

**Transcript 3Q23 Earnings Conference Call**  
**COX ENERGY, S.A.B. DE C.V.**

Friday, October 27, 2023

**Operator:** Good morning, everyone, my name is Carmen and I will be your conference call operator today. All lines have been placed on mute to prevent any background noise. This is Cox Energy's Third Quarter 2023 Earnings Call. There will be a question-and-answer session following the speakers opening remarks presentation, and instructions will be given at that time.

**Operator:** Today we have with us **Mr. José Antonio Hurtado de Mendoza**, Cox Energy's, Chief Executive Officer, Mr. Javier García, Deputy Chief Executive Officer, Ms. **Raquel Alzaga**, Vice President of Finance and Administration, and we also have with us **Mr. Enrique Gonzalez**, Global Head of Investor Relations. They will talk to you about the results, recent developments and the company's strategy following the third quarter 2023 earnings report issued yesterday, Thursday, October 26<sup>th</sup>.

If for some reason you did not receive the report, please contact Cox Energy's investor relations department and they will email it to you, or if you prefer, you can download it directly from the [www.coxenergy.com](http://www.coxenergy.com) website. Please note that this call is for investors and analysts only and questions from the media will not be accepted nor the call should be reported on.

Any forward-looking statements made during this conference call are based on currently available information. Please refer to the legal disclaimer in the earnings release for further information. With that said, I will now turn the call over to Mr. José Antonio Hurtado de Mendoza.

**José Antonio Hurtado de Mendoza:** Thank you, Carmen. Good morning and good afternoon to everyone; it is an honor for me to be here with you and to be able to share our progress, our achievements and our most recent results for this third quarter of 2023. The third quarter marks a clear turning point as we look ahead to the end of this year and our plans for a challenging 2024 with many opportunities.

During the call, we will discuss the consolidation of the European Platform within Cox Energy and the launch of the 2023-2027 Strategic Plan for the Coxabengoa Group, as well as a brief update on our operations, progress and results achieved.

Let's start with the achievements and results reached at the end of September 2023, which are testimony of a correct execution of the plan outlined for the Company, following the goals set for this year.

First, I would like to mention that during the quarter our main shareholder, Cox Energy Solar, settled the loan it had with Barclays in Europe, freeing the Issuer as guarantor of the loan. With this milestone, we reaffirmed the Group's financial strength, which will be key to meeting our goals and objectives.

In terms of financial results, consolidated revenues for the first nine months of 2023 grew 49% compared to the same period of the previous year. This significant increase is mainly due to the constant and sustained growth we have achieved through our energy trading business, with which we have been able to execute and put into operation several contracts that had been in the pipeline for several years. These results reflect our commitment and continued success in expanding operations in the services division, continually seeking energy solutions tailored to our clients' needs, while contributing to the growth of the region's green footprint.

Likewise, during the first 9 months of the year Cox Energy, the listed company, commercialized 200 GWh of energy for end clients and sold more than 220,000 Clean Energy Certificates and Guarantees of Origin between our operations in Latin America and Europe.

**José Antonio Hurtado de Mendoza:** As we have been informing, during 2023 we launched the corporate restructuring operation to acquire the European platform from our main shareholder. Finally, on September the 29th, the acquisition of the European platform was signed, this includes 100% of the shares representing the capital stock of Cox Energy Europa, S.L., a Spanish company that includes a 40% stake in Iboxia Cox Energy Development S.L., commercially known as IBOX Energy, and 100% of Cox Energía Comercializadora, S.L., which includes the entire energy commercialization business and distributed generation division for Europe.

With this transaction, the company expands its presence and operation with a solid platform that will allow us to accelerate our growth in both Latin America and Europe, making us a global player.

With this acquisition, we will see an acceleration in our growth rate, which will allow us to increase our revenues and our economic indicators and thus achieve our goal of closing 2023 with a positive EBITDA.

**José Antonio Hurtado de Mendoza:** Continuing with the update of the milestones and results achieved during the quarter, at the end of September our project portfolio increased to 4.3 GW in different stages of development, construction and operation. With the operation of the European platform, 1.9 GW were officially added to the management portfolio with 27 generation projects located in Spain. Detailed information on the projects and their status can be consulted in the quarterly report we published yesterday.

Regarding the progress made in management and development of our portfolio, during the quarter, the construction phase of the PMGD San Javier project located in Chile was completed. For this project, more than 5,600 solar panels were installed, which will generate enough energy to supply the equivalent of the annual electricity consumption of a population of 22,500 people. In addition, it will have a positive impact on the environment, reducing more than 2,600 tons of carbon dioxide emissions per year. To this date, we are finalizing the tests and verifications for the project, which we estimate will begin operations in the next few days.

This is the second solar energy project that we have put into operation in Chile, reaffirming once again our commitment to the environment. Throughout 2024, we will be putting into operation a series of PMGD projects in Chile, which will provide us with an operating platform that will give us the fundamentals to accelerate our growth in the region.

Finally, as we communicated in August, Cox Energy participated in the Open Auction in Guatemala held by Comisión Nacional de Energía Eléctrica in the form of a reverse auction. I am pleased to inform you that, as a result of our participation in the aforementioned tender, we were awarded 38.41 MW of generation capacity delivering on an annual basis a commitment of 106 GWh/year, for a period of 15 years. The auction in which the Company participated is part of the Generation Expansion Plan of the

Guatemalan government to promote the energy transition in that country. Cox Energy participated in the block of energy generated, which totaled 40 MW, of which the Company won 96%. With this, Cox Energy will provide electricity to different distributors in the country and it is estimated that the generation project for the total energy awarded will start operations in 2028, and will entail an estimated investment of 32 million dollars, which will be carried out with its own resources and the support of financial and multilateral institutions.

A brief review of Guatemala. Guatemala has great potential in renewable energy, mainly solar, due to its privileged geographic location.

In addition, the implementation and strategy of renewable projects through auctions contributes to diversify the country's energy matrix, and therefore contributes to the reduction of greenhouse gas emissions.

**José Antonio Hurtado de Mendoza:** Before going into detail on the Group's strategic plan that was made public a few weeks ago, and talk about what this represents for the public company Cox Energy, I would like to share some context on the recent award of Abengoa's productive assets by Cox Energy Group, making it clear that, as mentioned in recent press releases published throughout the process, this acquisition is outside the consolidation perimeter of the Issuer. However, there are possible synergies and business opportunities that we will be analyzing, as long as they generate value for the issuer.

Abengoa is a Spanish multinational company based in Seville that specializes in advanced technologies for sustainable development in sectors such as energy, water, infrastructure and environment. Abengoa was founded in 1941, and over the years grew to become one of the leading players in the energy, water and infrastructure industries, with a significant focus on renewable energies in sustainability and of course commitment to the environment.

Throughout its history, it has developed innovative technologies and projects related to solar energy, biomass power generation, seawater desalination and the construction of energy and industrial infrastructures, among others. As a result of the financial situation that affected its operations, the Sevillian company entered into insolvency proceedings on November 22, 2022. As a result of this bankruptcy case, on January 9th, 2023, Cox Energy Group submitted a bid for the acquisition of the

production units in liquidation held by Abengoa, which was awarded to Cox Energy Group on April 18th, 2023. Finally, on July 31st of this year, the transaction was signed before a public notary, thus initiating the Coxabengoa Group, of which this issuer is member.

The new Coxabengoa Group is structured under a holding company that employs more than 11 thousand employees and operates in five different business areas: Energy, Water, Infrastructure, Services and Technology. Within the public company Cox Energy, as communicated last September 21, will be seeking to integrate the assets of the energy unit that were acquired in the award process.

Following the above, with prior authorization of the Board of Directors, we are in the analysis, study and negotiation to acquire, integrate or consolidate 100% of CA Infraestructuras Energía 2023 S.L., a Spanish company that controls the productive units coming from Abengoa Energía business. With said operation, we would be adding to the consolidation perimeter of the public company Cox Energy, an estimated annual 50 million euros to the EBITDA of the listed company. This operation will have to go through prior compliance with all the corresponding corporate and regulatory processes and authorizations. Once the transaction has been defined and the corresponding authorizations have been received, we will inform the market of the details and timing of the transaction.

The successful completion of this corporate transaction will undoubtedly position us as an undisputed leader in the global energy sector.

**José Antonio Hurtado de Mendoza:** And finally, allow me to talk a little bit about the Strategic Plan mentioned above to share with you that this plan establishes goals at Group level for the next 5 years with a time horizon up to 2027. This strategic plan includes macro objectives for the Energy business line as mentioned in the previous point.

Over the next few weeks, I will be working with my team to carry out a detailed bottom-up exercise for the public company, based on the macro objectives of the Strategic Plan at Group level. This exercise will allow us to have a detailed Strategic Plan for the issuer, with a vision for the following years, which we will inform officially in due course.

And with this, I would like to hand the call over to Raquel Alzaga so that she can provide us with more details on the results achieved during the quarter. Raquel, please.

It seems to me that Raquel is on mute, isn't she?

**Raquel Alzaga:** Sorry, yes I was on mute. Thank you, José Antonio for your presentation; good morning and good afternoon everyone.

Moving on to the relevant financial information, in the third quarter of 2023, our revenues amounted to \$157.2 million pesos, reflecting a solid growth of more than 95% compared to the same period of the previous year. This is mainly the result of our energy marketing and sales operations in Mexico, where, as José Antonio commented, we have been executing new contracts with clients throughout the year, although some of these contracts had already been in the pipeline since 2021. Throughout the following quarters, we will continue to strengthen our management and execution capabilities, which will allow us to continue accelerating our growth in the commercialization and sale of energy, with a robust pipeline of opportunities, both in LatAm and in Europe.

Likewise, with the new generation projects in Chile, which we have already mentioned should be in operation soon, we estimate an increase in revenues for the following quarters. This, together with the fact that as of October of this year, we will be consolidating the results and operations of the European platform, thus giving, if possible, an even greater boost to the Company's growth.

As we have commented in previous quarters and in previous reports, we do not yet consider EBITDA as a key metric, given the investment phase we are in. This does not mean that we are getting closer to achieving our goal of positive EBITDA by the end of this year. In fact, with the results achieved at the end of September of this year, plus the corporate operations carried out and the expansion and integration projects we are managing, we see it as very likely that we will finally reach this goal.

At a balance sheet level, as you can see, the balances in the asset, liability and equity accounts at the end of September had very significant variations. This effect is mainly the result of the integration and consolidation process of the European platform, which includes, as previously mentioned, 100% of the marketing and self-consumption operations of our Spanish operation, and the 40% stake in IBOX Energy.

Our solid financial performance during this quarter and nine months underscores our confidence in the future and positions us favorably for the challenges and opportunities ahead, as always, we will be communicating results and achievements in a timely manner.

That said, I would like to turn the call back to José Antonio to share with us a brief update on our ESG initiatives, as well as his closing remarks, and then open the Q&A session. Thank you very much.

**José Antonio Hurtado de Mendoza:** Thank you very much Raquel. I would like to comment that our unwavering commitment to the ESG management model and we can confirm that in all areas, both in the environmental, social and corporate governance dimensions, alignment with the ESG objectives is mandatory for Cox Energy, evidently contributing to sustainable development and generating value for all our stakeholders. In this integration process, we are not only talking about business synergies, but also about the corporate development of a great company that will allow us to take it to the next level.

Therefore, our ESG approach is an integral part of our vision. On the environmental front, we are committed to gradually reduce our dependence on fossil fuels and to implement energy-efficient practices throughout our operations. On the social front, we ensure a safe working environment, promote diversity and inclusion, and collaborate with local communities for their development. On corporate governance, we have established oversight and control committees to ensure compliance with these objectives.

These fundamental pillars guide us toward more responsible and sustainable business management. We are working closely with all stakeholders to achieve a cleaner and more prosperous future. Our commitment is not just a goal, it is a fundamental part of our identity as a leading company in the energy sector.

**José Antonio Hurtado de Mendoza:** And finally, if I may say that in this ever-changing world, our vision for a sustainable future remains unwavering. We are proud to have reached important milestones in this transformational journey. As we move forward, I find it relevant to highlight two events that will mark our next chapter in the near future.

First, a non-deal roadshow will be held in Europe. This event will represent an opportunity for our investors to be informed and become active in the market. We are committed to providing up-to-date

and insightful information, so that they can make sound decisions in an ever-changing economic environment.

In addition, we are pleased to announce that for the second consecutive year we will be participating in the Latibex Forum, where I will have the opportunity to be present along with other members of the management team. This event is a great opportunity to strengthen our connections and strategic partnerships in the Latin American environment. We are excited about the conversations and opportunities that will arise at this forum.

At Cox Energy, we are committed to a cleaner, more sustainable future, and we deeply value your tremendous support on this journey. We will continue to work tirelessly to achieve our goals and share our progress with you. Thank you all for your trust and for being part of our vision for a more sustainable world. We are determined to continue writing the energy future and keep you updated on our next chapters.

Thank you very much for listening. Carmen, please open the question and answer session.

**Operator:** Thank you, José Antonio. We will now conduct a Q&A session. If you would like to ask a question, please press the "Raise your hand" button located at the bottom of the screen. If you are connected via telephone, please dial star nine. We remind you that all lines have been placed on mute. When it is your turn to ask a question, you will be given permission to speak. You may then unmute yourself and ask your question. We will now pause for questions. We remind you that to ask a question from a phone line you must dial star six to activate the microphone.

**Operator:** Our first question comes from Martín Lara. Please state your full name, company and then ask your question.

**Martín Lara:** Good morning. Martín Lara from Miranda Global Research. Thank you for the call. I have two questions. The first one is how you financed the acquisition of Cox Energy Europe and the second one is if you could give us an update on the large projects such as Utility Portezuelo, Iscali and Dominica.



**José Antonio Hurtado de Mendoza:** Martín, Javier is going to answer the first question. And I will answer the second one, not the financing or the status of the projects. Javier

**Javier García:** Yes, Martín. The financing of the operation has been funded from within the group. As you know, the maximum shareholder Cox Energy Solar S.A. was the controller of Cox Energy's stake in Europe. And that transaction has been financed with a loan that is granted to the listed company acquiring the stake. The value of the transaction has been much lower, because we have tried to favor the interests of the minority shareholders and the shareholders of the listed company, so it is not going to have a relevant impact on the indebtedness with related parties, in this case with the company. José Antonio?

**José Antonio Hurtado de Mendoza:** Martín, regarding the status of the projects you were asking me about, I think one in each geography, one in Chile, one in Colombia and one in Mexico. In the case of Portezuelo, it is a project that will be ready to start construction next year; in 2024. It is a project, in fact it is geographically located in the most relevant energy consumption point in Chile, in which the effects that they call price decoupling do not occur and therefore it is a premium project in which we are working to have it ready as of next year in RTB and then obviously start the procedures to start construction and operation later on.

The case of Iscali in Mexico. Mexico, we have the projects right now in a moment in which we are perceiving that the situation of the sector in Mexico is changing, there are many new aspects, especially perhaps due to the news at the beginning of the year and the agreement with other companies by the Government, which has allowed, I believe, to a certain extent to relax the environment in the energy sector and above all to give new opportunities for development and for growth, let's say in renewable projects and in any other type of projects. In this case we see 2024 as a great year in which to take a leap of continuity in the projects we have in Mexico, particularly as you know Iscali, Atlacomulco, in which we are jointly with GPG and it will be the year in which we will restart the whole process to have the projects ready in this same year, surely in 2024.

And then you asked me about a project in Colombia, but remember in Colombia, the current projects we have, we have approximately four projects with 55MW, as you can see, which have been awarded in tenders, in the interconnection auction that took place in the first half of the year, which we already

reported at the time of the last results conference and we have just presented last week with 983 MW to the new interconnection auction. Our idea is that the current portfolio that we already have of real projects, consolidated and that we are developing, will be increased by a series of projects that will allow us to have them, let's say, ready to build, ready to start building next year and Dominica, I think it was the project that you were talking about in particular, because it is one of the projects that we hope will be awarded soon and we will have the Go to start the development and have it ready to start building next year. I do not know if we have answered your questions with this, Martín.

**Martin Lara:** Yes, thank you very much and congratulations for the results and for all the good strategic changes.

**José Antonio Hurtado de Mendoza:** Thank you very much, Martin. Thank you very much.

**Operator:** We would like to remind you that we are joined today by José Antonio Hurtado de Mendoza, Chief Executive Officer. If you would like to ask a question, you can press the raise your hand button located at the bottom of the screen.

**Operator:** Our next question comes from Miguel Medina. Please state your full name, company and then ask your question.

**Operator:** Hello, Miguel, I believe you are on mute.

**Miguel Medina:** Sorry, Carmen. Right, I was on mute. Sorry, good afternoon. Miguel Medina from Mirabaud. Can you hear me now?

**José Antonio Hurtado de Mendoza:** Yes, yes, perfectly.

**Miguel Medina:** Perfect. So, three very easy, very short and very basic questions. The first one is the positive EBITDA target for the current structure in 2023. I understand that this is to achieve it in the last quarter of this year. It is not that the full year accumulated is going to be positive already correct.

**José Antonio Hurtado de Mendoza:** The cumulative, And then, obviously, as we have seen in the results, we are talking about the I think it is 36 million pesos negative and in the third quarter turn it around and end up in positive EBITDA.

**Miguel Medina:** Okay, not the cumulative but for the quarter. Then, it has been mentioned in one of the slides about the possible integration of AVG Energía. You have put a figure of 50 million. Is that the estimated EBITDA of AVG Energía for what year?

**Javier García:** Yes, Miguel. Javier Garcia here. This is the estimated EBITDA that this particular division has budgeted, which is the perimeter that we would be working on in the listed company for the year 2023.

**Miguel Medina:** That is, this year. So it is already generating positive EBITDA this year.

**Javier García:** That division. Here is the issue of the timing of the integration, right. If we manage, let's say, to close the operation during this year, then we will effectively capture some of those 50 million and if it is done in 2024, then the proportional part plus the growth that is also expected in that division.

**Miguel Medina:** Understood. And then, in this process that has started, is there any kind of schedule or date foreseen? When will we know if this integration takes place and under what conditions?

**Javier García:** That is information, Miguel, that we still cannot give to the market. We are analyzing, not only from a commercial and tax point of view, but above all from a regulatory point of view, how to crystallize the operation, so for the moment we cannot disclose more information than what we published in the press release a few weeks ago. We do hope that this will be done as soon as possible. And it is important to emphasize that this EBITDA estimate for 2023 is based on the recurrence of the assets it has and that we will try to crystallize the upside potential of the EPG division, the idea being that not only within the group but also for third parties, we will work hard to ensure that the integration of this business unit of Abengoa's production unit, So that we are in an integrated group from generation, self-consumption, commercialization and now also as an expert not only in photovoltaic projects that have a limited added value, but also in more complex projects of which this division of Abengoa in the past has been a good example.



**Miguel Medina:** Perfect, that was all. Thank you very much.

**José Antonio Hurtado de Mendoza:** Thank you very much. Thank you very much.

**Operator:** We have not received any further questions at this time. So that concludes our question and answer session. I would like to turn the call back to José Antonio Hurtado for closing remarks.

**José Antonio Hurtado de Mendoza:** Thank you very much, Carmen and very briefly. To reiterate our gratitude to all of you who have been able to join us today and please do not hesitate to contact us if you have any further questions. We appreciate your interest in Cox Energy and look forward to speaking with you again very soon and communicating further news to come. Thank you very much and I'll turn it over to the operator.

**Operator:** Thank you, Jose Antonio. That concludes today's call. You may now disconnect. Thank you very much.