

COX ENERGY AMÉRICA

2Q22 Earnings Conference Call

Thursday, July 28th, 2022

Operator: Good morning, my name is **Daniela**, and I will be your conference operator. All lines have been placed on mute to prevent any background noise. This is Cox Energy América's Second Quarter 2022 Earnings Call. There will be a question-and-answer session after the speakers' opening remarks and instructions will be given at that time.

Today we have with us **Mr. José Antonio Hurtado**, Chief Executive Officer, who will give an overview of the factors that influenced Cox's operating results, **Mr. Javier García**, Deputy Chief Executive Officer, **Mr. Enrique González**, Global Head of Investor Relations, and **Mrs. Raquel Alzaga**, who recently joined the Company as Chief Corporate Officer.

They will be discussing the Company's performance and strategy as per the earnings release for the second quarter 2022 issued yesterday, Wednesday, July 27th. If you did not receive the report, please contact Cox Energy's IR department and they will email it to you, or you can download it from Cox Energy's website. Please note that this call is for investors and analysts only and questions from the media will not be taken, nor should the call be reported on.

Any forward-looking statements made during this conference call are based on information that is currently available. Please refer to the disclaimer in the earnings release for guidance on this matter. I will now turn the call over to Mr. José Antonio Hurtado.

José Antonio Hurtado: Thank you, Daniela. Good morning, everyone. Thank you for joining us today. I'm very pleased to be hosting the call and to answer any questions you might have.

In line with our corporate and governance strategy, we recently made some changes to our executive team to solidify our management structure. First off, I would like to welcome Raquel Alzaga to the team. She will be the Chief Corporate Officer of the Cox Energy Group and will assume the role of Chief Financial Officer for Cox Energy América. Likewise, Javier García will assume new responsibilities as Deputy Chief Executive Officer, while Ignacio Coscolla, who served as Corporate Vice President, will now be the Chief Sustainability Officer.

Raquel Alzaga is highly experienced in the renewable energy sector, having spent most of her career at Naturgy Group, where she held several management positions for more than 24 years in Madrid, Mexico, and Colombia. She was also CFO at Unión Fenosa International until 2009, where she was later appointed as Controlling Manager for Latin America. I am sure that Raquel's broad knowledge of the Spanish and Latin American markets, combined with her abilities to manage corporate, financial, and multicultural teams will help us strengthen our corporate strategy to continue achieving our goals.

I would now like to turn the call over to Raquel so that she can introduce herself.

Raquel Alzaga: Hello everyone and thank you José Antonio for the introduction. I am excited to be joining you today. In the past few weeks, I have been working closely with our team to get a better understanding of the Company's inner workings and strategy, and get to know everyone. I am sure that we have all the talent and tools necessary to create sustainable products in key markets and expand our international presence with innovative solutions. I am happy to be part of this growing Company and look forward to speaking with you again very soon.

I will turn the call back over to José Antonio, who will give us further details on Cox Energy's strategy.

José Antonio Hurtado: Thank you, Raquel.

Over the past few months, we have been focusing on executing our strategy and we are already starting to see the positive results from these initial efforts. During the quarter, our main shareholder, Cox Energy Solar signed a credit facility for 30 million euros with Barclays Bank in Ireland, which was mainly used to finance its subsidiary Cox Energy América through an intercompany transaction. This transaction will provide us the liquidity necessary to continue developing our expansion strategy and meet the goals set out for 2022 .

I am glad to announce that we have formally filed the application in Spain to list COXA's representative shares on BME Growth. The process was carried out by filing the Informative Report on Market Entry (DIIM, by its Spanish acronym), in compliance with the current incorporation and regulatory requirements of the Spanish stock market. Once the application is accepted by the competent authorities, we will be

able to set up the date to start trading on the Spanish stock exchange. We expect to be fully operational in the coming months. Please keep in mind that July and August are generally slow months in Europe and thus, we decided to extend the beginning of our operations once activities go back to normal. The dual listing's main objective is to help increase our stock's marketability and allow us to access more investors who are familiar with companies in the renewable energy sector and with market caps similar to Cox.

We have made significant progress with the acquisition of the European business, which includes a 40% share of Ibox, a photovoltaic renewable energy operation with a mature and growing pipeline that operates mainly in Spain, and the energy supplier and commercialization Company which is also in Spain. We are getting closer to finalizing the transaction, as it has been already approved by Cox Energy's board and presented to Ibox's current owners. As we have mentioned before, this acquisition will enable us to lay the groundwork for the new structure we have presented for Cox Energy América.

Finally, I would like to remind you that our business is inherently sustainable. We are strongly aligned with the environment as our business model is centered around the generation of clean and renewable energy. Our goal is to achieve a lasting impact in the communities where we operate by generating positive social, economic, and environmental impacts, while following Corporate Governance best practices.

We recently aligned our sustainability goals with the UN's SDGs (Sustainable Development Goals) and divided them into two main categories, Environmental and Social.

We are committed to preserving the environment through the implementation of new technologies such as renewable energy, that reduce environmental impact. Specifically, the SDG's we are aligning to are: number seven Affordable and Clean Energy, number eleven Sustainable Cities and Communities, and number thirteen Climate Action.

In the social aspect, the SDG's we have committed to are: number eight, Decent Work and Economic Growth, and number ten, Reduced Inequalities.

Turning to Corporate Governance, we created several committees to guide Cox Energy's operations. As such as young Company, we are always in a process of continuous improvement in all aspects of the

operation and management, such as recruiting the most talented people, institutionalizing our corporate policy, and adapting our operational procedures.

I would now like to turn the call over to Javier García, who will share some details about our current portfolio and financial highlights.

Javier García: Thank you, José Antonio.

The project portfolio remained unchanged when compared to the end of 2021 and the first quarter of 2022. Our current portfolio consists of a total of 45 projects, 20 of which are classified under the current portfolio category, as they have already cleared the internal screening process, have made significant progress, and are on track with the estimated timeline.

As of the end of the quarter, the 20 active projects from the current portfolio are under different classifications depending on their development stage, with 51 MWp under construction or in operation, 813 MWp in advanced development and backlog, and 355 MWp in the initial development phase. For further detail about the location, size, and stage of each of the projects within the active portfolio, please refer to our most recent earnings release which was published yesterday.

Even though our portfolio hasn't changed over the past six months, we are still actively looking to maintaining a well-allocated portfolio focused on the regions with favorable regulations and macroeconomic conditions, minimizing our exposure to regulatory changes. In the past few months, we have been exploring new opportunities to increase our portfolio. We are preparing to participate in the upcoming energy and power tender for the supply of final distribution service users in Guatemala and Puerto Rico, respectively. Likewise, Cox Energy reached an agreement with a relevant local player to begin project management and development operations in the Puerto Rican renewable energy market through a strategic partnership.

Next, I would like to give an update of the projects in our most relevant regions for the next 12 months:

- In Chile, the projects scheduled to start operation this year, such as the project in partnership with Sonedix, La Meseta and our project San Javier, continued to make good progress and are

advancing as per the timeline. El Sol de Vallenar and some of the PMGD projects have already been licensed. We have also received several non-binding offers from financial institutions to fund these projects and we are currently working on defining their financial structure. Also, last June, the environmental license for Machalí project was approved, which will allow the construction phase to begin in this 2022.

- In Colombia, we entered the government's renewable energy tender to assist in the interconnection grid with 10 projects totaling nearly 400 MWp. The results of that tender will be defined in the second half of the year.
- In Central America, we are focused on two main regions: Puerto Rico and Dominican Republic, given the positive regulatory outlook and the reactivation of renewable energy activity in those regions.
- In Mexico, the energy commercialization business continues to excel. Revenues from the commercialization business in Mexico contributed the biggest portion of the Company's total revenues for the first six months of the year. We expect this business to keep delivering good results for the rest of the year, as well as the initial efforts in the energy generation business.

As for financial results, most of our projects are still in the development stage, and we expect them to start bringing significant revenues for the Company throughout the year and in the mid-term.

In terms of the income statement, as in the previous quarter, revenues have increased significantly, driven mainly by the commercialization of energy in Mexico. This boosted the Company's total income. We also continue to work on improving our cost of expense structure, as most of our projects are still in the early stages of the investment and require the injection of funds.

Our financial position is strong. The cash injection from the intercompany transaction for the Barclays credit facility allowed us to reduce our debt with certain suppliers and service providers, strengthening our balance sheet. We will continue to focus on strengthening all lines of our balance sheet as results keep improving in the coming quarters.

For more detailed information on our financial results, please refer to our earnings report, which was released yesterday and is now available on our website.

Thank you for listening. Please Operator, open the floor for the Q&A session.

Operator: Thank you, Javier. 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 *9. 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 will then be able to unmute yourself and ask your question. We will now pause for questions.

Operator: All right. Our first question comes from Carlos Alcaraz. Please state your company name and then ask your question.

Carlos Alcaraz: Hello, everyone. Company name is Apalache Analysis. Thank you very much for the call and congratulations for the results. I have two questions. The first one is in the case that you win the tender in Guatemala, and Puerto Rico, how much income do you expect to receive? And the last one question is, with the resources obtained from the operation with Cox Energy Solar, will you prioritize the development of any project in the current portfolio?

José Antonio Hurtado: Hi Carlos, José Antonio speaking, talking about Guatemala, and Puerto Rico. We are planning in Guatemala to be around more or less 50 MWp. We are expecting to win 50 MWp in the next bid that we'll take during this year. The bid is more or less, we are talking about the renewable energy, is more or less 115, 120 MWp. So we are planning to obtain more or less 40% of the total total amount of MWp that are involved in this bid. We will see what will happen later. What is the amount of the business we will have. And in Puerto Rico, the bid is separated in two different bids. One is only for renewable energy that is more or less 500 MWp. And the other one is for storage that is more or less 200 MWp. Our intention is to participate in both bids. I think there will be a lot of possible bidders in the case of Puerto Rico, you know that the regulatory remarks that the US government has launched is that they have to consume energy, renewable energy for 2050, then the energy consumption of renewable will be 100%. So they are in the process of changing the whole amount of capacity that is not renewable. And this is the first bid, and therefore, the total amount will be more or less 3 GWp for the coming years. The issue here is that we are participating with a very good key player in Puerto Rico that it has a very good presence. He's very involved in Puerto Rico and we are very confident of what we will obtain. But we will see, at this moment, we don't know. Once, the bid is launched, probably we will have some news and you will be informed about what is the, what do you expect in Puerto Rico. But I think our position is very good. We have a term sheet with this key player and we are planning to participate, for the next month, I expect

that will be the bid launch. And the other question, Carlos, please, can you refresh again?

Carlos Alcaraz: Thank you José Antonio. Sure. Yeah. With the resources obtained from the operation with Cox Energy Solar. Will you prioritize the development on any project in the current portfolio?

José Antonio Hurtado: Yeah. Well, we have two key countries for us in this moment. One of them is Chile and Javier has, I think, has gone through our position in Chile. We have a very good position talking about utilities and PMGD's, and one for Chile for us is a, it's a country that has a very good basis talking about regulatory and how the market works and is very advanced in the renewable sector. So Chile for us is one of the key players and the key countries in which we would like to be and we are working on that and you will be, you will have for the end of the year very good news about Chile. The other one is Colombia. Colombia we think that will be the next Chile and for sure, Mexico will be the next Colombia and Chile in two years or three years. So at this moment, our strategy is based, is focused on basically in these two countries. Also, we are taking into account what is happening in Central America, that there are very good opportunities. We talk about Guatemala. We have talked a bit, a few moments ago about Guatemala or Puerto Rico or Panama. But if we are talking, where we were going to invest and what we would like to invest in the next next months or in the short term or mid-term. Colombia and Chile are the main countries in which we would like to be there.

Carlos Alcaraz: Okay. That's clear José Antonio. Thank you very much.

Operator: Thank you. Our next question comes from Martin Lara. Please state your company name and then ask your question. Martin. I believe you're on mute.

Martín Lara: Okay.

José Antonio Hurtado: It's still on mute.

Operator: I'm sorry. I think we lost you again.

Martín Lara: Okay. Can you hear me?

Operator: We can.

Martín Lara: Okay. Good morning and thank you for your call. Sorry. I have various questions. The first one is how much money do you plan to invest in the auctions in Guatemala and Puerto Rico? The second one is where do you see your revenues this year? And the third one is what was the amount of the extraordinary accounting loss that you registered in the quarter?

Javier García: Yes, this is Javier. Regarding the how much are we willing to spend in these tenders? Actually, the participation in this kind of tenders is not that expensive in terms of investment, since we only have, you know, labor hours of our people on the ground taking all the tender papers and how the tender works. And we also use bid bonds. But I mean, the cost of this bid bond is low, so we don't spend that much in all the tenders. So the (unaudible) risk reward here is huge because I mean we spend the time of our people, we spend some, let's say, paper, regulatory taxes, but are not that high. So this is not an issue for the Company, because the expenses of this kind of tenders are not expensive, are not invested in the mandate. And sorry. Can you repeat the other questions?

Martín Lara: Yeah. The revenues that you expect this year and the amount of the extraordinary charge that you recorded in the quarter.

Javier García: Yeah. I mean, we are not in the position to release our forecasts for for revenues, but for sure will be, I mean, higher than the six months we have already. We are also expecting the incorporation of Europe. So this will depend on the on the comparison and the quarter that we finally do the incorporation of their revenues from the European part. As we have mentioned in previous conference calls, we are boosting our commercialization business mainly in Mexico. We also have commercialization in Spain. One we have, will be the whole European portfolio under the the listed company umbrella. So we really expect I mean, I won't tell you a figure, but probably will be at least two, three times the revenues we had this semester.

Martín Lara: Okay. And the extraordinary accounting loss in the quarter.

Javier García: Yeah. The extraordinary accounting loss is, I mean, it's based on several unique and only one shot costs that we have this semester. Once is the transaction, the intercompany transaction that we have some cost, you know, regular from this kind of financings. We also have some restructuring costs from our staff team. We have reduced the cost of the team, but we really believe that we have a strong

know-how and you know with people of quite of and wide experience such as Raquel and there are some extraordinary charges but non-cash, they are non-cash point of view. For instance in our Chile project with Sonedix, we have some impact because we have expected a less future demand on this contract based on the global situation, pandemic, the war and all this macroeconomic stuff. And the biggest, let's say the biggest issue of all of this have been the currency impact. We have been really impacted on our currencies in Chile and Colombia and the euro currency we also have. So this is the main issue is a non-cash issue. It's an extraordinary issue. And we don't expect that, I mean, this is forex and we will see in the coming quarters, but this has been the main impact on our results.

Martín Lara: Okay. Thank you very much. And congratulations for the appointments. And nice to meet you, Raquel.

Raquel Alzaga: Thank you.

Operator: Thank you, everyone. We have not received any further questions at this point, so that concludes our question and answer session. I would now like to hand the call back over to José Antonio Hurtado for some closing remarks.

José Antonio Hurtado: Thank you all for joining us today. Please don't hesitate to reach out to us if you have further questions. We appreciate your interest in Cox Energy America and look forward to speaking with you again soon.

Operator: That concludes today's call. You may now disconnect. Have a great day.