

COX ENERGY AMÉRICA

First Quarter 2022 Earnings Conference Call

Thursday, April 28th, 2022

Speakers

- José Antonio Hurtado de Mendoza, Chief Executive Officer
- Javier García, Vice-President of Finance & Strategy
- Enrique González, Vice-President of Investor Relations & Communication

Operator: Good morning, my name is Daniela, and I will be your conference operator today. All lines have been placed on mute to prevent any background noise. This is Cox Energy América's First 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, Vice-President of Finance & Strategy and Mr. Enrique González, Vice-President of Investor Relations & Communication.

They will be discussing the Company's performance and strategy as per the Earnings Release for the First Quarter 2022 results issued yesterday, Wednesday, April 27th. If you did not receive the report, please contact Cox Energy IR's 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, Daniela. Good morning, everyone. Thank you for joining us today and I'm very pleased to be hosting the call and to answer any questions you might have. As we mentioned in our last earnings call, 2021 was a year full of challenges and adversities, which we were able to overcome thanks to our agile and talented team. We are also aware that 2022 will be a challenging year,

in the face of the difficult macroeconomic and political context that is currently impacting the world's economy. With this in mind, last year, we strengthened our corporate and operational structure, so we expect 2022 to be the year to consolidate our strategy and to start seeing results from the initiatives we set in motion during 2021. Our solid balance sheet and experienced team will allow us to consolidate our business plan and continue to add new profitable projects to our portfolio.

In line with this, as you saw last quarter, we started separating our project portfolio into 2 main sections, current portfolio and identified opportunities. Only the projects with high viability will be moved to the current portfolio, allowing us to explore more opportunities but to continue only with those that will generate the highest return. The project portfolio remained unchanged when compared to the end of 2021. Our portfolio consists of a total of 45 projects, 20 of which are classified under the current portfolio category, as they have already cleared internal screening process, made significant progress, and are on track as per the timeline. We remain with our strategy of maintaining a well-allocated portfolio focused on regions with favorable regulations and macroeconomic conditions, minimizing our exposure to regulatory changes and thereby increasing our profitability.

As of the end of the quarter, the 20 active projects from the current portfolio are under different classifications depending on the 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.

Turning to our most relevant projects for the next 12 months, I would like to start by addressing the PMGD project in Chile, PMGD stands for 'Pequeño y Mediano Generación Distribuida' in Chile, since the project is now in the financing structuring phase. We expect to have this initial package of PMGD in operation by the end of 2022.

As of the end of the quarter, we started the collection process for the preferred dividend from the Cox-Sonnedix project, in accordance with the terms signed with Sonnedix, where it is stated that Cox Energy will receive a preferred dividend on a quarterly basis until the construction phase is over. I would like to remind you that this project is a joint venture where Cox Energy has a 30% stake. The Company is moving

forward to comply with the international energy tender awarded in 2016, with an operating contract in Chile. Cash flow generation from this project will continue throughout the construction process and it will increase once the project is operational.

We continue to make strides towards the dual listing process in the BME Growth Stock Exchange in Spain, a platform that optimizes access to capital markets for growing companies. As you know, we decided to proceed with the listing as soon as we had the audited financial statements for the full year 2021 to facilitate the regulatory process and to provide investors with the full picture. The audited financial statements are ready, and they will be reviewed and approved at the General Shareholders' Annual Meeting, that is going to be held this Friday, April 29th. Having completed this process, we expect to be listed on BME Growth by the end of the second quarter of 2022.

Last quarter we introduced our new corporate structure, which divides our business lines into two main categories: Power Generation and Added Value Services. The Power Generation division is formed by the alliance between Cox Energy and the upcoming acquisition of a 40% stake in Ibox Energy, which we are still in the process of closing. The Ibox Energy platform, which operates mainly in Spain, will boost the strategy of 'built to sell', which is focused on divesting assets to create new and more profitable investment opportunities. Additionally, this acquisition will allow us to consolidate our portfolio and increase our presence in regions with favorable renewable energy regulations. The Added Value Services division includes energy commercialization, end user solutions, distributed generation, O&M and Asset Management services, and will operate under the Ibergy platform. To this point, I would like to highlight that the energy commercialization business in Mexico has more than doubled full year 2021 sales in the first three months of 2022. We continue to have great expectations for the business. Energy supply contracts are starting up and will provide several new opportunities in the commercialization business, which will allow us to take it to the next level. Additionally, with the positive landscape in Mexico's Energy Regulation, we are more confident about starting to look for new growth opportunities in the country. I will keep you updated as these new opportunities unfold. We are still closely monitoring regulatory and economic conditions in the region to quickly adapt to any major changes that may arise.

Last year we initiated the share subscription process to give new shareholders the opportunity to buy our stock. In the last Board of Directors meeting, it was authorized a term extension for the share subscription process. This period will remain in effect until the end of 2022.

At Cox Energy we have a strong commitment with the environment. Our business model is centered around the generation of clean and renewable energy through innovative and sustainable practices. We also comply with the highest standards in terms of Corporate Governance and adhere to social responsibility best practices.

As we mentioned before, in 2022 we expect to start delivering results from the projects that are currently in advanced stages in our pipeline, as some of these projects will mature over this year. We adhere to the regulatory frameworks in each of the regions where we operate and always seek to generate value for our shareholders and stakeholders. We are comfortable with the regulations that are currently in place in the regions in which we operate, and we have proven that we have the people, expertise and agility to adapt to changing circumstances.

This year we defined an investment plan that will enable us to meet the goals set for 2022. This investment plan will allow us to have more than 250 MWp in operation and advanced stages of construction. I want to reaffirm that we have the financial strength necessary to carry out this investment plan and meet the goals established in our Strategic Plan.

As for financial results, all our projects are still in the development stage and will start bringing significant revenues for the Company throughout the year and in the mid-term. However, for the first quarter of 2022, the consolidated income increased more than 230% when compared to the full-year 2021 income, resulting in almost breakeven figures in our EBITDA and, for the first time in the history of Cox, a \$2.5 million pesos of net Income. I'm convinced that this will continuously improve as the quarters go by.

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 or you can access the reports in XBRL format on BIVA's website.

Finally, I would like to remind you that Cox Energy América will hold its Ordinary General Shareholders' Annual Meeting on April 29th, in accordance with the Meeting Call published on April 12th. To get further detail on the meeting's agenda, you can see the General Shareholders' Annual Meeting Call that can be found on our website.

Thank you for listening. Operator, Daniela, 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 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.

Our first question comes from the line of Martín Lara. Please state your company name and ask your question.

Martín Lara: Martín Lara from Miranda Global Research. I have one question with respect to the energy commercialization business in Mexico. What level of revenues can we expect during the next few quarters and what margins? And how big do you think it's going to become?

Javier García (VP Finance & Strategy): OK, Martín, I mean, in the last Q&A session, we were giving some guidelines about closed several contracts. Actually, we have closed even more than the last report. The only thing of these contracts, it really takes time in order to implement them. We just mentioned that there is a need of some facilities, you know, the client, mainly the big industrials of the country, to become a 'Cliente Calificado' in order to be able to get energy from a different counter party than CFE. And actually we really expect that this grows quite fast. This was, actually, release more portion of the contract that we have. I mean, actually, let's say the majority of the contracts aren't still in place, so this is a really a small sample of what we have already closed. So we probably expect in the coming to quarters a really high increase on the revenues from this business line, that this is faster than our core business, which is the generation through power plants, but this business is quite, I mean, amazing in terms of revenue. So we really expect a huge growth in this business line in the coming semester. And usually we won't want

to give specific data, but for sure that, the only thing that you have seen a small sample and you have seen that we multiply by three times the whole income that we had the whole past year. So I mean, this is a proof that this kind of business is growing fast. So we are expecting a big growth in this business line.

Martín Lara: And for the next two quarters, should we expect at least the same level of sales?

José Antonio Hurtado (CEO): Hi, Martín. José Antonio speaking. How are you? Budget for 2022., talking about commercialization in Mexico, we are expecting an EBITDA of \$10 million pesos or less a half million dollars. You know that the previous years we were in negative figures, we were working on what we are expecting to have this year. And as Javier told you, we have signed, at this moment, more than five contracts, big contracts with big customers. And we expect to start more contracts during this year. You know that all the process and the things that you have to do with the CFE (inaudible) and the different institutions take a long time. But at the end we are, in this moment, we are in the situation that we can say that this year will be the year we will turn back to positive figures and we expect a very good result.

Martín Lara: OK. So \$10 million pesos in EBITDA by the end of the year? For the year?

José Antonio Hurtado (CEO): By the end of the year. Yeah, \$10 million pesos.

Enrique González (VP Investor Relations): Martín, this is Enrique. I mean, just to clarify that's the budget we have for the year. But just remember that this business is a high margin business, but we need to create the right scale and leverage to get to that high level of margins. So this is just the starting point of the business. As you know, we had a tough 2021, but if we recover in 2022, and we are able to deliver on the plans and the goals established for this year, just the main idea here is to break even or be slightly positive, as José Antonio mentioned. And then create the right fundamentals and platforms to really get to the real numbers of this business by 2023, 2024.

Martín Lara: OK, perfect. Thank you very much.

Operator: Thank you. Our next question comes from Carlos Alcaraz. Please state your company name and then ask your question.



Carlos Alcaraz: Hello. Good morning. This is Carlos from Apalache. Thank you very much for taking my question. My question is about the dismissal of Electricity Reform in Mexico. Will you be looking to expand the current portfolio in this country?

José Antonio Hurtado (CEO): Well, José Antonio speaking, Carlos. You know, you have in the portfolio, within the 20 projects, there are some projects in Mexico that we still maintain and we are looking when is the best moment to start with them. Now we have a situation in Mexico, it brings some opportunities in the sector and we will decide in the following months, in the following, during this year, what we are going to do with these projects. We have more than 500 megawatt of opportunities in Mexico, so we decide this year, how the situation, taking into account how the situation evolves, when we start launching these projects, you know, developing and initiate the construction.

Carlos Alcaraz: OK. I got it. Thank you very much.

Operator: We will now pause for any further questions. And as a reminder, if you're on a phone line, you can dial *9 or if you've joined the call over the internet, you can press the 'raise your hand' button at the bottom of your screen.

Well, that concludes today's call. We have not received any further questions at this point, so I would like to hand the call back over to José Antonio Hurtado for some closing remarks.

José Antonio Hurtado (CEO): 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 América and look forward to speaking with you soon again. Thank you very much.

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