



SEMPRA

Third Quarter 2021 Earnings Results

November 5, 2021

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This presentation contains statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on assumptions with respect to the future, involve risks and uncertainties, and are not guarantees. Future results may differ materially from those expressed in any forward-looking statements. These forward-looking statements represent our estimates and assumptions only as of the date of this presentation. We assume no obligation to update or revise any forward-looking statement as a result of new information, future events or other factors.

In this presentation, forward-looking statements can be identified by words such as “believes,” “expects,” “anticipates,” “plans,” “estimates,” “projects,” “forecasts,” “should,” “could,” “would,” “will,” “confident,” “may,” “can,” “potential,” “possible,” “proposed,” “in process,” “under construction,” “in development,” “target,” “outlook,” “maintain,” “continue,” “goal,” “aim,” “commit,” or similar expressions, or when we discuss our guidance, priorities, strategy, goals, vision, mission, opportunities, projections, intentions or expectations.

Factors, among others, that could cause actual results and events to differ materially from those described in any forward-looking statements include risks and uncertainties relating to: California wildfires, including the risks that we may be found liable for damages regardless of fault and that we may not be able to recover costs from insurance, the wildfire fund established by California Assembly Bill 1054 or in rates from customers; decisions, investigations, regulations, issuances or revocations of permits and other authorizations, renewals of franchises, and other actions by (i) the California Public Utilities Commission (CPUC), Comisión Reguladora de Energía, U.S. Department of Energy, U.S. Federal Energy Regulatory Commission, Public Utility Commission of Texas, and other regulatory and governmental bodies and (ii) states, counties, cities and other jurisdictions in the U.S., Mexico and other countries in which we do business; the success of business development efforts, construction projects and acquisitions and divestitures, including risks in (i) the ability to make a final investment decision, (ii) completing construction projects or other transactions on schedule and budget, (iii) the ability to realize anticipated benefits from any of these efforts if completed, and (iv) obtaining the consent or approval of partners or other third parties, including governmental entities; the resolution of civil and criminal litigation, regulatory inquiries, investigations and proceedings, and arbitrations, including those related to the natural gas leak at Southern California Gas Company’s (SoCalGas) Aliso Canyon natural gas storage facility; changes to laws, including proposed changes to the Mexican constitution that could materially limit access to the electric generation market and changes to Mexico’s trade rules that could materially limit our ability to import and export hydrocarbons; failure of foreign governments and state-owned entities to honor their contracts and commitments and property disputes; actions by credit rating agencies to downgrade our credit ratings or to place those ratings on negative outlook and our ability to borrow on favorable terms and meet our substantial debt service obligations; the impact of energy and climate goals, policies, legislation and rulemaking, including actions to reduce or eliminate reliance on natural gas generally and any deterioration of or increased uncertainty in the political or regulatory environment for California natural gas distribution companies; the pace of the development and adoption of new technologies in the energy sector, including those designed to support governmental and private party energy and climate goals, and our ability to timely and economically incorporate them into our business; weather, natural disasters, pandemics, accidents, equipment failures, explosions, acts of terrorism, information system outages or other events that disrupt our operations, damage our facilities and systems, cause the release of harmful materials, cause fires or subject us to liability for property damage or personal injuries, fines and penalties, some of which may not be covered by insurance, may be disputed by insurers or may otherwise not be recoverable through regulatory mechanisms or may impact our ability to obtain satisfactory levels of affordable insurance; the availability of electric power and natural gas and natural gas storage capacity, including disruptions caused by failures in the transmission grid or limitations on the withdrawal of natural gas from storage facilities; the impact of the COVID-19 pandemic, including potential vaccination mandates, on capital projects, regulatory approvals and the execution of our operations; cybersecurity threats to the energy grid, storage and pipeline infrastructure, information and systems used to operate our businesses, and confidentiality of our proprietary information and personal information of our customers and employees, including ransomware attacks on our systems and the systems of third-party vendors and other parties with which we conduct business; the impact at San Diego Gas & Electric Company (SDG&E) on competitive customer rates and reliability due to the growth in distributed and local power generation, including from departing retail load resulting from customers transferring to Direct Access and Community Choice Aggregation, and the risk of nonrecovery for stranded assets and contractual obligations; Oncor Electric Delivery Company LLC’s (Oncor) ability to eliminate or reduce its quarterly dividends due to regulatory and governance requirements and commitments, including by actions of Oncor’s independent directors or a minority member director; volatility in foreign currency exchange, inflation and interest rates and commodity prices and our ability to effectively hedge these risks and with respect to interest rates, the impact on SDG&E’s and SoCalGas’ cost of capital; changes in tax and trade policies, laws and regulations, including tariffs and revisions to international trade agreements that may increase our costs, reduce our competitiveness, or impair our ability to resolve trade disputes; and other uncertainties, some of which may be difficult to predict and are beyond our control.

These risks and uncertainties are further discussed in the reports that Sempra has filed with the U.S. Securities and Exchange Commission (SEC). These reports are available through the EDGAR system free-of-charge on the SEC’s website, www.sec.gov, and on Sempra’s website, www.sempra.com. Investors should not rely unduly on any forward-looking statements.

Sempra Infrastructure, Sempra LNG, Sempra Mexico, Sempra Texas Utilities, Oncor and Infraestructura Energética Nova, S.A.P.I. de C.V. (IEnova) are not the same companies as the California utilities, SDG&E or SoCalGas, and Sempra Infrastructure, Sempra LNG, Sempra Mexico, Sempra Texas Utilities, Oncor and IEnova are not regulated by the CPUC.

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EXECUTIVE SUMMARY

Marking completion of series of integrated transactions forming Sempra Infrastructure

- Simplifying business model
- Improving competitive scale
- Recycling proceeds to strengthen balance sheet + fund incremental utility growth
- Highlighting value to owners

Announcing higher projected 2022 – 2026 capital plan at Oncor of \$15.0B¹

Reporting Q3-2021 adjusted earnings per common share (EPS) of \$1.70 and YTD-2021 adjusted EPS of \$6.27²

Continuing to guide to the upper end of FY-2021 adjusted EPS guidance range of \$7.75 – \$8.35²

Reaffirming FY-2022 EPS guidance range of \$8.10 – \$8.70

1. Amounts are approximate. Reflects 100% of Oncor's current projected capital expenditures for 2022 – 2026 based on the long-term plan presented to Oncor's board of directors in October 2021. Actual amounts/results may differ materially. Capital plan is higher compared to the 2021 – 2025 capital plan of \$12.2B presented at Investor Day in June 2021.
2. Adjusted EPS and Adjusted EPS Guidance Range represent non-GAAP financial measures (GAAP means generally accepted accounting principles in the United States of America). GAAP EPS for Q3-2021 and YTD-2021 were (\$2.03) and \$2.09, respectively. GAAP EPS Guidance Range for FY-2021 was updated to \$3.01 – \$3.61. See Appendix for information regarding non-GAAP financial measures.

BUSINESS UPDATES

SEMPRA CALIFORNIA

- SDG&E filed off-cycle cost of capital application with CPUC; SDG&E requested a decision in 1H-2022¹
- SoCalGas announced agreements expected to resolve substantially all material Aliso Canyon civil litigation against SoCalGas and Sempra with net, after-tax cash outflows expected to ultimately be up to \$895M²
- SoCalGas issued a technical analysis underscoring the essential role of clean fuel networks that leverage existing gas infrastructure

SEMPRA TEXAS

- Oncor updated its 2022 – 2026 capital plan to \$15.0B, a total \$2.8B increase over its 2021 – 2025 capital plan presented at Investor Day³

SEMPRA INFRASTRUCTURE

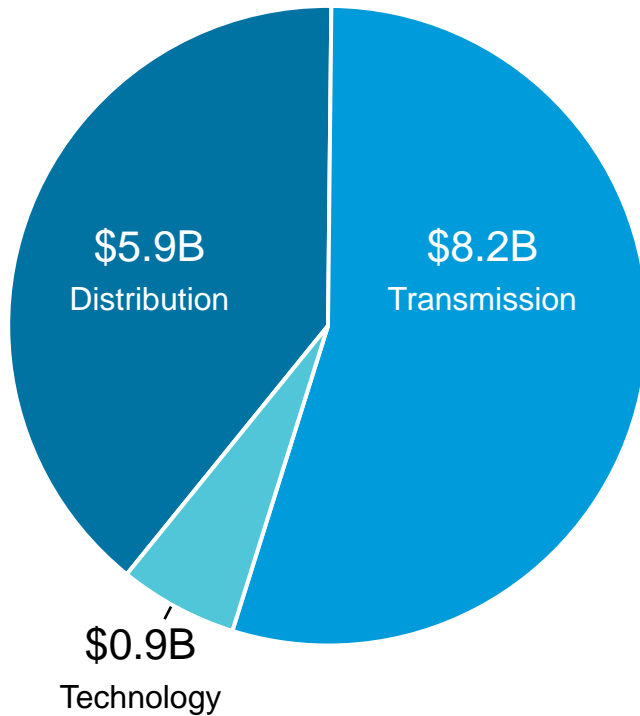
- Completed sale of 20% NCI to KKR for \$3.37B on Oct 1, 2021⁴
- Completed cash tender offer to purchase the remaining publicly owned IEnova shares and delisted IEnova's shares from the Mexican Stock Exchange⁵

1. If the application is not accepted, the CCM (Cost of Capital Adjustment Mechanism) would be effective January 1, 2022 and would automatically adjust SDG&E's authorized return on equity (ROE) from 10.2% to 9.62% and adjust its authorized cost of debt to reflect the then current embedded cost and projected interest rate. California Public Utilities Commission (CPUC).
2. Amount is approximate and takes into consideration the remaining insurance receivable and other adjustments. Amount subject to acceptance by no fewer than roughly 97% of approximately 36,000 plaintiffs and court approvals, among other conditions. Please see the Current Report on Form 8-K filed by Sempra and SoCalGas with the Securities and Exchange Commission on September 27, 2021.
3. Amounts are approximate. Reflects 100% of Oncor's current projected capital expenditures for 2022 – 2026 based on the long-term plan presented to Oncor's board of directors in October 2021. Actual amounts/results may differ materially. Capital plan is \$2.8B higher compared to the 2021 – 2025 capital plan of \$12.2B presented at Investor Day in June 2021.
4. Subject to post-closing adjustments. KKR Pinnacle Investor L.P., an affiliate of Kohlberg Kravis Roberts & Co. L.P. (KKR).
5. Resulting ownership of 99.9%. The Mexican Stock Exchange refers to the Bolsa Mexicana de Valores, S.A.B. de C.V.

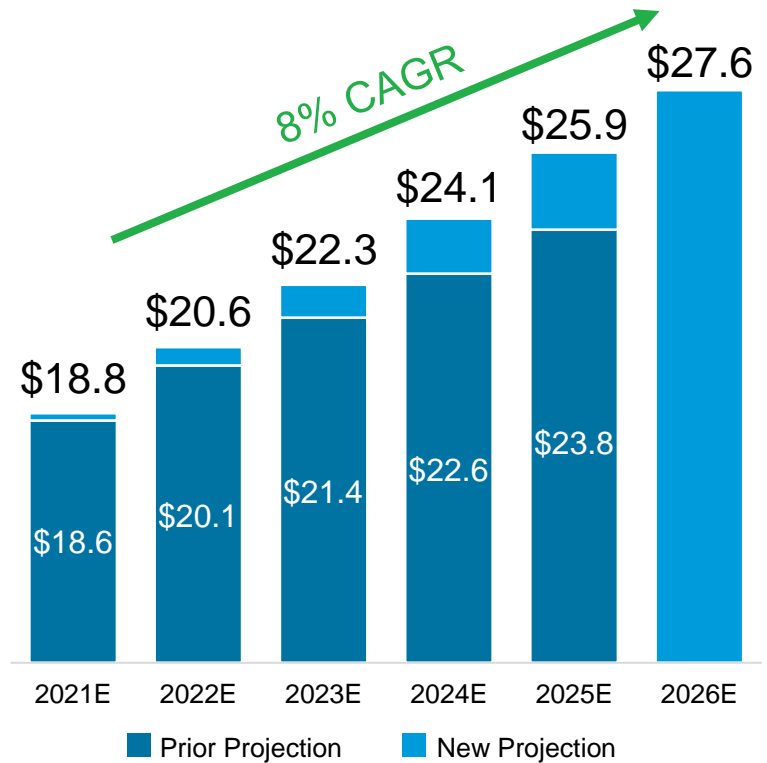
TEXAS | ONCOR SPOTLIGHT

Robust economic expansion in Oncor's service territory continues to drive strong projected rate base growth

2022 – 2026 Capital Plan¹
\$15.0B



Rate Base (\$B)²



1. Amounts are approximate. Reflects 100% of Oncor's current projected capital expenditures for 2022 – 2026 based on the long-term plan presented to Oncor's board of directors in October 2021. Approximately \$775M – \$1,275M of potential incremental capital investment opportunities that were identified at Investor Day in June 2021 are not included. Actual amounts/results may differ materially.
2. Amounts are approximate. Compound annual growth rate (CAGR). Reflects 100% of Oncor's projected year-end rate base for years 2021 – 2026. Actual amounts/results may differ materially. Prior projection refers to projected year-end rate base for years 2021 – 2025 presented at Investor Day in June 2021.

SEMPRA INFRASTRUCTURE PLATFORM

LNG + NET-ZERO SOLUTIONS

- ✓ Anchored by 12 Mtpa at Cameron LNG Phase 1; developing other strategically located projects on the Pacific + Gulf Coasts¹
- ✓ Access to some of the leading natural gas basins
- ✓ Displacing carbon-intensive coal + oil around the world

ENERGY NETWORKS

- ✓ A leading natural gas transportation + distribution network²
- ✓ 11 of 25 cross-border pipeline interconnections
- ✓ Responsible for two-thirds of U.S. natural gas exports to Mexico³




CLEAN POWER

- ✓ Owner of over 1,000 MW of renewables with cross-border transmission lines with spare capacity⁴
- ✓ Access to premium solar + wind resources
- ✓ Helping to meet renewable energy demand in Southwest U.S.

Sempra Infrastructure is organized around three business lines to capture growth in the markets it serves

1. Million tonnes per annum (Mtpa).
2. Represents approximately 40% of total natural gas transportation capacity in Mexico.
3. U.S. Energy Information Administration pipeline exports data for Q2-2021.
4. Megawatts (MW).

INFRASTRUCTURE | PROJECT SPOTLIGHT¹

		PROJECT	GOAL	STATUS	PROJECTED TIMING ²
LNG + NET-ZERO SOLUTIONS		ECA LNG Phase 1	Building low-cost brownfield project	Construction	First LNG 2H-2024
		Cameron LNG Phase 2	Unlocking brownfield opportunity	Development	FID end of 2022
		Hackberry CCUS ³	Sequestering CO2 from Cameron LNG	Development	TBD
		Vista Pacifico LNG	Providing LNG to Asian markets	Development	TBD
		Port Arthur LNG	Developing greenfield project	Development	TBD
		ECA LNG Phase 2	Unlocking brownfield opportunity	Development	TBD
ENERGY NETWORKS		GRO Expansion Pipeline ⁴	Expanding gas delivery to Baja + ECA LNG Phase 1	Construction	COD 1H-2024
		Topolobampo Terminal	Building critical energy infrastructure	Construction	COD 1H-2022
		Cameron Interstate Pipeline	Enhancing gas delivery to Cameron LNG Phase 2	Development	TBD
CLEAN POWER		ESJ Expansion	Exporting clean energy to U.S.	Construction	COD 1H-2022
		Cimarrón	Exporting clean energy to U.S.	Development	TBD
		Volta de Mexicali	Exporting clean energy to U.S.	Development	TBD

Robust pipeline of competitively positioned development projects

1. The ability to complete major construction projects is subject to a number of risks and uncertainties. Please also refer to “Risk Factors” in our most recent Annual Report on Form 10-K and “Risk Factors” and “Capital Resources and Liquidity” in our most recent Quarterly Report on Form 10-Q for a description of the risks and other factors associated with project development, construction, and other opportunities.
2. Commercial Operation Date (COD). Final Investment Decision (FID).
3. Carbon Capture Utilization + Sequestration (CCUS).
4. Gasoducto Rosarito (GRO).

Q3-2021 FINANCIAL RESULTS

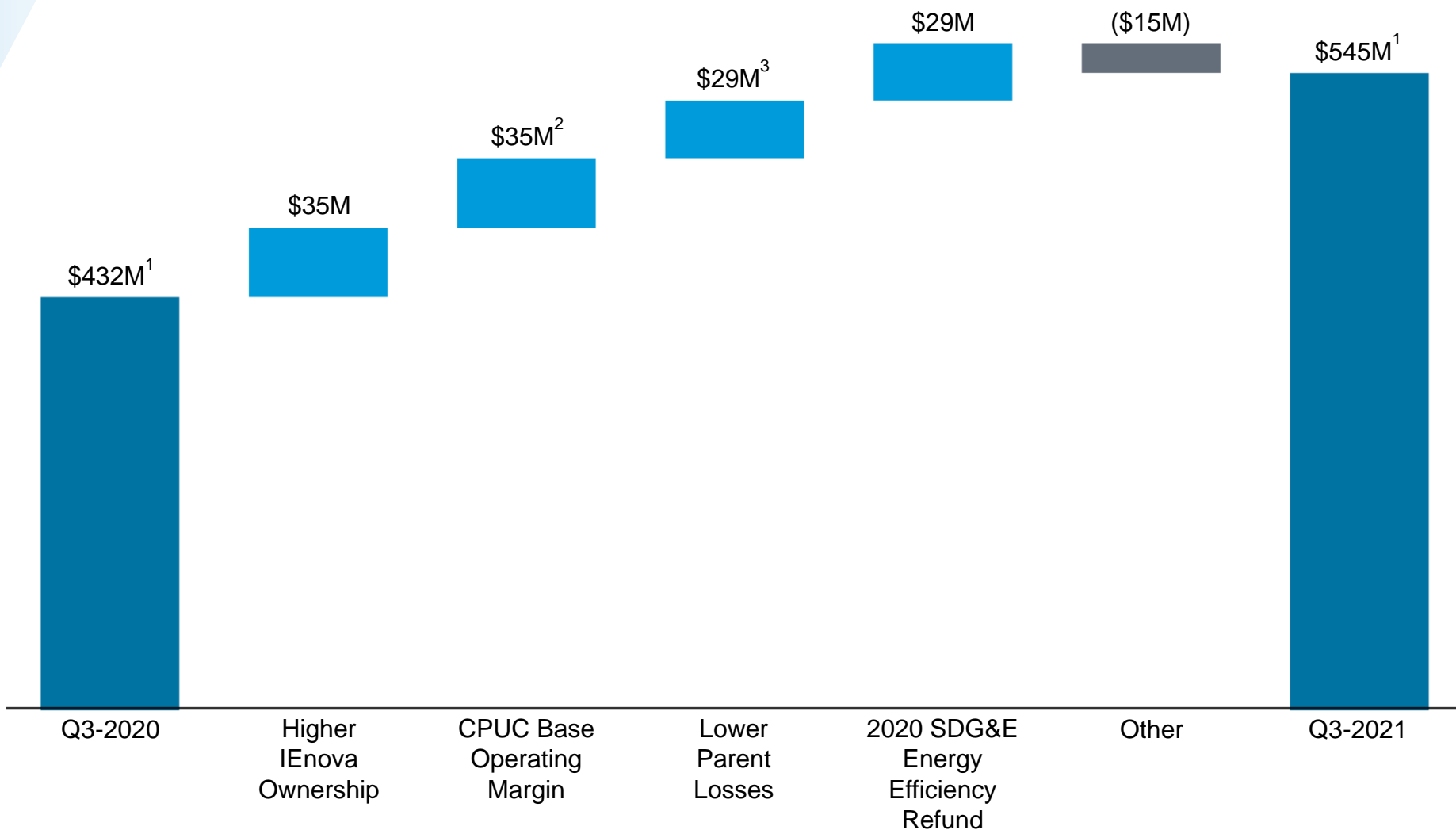
<i>(Dollars, except EPS, and shares in millions)</i>	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
	<i>(Unaudited)</i>			
GAAP (Losses) Earnings	\$ (648)	\$ 351	\$ 650	\$ 3,350
Impacts Associated with Aliso Canyon Litigation and Regulatory Matters	1,132	22	1,132	94
Impact from Foreign Currency and Inflation and Associated Undesignated Derivatives ¹	(28)	18	41	(111)
Net Unrealized Losses (Gains) on Commodity Derivatives ¹	89	34	176	(12)
Loss (Gain) on Sale of South American Businesses	-	7	-	(1,747)
(Earnings) Losses from Investment in RBS Sempra Commodities LLP	-	-	(50)	100
Adjusted Earnings²	\$ 545	\$ 432	\$ 1,949	\$ 1,674
Diluted Weighted-Average Common Shares Outstanding	319	291	311	293
GAAP EPS	\$ (2.03)	\$ 1.21	\$ 2.09	\$ 11.43
Diluted Weighted-Average Common Shares Outstanding	320	291	311	307
Adjusted EPS^{2,3}	\$ 1.70	\$ 1.49	\$ 6.27	\$ 5.70

1. Q3-2020 and YTD-2020 Adjusted Earnings and Adjusted EPS have been updated to exclude this item to conform to current year presentation.

2. Represents a non-GAAP financial measure. See Appendix for information regarding non-GAAP financial measures and descriptions of adjustments.

3. To calculate YTD-2020 Adjusted EPS, preferred dividends of \$78M are added back to Adjusted Earnings because of the dilutive effect of Series A mandatory convertible preferred stock.

Q3-2021 ADJUSTED EARNINGS DRIVERS



1. Represents a non-GAAP financial measure. GAAP Earnings (Losses) for Q3-2020 and Q3-2021 were \$351M and (\$648M), respectively. Q3-2020 Adjusted Earnings has been updated to exclude additional items to conform to current year presentation. See Appendix for information regarding non-GAAP financial measures and descriptions of adjustments.

2. Represents the combined CPUC Base Operating Margin variance for SDG&E and SoCalGas.

3. Represents a non-GAAP financial measure. GAAP Losses at Parent and Other were lower by \$28M. See Appendix for information regarding non-GAAP financial measures.

SUMMARY

Marking completion of series of integrated transactions forming Sempra Infrastructure

Announcing higher projected 2022 – 2026 capital plan at Oncor of \$15.0B¹

Reporting Q3-2021 adjusted EPS of \$1.70 and YTD-2021 adjusted EPS of \$6.27²

Continuing to guide to the upper end of FY-2021 adjusted EPS guidance range of \$7.75 – \$8.35²

Reaffirming FY-2022 EPS guidance range of \$8.10 – \$8.70

1. Amounts are approximate. Reflects 100% of Oncor's current projected capital expenditures for 2022 – 2026 based on the long-term plan presented to Oncor's board of directors in October 2021. Actual amounts/results may differ materially. Capital plan is higher compared to the 2021 – 2025 capital plan of \$12.2B presented at Investor Day in June 2021.
2. Adjusted EPS and Adjusted EPS Guidance Range represent non-GAAP financial measures. GAAP EPS for Q3-2021 and YTD-2021 were (\$2.03) and \$2.09, respectively. GAAP EPS Guidance Range for FY-2021 was updated to \$3.01 – \$3.61. See Appendix for information regarding non-GAAP financial measures.

APPENDIX

SDG&E | COST OF CAPITAL FILING

APPLICATION OVERVIEW

- SDG&E off-cycle cost of capital application
 - Update to cost of capital effective January 1, 2022
 - Result of the ongoing effects of the COVID-19 pandemic
 - No projected increase in customer rates
 - Requested a final decision to be issued in 1H-2022

	CURRENT ¹	REQUEST ²
EQUITY LAYER	52%	54%
RETURN ON EQUITY	10.2%	10.55%
COST OF DEBT	4.59%	3.84%
RETURN ON RATE BASE	7.55%	7.46%

1. If the application is not accepted, the CCM would be effective January 1, 2022 and would automatically adjust SDG&E's authorized ROE from 10.2% to 9.62% and adjust its authorized cost of debt to reflect the then current embedded cost and projected interest rate.

2. Requested in SDG&E's application filed in August 2021.

APPENDIX

Business Unit Earnings

CALIFORNIA | SDG&E

<i>(Unaudited, dollars in millions)</i>	Three months ended		Nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
SDG&E GAAP Earnings	\$ 205	\$ 178	\$ 603	\$ 633

Q3-2021 earnings are higher than Q3-2020 primarily due to:

- \$29M charge related to the Energy Efficiency Program in Q3-2020 and
- \$27M higher CPUC base operating margin, net of operating expenses, **partially offset by**
- \$18M higher income tax expense resulting primarily from flow-through items, net of associated regulatory revenues and
- \$3M lower AFUDC equity

CALIFORNIA | SOCALGAS

<i>(Unaudited, dollars in millions)</i>	Three months ended		Nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
SoCalGas GAAP (Losses) Earnings	\$ (1,126)	\$ (24)	\$ (625)	\$ 425
Impacts Associated with Aliso Canyon Litigation and Regulatory Matters	1,132	22	1,132	94
SoCalGas Adjusted Earnings (Losses) ¹	\$ 6	\$ (2)	\$ 507	\$ 519

Q3-2021 adjusted earnings are higher than Q3-2020 adjusted losses due to \$8M higher CPUC base operating margin, net of operating expenses, AFUDC equity and other items

1. Adjusted Earnings (Losses) represents a non-GAAP financial measure. See Appendix for information regarding non-GAAP financial measures and description of the adjustment above.

TEXAS | SEMPRA TEXAS UTILITIES

<i>(Unaudited, dollars in millions)</i>	Three months ended		Nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
Sempra Texas Utilities GAAP Earnings	\$ 206	\$ 209	\$ 479	\$ 458

Q3-2021 earnings are lower than Q3-2020 primarily due to lower equity earnings driven by:

- Increased operating costs and expenses attributable to invested capital and
- Lower revenues from an Energy Efficiency Program performance bonus recognized in 2020, but pending PUCT approval in 2021, **partially offset by**
- Increased revenues from rate updates to reflect increases in invested capital and customer growth

INFRASTRUCTURE | SEMPRA MEXICO¹

<i>(Unaudited, dollars in millions)</i>	Three months ended		Nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
Sempra Mexico GAAP Earnings	\$ 164	\$ 50	\$ 225	\$ 302
Impact from Foreign Currency and Inflation and Associated Undesignated Derivatives ²	(29)	18	38	(100)
Net Unrealized (Gains) Losses on Commodity Derivatives ²	(14)	2	(4)	2
Sempra Mexico Adjusted Earnings ³	\$ 121	\$ 70	\$ 259	\$ 204

Q3-2021 adjusted earnings are higher than Q3-2020 primarily due to:

- \$35M higher earnings from the increase in ownership of IEnova as a result of exchange and tender offers in 2021,
- \$14M primarily due to the start of commercial operations of the Veracruz terminal in the first quarter of 2021, and
- \$11M selling profit on sales-type lease relating to the commencement of a rail facility lease at the Veracruz terminal in the third quarter of 2021

1. All variance explanations are shown after noncontrolling interest.

2. Adjusted Earnings for Q3-2020 and YTD-2020 have been updated to exclude this item to conform to the current year presentation.

3. Adjusted Earnings represents a non-GAAP financial measure. Adjusted Earnings for Q3-2020 and YTD-2020 have been updated to exclude items to conform to the current year presentation. See Appendix for information regarding non-GAAP financial measures and description of the adjustments above.

INFRASTRUCTURE | SEMPRA LNG

<i>(Unaudited, dollars in millions)</i>	Three months ended		Nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
Sempra LNG GAAP Earnings	\$ 1	\$ 71	\$ 194	\$ 207
Impact from Foreign Currency and Inflation and Associated Undesignated Derivatives ¹	-	-	2	1
Net Unrealized Losses (Gains) on Commodity Derivatives ¹	103	32	180	(14)
Sempra LNG Adjusted Earnings ²	\$ 104	\$ 103	\$ 376	\$ 194

Q3-2021 adjusted earnings are in-line with Q3-2020 primarily due to:

- \$15M higher equity earnings from Cameron LNG JV primarily due to the three-train liquefaction project achieving full commercial operations in August 2020, **partially offset by**
- \$11M lower net interest income from lower intercompany balances with Parent & Other

1. Adjusted Earnings for Q3-2020 and YTD-2020 have been updated to exclude this item to conform to the current year presentation.

2. Adjusted Earnings represents a non-GAAP financial measure. Adjusted Earnings for Q3-2020 and YTD-2020 have been updated to exclude items to conform to the current year presentation. See Appendix for information regarding non-GAAP financial measures and description of the adjustments above.

PARENT & OTHER

<i>(Unaudited, dollars in millions)</i>	Three months ended		Nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
Parent & Other GAAP Losses	\$ (98)	\$ (126)	\$ (226)	\$ (515)
Impact from Foreign Currency and Inflation and Associated Undesignated Derivatives ¹	1	-	1	3
(Earnings) Losses from Investment in RBS Sempra Commodities LLP	-	-	(50)	100
Parent & Other Adjusted Losses ²	\$ (97)	\$ (126)	\$ (275)	\$ (412)

Q3-2021 adjusted losses are lower than Q3-2020 losses primarily due to:

- \$37M lower preferred dividends primarily as a result of \$36M lower dividends due to the mandatory conversion of all series A and B preferred stock in January 2021 and July 2021, respectively, and
- \$15M lower net interest expense, **partially offset by**
- \$18M income tax expense in 2021 compared to a \$2M tax benefit in 2020 and
- \$10M lower net investment gains on dedicated assets in support of our employee nonqualified benefit plan and deferred compensation obligations

1. Adjusted Losses for Q3-2020 and YTD-2020 have been updated to exclude this item to conform to the current year presentation.

2. Adjusted Losses represents a non-GAAP financial measure. Adjusted Losses for Q3-2020 and YTD-2020 have been updated to exclude items to conform to the current year presentation. See Appendix for information regarding non-GAAP financial measures and description of the adjustments above.

APPENDIX

Non-GAAP Financial Measures

ADJUSTED EARNINGS AND ADJUSTED EPS (UNAUDITED)

Sempra Adjusted Earnings and Adjusted EPS exclude items (after the effects of income taxes and, if applicable, noncontrolling interests) in 2021 and 2020 as follows:

In the three months ended September 30, 2021:

- \$(1,132)M from impacts associated with Aliso Canyon natural gas storage facility litigation at Southern California Gas Company (SoCalGas)
- \$28M impact from foreign currency and inflation and associated undesignated derivatives
- \$(89)M net unrealized losses on commodity derivatives

In the three months ended September 30, 2020:

- \$(22)M from impacts associated with Aliso Canyon natural gas storage facility litigation and regulatory matters at SoCalGas
- \$(18)M impact from foreign currency and inflation and associated undesignated derivatives
- \$(34)M net unrealized losses on commodity derivatives
- \$(7)M reduction to the gain on sale of our Chilean businesses as a result of post-closing adjustments

In the nine months ended September 30, 2021:

- \$(1,132)M from impacts associated with Aliso Canyon natural gas storage facility litigation at SoCalGas
- \$(41)M impact from foreign currency and inflation and associated undesignated derivatives
- \$(176)M net unrealized losses on commodity derivatives
- \$50M equity earnings from investment in RBS Sempra Commodities LLP, which represents a reduction to an estimate of our obligations to settle pending value added tax (VAT) matters and related legal costs at our equity method investment at Parent and other

In the nine months ended September 30, 2020:

- \$(94)M from impacts associated with Aliso Canyon natural gas storage facility litigation and regulatory matters at SoCalGas
- \$111M impact from foreign currency and inflation and associated undesignated derivatives
- \$12M net unrealized gains on commodity derivatives
- \$(100) million equity losses from investment in RBS Sempra Commodities LLP, which represents an estimate of our obligations to settle pending VAT matters and related legal costs at our equity method investment at Parent and other
- \$1,747 million gain on the sale of our South American businesses

Sempra Adjusted Earnings and Adjusted EPS are non-GAAP financial measures (GAAP represents generally accepted accounting principles in the United States of America). These non-GAAP financial measures exclude significant items that are generally not related to our ongoing business activities and/or are infrequent in nature. These non-GAAP financial measures also exclude the impact from foreign currency and inflation effects and associated undesignated derivatives and unrealized gains and losses on commodity derivatives, which we expect to occur in future periods, and which can vary significantly from one period to the next. Exclusion of these items is useful to management and investors because it provides a meaningful comparison of the performance of Sempra's business operations to prior and future periods. Non-GAAP financial measures are supplementary information that should be considered in addition to, but not as a substitute for, the information prepared in accordance with GAAP. The table below reconciles for historical periods these non-GAAP financial measures to Sempra GAAP (Losses) Earnings and GAAP EPS, which we consider to be the most directly comparable financial measures calculated in accordance with GAAP.

ADJUSTED EARNINGS AND ADJUSTED EPS (UNAUDITED)

(Dollars in millions, except per share amounts; shares in thousands)

	Pretax amount	Income tax (benefit) expense ¹	Non-controlling interests	Earnings	Pretax amount	Income tax (benefit) expense ¹	Non-controlling interests	Earnings
	Three months ended September 30, 2021				Three months ended September 30, 2020			
Sempra GAAP (Losses) Earnings				\$ (648)				\$ 351
Excluded items:								
Impacts associated with Aliso Canyon litigation and regulatory matters	\$ 1,571	\$ (439)	\$ -	1,132	\$ 27	\$ (5)	\$ -	22
Impact from foreign currency and inflation and associated undesignated derivatives	4	(33)	1	(28)	(11)	44	(15)	18
Net unrealized losses on commodity derivatives	120	(32)	1	89	48	(13)	(1)	34
Reduction to gain on sale of Chilean businesses	-	-	-	-	16	(9)	-	7
Sempra Adjusted Earnings²				<u>\$ 545</u>				<u>\$ 432</u>
Diluted EPS:								
Sempra GAAP (Losses) Earnings				\$ (648)				\$ 351
Weighted-average common shares outstanding, diluted – GAAP				319,144				290,582
Sempra GAAP EPS				<u>\$ (2.03)</u>				<u>\$ 1.21</u>
Sempra Adjusted Earnings ²				\$ 545				\$ 432
Weighted-average common shares outstanding, diluted – Adjusted ³				320,483				290,582
Sempra Adjusted EPS ²				<u>\$ 1.70</u>				<u>\$ 1.49</u>
	Nine months ended September 30, 2021				Nine months ended September 30, 2020			
Sempra GAAP Earnings				\$ 650				\$ 3,350
Excluded items:								
Impacts associated with Aliso Canyon litigation and regulatory matters	\$ 1,571	\$ (439)	\$ -	1,132	\$ 127	\$ (33)	\$ -	94
Impact from foreign currency and inflation and associated undesignated derivatives	36	8	(3)	41	83	(278)	84	(111)
Net unrealized losses (gains) on commodity derivatives	245	(67)	(2)	176	(15)	4	(1)	(12)
(Earnings) losses from investment in RBS Sempra Commodities LLP	(50)	-	-	(50)	100	-	-	100
Gain on sale of South American businesses	-	-	-	-	(2,899)	1,152	-	(1,747)
Sempra Adjusted Earnings²				<u>\$ 1,949</u>				<u>\$ 1,674</u>
Diluted EPS:								
Sempra GAAP Earnings				\$ 650				\$ 3,350
Weighted-average common shares outstanding, diluted – GAAP				310,854				292,935
Sempra GAAP EPS				<u>\$ 2.09</u>				<u>\$ 11.43</u>
Sempra Adjusted Earnings ²				\$ 1,949				\$ 1,674
Add back dividends for dilutive series A preferred stock				-				78
Sempra Adjusted Earnings for Adjusted EPS ²				<u>\$ 1,949</u>				<u>\$ 1,752</u>
Weighted-average common shares outstanding, diluted – Adjusted ⁴				310,854				307,405
Sempra Adjusted EPS ²				<u>\$ 6.27</u>				<u>\$ 5.70</u>

1. Income taxes were primarily calculated based on applicable statutory tax rates. We did not record an income tax expense for the equity earnings or an income tax benefit for the equity losses from our investment in RBS Sempra Commodities LLP because, even though a portion of the liabilities may be deductible under United Kingdom tax law, it is not probable that the deduction will reduce United Kingdom taxes.

2. Adjusted Earnings, Adjusted Earnings for Adjusted EPS, and Adjusted EPS have been updated to reflect impact from foreign currency and inflation and associated undesignated derivatives and net unrealized losses (gains) on commodity derivatives for the three months and nine months ended September 30, 2020.

3. In the three months ended September 30, 2021, the total weighted-average number of potentially dilutive securities of 699 were not included in the computation of GAAP EPS because to do so would have decreased losses per share, additionally because the conversion of the series B preferred stock is dilutive for Adjusted Earnings, 640 series B preferred stock shares are added back to the denominator used to calculate Adjusted EPS.

4. In the nine months ended September 30, 2020, because the assumed conversion of the series A preferred stock is dilutive for Adjusted Earnings, 14,470 series A preferred stock shares are added back to the denominator used to calculate Adjusted EPS.

ADJUSTED EARNINGS (LOSSES) BY BUSINESS UNITS (UNAUDITED)¹

(Dollars in millions)

GAAP Earnings (Losses)	
Impacts associated with Aliso Canyon litigation, net of \$439 income tax benefit	
Impact from foreign currency and inflation and associated undesignated derivatives, net of \$33 income tax expense and \$(1) for NCI	
Net unrealized (gains) losses on commodity derivatives, net of \$32 income tax benefit and \$1 for NCI	
Adjusted Earnings (Losses)	

GAAP Earnings (Losses)	
Impacts associated with Aliso Canyon litigation and regulatory matters, net of \$5 income tax benefit	
Impact from foreign currency and inflation and associated undesignated derivatives, net of \$44 income tax expense and \$(15) for NCI ²	
Net unrealized losses on commodity derivatives, net of \$13 income tax benefit and \$(1) for NCI ²	
Loss on sale of South American businesses, net of \$9 income tax benefit	
Adjusted Earnings (Losses) ³	

GAAP Earnings (Losses)	
Impacts associated with Aliso Canyon litigation, net of \$439 income tax benefit	
Impact from foreign currency and inflation and associated undesignated derivatives, net of \$8 income tax expense and \$(3) for NCI	
Net unrealized (gains) losses on commodity derivatives, net of \$67 income tax benefit and \$(2) for NCI	
Earnings from investment in RBS Sempra Commodities LLP	
Adjusted Earnings (Losses)	

GAAP Earnings (Losses)	
Impacts associated with Aliso Canyon litigation and regulatory matters, net of \$33 income tax benefit	
Impact from foreign currency and inflation and associated undesignated derivatives, net of \$278 income tax benefit and \$84 for NCI ²	
Net unrealized losses (gains) on commodity derivatives, net of \$4 income tax expense and \$(1) for NCI ²	
Losses from investment in RBS Sempra Commodities LLP	
Gain on sale of South American businesses, net of \$1,152 income tax expense	
Adjusted Earnings (Losses) ³	

Three months ended September 30, 2021								
SDG&E	SoCalGas	Sempra Texas Utilities	Sempra Mexico	Sempra LNG	Parent & Other	Discontinued Operations	Sempra Consolidated	
\$ 205	\$ (1,126)	\$ 206	\$ 164	\$ 1	\$ (98)	\$ -	\$ (648)	
	1,132						1,132	
			(29)		1		(28)	
			(14)	103			89	
\$ 205	\$ 6	\$ 206	\$ 121	\$ 104	\$ (97)	\$ -	\$ 545	

Three months ended September 30, 2020								
SDG&E	SoCalGas	Sempra Texas Utilities	Sempra Mexico	Sempra LNG	Parent & Other	Discontinued Operations	Sempra Consolidated	
\$ 178	\$ (24)	\$ 209	\$ 50	\$ 71	\$ (126)	\$ (7)	\$ 351	
	22						22	
			18				18	
			2	32			34	
						7	7	
\$ 178	\$ (2)	\$ 209	\$ 70	\$ 103	\$ (126)	\$ -	\$ 432	

Nine months ended September 30, 2021								
SDG&E	SoCalGas	Sempra Texas Utilities	Sempra Mexico	Sempra LNG	Parent & Other	Discontinued Operations	Sempra Consolidated	
\$ 603	\$ (625)	\$ 479	\$ 225	\$ 194	\$ (226)	\$ -	\$ 650	
	1,132						1,132	
			38	2	1		41	
			(4)	180			176	
					(50)		(50)	
\$ 603	\$ 507	\$ 479	\$ 259	\$ 376	\$ (275)	\$ -	\$ 1,949	

Nine months ended September 30, 2020								
SDG&E	SoCalGas	Sempra Texas Utilities	Sempra Mexico	Sempra LNG	Parent & Other	Discontinued Operations	Sempra Consolidated	
\$ 633	\$ 425	\$ 458	\$ 302	\$ 207	\$ (515)	\$ 1,840	\$ 3,350	
	94						94	
			(100)	1	3	(15)	(111)	
			2	(14)			(12)	
					100		100	
						(1,747)	(1,747)	
\$ 633	\$ 519	\$ 458	\$ 204	\$ 194	\$ (412)	\$ 78	\$ 1,674	

1. Income taxes were primarily calculated based on applicable statutory tax rates. We did not record an income tax expense for the equity earnings or an income tax benefit for the equity losses from our investment in RBS Sempra Commodities LLP because, even though a portion of the liabilities may be deductible under United Kingdom tax law, it is not probable that the deduction will reduce United Kingdom taxes.

2. Q3-2020 and YTD-2020 Adjusted Earnings have been updated to exclude this item to conform to current year presentation.

3. Q3-2020 and YTD-2020 Adjusted Earnings have been updated to exclude additional items to conform to current year presentation.

2021 ADJUSTED EPS GUIDANCE RANGE (UNAUDITED)

Sempra 2021 Adjusted EPS Guidance Range of \$7.75 to \$8.35 excludes items (after the effects of income taxes and, if applicable, noncontrolling interests) as follows:

- \$(1,132)M from impacts associated with Aliso Canyon natural gas storage facility litigation at SoCalGas
- \$(41)M impact from foreign currency and inflation and associated undesignated derivatives for the nine months ended September 30, 2021¹
- \$(176)M net unrealized losses on commodity derivatives for the nine months ended September 30, 2021
- \$(72)M net income tax expense to derecognize a deferred income tax asset upon completing the sale of a 20% equity interest in Sempra Infrastructure Partners in October 2021
- \$(30)M in charges associated with hedge termination costs and write-off of unamortized debt issuance costs from early redemption of debt at Sempra Mexico in October 2021²
- \$(93)M in charges associated with make-whole premiums and write-off of unamortized discount and debt issuance costs from early redemptions of debt at Parent and other in December 2021³
- \$50M equity earnings from investment in RBS Sempra Commodities LLP, which represents a reduction to an estimate of our obligations to settle pending VAT matters and related legal costs at our equity method investment at Parent and other

Sempra 2021 Adjusted EPS Guidance is a non-GAAP financial measure. This non-GAAP financial measure excludes the impact from foreign currency and inflation and associated undesignated derivatives and unrealized gains and losses on commodity derivatives, which we expect to occur in future periods, and which can vary significantly from one period to the next. Exclusion of these items is useful to management and investors because it provides a meaningful comparison of the performance of Sempra's business operations to prior and future periods. Sempra 2021 Adjusted EPS Guidance Range should not be considered an alternative to Sempra 2021 GAAP EPS Guidance Range. Non-GAAP financial measures are supplementary information that should be considered in addition to, but not as a substitute for, the information prepared in accordance with GAAP. The table below reconciles Sempra 2021 Adjusted EPS Guidance Range to Sempra 2021 GAAP EPS Guidance Range, which we consider to be the most directly comparable financial measure calculated in accordance with GAAP.

1. Amount includes impacts recorded in equity earnings from our unconsolidated equity method investments.
2. In October 2021, Sempra Mexico used proceeds from borrowings against its committed and uncommitted lines of credit to fully repay \$175M of outstanding principal plus accrued and unpaid interest on the ESJ fixed- and variable-rate loan prior to its scheduled maturity in 2033, and \$375M of outstanding principal plus accrued and unpaid interest on the Ventika fixed- and variable-rate loans prior to scheduled maturity dates through 2032, and recognized approximately \$50 million (\$30M after tax and NCI) in charges associated with hedge termination costs and a write-off of unamortized debt issuance costs.
3. On November 1, 2021, Sempra issued notices to redeem, at respective make-whole redemption prices, an aggregate principal amount of \$2.35B of senior unsecured notes prior to scheduled maturities in 2022 through 2025. Upon redemption, which is scheduled to occur in December 2021, we expect to recognize approximately \$128M (\$93M after tax) in charges associated with the make-whole premiums from the early redemptions and write-off of unamortized discount and debt issuance costs. As a result of our expected early redemption, this debt was classified as Current Portion of Long-Term Debt and Finance Leases on Sempra's Condensed Consolidated Balance Sheet at September 30, 2021.

2021 ADJUSTED EPS GUIDANCE RANGE (UNAUDITED)

	Full-Year 2021	
Sempra GAAP EPS Guidance Range ¹	\$ 3.01	to \$ 3.61
Excluded items:		
Impacts associated with Aliso Canyon litigation	3.59	3.59
Impact from foreign currency and inflation and associated undesignated derivatives ²	0.13	0.13
Net unrealized losses on commodity derivatives	0.56	0.56
Net income tax expense to derecognize a deferred income tax asset	0.23	0.23
Costs associated with early redemption of debt	0.39	0.39
Earnings from investment in RBS Sempra Commodities LLP	(0.16)	(0.16)
Sempra Adjusted EPS Guidance Range	<u>\$ 7.75</u>	to <u>\$ 8.35</u>
Weighted-average common shares outstanding, diluted (millions) ^{3,4}		315

1. Sempra's prior GAAP EPS Guidance Range for full-year 2021 has been updated to reflect the impacts associated with Aliso Canyon litigation, impact from foreign currency and inflation and associated undesignated derivatives and net unrealized losses on commodity derivatives for the nine months ended September 30, 2021, and net income tax expense to derecognize a deferred income tax asset and costs associated with early redemption of debt in the fourth quarter of 2021.

2. Amounts include impacts recorded in equity earnings from our unconsolidated equity method investments.

3. Weighted-average common shares outstanding reflects the conversion of the series A preferred stock that converted on January 15, 2021 and series B preferred stock that converted on July 15, 2021.

4. Includes the impact of the Infraestructura Energética Nova, S.A.B. de C.V. (IEnova) exchange offer.