempra LNG International, LLC ("SLNGI")	26,707	22,651
Tag Pipelines Norte, S. de R. L. de C. V. ("TAG Pipelines Norte")	6,540	6,271
Servicios ESJ, S. de R. L. de C. V. ("SESJ")	769	378
ECA Liquefaction, S. de R. L. de C.V. ("ECAL")	586	246
Sempra North American Infraestructure, LLC ("Sempra Infraestructure")	549	—
Sempra International, LLC ("Sempra International")	487	407
Tag Norte Holding, S. de R. L. de C. V. ("TAG")	185	—
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	—
Southern California Gas Company ("SoCalGas")	—	343

	Cost of revenues and operating, administrative and other expenses	
	Three-month period ended	
	03/31/20	03/31/19
SLNGI	$ 32,048	$ 77,822
SG&PM	28,394	45,133
Sempra Infrastructure	1,328	1,368
SoCalGas	657	605
Pxise Energy Solutions, LLC ("Pxise")	153	366
Sempra Energy Holding, XI. B. V. ("SEH")	31	29
San Diego Gas & Electric Company ("SDGE")	12	—
Sempra International	(1,035)	865

The transactions include an administrative services benefit from affiliates of $(1.0) million for the three-month period ended March 31, 2020 and administrative services from affiliates of $0.9 million for the three-month period ended March 31, 2019, which were paid and have been properly distributed to the segments incurring those costs.

	Interest income	
	Three-month period ended	
	03/31/20	03/31/19
Infraestructura Marina del Golfo, S. de R. L. de C. V. (“IMG”)	$ 16,972	$ 17,575
Sempra Global, LLC (“SEG”)	26	20
Energia Sierra Juarez, S. de R. L. de C. V. (“ESJ”)	132	36
ECAL	—	2

	Finance cost	
	Three-month period ended	
	03/31/20	03/31/19
TAG	$ 2,255	$ —
TAG Pipelines Norte	1,227	655
Sempra Energy International Holding NV (“SEI NV”)	319	401
Inversiones Sempra Limitada (“ISL”)	—	1,504
Peruvian Opportunity Company, S. A. C. (“POC”)	—	943

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

	Amounts due from unconsolidated affiliates (current)	
	As of	
	03/31/20	12/31/19
ESJ (i)	$ 22,718	$ —
SG&PM	19,646	30,581
Sempra Infraestructure	2,898	2,349
TAG Pipelines Norte	2,562	2,524
IMG	2,306	—
SESJ	652	575
Sempra International	563	—
SLNGI	459	—
ECAL	394	295
TAG	73	70
	$ 52,271	$ 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.

	Amounts due to unconsolidated affiliates (current)	
	As of	
	03/31/20	12/31/19
SG&PM	$ 7,600	$ 13,343
SoCalGas	219	227
SEH	33	5
Pxise	15	235
SDGE	12	—
SLNGI	—	10,525
Sempra International	—	136
	$ 7,879	$ 24,471

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

	As of	
	03/31/20	12/31/19
IMG (i)	$ 591,996	$ 741,816
SEG	3,035	2,793
	$ 595,031	$ 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 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 March 31, 2020, the outstanding balance amounts to $13,919.1 million Mexican Pesos, including $54.2 million Mexican Pesos of accrued interest. During the period of three months this loan decreased approximately in $147.0 million as a result of the increase in the exchange rate as its denominated in Mexican Pesos. However, this impact is compensated with the gain recognized though 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***

	As of	
	03/31/20	12/31/19
TAG	$ 158,443	$ 155,769
TAG Pipelines Norte (i)	104,816	39,368
SEI NV	38,460	38,460
	$ 301,719	$ 233,597

i. On January 9, 2020, Ductos y Energéticos 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 $12.2 and $8.0 million for the three-month periods ended March 31, 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 joint venture formed between IEnova and IG Sierra Juarez, S. de R.L. de C.V. ("Saavi Energia"), started operations in June 2015. As of March 31, 2020 and 2019, the Company's 50 percent interest in ESJ is accounted for under the equity method.

	As of	
	03/31/20	**12/31/19**
Total members' equity	$ 26,340	$ 42,496
Share of members' equity	$ 13,170	$ 21,248
Goodwill	12,121	12,121
Carrying amount of investment in ESJ	$ 25,291	$ 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.

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

	Three-month period ended	
	03/31/20	**03/31/19**
Revenues	$ 11,667	$ 13,677
Operating, administrative and other expenses	(5,021)	(6,573)
Finance costs	(3,432)	(3,524)
Other (losses) gains, net	(915)	24
Income tax expense	(318)	(1,473)
Profit for the period	$ 1,981	$ 2,131
Share of profit of ESJ	$ 991	$ 1,065

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 March 31, 2020, is as follows:

	Debt balance
Mizuho	$ 43,729
SMBC	43,729
NORD/LB	43,729
NAFINSA	31,802
NADB	31,802
	$ 194,791

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 joint venture 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 March 31, 2020 and 2019, the Company's 40 percent interest in IMG is accounted for under the equity method.

	As of	
	03/31/20	**12/31/19**
Total members' equity	$ 931,777	$ 673,012
Share of members' equity	$ 372,711	$ 269,205
Guarantees (b)	5,018	5,018
Remeasurement of interest rate and others (c)	(67,592)	(70,390)
Share of member's equity and carrying amount of investment in IMG	$ 310,137	$ 203,833

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

	Three-month period ended	
	03/31/20	03/31/19
Revenue	$ 121,841	$ —
Operating, administrative and other expenses	(31,261)	—
Finance costs	(43,055)	(26)
Other gains (losses), net *	363,813	(23,274)
Income tax (expense) benefit	(146,831)	2,499
Profit (loss) for the period	$ 264,507	$ (20,801)
Share of profit (loss) of IMG	105,803	(8,320)
Other adjustments	500	—
Share of profit (loss) of IMG adjusted	$ 106,303	$ (8,320)

* 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 $147.0 million)

a. ***Project financing for the IMG project.*** As of March 31, 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 million Mexican Pesos and $21,252.1 million Mexican Pesos, respectively. The loans accrue an annual interest rate of TIIE plus 220 BPS. Outstanding balance as of March 31, 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 90 BPS for U. S. Dollar or TIIE plus 50 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 March 31, 2020 and 2019, the adjusted amount in the interest income for the loan between IEnova and IMG was $7.3 and $11.9 million, respectively, 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 and 9.8 percent average during the three-month periods ended on March 31, 2020 and 2019 respectively; while the financing of the resources used by IEnova accrued interest at an average rate of 4.1 percent during the three-month periods ended on March 31, 2020 and 2019.

4.3. TAG (a Subsidiary of DEN)

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

As of March 31, 2020, and 2019, the interest in TAG is accounted for under the equity method.

	As of	
	03/31/20	**12/31/19**
Total members' equity	$ 472,375	$ 500,160
Share of members' equity and carrying amount of investment in TAG	$ 236,188	$ 250,080
Goodwill	99,020	99,020
Total amount of the investment in TAG	$ 335,208	$ 349,100

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

	Three-month period ended	
	03/31/20	**03/31/19**
Revenues	$ 53,868	$ 53,201
Operating, administrative and other expenses	(7,638)	(8,660)
Finance costs	(9,853)	(14,075)
Other (losses) gains, net	(5,393)	1,977
Income tax expense	(24,397)	(10,815)
Profit for the period	$ 6,587	$ 21,628
Share of profit of TAG	$ 3,294	$ 10,814

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 March 31, 2020, the total outstanding loan is $1,019.0 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 March 31, 2020.

Long-term debt due dates are as follows:

Year	**Amount**
2020	$ 40
2021	39
2022	45
2023	48
Thereafter	847
Total	$ 1,019

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

Year	**Amount**
2020	$ 7
2021	8
2022	9
2023	9
Thereafter	297
Total	$ 330

b. ***Interest rate swaps***. In November 2015, TAG contracted derivative 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.

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.

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).

As of March 31, 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	
	03/31/20	**12/31/19**
Total members' equity	$ 86,150	$ 78,999
Carrying amount of investment in ECAL	$ 43,075	$ 39,500

On February 18,2020, pursuant to a resolution in the General Ordinary Shareholders' Meeting it was resolved to made a non-mandatory share premium contribution to the company $10,000.0 and $15,000.0 by each shareholder.

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

	Three-month period ended	
	03/31/20	**03/31/19**
Operating, administrative and other expenses	$ (2,822)	$ (364)
Other (losses) gain	(330)	1
Interest gain (losses), net	47	(2)
Income tax benefit	258	93
Loss for the period	$ (2,847)	$ (272)
Share of loss of ECAL	$ (1,424)	$ (136)

5. Property, plant and equipment, net

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

	As of 03/31/20	As of 12/31/19
Liquid terminals (i)	$ 457,591	$ 365,045
Solar projects (ii)	214,571	169,972
Pipelines and Compression station projects (iii)	147,838	139,923
Other projects	31,484	26,451
	$ 851,484	$ 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 - Don Diego and Border Solar, in Sonora and Chihuahua, respectively.
iii. Pipelines - Compression station, in Sonora.

On April 1, 2019, management declared the completion of the construction and Commercial Operation Date ("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 three-month periods ended March 31, 2020, and 2019, the Company capitalized interest attributable to the construction in progress in the amount of $7.0 and $5.4 million, respectively.

The weighted average rate used to determine the amount of borrowing costs eligible for capitalization were 3.5 and 4.2 percent, for the three-month periods ended March 31, 2020 and 2019, respectively.

6. Short-term debt

Short-term debt includes:

	As of 03/31/20	As of 12/31/19
Credit agreements (a)	$ 1,744,002	$ 1,174,068
Current portion of IEnova Pipelines S. de R. L de C. V. ("IEnova Pipelines") Bank Loan (Please refer Note 7.d.)	41,644	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.)	25,802	25,665
Multilateral Facility (Please refer Note 7.h.)	2,678	588
Trina Solar Holdings, B. V. ("Trina Solar") (Please refer Note 7.f.)	374	231
	$ 1,814,500	$ 1,241,738
Borrowing costs of credit agreement	(5,877)	(6,359)
	$ 1,808,623	$ 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 March 31, 2020, the Company has made withdrawals of $470.0 million.

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

As of March 31, 2020 and December 31, 2019, the available unused credit portion was $136.0 and $606.0 million, respectively.

The weighted average interest rate on short-term debt with SMBC was 2.69 percent during the three-month periods ended March 31, 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 December 31, 2019, 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 entered into a credit agreement with Scotiabank for $100.0 million.

The loan maturity is on June 8, 2020, with a variable interest rate at month LIBOR plus 30 BPS.

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

7. Long-term debt

Long-term debt includes:

	As of	
	03/31/20	**12/31/19**
Senior Notes (a)	$ 840,000	$ 840,000
Santander – Ventika Mexico (b)	397,105	401,764
Debt securities ("CEBURES") at fixed rate (e, g)	165,871	206,949
Multilateral Facility (h)	200,000	200,000
BBVA Bancomer S. A. ("BBVA") – IEnova Pipelines (d)	188,221	198,759
Trina Solar (f)	11,190	11,190
	$ 1,802,387	$ 1,858,662
Debt issuance costs	(39,708)	(40,331)
	$ 1,762,679	$ 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.

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 03/31/20
NADB	$ 129,929
BANOBRAS	83,526
Santander	71,852
NAFINSA	64,965
BANCOMEXT	64,965
	$ 415,237

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 will 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 March 31, 2020, the debt (including short and long-term) matures as follows:

Year		Amount
2020	$	31,913
2021		45,054
2022		47,537
Thereafter		114,859
	$	239,363

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's hedge 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 two public debt issuances of CEBURES as follows:

i. The first 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.

ii. The second placement was for $102.1 million ($1,300.0 million of historical Mexican Pesos), bearing interest at variable rate based on the TIIE plus 30 BPS, with monthly payments of interest, maturing in 2018.

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 can be paid in full in a lump sum payment at the end of the credit contract or partially paid in installments throughout the contract term.

The loan bears an interest at three-month LIBOR plus 365 BPS, with quarterly payments, maturing in 2028. As of March 31, 2020, ESJR I has made withdrawals for $11.2 million.

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 March 31, 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.

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 1.77 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.

Fund will be disbursed in April, 2020 and integrated into those granted last year by IFC and NADB to finance and/or refinance the construction of the Company solar generation project portfolio.

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 March 31, 2020, December 31, 2019 and April 22, 2020, were as follows:

	Mexican Pesos		
	03/31/20	**12/31/19**	**04/22/20**
One U. S. Dollar	$ 23.5122	$ 18.8452	$ 0.0000

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			
	03/31/20		12/31/19	
	Carrying Amount	FV	Carrying Amount	FV
Financial assets				
Financial lease receivables	$ 948,608	$ 1,396,000	$ 932,624	$ 1,308,000
Due from unconsolidated affiliates	647,302	681,851	781,003	823,757
Financial liabilities				
Long-term debt (traded in stock exchange)	976,075	841,831	1,016,697	1,010,330
Loans from banks long-term	775,414	609,298	790,444	756,411
Loans from unconsolidated affiliates (Long-term)	301,719	273,282	233,597	228,578
Loans from associate (Long-term)	11,190	8,747	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	
	03/31/20	**12/31/19**
Financial instruments assets at FV through profit or loss ("FVTPL")		
Derivative financial instrument assets (Level 2)	$ 21,999	$ 17,241
Derivative financial instrument liabilities at FVTPL		
Derivative financial instrument liabilities (Level 2) (i)	$ 224,416	$ 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-USD 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 three-month periods ended March 31, 2020 and 2019, are reconciled to the profit as follows:

	Three-month period ended	
	03/31/20	03/31/19
(Loss) profit before income tax and share of profits of joint ventures	$ (24,010)	$ 145,181
Income tax expense calculated at 30%	7,203	(43,554)
Effects of foreign exchange rate	161,272	(11,388)
Effects of inflation adjustment	(5,021)	(1,998)
Effect of unused tax losses not recognized as deferred income tax asset	8,785	(865)
Effects of foreign exchange rate and inflation on the tax basis of property, plant and equipment, net and unused tax losses	(213,978)	10,053
Tax incentive*	4,182	—
Other	(1,252)	(262)
Income tax expense recognized in the Condensed Interim Consolidated Statements of Profit	$ (38,809)	$ (48,014)

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 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 evaluated the accounting and fiscal impact of the 2020 Tax Reform on its financial information and concluded, based on the facts and circumstances as of the date of the authorization of the Condensed Interim Consolidated Financial Statements as of March 31, 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

		As of March 31, 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	—	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

Company stockholder's	Number of shares	As of March 31, 2019 (Mexican Pesos) 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	514,985,500	—	5,149,855,000	5,149,855,000	211,447
	1,534,023,812	$ 50,000	$ 15,340,188,120	$15,340,238,120	$ 963,272

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.

The following information is provided to assist the users of the financial statements during transition to the new segment reporting structure. The change does not affect 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 restated operating segment information for the three-month periods ended March 31, 2020 and 2019 are as follows:

	Three-month period ended March 31,2020 Gas	Storage	Power	Corporate and eliminations	Consolidated
External revenue	$ 198,970	$ 39,339	$ 72,531	$ 2,374	$ 313,214
Intercompany revenue	15,618	20,898	—	(36,516)	—
Revenue	214,588	60,237	72,531	(34,142)	313,214
Cost of revenue	(80,155)	(69)	(28,928)	36,432	(72,720)
Operating costs, administration and others	(30,103)	(12,939)	(12,273)	(3,148)	(58,463)
EBITDA	104,330	47,229	31,330	(858)	182,031
Depreciation and amortization	(16,016)	(11,830)	(11,692)	(1,196)	(40,734)
Operating income	88,314	35,399	19,638	(2,054)	141,297
Interest income					17,996
Financial costs					(35,036)
Other gains, net					(148,267)
Profit before income tax and share of profits of joint ventures					(24,010)
Income tax expense					(38,809)
Share of profits of joint ventures					109,164

	Three-month period ended March 31,2020				
	Gas	Storage	Power	Corporate and eliminations	Consolidated
Profit of the year					$ 46,345

	As of March 31, 2020				
	Gas	Storage	Power	Corporate and eliminations	Consolidated
Assets	$ 5,965,140	$ 2,187,519	$ 1,767,280	$ 250,068	$10,170,007
Liabilities	$ 2,179,478	$ 896,115	$ 1,250,966	$ 935,521	$ 5,262,080

	Three-month period ended March 31,2019 (Restarted)				
	Gas	Storage	Power	Corporate and eliminations	Consolidated
External revenue	$ 256,972	$ 38,123	$ 84,802	$ 733	$ 380,630
Intercompany revenue	32,990	20,461	(1)	(53,450)	—
Revenue	289,962	58,584	84,801	(52,717)	380,630
Cost of revenue	(138,861)	(111)	(42,126)	53,548	(127,550)
Operating costs, administration and others	(30,021)	(12,082)	(8,728)	(1,399)	(52,230)
EBITDA	121,080	46,391	33,947	(568)	200,850
Depreciation and amortization	(15,771)	(11,595)	(9,317)	(880)	(37,563)
Operating income	105,309	34,796	24,630	(1,448)	163,287
Interest income					8,036
Financial costs					(32,796)
Other (loss), net					6,654
Profit before income tax and share of profits of joint ventures					145,181
Income tax expense					(48,014)
Share of profits of joint ventures					3,423
Profit of the year					$ 100,590

	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 previously operating segments:

	Revenues			
	Three - month period ended 03/31/19			
	Previous	Storage	Other	Current
Gas	$ 295,319	$ (58,584)	$ 53,227	$ 289,962
Storage	—	58,584	—	58,584
Power	84,801	—	—	84,801
Corporate and eliminations	510	—	(53,227)	(52,717)
	$ 380,630			$ 380,630

11.3. Assets and liabilities by segment

	Assets by segment			
	As of 03/31/19			
	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 03/31/19			
	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 income by segment and subsegment

	Three-month period ended	
	31/03/20	31/03/19
Distribution	$ 20,328	$ 25,922
Transport	110,349	114,450
Marketing	68,293	116,600
Storage	39,339	38,123
Power	72,531	84,802
Corporate and others	2,374	733
	$ 313,214	$ 380,630

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 three-month periods ended March 31, 2020 and 2019:

	Three-month period ended	
	03/31/20	**03/31/19**
Revenue from operations:		
Contracts with customers	$ 197,347	$ 228,370
Leases	48,983	42,930
Derivatives	17,369	26,543
Others - Sale of natural gas	22,808	60,136
Other revenue - Non IFRS 15	26,707	22,651
Total revenue	$ 313,214	$ 380,630

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 three-month periods ended on March 31, 2020 and 2019:

	Three-month period ended	
	03/31/20	**03/31/19**
Power generation	$ 66,846	$ 85,428
Transportation of gas	62,107	80,580
Storage and regasification capacity	38,699	27,967
Natural gas distribution	20,327	26,832
Administrative services	9,368	7,563
Total revenue from contracts with clients	$ 197,347	$ 228,370
Obligations met:		
Over time	$ 197,347	$ 228,370

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

	Three-month period ended	
	03/31/20	**03/31/19**
Basic and diluted earnings per share	$ 0.03	$ 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:

	Three-month period ended	
	03/31/20	**03/31/19**
Earnings used in the calculation of basic and diluted earnings per share	$ 46,779	$ 100,605
Weighted average number of shares for the purposes of basic and diluted earnings per share	1,529,403,812	1,531,464,923

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 three-month period ended march 31, 2020 payments under these contracts were $1.2 million. Net future payments under these contractual commitments are as follows:

Year	Amounts
2020	$ 821

b. ***ECA.*** During 2020 the Company entered into several contracts for control room video wall and corrosion service. Net future payments under these contractual commitments are as follows:

Year	Amounts
2020	$ 420
2021	437
2022	437
Thereafter	18
Total	$ 1,312

c. ***GDT.*** During 2020 the Company entered into a contract for Turbocharger replacement at Caracol Station. Net future payments under this contractual commitment is as follows:

Year	Amounts
2020	2,150
2021	4,300
Total	6,450

d. ***Puebla in-land project.*** During 2020 the Company entered into several contracts for the project's construction . During the three-month period ended march 31, 2020 payments under these contracts were $0.1 million. Net future payments under these contractual commitments are as follows:

Year	Amounts
2020	$ 1,109

e. ***Topolobampo terminal project.*** During 2020 the Company entered into a contract for soil reinforcement on tanks area construction . Net future payments under this contractual commitments is as follows:

Year	Amounts
2020	$ 3,411

f. ***TDN.*** During 2020 the Company entered into a contract for Facilities Maintenance. Net future payments under this contractual commitment is as follows:

Year	Amounts
2020	232
2021	252
2022	252
Thereafter	21
Total	$ 757

g. ***Tepazala Solar .*** During 2020 the Company entered into an amended contract, related to Engineering, Procurement and Construction with EPC. Net future payments under this contractual commitment is as follows:

Year	Amounts
2020	$ 1,563

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.,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.

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 Compan´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 Credit rating

On April 17, 2020, the Company, announced that Fitch downgrades IEnova´s rating to BBB / Stable from BBB+/ Stable, following this week´s downgrade of Mexico sovereign to BBB-/ Stable from BBB/ Stable. The investment grade remains without changes. (See Note 1.5).

On April, 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 Government of Mexico (Baa1 negative), Comisión Federal de Electricidad ("CFE"; Baa1/Aa1.mx negative) and Petroleos Mexicanos ("PEMEX"; Ba2/A2.mx negative).

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

18. Approval of financial statements

The Condensed Interim Consolidated Financial Statements were approved and authorized for issuance by Manuela Molina Peralta, Chief Financial Officer on April 22, 2020 and subject to the approval of the Ordinary General Shareholders' Meeting and Board of Directors.

19. Main registered offices

- Paseo de la Reforma No. 342 Piso 24
  Torre New York Life
  Col. Juarez, C.P. 06600
  Ciudad de Mexico, Mexico.

* * * * * *