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

Condensed Interim Consolidated Financial Statements as of June 30, 2021 and for the six and three-month periods ended June 30, 2021 and 2020 (unaudited) and Independent Auditor's Review Report Dated July 21, 2021

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

Condensed Interim Consolidated Financial Statements as of June 30, 2021 and for the six and three-month periods ended June 30, 2021 and 2020 (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)

		June 30, 2021 (unaudited)	December 31, 2020
Assets	**Notes**		
Current assets:			
Cash and cash equivalents		$ 130,709	$ 291,993
Restricted cash		32,758	21,655
Finance lease receivables	9	14,101	13,813
Trade and other receivables, net		239,460	182,587
Due from related parties	3, 9	46,560	30,976
Income taxes receivable		61,292	69,596
Natural gas inventories		11,864	5,946
Derivative financial instruments	9	—	156
Value-added tax receivable		148,208	128,593
Carbon allowances		47,548	47,439
Other assets		28,021	16,876
Total current assets		760,521	809,630
Non-current assets:			
Due from related parties	3, 9	714,546	787,183
Derivative financial instruments	9	4,810	1,246
Finance lease receivables	9	920,017	926,795
Deferred income tax		80,007	100,650
Investments in joint ventures	4	839,126	783,428
Property, plant and equipment, net	6	5,407,116	5,048,512
Right-of-use assets, net		140,644	155,261
Carbon allowances		6,348	6,457
Intangible assets, net	5	300,639	170,993
Goodwill		1,638,091	1,638,091
Restricted cash		2,688	2,688
Other assets		42,689	35,490
Total non-current assets		10,096,721	9,656,794
Total assets	12	$ 10,857,242	$ 10,466,424

(Continued)

Liabilities and Stockholder's Equity	Notes		June 30, 2021 (unaudited)		December 31, 2020
Current liabilities:					
Short-term debt	7	$	650,349	$	839,287
Trade and other payables			167,557		90,673
Due to related parties	3		96,713		61,817
Income tax liabilities			48,365		28,860
Lease liabilities			2,994		2,813
Derivative financial instruments	9		45,164		25,223
Other financial liabilities			58,790		36,847
Provisions			3,797		4,952
Other taxes payable			38,222		22,570
Carbon allowances			47,548		47,439
Other liabilities			31,744		78,895
Total current liabilities			1,191,243		1,239,376
Non-current liabilities:					
Long-term debt	8, 9		2,963,270		2,838,711
Due to related parties	3, 9		300,704		272,857
Lease liabilities			75,026		86,078
Deferred income tax liabilities			608,996		604,229
Carbon allowances			11,430		—
Provisions			115,096		108,478
Derivative financial instruments	9		158,830		159,812
Employee benefits			13,611		12,635
Other financial liabilities			12,157		4,998
Other non-current liabilities			18,877		17,453
Total non-current liabilities			4,277,997		4,105,251
Total liabilities	12		5,469,240		5,344,627
Stockholder's equity:					
Common stock	11		743,501		743,501
Additional paid-in capital			2,322,631		2,320,385
Accumulated other comprehensive loss	9.3		(154,073)		(186,241)
Retained earnings			2,471,259		2,239,395
Total equity attributable to owners of the Company			5,383,318		5,117,040
Non-controlling interests	1.4, 1.7		4,684		4,757
Total stockholders' equity			5,388,002		5,121,797
Commitments and contingencies	15, 16		—		—
Events after the reporting period	18		—		—
Total stockholders' liabilities and equity		$	10,857,242	$	10,466,424

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	Six-month periods ended June 30, (unaudited) 2021 (Note 1)	Six-month periods ended June 30, (unaudited) 2020 (Note 1)	Three-month periods ended June 30, (unaudited) 2021 (Note 1)	Three-month periods ended June 30, (unaudited) 2020 (Note 1)
Revenues	12, 13	$ 774,243	$ 589,618	$ 408,601	$ 276,404
Cost of revenues	12	(249,501)	(120,318)	(124,925)	(47,598)
Operating, administrative and other expenses		(124,462)	(108,589)	(70,345)	(50,126)
Depreciation and amortization		(97,350)	(80,442)	(53,525)	(39,708)
Interest income		25,564	32,695	13,204	14,699
Finance costs		(75,941)	(71,358)	(39,426)	(36,322)
Other gains (losses), net		5,256	(133,062)	30,521	15,205
Profit before income tax and share of profits of joint ventures	10, 12	257,809	108,544	164,105	132,554
Income tax expense	10, 12	(89,215)	(68,351)	(56,625)	(29,542)
Share of profits of joint ventures	4, 12	63,197	132,371	13,802	23,207
Profit for the period	12	$ 231,791	$ 172,564	$ 121,282	$ 126,219
Attributable to:					
Owners of the Company		231,864	173,696	121,311	126,917
Non-controlling interests		(73)	(1,132)	(29)	(698)
		$ 231,791	$ 172,564	$ 121,282	$ 126,219
Earnings per share:					
Basic and diluted earnings per share	14	$ 0.16	$ 0.11	$ 0.08	$ 0.08

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	Six-month periods ended June 30, (unaudited) 2021	Six-month periods ended June 30, (unaudited) 2020	Three-month periods ended June 30, (unaudited) 2021	Three-month periods ended June 30, (unaudited) 2020
Profit for the period	12	$ 231,791	$ 172,564	$ 121,282	$ 126,219
Items that will not be reclassified to profit or (loss):					
Actuarial losses on defined benefits plans		(786)	—	—	—
Deferred income tax related to actuarial losses on defined benefits plans		236	—	—	—
Total items that will not be reclassified to loss		(550)	—	—	—
Items that may be subsequently reclassified to profit or (loss):					
Gain (loss) on valuation of derivative financial instruments held for hedging purposes	9.3	8,968	(29,143)	(18,779)	(4,202)
Deferred income tax on the gain (loss) on valuation of derivative financial instruments held for hedging purposes		(2,694)	8,743	5,626	1,260
Gain (loss) on valuation of derivative financial instruments held for hedging purposes of joint ventures		37,551	(40,338)	(2,465)	(9,012)
Deferred income tax on the gain (loss) on valuation of derivative financial instruments held for hedging purposes of joint ventures		(11,265)	12,102	739	2,704
Gain (loss) exchange differences on translation of foreign operations		158	(42,417)	8,295	4,513
Total items that may be subsequently reclassified to profit or (loss)		32,718	(91,053)	(6,584)	(4,737)
Other comprehensive income (loss) for the period		32,168	(91,053)	(6,584)	(4,737)
Total comprehensive income for the period		$ 263,959	$ 81,511	$ 114,698	$ 121,482
Attributable to:					
Owners of the Company		264,032	82,643	114,727	122,180
Non-controlling interests		(73)	(1,132)	(29)	(698)
		$ 263,959	$ 81,511	$ 114,698	$ 121,482

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, 2020		$ 955,239	$ 2,342,883	$ —	$ (130,919)	$ 1,777,280	$ 4,944,483	$ 12,754	$ 4,957,237
Profit for the period	12	—	—	—	—	173,696	173,696	(1,132)	172,564
Loss on valuation of derivative financial instruments held for hedging purposes, net of income tax	9.3	—	—	—	(20,400)	—	(20,400)	—	(20,400)
Loss on valuation of derivative financial instruments held for hedging purposes of joint ventures, net of income tax	4	—	—	—	(28,236)	—	(28,236)	—	(28,236)
Exchange differences on translation of foreign operations		—	—	—	(42,417)	—	(42,417)	—	(42,417)
Total comprehensive (loss) income for the period		—	—	—	(91,053)	173,696	82,643	(1,132)	81,511
Repurchase of ordinary shares, net		—	—	(10,344)	—	—	(10,344)	—	(10,344)
Acquisition of non-controlling interest	11	—	(3,497)	—	—	—	(3,497)	(6,944)	(10,441)
Balance as of June 30, 2020 (unaudited)		$ 955,239	$ 2,339,386	$ (10,344)	$ (221,972)	$ 1,950,976	$ 5,013,285	$ 4,678	$ 5,017,963
Balance as of January 1, 2021		$ 743,501	$ 2,320,385	$ —	$ (186,241)	$ 2,239,395	$ 5,117,040	$ 4,757	$ 5,121,797
Profit for the period	12	—	—	—	—	231,864	231,864	(73)	231,791
Actuarial loss on defined benefit plans, net of income tax		—	—	—	(550)	—	(550)	—	(550)
Gain on valuation of derivative financial instruments held for hedging purposes, net of income tax	9.3	—	—	—	6,274	—	6,274	—	6,274
Gain on valuation of derivative financial instruments held for hedging purposes of joint ventures, net of income tax	4	—	—	—	26,286	—	26,286	—	26,286
Exchange differences on translation of foreign operations		—	—	—	158	—	158	—	158
Total comprehensive income (loss) for the period		—	—	—	32,168	231,864	264,032	(73)	263,959
Acquisition and others	1.4, 1.7	—	2,246	—	—	—	2,246	—	2,246
Balance as of June 30, 2021 (unaudited)	11	$ 743,501	$ 2,322,631	$ —	$ (154,073)	$ 2,471,259	$ 5,383,318	$ 4,684	$ 5,388,002

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	Six-month periods ended June 30, (unaudited) 2021	2020
Cash flows from operating activities:			
Profit for the period	12	$ 231,791	$ 172,564
Adjustments for:			
Income tax expense	10, 12	89,215	68,351
Share of profit of joint ventures, net of income tax	4, 12	(63,197)	(132,371)
Finance costs		75,941	71,358
Interest income		(25,564)	(32,695)
Loss on disposal of property, plant and equipment		947	14
Impairment loss (gain) recognized on trade receivables		98	(26)
Depreciation and amortization		97,350	80,442
Net foreign exchange (gain) loss	3b	(6,203)	135,052
Net loss (gain) on valuation of derivative financial instruments		23,251	(5,812)
		423,629	356,877
Movements in working capital:			
Increase in trade and other receivables		(67,276)	(2,456)
(Increase) decrease in natural gas inventories		(5,918)	2,723
Increase in other assets		(23,521)	(29,347)
Increase (decrease) in trade and other payables		82,415	(19,803)
Increase (decrease) in provisions		2,903	(3,978)
(Decrease) increase in other liabilities, net		(28,848)	10,557
Cash generated from operations		383,384	314,573
Income taxes paid		(49,034)	(115,417)
Net cash provided by operating activities		334,350	199,156

(Continued)

	Notes	Six-month periods ended June 30, (unaudited) 2021	2020
Cash flows from investing activities:			
Acquisition of Energia Sierra Juarez net of cash acquired		$ (64,971)	$ —
Investment in joint ventures	4	(600)	(8,525)
Equity reimbursement from joint ventures	4	4,000	4,328
Interest received		22,887	30,229
Acquisitions of property, plant and equipment and others		(159,707)	(303,025)
Loans granted to related parties	3	(15,984)	(26,920)
Receipts of loans granted to related parties	3	46	2,026
Net cash used in investing activities		(214,329)	(301,887)
Cash flows from financing activities:			
Acquisition of non-controlling interest		—	(10,441)
Interest paid		(53,471)	(66,617)
Loans received from related parties	3	20,000	64,000
Loans received from financial institutions	7	100,000	1,011,000
Repayments on credit lines with financial institutions	7, 8	(345,352)	(343,164)
Lease payments	17	(5,135)	(5,349)
Payments for repurchase of shares		—	(10,344)
Net cash (used in) provided by financing activities		(283,958)	639,085
(Decrease) increase in cash, cash equivalents and restricted cash		(163,937)	536,354
Cash, cash equivalents and restricted cash at the beginning of the period		316,336	91,502
Effects of exchange rate changes on cash and cash equivalents		13,756	(27,041)
Cash, cash equivalents and restricted cash at the end of the period		166,155	600,815

See accompanying notes to the Condensed Interim Consolidated Financial Statements.

Notes to the Condensed Interim Consolidated Financial Statements

As of June 30, 2021 and for the six and three-month periods ended June 30, 2021 and 2020 (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 or Sempra") located and incorporated in the United States of America ("U. S."). The address of the Company's registered office and principal place of business is disclosed in Note 20.

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

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

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

The Company obtained the corresponding authorization from the 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. Enterprise Resource Planning ("ERP") implementation

In January 2021, IEnova implemented a new enterprise resource planning system (ERP system) to replace its legacy system. The implementation improves user access security and increases automation of internal controls in IEnova's accounting, back office and financial reporting cycles, which we consider to be material to IEnova. Management has taken steps to ensure that controls were appropriately designed and implemented in connection with the integration of and transition to the new ERP system. IEnova continues to review and enhance the design and related documentation of its internal control over financial reporting in connection with its implementation of the new ERP system in order to maintain an effective control framework.

1.2. Electrical Reform

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

- Providers of basic services are allowed to enter into Electricity Coverage Contracts outside of Centro Nacional de Energia ("CENACE") auctions. Before the Reform, they could only enter into medium and long-term Hedging Contracts after an auction organized by CENACE.

- Access to the Transmission Network ("RNT") and the General Distribution Networks ("RGD") is restricted, since Comision Federal de Electricidad ("CFE") centrals are granted preferential access.

- In accordance with the Reforms, Clean Energy Certificates will be recognized for all Power Plants regardless of the date of their construction.

- The Energy Regulatory Commission is ordered, prior to the corresponding process, to revoke the self-supply permits granted in fraud of the law.

It should be noted that the application of the Law Reform to the Electricity Industry has been suspended by court order since March 11, 2021, for which the Federal Government has asked the Supreme Court of Mexico to resolve the matter.

On March, 22 and 29, and April 26, 2021, IEnova through its different legal entities (that have assets related with operation and generation of wind and solar power) initiated amparo trials against the electrical reform.

1.3. Guaymas - El Oro Pipeline

On March 12, 2021, IEnova and the CFE agreed to extend the suspension of the agreement to September 14, 2021. The parties are currently in negotiation to define a date for the re-start of operations of the gas pipeline, in the event that it is not repaired on September 14, 2021 at the latest, however, the Company cannot guarantee that the parties will reach an agreement if the gas pipeline is not repaired. The final solution to the conflict with the Yaqui tribe depends not only on the final judicial resolution, but also on a negotiation with the opposition group that should be headed by the federal government, thus many factors do not depend on the Company.

The Company may not be successful in its attempt to restart operations on the aforementioned date, therefore it could have a significant adverse effect on the activities, financial situation, operating results, cash flows, and prospects of the Company and in the ability to recover the value of the investment, as well as the market price of its securities.

1.4. Acquisition of the participation of IG Sierra Juárez S. de R.L de C.V (“Saavi Energía”) in Energía Sierra Juárez, S. de R. L. de C. V. (“ESJ”)

On March 19, 2021, IEnova completed the acquisition of Saavi Energía’s 50 percent equity interest in ESJ for a purchase price $79.4 million after post-closing adjustments, in addition to the purchase price paid, we assumed $271.1 million in debt, including $88.0 million owed from ESJ to IEnova that will eliminate upon consolidation. IEnova previously accounted for its 50 percent interest in ESJ as an equity method investment. This acquisition increased IEnova’s ownership in ESJ from 50 to 100 percent at closing of the acquisition. ESJ owns a fully operating wind power generation facility with a nameplate capacity of 155 Megawatts (“MW”), for which San Diego Gas & Electric Company (“SDG&E”) has agreed to purchase 100 percent of the output of the facility under a long-term Power Purchase Agreement (“PPA”). ESJ is constructing a second wind power generation facility, which we expect will be completed in late 2021 or in the first quarter of 2022 and will have a nameplate capacity of 108 MW.

1.5. Veracruz Terminal Commercial Operation Date (“COD”)

On March 19, 2021, the Company declared the COD for the receipt, storage and delivery of refined products in the New Port of Veracruz. This project, with a capacity to store more than 2 million barrels of gasoline, diesel and jet-fuel, contributes to ensure national energy security and provide reliable, safe and efficient access to fuels in the Gulf-Center region.

1.6. Border Solar COD

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

1.7. Acquisition of Manzanillo´s Refined Products

On March 26, 2021, the Company informed the execution of a purchase and sale agreement for the acquisition of the remaining participation that Trafigura Holdings, B.V. has in the Manzanillo Refined Products Terminal. The purchase price of Trafigura’s equity is $6.7 million.

On July 6, 2021, this transaction was completed. (See note 18.1.).

1.8. Topolobampo Terminal Service Agreement ("TSA")

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

1.9. Hydrocarbons Law ("LH")

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

On May 26, 2021, the Secretary of Energy released a judge order whereby the HL reform was suspended, which means that such reform will not be applicable until the amparo trials filed are not resolved.

On June, 15 and 16, 2021, IEnova through its different legal entities (that have assets related with commercialization, storage, transport and distribution) initiated amparo trials against the HL reform.

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

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

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

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

- Workforce Protocol - We revised protocols for onsite employees; those that can work remotely continue to do so for the 2nd quarter of 2021.

- Customer Exposure - During the 2nd quarter of 2021, non-governmental customers continue to account for more than 50 percent of total revenues.

- Volumetric Exposure - During the 2nd quarter of 2021, the majority of contracts with customers remain take-or-pay and U.S. Dollar denominated contracts, with an average remaining life of 20.4 years. However, IEnova will continue evaluating recoverability and collection considering the effect in the supply chain. It is possible that certain customers may experience delay in payments and others may temporarily stop operations. This could imply that our customers require additional time to pay us, which may require us to record additional allowances for doubtful accounts. As of June 30, 2021, our collection did not present recoverability issues and remains in line with the original due terms. We are continuously evaluating and working with customers to resolve any potential credit issues. As of June 30, 2021, 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 COD these changes are not significant.

The energy sector has been considered "essential" by Mexican Authorities, which has allowed us to operate practically on an uninterrupted basis from the beginning of the pandemic. Although the demand for electricity, natural gas, gasoline and other fuels has declined in the last quarters, 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 June 30, 2021, the Company had $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.

1.11. IEnova´s Non-Controlling Interest

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

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

Based on the Exchange Ratio, the implied consideration per IEnova ordinary share is equal to $87.20 Mexican pesos per IEnova ordinary share, calculated using the five-day volume-weighted average price for Sempra common stock as quoted on the New York Stock Exchange and the five-day average Ps./U.S.$ exchange rate reported by the Mexican Central Bank (Banco de México) as the “FIX Rate”, in each case as of April 9, 2021, the most recent practicable trading day for which information was available prior to the delivery of the Final Offer Letter.

As required by Article 101 of the Mexican Securities Market Law ("SML"), the Board of Directors issued an opinion on the fairness, from a financial point of view, of the equity consideration proposed by Sempra as expressed by the Exchange Ratio contained in the Final Offer Letter, after considering the recommendation of the Corporate Practices Committee, which will rely on the fairness opinion to be issued by J.P. Morgan Securities LLC, as independent financial advisor, all of which will separately be disclosed to investors.

On April 14, 2021, IEnova announced that at an extraordinary meeting of its Board of Directors held on April 14, 2021, with attendance by all the members of the Board of Directors and abstentions from discussion and voting by those members of the Board of Directors who expressed a conflict of interest, the directors participating at the Meeting unanimously resolved, among other things, to vote in favor of opining that the equity consideration proposed by Sempra Energy in connection with Sempra’s previously announced offer to acquire all of the issued and outstanding publicly held ordinary shares of IEnova in exchange for Sempra common stock is fair to IEnova shareholders from a financial point of view. The equity consideration proposed by Sempra in connection with the Exchange Offer was expressed in an exchange ratio set forth in a non-binding offer letter, dated April 12, 2021 , from Sempra to the Corporate Practices Committee of IEnova’s Board of Directors. The publicly held ordinary shares of IEnova represent 29.83% of IEnova’s issued and outstanding share capital. The Board of Directors evaluated the equity consideration proposed by Sempra in the Exchange Offer by applying the Exchange Ratio and taking into account the prevailing market price for Sempra common stock and the Ps./U.S.$ exchange rate as of the close of market on April 13, 2021.

The opinion of the Board of Directors was made in conformity with the recommendation of the Corporate Practices Committee, which recommendation was based, among other factors, on the opinion, dated April 14, 2021, issued by J.P. Morgan Securities LLC, as independent financial advisor to the Corporate Practices Committee in connection with the Exchange Offer. In the Independent Advisor Opinion, the Independent Advisor opined on the fairness of the equity consideration proposed by Sempra in the Exchange Offer to IEnova shareholders from a financial point of view.

At the Meeting, the Board of Directors reviewed written certifications by the members of the Board of Directors, including IEnova's Chief Executive Officer, with respect to the number of IEnova ordinary shares held by such members and their intention with respect to such ordinary shares in connection with the Exchange Offer, as follows:

Will Tender Ordinary Shares in the Exchange Offer		Will Not Tender Ordinary Shares in the Exchange Offer		Total	
35,000	100 %	—	— %	35,000	100 %

The Board of Directors also reviewed the conflicts of interest expressed at the Meeting by Randall Lee Clark, Faisel Hussain Khan, Jennifer Frances Jett, Trevor Ian Mihalik, Erle Allen Nye, Jr., Peter Ronan Wall, Lisa Glatch, Tania Ortiz Mena López Negrete, Carlos Ruíz Sacristán and Vanesa Madero Mabama in connection with their participation and presence during discussion and voting on all matters related to the Exchange Offer, including with respect to the Final Offer Letter and the opinion of the Board of Directors required by Article 101 of the SML. Any such abstentions due to conflicts of interest did not affect the required quorum for the Meeting.

On April 26, 2021, the Company announced that Sempra launched a public exchange tender offer to acquire all of the issued and outstanding ordinary shares of IEnova not owned directly or indirectly by Sempra, which represent 29.8 percent of the total outstanding shares of IEnova ("IEnova Public Shares"), in exchange for shares of Sempra common stock at an exchange ratio of 0.0323 shares of Sempra common stock for each IEnova Public Share. This announcement was made in terms of the public offer notice published on such date by Sempra, through the electronic information system "Emisnet" of the Mexican Stock Exchange (Bolsa Mexicana de Valores), through Casa de Bolsa BBVA Bancomer, S.A. de C.V ("BBVA Bancomer")., Grupo Financiero BBVA Bancomer as exchange agent.

On May 24, 2021, the Company announced that on such day, Casa de Bolsa BBVA Bancomer, Grupo Financiero BBVA Bancomer, as exchange agent, published through the electronic information system "Emisnet" of the Mexican Stock Exchange (Bolsa Mexicana de Valores), on behalf of Sempra, the notice of results of the exchange offer launched by Sempra on April 26, 2021, to acquire all of the IEnova Public Shares, in exchange for shares of Sempra´s common stock at an exchange ratio of 0.0323 shares of Sempra´s common stock for each IEnova Public Share.

On May 28, 2021, the Company announced that on such date, the exchange offer launched by Sempra on April 26th, 2021, to acquire all of the IEnova Public Shares, in exchange for shares of Sempra common stock, was settled through S.D. Indeval, Institución para el Depósito de Valores, S.A. de C.V., at an exchange ratio of 0.0323 shares of Sempra common stock for each IEnova Public Share.

1.12. Moody´s credit rate

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

1.13. Foreign Trade General Rules

On June 11, Mexico's federal government amended the Foreign Trade General Rules, to include restrictions to secure "LDA Authorizations" (the LDA for its acronym in Spanish "*Lugar Distinto al Autorizado*"). LDA Authorizations allow terminals and other types of infrastructure (e.g., buoys, tankers) to act as entry/exit points of imports/exports of hydrocarbons, refined products, petrochemicals, and biofuels. These amendments prevent private companies from (1) obtaining LDA Authorizations, affecting new projects which have not obtained such approval, or (2) renewing an existing LDA Authorization, affecting on-going projects.

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

2. Significant accounting policies

a. *Statement of compliance*

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

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

Therefore, the Condensed Interim Consolidated Financial Statements information should be read in conjunction with the Annual Consolidated Financial Statements as of and for the year ended December 31, 2020, 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, 2020, except for the adoption of new standards effective as of January 1, 2021, were followed for these Condensed Interim Consolidated Financial Statements. (Please refer to Note 17).

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

Several amendments and interpretations apply for the first time in 2021, but do not have a material impact on the Condensed Interim Consolidated Financial Statements of the Company.

Comparative information

The Condensed Interim Consolidated Financial Statements provide comparative information with respect to the previous period. The Company presents additional information at the beginning of the preceding period when there is a retrospective application of an accounting policy.

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

3. Transactions and balances with related parties

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

a. Transactions and balances with related parties

During the six and three-month periods ended June 30, 2021 and 2020, respectively, the Company entered into the following transactions with related parties as part of ongoing operations:

	Revenues			
	Six-month periods ended		Three-month periods ended	
	06/30/21	06/30/20	06/30/21	06/30/20
Sempra Gas & Power Marketing, LLC (“SG&PM”)	$ 136,543	$ 66,993	$ 92,045	$ 35,159
Sempra LNG International, LLC (“SLNGI”)	39,230	53,894	31,895	27,187
Tag Pipelines Norte, S. de R. L. de C. V. (“TAG Pipelines Norte”)	19,815	13,083	13,232	6,543
San Diego Gas & Electric, LLC ("SDGE")	17,931	—	—	—
ECA Operator, S.A.P.I. de C.V. ("ECAOp")	3,516	1	2,473	—
Servicios ESJ, S. de R. L. de C. V. (“SESJ”)*	756	1,717	—	948
Sempra International, LLC (“Sempra International”)	1,399	904	927	417
Tag Norte Holding, S. de R. L. de C. V. ("TAG")	565	370	376	185
ECA Liquefaction, S. de R. L. de C.V. ("ECAL")	506	1,027	380	441
Sempra LNG, LLC (antes Sempra North American Infrastructure, LLC - "SLNG")	—	1,098	—	549
Southern California Gas Company (“SoCalGas”)	—	39	—	39
ECA LNG Services, S.A.P.I. de C.V. ("ECAL Services")	—	1	—	—
ECA Minority, S. de R. L. de C.V. ("ECAM")	—	1	—	—

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

	Cost of revenues and operating, administrative and other expenses			
	Six-month periods ended		Three-month periods ended	
	06/30/21	06/30/20	06/30/21	06/30/20
SG&PM	$ 130,917	$ 49,615	$ 92,141	$ 21,221
SLNGI	9,321	60,159	6,030	28,111
SLNG	4,010	2,684	2,802	1,356
SoCalGas	2,184	1,414	1,092	757
Sempra LNG ECA Liquefaction, LLC (“SLNGEL”)	914	—	914	—
ECAOp	863	—	572	—
Sempra International	839	(78)	779	957
SESJ*	164	—	—	—

	Cost of revenues and operating, administrative and other expenses			
	Six-month periods ended		Three-month periods ended	
	06/30/21	06/30/20	06/30/21	06/30/20
Sempra Energy Holding, XI. B. V. (“SEH”)	99	62	69	31
SDGE	65	12	50	—
Pxise Energy Solutions, LLC ("Pxise")	60	251	60	98

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

The transactions include administrative services from affiliates of $0.8 million and administrative services benefit from affiliates of $(0.1) million for the six-month periods ended June 30, 2021 and 2020, respectively and $0.8 million and $1.0 million for the three-month periods ended June 30, 2021 and 2020, respectively, which were paid and have been properly distributed to the segments incurring those costs.

	Interest income			
	Six-month periods ended		Three-month periods ended	
	06/30/21	06/30/20	06/30/21	06/30/20
Infraestructura Marina del Golfo, S. de R. L. de C. V. (“IMG”)	$ 22,770	$ 30,845	$ 11,586	$ 13,873
ESJ*	339	276	—	144
ECAL	191	—	104	—
Sempra Global, LLC (“SEG”)	68	52	34	26

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

	Finance cost			
	Six-month periods ended		Three-month periods ended	
	06/30/21	06/30/20	06/30/21	06/30/20
TAG	$ 4,485	$ 4,509	$ 2,255	$ 2,254
TAG Pipelines Norte	2,836	2,527	1,446	1,300
Sempra Energy International Holding NV ("SEI NV")	307	591	152	272

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

	Amounts due from related parties (current)	
	As of	
	06/30/21	12/31/20
SG&PM	$ 30,761	$ 19,297
SDGE	7,568	—
TAG Pipelines Norte	2,524	2,576
IMG (i)	2,018	2,198
ECAOp	1,798	405

	Amounts due from related parties (current)	
	As of	
	06/30/21	12/31/20
Sempra International	1,641	—
ECAL	177	86
TAG	73	72
SLNG	—	5,309
ESJ* (ii)	—	730
SESJ*	—	248
ECAL Services	—	55
	$ 46,560	$ 30,976

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

New loans or amendments as of 2021:

i. On April 21, 2017, IEnova entered into a loan agreement with IMG, providing a credit line 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 June 30, 2021, the outstanding balance amounts to $13,959.1 million Mexican Pesos, including $40.0 million Mexican Pesos of accrued interest. During the year this loan decreased in $16.2 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).

ii. 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.

   On December 18, 2020, the Company signed an addendum modifying the contract’s terms increasing credit facility from $35.0 million to $160.0 million and extending the maturity to December 31, 2022.

   At March 19, 2021, the company acquired 100% participation of ESJ, the balances were reclassified to balances with consolidate affiliates.

	Amounts due to related parties (current)	
	As of	
	06/30/21	12/31/20
TAG Pipelines Norte	$ 41,694	$ 41,050
SG&PM	31,733	11,843
SLNGI	22,008	2,381
SoCalGas	452	398
SLNG	437	—
ECAOp	191	115
Sempra International	142	88
Pxise	30	559
SDGE	22	12
ECAL	4	4,020
SLNGEL	—	1,351
	$ 96,713	$ 61,817

b. Due from related parties

	As of	
	06/30/21	12/31/20
IMG (ii)	$ 702,890	$ 697,745
ECAL (i)	7,815	640
SEG	3,841	3,457
ESJ* (ii)	—	85,341
	$ 714,546	$ 787,183

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

i. On December 9, 2020, IEnova entered into a $59.0 million principal amount Dollar-denominated and credit facility with ECAL, to finance the liquefaction project. All principal, interest and other amounts under this Note shall be due and payable in December 2025, bearing interest at LIBOR plus 1.80 percent per annum.

ii. As of March 31, 2021 the loan with IMG was classified as long term, as the management's intend to renegotiate during 2021.

iii. On December 18, 2020, IEnova signed an addendum modifying the contractual terms over a $160.0 million principal amount U.S. Dollar-denominated and credit facilities with ESJ and the new conditions extended the term and is due and payable in full on December 31, 2022, interest shall be computed on a calendar quarter basis at one-month plus 1.96 percent per annum.

   On December 18, 2020, IEnova entered into a loan agreement with ESJ, providing a credit line in an amount of up to $550.0 million Mexican Pesos, the maturity date of which is November 22, 2023. The applicable interest rate is the TIIE at 91 days plus 100 BPS accruing to outstanding principal quarterly.

   At March 19, 2021, the Company acquired 100% participation of ESJ, the balances were reclassified to balances with consolidate affiliates.

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

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

	As of			
		06/30/21		12/31/20
TAG	$	171,550	$	166,347
TAG Pipelines Norte (i)		90,694		68,049
SEI NV		38,460		38,461
	$	300,704	$	272,857

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.

   On January 14, 2021, DEN entered into a $20.0 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 $10.0 million and $13.5 million for the six-month period ended June 30, 2021 and 2020, respectively, and $1.7 million and $1.3 million for the three-month periods ended June 30, 2021 and 2020, respectively.

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

4. Investment in joint ventures

4.1. ESJ

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

As of March 19, 2021, the Company fully consolidates ESJ. (Please refer to Note 1.4).

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

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

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

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

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

	Three-month period ended 03/19/21	Six-month period ended 06/30/20	Three-month period ended 06/30/20
Revenues	$ 11,009	$ 25,573	$ 13,906
Operating, administrative and other expenses	(4,642)	(10,048)	(5,027)
Finance costs	(2,041)	(7,033)	(3,601)
Other (losses) gains, net	(32)	(842)	73
Income tax expense	(1,015)	(1,646)	(1,328)
Profit for the period	$ 3,279	$ 6,004	$ 4,023
Share of profit of ESJ	$ 1,639	$ 3,002	$ 2,012

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 June 30, 2021 and 2020, the Company's 40 percent interest in IMG is accounted for under the equity method.

	As of 06/30/21	12/31/20
Total members' equity	$ 1,038,337	$ 945,873
Share of members' equity	$ 415,335	$ 378,349
Guarantees (b)	5,018	5,018
Remeasurement of interest rate and others (c)	(66,503)	(65,693)
Share of member's equity and carrying amount of investment in IMG	$ 353,850	$ 317,674

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

	Six-month periods ended		Three-month periods ended	
	06/30/21	06/30/20	06/30/21	06/30/20
Revenue	$ 246,688	$ 244,169	$ 123,167	$ 122,328
Operating, administrative and other expenses	(53,267)	(58,047)	(25,691)	(26,786)
Finance costs	(58,378)	(79,287)	(29,335)	(36,232)
Other (losses) gains, net *	(12,855)	327,724	(70,142)	(36,089)

	Six-month periods ended		Three-month periods ended	
	06/30/21	06/30/20	06/30/21	06/30/20
Income tax (expense) benefit	(34,251)	(147,929)	1,245	(1,098)
Profit (loss) for the period	$ 87,937	$ 286,630	$ (756)	$ 22,123
Share of profit (loss) of IMG	35,175	114,652	(303)	8,849
Other adjustments	1,001	1,002	501	502
Share of profit of IMG	$ 36,176	$ 115,654	$ 198	$ 9,351

* 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 $5.6 million).

a. ***Project financing for the IMG project.*** As of June 30, 2021, and 2020, the project resources for the design and construction of the marine pipeline have been funded with capital contributions and loans of its members.

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

As of March 31, 2021 the loan with IMG was classified as long term, as the management's intend to renegotiate during 2021.

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 June 30, 2021, with IEnova is $13,919.1 million Mexican Pesos.

On March 23, 2018, IMG entered into a $300.0 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 June 30, 2021 and 2020, the Company's 50 percent interest in TAG is accounted for under the equity method.

	As of			
	06/30/21		12/31/20	
Total members' equity	$	632,738	$	546,330
Share of members' equity and carrying amount of investment in TAG	$	316,369	$	273,165
Goodwill		99,020		99,020
Total amount of the investment in TAG	$	415,389	$	372,185

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

	Six-month periods ended				Three-month periods ended			
	06/30/21		06/30/20		06/30/21		06/30/20	
Revenues	$	108,432	$	106,145	$	51,306	$	52,277
Operating, administrative and other expenses		(16,372)		(15,590)		(8,003)		(7,952)
Finance costs		(19,549)		(22,045)		(9,813)		(12,192)
Other losses		(128)		(3,215)		3,119		2,178
Income tax expense		(19,219)		(32,743)		(9,018)		(8,346)
Profit for the period	$	53,164	$	32,552	$	27,591	$	25,965
Share of profit of TAG	$	26,582	$	16,276	$	13,796	$	12,983

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 June 30, 2021, the total outstanding loan is $961.0 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, 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 June 30, 2021.

Long-term debt due dates are as follows:

Year	Amount
2021	$ 39
2022	45
2023	48
Thereafter	829
Total	$ 961

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

Year	Amount
2021	$ 8
2022	9
2023	9
Thereafter	294
Total	$ 320

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

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

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

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

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

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

4.4. ECA LNG Holdings

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

As of June 30, 2021, the Company's 41.7 percent interest in ECA LNG Holdings is accounted for under the equity method. ECA LNG Holdings Condensed Interim Consolidated Financial Statements and the Company's equity method investment are summarized as follows:

	As of	
	06/30/21	**12/31/20**
Total members' equity	$ 161,728	$ 159,079
Carrying amount of investment in ECA LNG Holdings	$ 67,439	$ 66,365

During 2020, the Company made capital contributions for $32.4 million.

ECA LNG Holdings Condensed Interim Consolidated Statements of Loss are as follows:

	Six-month periods ended		**Three-month periods ended**	
	06/30/21	**06/30/20**	**06/30/21**	**06/30/20**
Operating, administrative and other expenses	$ (4,298)	$ (5,707)	$ (2,301)	$ (2,865)
Depreciation	(337)	—	(230)	—
Other gain (losses)	305	(263)	722	46
Interest (losses) gain, net	(131)	56	(110)	9
Income tax benefit	1,746	838	1,501	575
Loss for the period	$ (2,715)	$ (5,076)	$ (418)	$ (2,235)
Share of loss of ECA LNG Holdings	$ (1,132)	$ (2,538)	$ (174)	$ (1,118)

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

b. ***Financing contract.*** On December 9, 2020, ECA LNG Holdings through its subsidiary ECAL celebrated a five-year financing agreement for $1,580.5 million dollars. The agreement consists of three tranches associated with the commitments of each partner according to the percentage of participation they have in the joint venture. The initial financing issuance costs were of $17,144.0, of which $640.0 is presented in IEnova's balance sheet as an account receivable from ECAL due to IEnova is part of the lenders for an amount of up to $59.0 million of the total financing.

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

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

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

During the first half of 2021, ECAL withdrew $192,226.0 to finance the construction of the ECA Liquefaction project and finance cost, of which $7,815.0 is presented in IEnova's balance sheet as an account receivable from ECAL.

The long-term debt as of June 30, 2021 regarding the financing is $209,370.0, of which $7,815.0 is presented in IEnova's balance sheet as an account receivable from ECAL, the outstanding balance is due and payable on December 9, 2025, the maturity date.

c. ***Guarantees.*** Sempra Energy, IEnova and Total have provided guarantees to TP Oil & Gas Mexico as beneficiary for an aggregate amount of $150.0 million with expiration after the construction period.

In August 2020, ECAL executed Firm Transportation Service Agreements with an affiliate entity Gasoducto de Aguaprieta, S. de R.L. de C.V. ("GAP") for natural gas transportation services on a firm basis for a 20-year period. For this agreement, Sempra Energy, IEnova and Total have provided guarantees to GAP as beneficiary for an aggregate amount of $360.0 million.

4.5. Others

The Company has another investments in development LNG project as follows:

Company		06/30/21
ECAOp	$	1,888
Vista Pacifico LNG B.V.		540
ECA LNG II Holding B.V.		20
	$	2,448

5. Asset acquisition

5.1 ESJ asset acquisition

On March 19, 2021, IEnova completed the acquisition of Saavi Energía's 50 percent equity interest in ESJ for a purchase price of $79.4 million after post-closing adjustments, plus assuming $271.1 million in debt, including $88.0 million owed from ESJ to IEnova that was eliminated upon consolidation.

ESJ owns a fully operating wind power generation facility with a nameplate capacity of 155 MW, for which SDG&E has agreed to purchase 100 percent of the output of the facility under a long-term PPA. ESJ is constructing a second wind power generation facility, which we expect will be completed in late 2021 or in the first quarter of 2022 and will have a nameplate capacity of 108 MW.

This transaction was accounted for as an asset acquisition because ESJ did not meet the definition of a Business according to IFRS 3 "Business Combinations", since it does not have substantive inputs or processes.

a. ***Asset acquisition***

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

b. Assets acquired and liabilities recognized at the acquisition date

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

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

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

c. Net cash flow acquisition of assets

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

6. Property, plant and equipment, net

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

		As of		
		06/30/21		12/31/20
Liquid terminals (i)	$	507,670	$	644,028
Renewable projects (ii)		107,862		148,252
Other projects		9,428		42,469
Pipelines and Compression station projects (iii)		4,098		151,059
	$	629,058	$	985,808

The additions to property, plant and equipment during the six month period ended June 30, 2021 and December 31, 2020, are mainly comprised of construction in process, related to:

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

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

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

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

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

Borrowing costs. During the six-month periods ended June 30, 2021, and 2020, the Company capitalized interest attributable to the construction in progress in the amount of $10.0 and $14.0 million, respectively.

The weighted average rate used to determine the amount of borrowing costs eligible for capitalization were 3.7 and 3.2 percent, for the six-month periods ended June 30, 2021 and 2020, respectively.

7. Short-term debt

Short-term debt includes:

	As of	
	06/30/21	12/31/20
Credit agreements (a)	$ 569,000	$ 772,000
Current portion of IEnova Pipelines S. de R. L de C. V. ("IEnova Pipelines") Bank Loan (Please refer Note 8.d.)	44,691	43,823
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 8.b.)	26,553	27,098
Current portion of Energia Sierra Juarez S. de R. L de C. V. ("ESJ") Bank Loan (Please refer Note 8.m.)	12,078	—
Multilateral Facility (Please refer Note 8.h. j.)	560	610
	652,882	843,531
Borrowing costs of credit agreement	(2,533)	(4,244)
	$ 650,349	$ 839,287

a. *Credit agreements*

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

As of June 30, 2021 and December 31, 2020, the Company has withdrawn $189.0 million and $392.0 million respectively, which means that as of June 30, 2021 and December 31, 2020, the available unused credit portion was $1,311.0 million and $1,108.0 million, respectively.

The weighted average interest rates on short-term debt with SMB were 1.28 and 2.25 percent during the six-month periods ended June 30, 2021 and 2020, respectively.

BNS. On September 23, 2019, the Company entered into a two-year, $280.0 million revolving credit agreement with BNS. As of December 31, 2020, and June 30, 2021, the credit line has been fully used.

The loan can be paid at any time and from time to time, without premium or penalty, voluntarily prepayment in part, in the minimum amount, or in full.

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

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

On October 15, 2020, the Company signed a $100.0 million uncommitted working capital facility, the maturity in three years after the date of disbursement with BNS.

On November 6, 2020, the Company withdrew $100.0 million from its uncommitted working capital facility, the maturity is on May 6, 2021 bearing variable interest rate at month LIBOR plus 65 BPS. On May 6, 2021 credit line was fully paid.

On June 30,2021, the Company withdrew $100.0 million from its uncommitted working capital facility, the maturity is on December 27, 2021 bearing variable interest rate at month LIBOR plus 52 BPS.

8. Long-term debt

Long-term debt includes:

	As of	
	06/30/21	12/31/20
Senior Notes (a)	$ 1,640,000	$ 1,640,000
Multilateral Facility (h, j)	541,000	541,000
Santander – Ventika Mexico (b, c)	362,932	375,626
Debt securities (“CEBURES”) at fixed rate (e, g)	196,943	195,501
Mizuho Bank, LTD. (“Mizuho”) – Energia Sierra Juarez (l, m)	162,992	—
BBVA Bancomer S. A. (“BBVA”) – IEnova Pipelines (d)	132,662	155,166
	$ 3,036,529	$ 2,907,293
Debt issuance costs	(73,259)	(68,582)
	$ 2,963,270	$ 2,838,711

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 offering costs of Senior Notes were 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 06/30/21
NADB	$ 128,013
BANOBRAS	82,294
NAFINSA	64,007
BANCOMEXT	64,007
SANTANDER	51,164
	$ 389,485

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 were 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 anniversaries, LIBOR plus 2.50 percent from the eighth to twelfth anniversary and LIBOR plus 2.75 percent from the thirteenth anniversary until maturity.

As of June 30, 2021, the debt (including short and long-term) matures as follows:

Year	Amount
2021	$ 44,691
2022	50,450
Thereafter	82,212
	$ 177,353

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 is in compliance with these covenants.

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

The Company has designated the derivative financial instrument mentioned above as a cash flow hedge, as permitted by IFRS 9 "Financial Instruments", given that, the interest rate swap hedge's objective is to fix the cash flows derived from variable interest payments on the syndicated loan maturing in 2026.

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

i. The outstanding placement was for $306.2 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 was 10 years.

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

On April 28, 2020, the Company made the repayment of the loan including interest accrued at that 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 June 30, 2021, 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 were used to finance four solar power plants with a total capacity of 376 MW across Mexico.

IFC and NADB have a 50 percent contribution each. The loan calls requires semiannual amortization beginning on June 15, 2022 and ending in November 2034, for a total of 15 years. The loan bears interest at LIBOR plus 2.25 percent per year until maturity.

On June 10, 2020, the Company signed the First Amended and Restated Common Terms Agreement by and among the Borrower IFC, NADB, JICA and DFC.

On June 10, 2020, the Company entered into a 15-year financing with DFC for up to $241.0 million.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 a 15-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.

l. ***Mizuho - ESJ***. 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 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 $183.5 million. The debt outstanding as of June 30, 2021, is as follows:

	Debt balance
Mizuho	$ 41,148
SMBC	41,148
NORD/LB	41,148
NAFINSA	30,023
NADB	30,023
	$ 183,490

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

9. Financial instruments

a. *Foreign currency exchange rate*

Exchange rates in effect on June 30, 2021 and December 31, 2020 and July 21, 2021, were as follows:

	Mexican Pesos		
	06/30/21	12/31/20	07/21/21
One U. S. Dollar	$ 19.8027	$ 19.9487	$ 20.0000

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

9.1. FV of financial instruments carried at amortized cost

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

	As of			
	06/30/21		12/31/20	
	Carrying Amount	FV	Carrying Amount	FV
Financial assets				
Financial lease receivables	$ 934,118	$ 934,118	$ 940,608	$ 1,362,000
Due from related parties	761,106	729,564	818,159	849,002
Financial liabilities				
Long-term debt (traded in stock exchange)	1,779,828	1,874,745	1,776,967	2,000,569
Loans from banks long-term	1,183,442	1,167,475	1,061,744	672,983
Loans from related parties (Long-term)	300,704	298,579	272,857	282,109

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

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

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

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

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

iv. The FV of 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).

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

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

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

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

The three levels of the FV hierarchy are as follows:

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

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

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

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

	As of	
	06/30/21	**12/31/20**
Financial instruments assets at FV through profit or loss (“FVTPL”)		
Derivative financial instrument assets (Level 2)	$ 4,810	$ 1,402
Derivative financial instrument liabilities at FVTPL		
Derivative financial instrument liabilities (Level 2) (i)	$ 203,994	$ 185,035

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

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

10. Income taxes

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

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

Income tax for the six and three-month periods ended June 30, 2021 and 2020, are reconciled to the profit of the year / period as follows:

	Six-month periods ended		Three-month periods ended	
	06/30/21	**06/30/20**	**06/30/21**	**06/30/20**
Profit before income tax and share of profits of joint ventures	$ 257,809	$ 108,544	$ 164,105	$ 132,554

	Six-month periods ended		Three-month periods ended	
	06/30/21	06/30/20	06/30/21	06/30/20
Income tax expense calculated at 30%	(77,343)	(32,563)	(49,232)	(39,766)
Effects of foreign exchange rate (i)	(7,508)	146,279	(35,801)	(14,993)
Effects of inflation adjustment (iii)	(31,057)	(5,185)	(12,957)	(164)
Effect of unused tax losses not recognized as deferred income tax asset	—	7,487	6,163	(1,298)
Effects of foreign exchange rate and inflation on the tax basis of property, plant and equipment, net and unused tax losses (ii)	38,313	(190,620)	47,366	23,358
Tax incentive (iv)	(5,868)	8,346	(5,868)	4,164
Other	(5,752)	(2,095)	(6,296)	(843)
Income tax expense recognized in the Condensed Interim Consolidated Statements of Profit	$ (89,215)	$ (68,351)	$ (56,625)	$ (29,542)

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

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

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

a. ***Income Tax***

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

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

b. ***VAT***

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

c. ***Federal Tax Code***

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

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

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

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

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

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

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

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

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

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

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

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

In general, the proposal consists of the following:

• Outsourcing schemes would be prohibited by law.

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

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

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

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

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

• It is proposed to establish as qualifying for the commission of the crime of tax fraud and its equivalents, the use of simulated schemes for the provision of specialized services or the execution of specialized works, as well as the execution of the subcontracting of personnel.
• The amount of employee participation in profits (PTU) that is paid to workers will have a maximum limit of three months of the worker's salary or the average of the participation received in the last three years; the amount that is most favorable to the worker will be applied.

• The reform was published in the Official Gazette of the Federation on May 1, 2021 and will enter into force on August 1, 2021.

As of the date of the issuance of these Condensed Consolidated Interim Financial Statements, the impacts of the Labor-reform Law (the "Law") on such financial statements are considered immaterial since the employees before and after the Law becomes effective, will be substantially the same in terms of number and costs incurred, including employee benefits liabilities.

11. 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 June 30, 2021 (Mexican Pesos)			
Company stockholder's	**Number of shares**	**Fixed shares**	**Variable shares**	**Total**	**Total shares in USD**
Semco Holdco, S. de R. L. de C. V . ("SEMCO")	1,019,038,312	$ 50,000	$ 10,190,333,120	$10,190,383,120	$ 521,700
Sempra Energy	381,015,194	—	3,810,151,940	3,810,151,940	195,063
Private investors	52,227,526	—	522,275,260	522,275,260	26,738
	1,452,281,032	$ 50,000	$ 14,522,760,320	$14,522,810,320	$ 743,501

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

		As of December 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	$ 520,976
Private investors	433,242,720	—	4,332,427,200	4,332,427,200	222,525
	1,452,281,032	$ 50,000	$ 14,522,760,320	$14,522,810,320	$ 743,501

On April 26, 2021, the Company announced that Sempra launched a public exchange tender offer to acquire all of the issued and outstanding ordinary shares of IEnova not owned directly or indirectly by Sempra, which represent 29.8 percent of the total outstanding shares of IEnova ("IEnova Public Shares"), in exchange for shares of Sempra common stock at an exchange ratio of 0.0323 shares of Sempra common stock for each IEnova Public Share. (See note 1.11)

12. Segment information

12.1. Change in reportable segments

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

Aggregation criteria:

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

Gas:

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

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

Power:

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

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

Storage:

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

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

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

The operating segment information for the six-month periods ended June 30, 2021 and 2020 are as follows:

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

	Six-month period ended June 30, 2020				
	Gas	Storage	Power	Corporate and eliminations	Consolidated
External revenue	$ 378,461	$ 79,445	$ 126,960	$ 4,752	$ 589,618
Intercompany revenue	23,281	41,647	—	(64,928)	—
Revenue	401,742	121,092	126,960	(60,176)	589,618
Cost of revenue	(141,232)	(113)	(43,343)	64,370	(120,318)
Operating costs, administration and others	(54,616)	(26,444)	(24,358)	(3,171)	(108,589)
EBITDA	205,894	94,535	59,259	1,023	360,711
Depreciation and amortization	(32,646)	(23,405)	(23,503)	(888)	(80,442)
Operating income	173,248	71,130	35,756	135	280,269
Interest income					32,695
Financial costs					(71,358)
Other loss, net					(133,062)
Profit before income tax and share of profits of joint ventures					108,544
Income tax expense					(68,351)
Share of profits of joint ventures					132,371
Profit of the period					$ 172,564

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

	Three-month period ended June 30, 2020				
	Gas	Storage	Power	Corporate and eliminations	Consolidated
External revenue	$ 179,491	$ 40,106	$ 54,429	$ 2,378	$ 276,404
Intercompany revenue	7,663	20,749	—	(28,412)	—
Revenue	187,154	60,855	54,429	(26,034)	276,404
Cost of revenue	(61,077)	(44)	(14,415)	27,938	(47,598)
Operating costs, administration and others	(24,513)	(13,505)	(12,085)	(23)	(50,126)
EBITDA	101,564	47,306	27,929	1,881	178,680
Depreciation and amortization	(16,630)	(11,575)	(11,811)	308	(39,708)
Operating income	84,934	35,731	16,118	2,189	138,972
Interest income					14,699
Financial costs					(36,322)
Other loss, net					15,205
Profit before income tax and share of profits of joint ventures					132,554
Income tax expense					(29,542)
Share of profits of joint ventures					23,207
Profit of the period					$ 126,219

	As of June 30, 2021				
	Gas	Storage	Power	Corporate and eliminations	Consolidated
Assets	$ 6,292,414	$ 2,622,902	$ 2,305,513	$ (363,587)	$10,857,242
Liabilities	$ 2,268,199	$ 1,144,576	$ 1,673,555	$ 382,910	$ 5,469,240

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

12.2. External revenue by segment and subsegment

	Six-month periods ended		Three-month periods ended	
	06/30/21	06/30/20	06/30/21	06/30/20
Distribution	$ 46,286	$ 30,516	$ 19,804	$ 10,188
Transport	217,984	214,421	110,881	104,072
Sale of natural gas	257,033	133,524	130,659	65,231
Storage	87,336	79,445	47,098	40,106
Power	162,202	126,960	98,275	54,429
Corporate and others	3,402	4,752	1,884	2,378
	$ 774,243	$ 589,618	$ 408,601	$ 276,404

13. Revenues

13.1. Distribution by type of revenues

The following table shows the distribution by type of revenue shown in the Condensed Interim Consolidated Statements of Profit for the six and three-month periods ended on June 30, 2021 and 2020:

	Six-month periods ended		Three-month periods ended	
	06/30/21	06/30/20	06/30/21	06/30/20
Revenue from operations:				
Contracts with customers	$ 455,508	$ 366,416	$ 230,401	$ 169,069
Others - Sale of natural gas	150,431	43,019	62,132	20,211
Leases	90,282	90,734	45,466	41,751
Derivatives	46,127	35,555	46,043	18,186
Other revenue - Non IFRS 15	31,895	53,894	24,559	27,187
Total revenue	$ 774,243	$ 589,618	$ 408,601	$ 276,404

13.2. Disaggregation of revenues from contracts with customers

Following is a breakdown of revenues from contracts with clients by revenue stream and date on which obligations are met for the six and three-month periods ended on June 30, 2021 and 2020:

	Six-month periods ended		Three-month periods ended	
	06/30/21	**06/30/20**	**06/30/21**	**06/30/20**
Power generation	$ 181,745	$ 117,906	$ 96,606	$ 51,060
Transportation of gas	122,134	123,444	59,363	61,337
Storage and regasification capacity	86,636	76,779	46,976	38,080
Natural gas distribution	47,359	30,086	18,776	9,759
Administrative services	17,634	18,201	8,680	8,833
Total revenue from contracts with clients	$ 455,508	$ 366,416	$ 230,401	$ 169,069
Obligations met:				
Over time	$ 455,508	$ 366,416	$ 230,401	$ 169,069

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.

14. Earnings per share

14.1. Basic earnings per share

	Six-month periods ended		Three-month periods ended	
	06/30/21	**06/30/20**	**06/30/21**	**06/30/20**
Basic and diluted earnings per share	$ 0.16	$ 0.11	$ 0.08	$ 0.08

14.2. Basic and diluted earnings per share

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

	Six-month periods ended		Three-month periods ended	
	06/30/21	**06/30/20**	**06/30/21**	**06/30/20**
Earnings used in the calculation of basic and diluted earnings per share	$ 231,864	$ 173,696	$ 121,311	$ 126,917
Weighted average number of shares for the purposes of basic and diluted earnings per share	1,452,281,032	1,528,723,583	1,452,281,032	1,528,343,354

The Company does not have potentially diluted shares.

15 Commitments

In addition to the Commitments disclosed by the Company in the consolidated financial statements as of and for the year ended December 31, 2020, below are those Commitments assumed for the period from January 1 to June 30, 2021 that are considered relevant in the context of these condensed interim consolidated financial statements :

a. ***ESJ.*** During 2021 the Company entered into several contracts for the construction of the project. During the six-month period ended June 30, 2021 payments under these contracts were $17,624.0 Net future payments under these contractual commitments are as follows:

Year		**Amounts**
2021	$	44,493
2022		372
2023		372
Thereafter		1,117
Total	$	46,354

During 2021 the Company entered a contract with Vestas for the maintenance and services of the wind turbines that will be used in the wind farm. During the six-month period ended June 30, 2021 payments under these contract were $1,222.0 Net future payments under these contractual commitments are as follows:

Year		**Amounts**
2021	$	1,725
2022		2,444
2023		2,543
Thereafter		38,075
Total	$	44,787

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

Year		**Amounts**
2021	$	638
2022		850
2023		213
Total	$	1,701

c. Puebla in-land project. During 2021, the Company entered into several contracts for the project's construction. During the six-month period ended June 30, 2021 payments under these contracts were $20.0. Net future payments under these contractual commitments are as follows:

Year		**Amounts**
2021	$	103

d. Veracruz marine terminal project. During 2021, the Company entered into several contracts for the project's construction. Net future payments under these contractual commitments are as follows:

Year		**Amounts**
2021	$	139

e. Valle De Mexico project. During 2021, the Company entered into several contracts for the project's construction. During the six-month period ended June 30, 2021 payments under these contracts were $425.0. Net future payments under these contractual commitments are as follows:

Year		**Amounts**
2021	$	1,241

f. ***Topolobampo terminal project.*** During 2021, the Company entered into a contract for the project's construction. Net future payment under this contractual commitments is as follows:

Year	Amounts
2021	$ 7,680

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

Year	Amounts
2021	$ 6,312

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

Year	Amounts
2021	$ 233
2022	233
2023	233
Total	$ 699

i. ***ECA.*** During 2021, the Company entered into contracts for buildings and roads general maintenance and purchase of electrical materials for the terminal turbines maintenance. During the six-month period ended June 30, 2021 payments under these contracts were $29.0. Net future payments under these contractual commitments are as follows:

Year	Amounts
2021	$ 629
2022	220
2023	220
Thereafter	73
Total	$ 1,142

j. ***TDN.*** During 2021, the Company entered into a contract for Facilities Maintenance and equipment of the workshop and control room. Net future payments under this contractual commitment is as follows::

Year	Amounts
2021	$ 817

During the six-month period ended June 30, 2021, addendums have been signed to contracts from previous periods, which were disclosed in those periods and that individually are not material for these condensed interim consolidated financial statements. Likewise, during this same period, payments have been made to those contracts, which are not disclosed to consistently present the commitments for the period only.

16. Contingencies

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

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

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

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

e. In May 2020, the two third-party capacity customers at the ECA LNG regasification facility, Shell Mexico and Gazprom, asserted that a 2019 update of the general terms and conditions for service at the facility, as approved by the CRE, resulted in a breach of contract by IEnova and a force majeure event. Citing these circumstances, the customers subsequently stopped making payments of amounts due under their respective LNG storage and regasification agreements. IEnova has rejected the customers' assertions and has drawn (and expects to continue to draw) on the customers' letters of credit provided as payment security. The parties engaged in discussions under the applicable contractual dispute resolution procedures without coming to a mutually acceptable resolution. In July 2020, Shell Mexico submitted a request for arbitration of the dispute and Gazprom has joined the proceeding. IEnova will avail itself of its available claims, defenses, rights and remedies in the arbitration proceeding, including seeking dismissal of the customers' claims. Gazprom has since replenished the amounts drawn on its letter of credit and has resumed making regular monthly payments under its LNG storage and regasification agreement. Shell and Gazprom filed for preliminary relief asking the Arbitral Tribunal to prevent ECA from invoicing or collecting any payments under the contract and from drawing on the letters of credit. The preliminary relief was initially granted but revoked on December 23, 2020. A hearing to discuss the preliminary relief petitioned by Shell and Gazprom was held in January 2021 and the Arbitral Tribunal decided on February 8, 2021 to deny its petition. Shell Mexico also filed a constitutional challenge to the CRE's approval of the update to the general terms and conditions. In October 2020, Shell Mexico's *amparo* request to stay CRE's approval was denied and, subsequently, Shell Mexico filed an appeal of that decision.

On March 10, 2021, Shell and Gazprom filed their statement of claim.

A hearing to discuss the preliminary relief petitioned by Shell and Gazprom was held in January 2021 and the Tribunal decided on February 8, 2021 to deny its petition. The new hearing was set for the week of October 18, 2021.

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

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

i. provides non-renewable electricity generation facilities, primarily non-renewable power plants, preferential access or easier access to Mexico's national power grid, while increasing restrictions on access to the grid to renewable energy facilities;
ii. grants CRE and CENACE broad authority to approve or deny permits and interconnection requests by producers of renewable energy; and
iii. imposes restrictive measures on the renewable energy sector, including requiring all permits and interconnection agreements to include an early termination clause in the event the renewable energy project fails to make certain additional improvements, at the request of CRE or CENACE, in accordance with a specific schedule.

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

On May 28, 2020, CRE approved an update to the transmission rates included in legacy renewables and cogeneration energy contracts, based on the claim that the legacy transmission rates did not reflect fair and proportional costs for providing the applicable services and, therefore, created inequitable competitive conditions. For IEnova's renewables' facilities that are currently holders of contracts with such legacy rates, any increases in the transmission rates would be passed through directly to their customers.

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

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

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

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

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

g. IEnova Marketing generates monthly balances in favor of VAT which it requests in refund. Recently, the Tax Authority has partially denied the refund of VAT, which amount to \$19.0 million.

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

h. DEN Tax refund. DEN generates monthly balances in favor of VAT which it requests in refund. Recently, the Tax Authority has denied the refund of VAT, which amount to \$2.0 million (40 million pesos). The Company started a legal procedure. It is important to mention that under Company and its legal Advisor's opinion, there are enough legal arguments to recover these amounts.

17. Application of new and revised IFRS

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

The accounting policies adopted in the preparation of the Condensed Interim Consolidated Financial Statements are consistent with those followed in the preparation of the Company´s Annual Consolidated Financial Statements for the year ended December 31, 2020, except for the adoption of new standards effective as of January 1, 2021.

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

Several amendments and interpretations apply for the first time in 2021, but do not have a material impact on the Condensed Interim Consolidated Financial Statements of the Company.

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

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

The amendments include the following practical expedients:

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

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

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

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

IFRS 17	Insurance Contracts	January 1, 2023
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Pending
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2023
Amendments to IFRS 3	Reference to the Conceptual Framework	January 1, 2022
Amendments to IAS 16	Property, Plant and Equipment—Proceeds before Intended Use	January 1, 2022
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	January 1, 2022
Annual Improvements to IFRS Standards 2018-2020 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture	January 1, 2022

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

18. Events after the reporting period

18.1. Estado de Mexico Terminal COD

On July 2, 2021, the Company declared the COD for the receipt, storage and delivery of refined products of the Estado de Mexico Terminal (also known as " Valle de Mexico" Terminal).

18.2. Acquisition of Manzanillo´s Terminal

In the first quarter of 2020, IEnova purchased additional shares in ICM Ventures Holdings B.V. ("ICM") for $9,339.0, increasing its ownership from 53.7% to 82.5%. ICM owns certain permits and land where IEnova is building a terminal for the receipt, storage and delivery of liquid fuels. In March 2021, IEnova entered into an agreement to acquire the remaining 17.5% interest in ICM for $6,710.0, subject to adjustments. We completed this transaction on July 6, 2021.

18.3. Borrowing on credit line

On July 9, 2021, regarding the credit line mentioned in Note 6.a., the Company withdrew $100,000.0, at an interpolated LIBOR rate 0.12% + 0.80% spread, with a maturity date on September 30, 2021, to be used for working capital and general corporate purposes.

19. 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 July 21, 2021 and subject to the approval of the Ordinary General Shareholders' Meeting and Board of Directors.

20. Main registered office

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

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