

# COX ENERGY AMÉRICA

## 4Q and Full Year 2022 Earnings Conference Call

Tuesday, February 28<sup>th</sup>, 2023

### Speakers

- José Antonio Hurtado, Chief Financial Officer
- Javier García, Deputy Chief Executive Officer
- Raquel Alzaga, Chief Corporate Officer
- Enrique González, Global Head of Investor Relations

**Operator:** Good morning, my name is Sofía, 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 Fourth Quarter and Full Year 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 de Mendoza, Chief Executive Officer, who will give an overview of the factors that influenced Cox's operating results, Mr. Javier García, Deputy Chief Executive Officer, Mrs. Raquel Alzaga, Chief Corporate Officer, and Mr. Enrique González, Global Head of Investor Relations.

They will be discussing the Company's performance and strategy as per the earnings release for the fourth quarter and full year 2022 issued on Monday, February 27<sup>th</sup>. 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 (CEO):** Thank you, Sofía. Good morning, everyone. Thank you for joining us. We are pleased to have you with us today to discuss the Company's progress and results over the

past year, as well as our strategic direction for the near future. During this call, we will cover a range of topics, including annual results, recent developments, and some strategic highlights for 2023. We will also discuss the progress we have made towards achieving our strategic goals, and how we are positioning ourselves for success in an evolving energy landscape.

Despite the challenging macroeconomic environment, we are pleased to report a positive trend in our full year 2022 financial results, mainly driven by the results of the Company's energy commercialization business. During this year, our portfolio management efforts were primarily focused on Chile and Colombia, increasing the portfolio by 8 projects year over year. The Company's consolidated revenues for the full year of 2022 reached a sum of \$427.0 million pesos, representing a 17 times growth compared to the previous year, mainly attributable to the higher revenues from the energy supply and sales business, which are primarily composed by the supply of energy in the Wholesale Electricity Market in Mexico to qualified users, the power plant representations for good to market services, as well as the purchase and sale of CEL's and carbon credits.

We remain focused on making progress with COXA's strategic plan, strengthening our presence in key markets while offering a wide range of products and services to our customers. Overall, these top line results show how the Company is on a solid path towards success and continued business expansion.

As you all know, Cox Energy Group is a group of companies operating under Cox Energy Solar holding, a Spanish renewable energy company founded in 2014, which, in turn, is the main shareholder of Cox Energy América and Cox Energy Europe. Cox Energy Europe owns the commercialization business for Spain and Portugal, as well as 40% of Ibox Energy, a photovoltaic platform in a joint venture with Ibexia. As it was announced by the media last December, Ibox concluded the sale of 619 megawatts to China Three Gorges. This transaction is a testament of our continued focus as a group, to demonstrate our ability to execute on profitable and large-scale projects.

As part of a larger group, we all share the same goal of promoting 100% energy, green energy to build a better future for the world. We focus on innovation and operational excellence, and we are

convinced that the synergies and experience shared by this group of companies will allow us to achieve our goal of becoming a global leader in the energy sector.

In Mexico, the Company's energy commercialization efforts have taken a significant leap forward, and we are now well-positioned to achieve our strategic goals in the short to medium term. The energy supply business has been a standout success for us in 2022, and we expect to see continued growth in the coming years.

**José Antonio Hurtado (CEO):** As mentioned before, in 2022, the Company's portfolio management efforts were centered, centered on Chile and Colombia, with the objective of consolidating projects that align with our strategic plan.

As part of COXA's commitment to seek asset rotation for projects to make sense to it, and despite adverse market conditions and regulatory challenges, we remain optimistic about the long-term potential of our business across all the regions where we are present. In Chile, we continue to make progress on Sol de Ballenar, a project that will start its construction in the second quarter of 2023. Additionally, we expect to complete the financing for the construction of the first six PMGD projects of 42 MWp, located in south-central Chile during the first half of 2023.

We are excited about Colombia's market potential, which we expect to be a significant contributor to our future growth. We are participating in a successful government auction, that it's taking place this week, and we look forward to exploring additional opportunities in this market. Further news regarding the interconnection auction, will be promptly delivered to our stakeholders.

Additionally, in the Guatemala and Puerto Rico region, the Company is pleased to be supporting the upcoming new goals for public bids, that will take place in the second quarter of 2023. That will allow us to become an important player in both markets in the short term.

While regulatory challenges have temporarily slowed the renewable energy market and our progress in Mexico, we remain confident that this market will present attractive opportunities for our business. Although we do not see any new projects in the short term, we maintain an active portfolio and look forward to exploring new opportunities that could arise in the medium term.

**José Antonio Hurtado (CEO):** We have continued to demonstrate strong performance in our Latin America operations. The Company's focus on generation and commercialization of energy has yielded positive results for both our production capabilities and our ability to offer customized energy solutions to our clients.

One notable success of Grupo Cox Energy has been the implementation of the distributed generation business in Spain, with key multinational companies among our satisfied clients. We believe that our deep understanding of the markets in which we operate, and the Company's commercial strategy will enable us to replicate this success across all our geographies, and to bring customers full value throughout the energy supply chain, from generation to final sale. Currently, our portfolio of distributed generation assets exceeds 20 megawatts across multiple Latin American countries where we operate. We remain committed to our strategy of delivering innovative and sustainable energy solutions to our clients.

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

**Javier García (Deputy CEO):** Thank you, José Antonio.

As we mentioned before, in the past year, our portfolio management team has been actively working to expand our presence in the Latin American market. Our efforts have been aligned with the Company's strategic plan, and we are pleased to report that over the last year, we have successfully consolidated several projects.

As a result of these efforts, the current portfolio reached a total of 28 projects, of which 61% are in the ready to build stage for 2024, 29% in the ready to build stage during 2023, 3.6% are already in operation, and the remaining 7% are at their commercial operations date. Our current portfolio has 1,620 MWp, and more than 800 MWp in identified opportunities.

This is a significant accomplishment, and we look forward to updating you in the upcoming quarters. In case you need any further details about the location, size, and stage of each of the

projects within the active portfolio, please refer to COXA's most recent earnings release which was published yesterday.

**Javier García (Deputy CEO):** Turning to our financial results, revenues for the full year, reached \$427.0 million pesos, 17 times increase from 2021.

Gross profit reached \$43,263 million pesos in 2022, driven by the significant increase in revenues during the year.

This was an operating loss of \$168.8 million pesos during the year, mainly driven by the corporate and management expenses, where the Company still does not reach an operational leverage effect to support on it. On a lesser extent, the operation loss was the result of the D&A and accounting goodwill impairments recognized during the year.

We continue to invest in developing Cox Energy América's projects, which require significant operating expenses. However, we are making progress in reducing our net loss and we are confident in our ability to continue driving growth while also focusing on optimizing our operating expenses to improve our profitability in the long term.

Additionally, I would also like to comment that after conducting a thorough review, we restated our financial statements for the second and third quarter of 2022, as a result of the incorporation of IAS 21. Furthermore, this quarters' results, as well as results for the full year, already contemplate IAS 21.

For more detailed information on COXA's financial results, please refer to our earnings report, which was released yesterday and is now available on our website, or you can access the reports in XBRL format on BIVA's website.

I will now hand the call over José Antonio, to talk about the update on the dual listing process, as well as our objectives for the upcoming year.

**José Antonio Hurtado (CEO):** As we continue to consolidate our business and strive to meet our strategic plan, we are pleased to announce that we are nearing the completion of the dual listing process in BME Growth. As part of this process, and reaffirming our commitment to transparency and best practices, we will be issuing 2022 full year audited financial statements in the first half of March, an important requirement to conclude with the last phase of the dual listing.

Additionally, in order to have a more successful and attractive offer for the dual listing, we are in the final stages of acquiring the European platform, which includes the energy supply and sales business in Spain as well the 40% stake of the Ibox platform. Just as a reminder the intention of acquiring the European platform was announced back in 2021. Acquiring this platform is of great importance to us, given its revenue potential in the energy supply and generation businesses, as well the inclusion of Ibox, which has a proven track record of successful operations. We believe that this move is necessary to achieve our mid-term goals of expanding our business and making a greater impact in the renewable energy sector.

The dual listing is an important step for our Company's strategy, and we are confident that it will provide greater access to capital and visibility for us, and we look forward to sharing more updates on this front as they become available.

Moreover, during this year, Cox Energy Group, through one of its subsidiaries, presented an offer to acquire some of Abengoa's assets in its bankruptcy protection process. Although Cox Energy América and its subsidiaries did not participate in the offer and do not assume any obligations that may arise from it, we believe that the potential integration of Abengoa into the Cox Energy Group will generate future opportunities and synergies related to our plans and businesses.

**José Antonio Hurtado (CEO):** As we look forward to 2023, we are excited to share with you our goals for the future. Our primary objective is to achieve financial self-sustainability with positive EBITDA.

First, we plan to conclude the dual listing process as previously mentioned, which will allow us to access a wider pool of investors and increase our stock market presence. After that important milestone, we will be focusing on acquiring the European platform, as discussed before, which has

provided significant positive results for the Cox Energy Group. This is a crucial step, in our journey towards becoming a leading player in the renewable energy sector.

Furthermore, in this year we will be consolidating two of our key strategic business opportunities - asset commercial operation and distributed generation - to enhance our value proposition.

We reaffirm our commitment to our ESG goals and recognize the importance of sustainable practices in the industry where we operate. Our business model is built around renewable energy, and we believe that success is directly tied to our ability to operate in a sustainable manner.

We are optimistic about our capability to face the opportunities and challenges that 2023 will bring. And we are convinced that our strong and resilient business model will continue to deliver growth and solid results. We remain focused on innovation and operational excellence that will increase our productivity and profitability, adding value to our shareholders.

Thank you for listening. Operator, please open the floor for the Q&A 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're 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. Our first question comes from the line of Carlos. Please state your full name and company name and ask your question.

**Carlos Alcaraz:** Hello. Good morning, everyone. This is Carlos Alcaraz from Apalache Análisis. Thank you for taking my questions. The first one is related about revenue. What is your revenue target for 2023? And when do you use to make to reach the operating break even point? And on the other hand, what CapEx do you use to make for this year?

**Javier García (Deputy CEO):** Hi Carlos, this is Javier Garcia, deputy CEO. Actually, we cannot reveal this data mainly because, I mean, we are not giving forecast for our incomes. We, I mean, in this

sense, we can say that we expect at least doubling the income that we expected for 2023 because one of our goals for the year is to get the at least the breakeven EBITDA. We are confident that we will fulfill this goal, but we cannot release either income expected or CapEx expected for this year.

**Carlos Alcaraz:** Okay. I understand. Thank you very much.

**Operator:** Our next question comes from the line of Martin Lara. Please state your company name and ask your question.

**Martín Lara:** Good morning. Thank you for the call. I have only one question. Could you please give us an update on El Sol de Vallenar and Utility Protezuolo projects.

**José Antonio Hurtado (CEO):** Hi, Martin. How are you? Well, Sol de Vallenar. Can you hear me?

**Martín Lara:** Yes. Yes, I can.

**José Antonio Hurtado (CEO):** Okay, Sol de Vallenar is in the final stage as I have mentioned before, in the final stage of a closing, the financial, the financial, the financial closing. So we are expecting to start the construction of this project by the second quarter of 2023. And Portezuelo is a project that is in the process of reaching the ready to build milestone by the end of this year. So if it's everything okay, we will start the construction by the next year in 2024. Portezuelo is a project, in order for everybody to know, is a project in Chile, also of 200 megawatts.

**Martín Lara:** Okay. And do you have the financing or you arranging the financing for Portezuelo?

**José Antonio Hurtado (CEO):** No, in this moment, what we are doing is closing the project and doing all the issues you have to do to to have the project in ready to build. So in parallel, by the end of this year, once we have the ready to build and everything is okay, we will start the financing, the closing, the financial, financing closing.

**Martín Lara:** Okay. Thank you very much.





**Operator:** If you would like to ask a question. Please press the raise your hand button located at the bottom of your screen. We would also like to remind you that when you do ask a question on a telephone line, you must dial \*6 to unmute yourself. We will pause once more for any further questions.

**Operator:** 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 (CEO):** Now, sorry. Thank you. 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 to speaking with you again soon.

**Operator:** That concludes today's call. You may now disconnect.