

EARNINGS REPORT

Third Quarter 2021 (3Q21)



Monterrey, Mexico, October 20, 2021. - Axtel, S.A.B. de C.V. (BMV: AXTELCPO) ("Axtel" or "the Company"), a Mexican Information and Communications Technology company, announced today its unaudited results for the third quarter of 2021 ("3Q21").

Axtel reports 3Q21 EBITDA of US \$46 million (Ps. 912 million)

SELECTED FINANCIAL INFORMATION

(IN MILLIONS)

	3Q21	2Q21	3Q20	(%) 3Q21 vs.		YTD'21	YTD'20	YTD Δ (%)
				2Q21	3Q20			
Revenues (Ps.)	2,759	2,983	3,095	(8)	(11)	8,577	9,279	(8)
US \$	138	149	140	(7)	(2)	426	429	(1)
EBITDA (Ps.) ¹	912	1,141	1,078	(20)	(15)	2,969	5,275	(44)
US \$	46	57	49	(20)	(7)	148	257	(43)
Net Income (loss) (Ps.)	(302)	344	(174)	--	(74)	(244)	568	--
US \$	(15)	17	(8)	--	(80)	(12)	40	--
CAPEX (Ps.) ²	486	349	367	39	32	1,108	1,486	(25)
US \$	24	17	17	40	46	55	71	(22)
Net Debt (US \$)	613	625	595	(2)	3			
Net Debt / LTM EBITDA*	3.1	3.1	1.9					
LTM Interest Coverage*	3.6	3.6	5.1					

* Times. LTM = Last twelve months. See page 7 for ratio calculation details.

1) EBITDA = Operating income + depreciation & amortization + impairment of assets.

2) Gross amount; does not include divestments.

3Q21 HIGHLIGHTS

RESULTS

- The Company achieved acquisitions of new enterprise segment contracts 60% higher than the previous year quarter. However, due to the semiconductor shortage, this growth in acquisitions has not translated into revenues that could mitigate the continued decline in voice revenues.

NEW SOLUTIONS

- In August, Alestra launched its new mobile service "Alestra Móvil", the first enterprise MVNO in Mexico.
 - Alestra Móvil enables companies to transfer their capabilities, experience, tools and fixed technologies to a mobile device, with the support of AT&T Mexico's network.
- Axtel Networks presented its Data Center Connect solution, enabling connection between any data center and cloud infrastructure in the world, with low latency and high reliability.

STRATEGIC PROCESS

- Conversations with strategic investors continued during the quarter.

LIQUIDITY

- In the quarter, Axtel repaid US \$20 million under one of its committed revolving loan facilities.
 - Consequently, the available balance under committed facilities is approximately US \$40 million.

MESSAGE FROM AXTEL'S CEO

“During the third quarter, we achieved acquisitions of new enterprise segment contracts 60% higher compared to the previous year; the highest level since the beginning of the pandemic. However, the economic recovery has not been uniform for our clients, as certain industries, such as entertainment and tourism, continue recovering from the negative effects of the pandemic, and others, such as the financial sector, are reducing physical locations under the new normal. The negative effects of the global semiconductor shortage and logistics delays were accentuated in Axtel this quarter. Delivery times between 4 to 6 weeks have now become 5 to 6 months, which translates into cancellation of time-sensitive projects and a general delay in implementation times and, therefore, revenue recognition. These delays translate into an estimated direct impact of at least Ps. 50 million for the second half of 2021, plus a 50% increase in the volume of contracts under implementation due to limited availability of equipment.

Alestra's third quarter results show an accelerated acquisition of digital transformation solutions in the enterprise segment, 36% higher than the previous year, translating into a 15% growth in its revenues, not sufficient to mitigate the decline in voice revenues and the underperformance of the government segment, which continues with difficulties in securing relevant projects. On the other hand, Axtel Networks reported lower revenues as up-front payment, dark-fiber contracts recorded a reduction of more than 50% compared to the previous year, when we achieved an extraordinary level of this type of contracts. Year-to-date EBITDA is in line with guidance, however we expect a challenging fourth quarter due to the aforementioned.

2021 has been a complex year for the Company, with the effects caused by the uncertainty of new variants of COVID-19 and the secondary impacts on the economic recovery. Our experience since last year indicates that the new normal will include a hybrid office model, where we will combine the benefits of personal interaction with remote work.

Regarding our strategic process, we continue engaged with potential investors, supported by the current and future business prospects of the Infrastructure unit and the growth opportunities of digital transformation and mobility services for enterprise customers. Concurrently, we remain committed to improving our profitability, evaluating internal and external projects and opportunities to position the Company for future growth, for the benefit of our customers, shareholders and community.”

Eduardo Escalante

REVENUES – Business Units

	3Q21	2Q21	3Q20	(%) 3Q21 vs.		YTD'21	YTD'20	YTD
				2Q21	3Q20			Δ (%)
SERVICES (Ps.)	2,179	2,210	2,427	(1)	(10)	6,608	7,351	(10)
US \$	109	110	110	(1)	(1)	328	341	(4)
Enterprise (Ps.)	1,875	1,884	1,959	(0)	(4)	5,639	5,899	(4)
US \$	94	94	89	(0)	6	280	273	3
Government (Ps.)	304	326	468	(7)	(35)	969	1,452	(33)
US \$	15	16	21	(7)	(28)	48	67	(29)
INFRASTRUCTURE (Ps.)	1,194	1,387	1,280	(14)	(7)	3,810	3,765	1
US \$	60	69	58	(14)	3	189	173	9
ELIMINATIONS (Ps.) *	(614)	(614)	(612)	0	(0)	(1,841)	(1,837)	(0)
US \$	(31)	(31)	(28)	(0)	(11)	(91)	(85)	(8)
TOTAL REVENUES (Ps.)	2,759	2,983	3,095	(8)	(11)	8,577	9,279	(8)
US \$	138	149	140	(7)	(2)	426	429	(1)

* For consolidation purposes, revenues of Infrastructure Unit coming from Services Unit are presented as “eliminations”.

Total revenues were US \$138 million in 3Q21, down 2% when compared to 3Q20. In pesos, revenues decreased 11%, due to a 10% decline in Alestra’s revenues and a 7% decrease in Axtel Networks.

INFRASTRUCTURE BUSINESS UNIT (“AXTEL NETWORKS”)

Revenues reached US \$60 million in 3Q21; up 3% compared to 3Q20. In pesos, revenues declined 7%, driven by a 58% decrease in revenues from up-front payment contracts providing dark-fiber to mobile and wholesale operators.

Revenues coming from Alestra remained flat and represented 48% of total Infrastructure Unit’s year to date (“YTD”) revenues.

SERVICES BUSINESS UNIT (“ALESTRA”)

Revenues totaled US \$109 million in 3Q21, down 1% compared to 3Q20. In pesos, revenues declined 10%, due to 4% and 35% declines in enterprise and government segments, respectively.

ENTERPRISE SEGMENT (85% of Services Unit YTD revenues)

Enterprise segment revenues totaled US \$94 million in 3Q21. In pesos, revenues were 4% lower than 3Q20, due to 7% and 15% decreases in *standard* and *value added* services, respectively. (Table 1).

STANDARD SERVICES revenues reached Ps. 1,231 million in 3Q21, down 7% year-over-year, mainly due to a 20% decrease in *voice* revenues, which were declining prior to COVID and accelerated since then due to the substitution by collaboration solutions; as well as a 3% decline in *data & internet* solutions and 5% decline in *VPN & ethernet* solutions due to fewer services with existing customers.

VALUE-ADDED SERVICES revenues reached Ps. 251 million in 3Q21, down 15% when compared to 3Q20, mainly due to a 20% decrease in *managed services* as a result of a higher level of non-recurring equipment sales in 3Q20.

DIGITAL TRANSFORMATION revenues reached Ps. 393 million in 3Q21, up 15% compared to 3Q20, mainly due to a strong 64% increase in *managed applications* resulting from non-recurring revenues and a combined 12% increase in *cloud* and *cybersecurity* solutions, due to incremental services with existing customers.

REVENUES – Business Units

SERVICES BUSINESS UNIT (“ALESTRA”) (cont’d)

GOVERNMENT SEGMENT (15% of Services Unit YTD revenues)

Government segment revenues amounted US \$15 million in 3Q21. In pesos, revenues declined 35% compared to 3Q20, due to the termination of contracts and a decline in acquisitions of relevant long-term projects, mainly with federal government. Besides pursuing business opportunities with federal government entities, the Company continues working to further diversify into state and local governments and public universities. (Table 2).

STANDARD SERVICES revenues reached Ps. 150 million in 3Q21, 38% lower than 3Q20, mainly due to decreases in *hosting* services and *VPN & ethernet* solutions.

VALUE-ADDED SERVICES revenues reached Ps. 80 million in 3Q21, down 23% when compared to 3Q20, mostly due to a decline in *managed services*.

DIGITAL TRANSFORMATION revenues reached Ps. 74 million in 3Q21, a 39% decline compared to 3Q20, due to reductions in both *managed applications* and *cybersecurity* solutions.

GROSS PROFIT

Gross profit is defined as revenues minus cost of revenues. For 3Q21, gross profit was US \$100 million. In pesos, gross profit totaled Ps. 2,003 million, down 10% compared to 3Q20.

SERVICES UNIT (ALESTRA) gross profit amounted Ps. 904 million, a 14% decrease compared to the year-earlier quarter, mainly due to declines in *voice* and *managed services* revenues and lower *system integration* margins for the enterprise segment; as well as lower revenues in the government segment.

INFRASTRUCTURE UNIT (AXTEL NETWORKS) gross profit amounted to Ps. 1,099 million, down 6% compared to the year-earlier quarter, as a result of lower revenues previously explained.

OPERATING EXPENSES AND OTHER INCOME (EXPENSES)

Operating expenses reached US \$55 million in 3Q21; in pesos, operating expenses decreased 7%.

SERVICES UNIT (ALESTRA) operating expenses decreased 16% compared to 3Q20, as a result of declines in personnel, reductions in advertising expenses and lower debt provision charge.

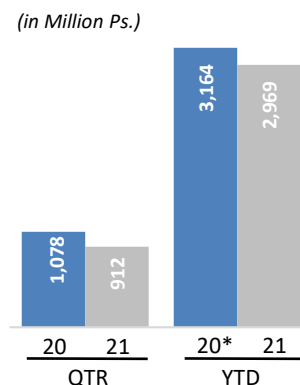
INFRASTRUCTURE UNIT (AXTEL NETWORKS) operating expenses increased 4% compared to 3Q20, as one-time credits benefited leases expenses in 3Q20.

Other income reached Ps. 3 million during 3Q21, compared to Ps. 30 million in 3Q20.

EBITDA

EBITDA totaled US \$46 million in 3Q21. In pesos, EBITDA reached Ps. 912 million, compared to Ps. 1,078 million in 3Q20, a 15% decline.

EBITDA margin decreased from 34.8% in 3Q20 to 33.0% in 3Q21 as efficiencies in operating expenses did not compensate the decline in gross profit.

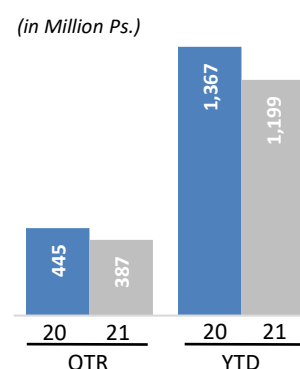


* Adjusted for data center divestment (1Q20) and spectrum (2Q20) transactions.

SERVICES UNIT (ALESTRA)

(40% of Axtel's YTD EBITDA)

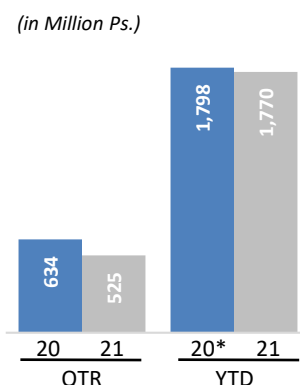
Services Business Unit EBITDA amounted to US \$19 million in 3Q21. In pesos, EBITDA reached Ps. 387 million, a 13% decrease year-over-year, due to the decline in gross profit, partially mitigated by the reduction in operating expenses previously described.



INFRASTRUCTURE UNIT (AXTEL NETWORKS)

(60% of Axtel's YTD EBITDA)

Infrastructure Unit EBITDA reached US \$26 million in 3Q21. In pesos, EBITDA reached Ps. 525 million, down 17% compared to 3Q20 explained by the decrease in gross profit and higher operating expenses due the one-time benefit in 3Q20.

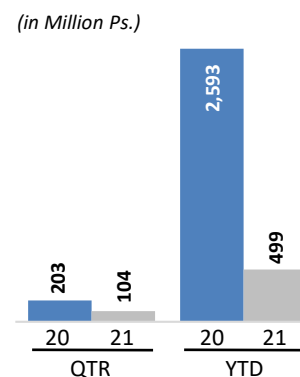


* Adjusted for data center divestment (1Q20) and spectrum (2Q20) transactions.

OPERATING INCOME

In the 3Q21, operating income totaled US \$5 million.

In pesos, 3Q21 operating income totaled Ps. 104 million, compared to Ps. 203 million in 3Q20, a Ps. 100 million decrease mainly due to a decline in EBITDA, partially mitigated by lower depreciation and amortization expenses.



COMPREHENSIVE FINANCING RESULT

The comprehensive financing cost reached US \$26 million in 3Q21 or Ps. 512 million, higher than Ps. 25 million recorded in 3Q20; mostly explained by a Ps. 246 million FX loss during 3Q21 resulting from a depreciation of the Mexican peso against the US dollar compared to a Ps. 222 million FX gain in 3Q20. Net interest expenses decreased 18% from 3Q20 to 3Q21, due to a lower level of total debt.

NET DEBT

Net debt as of 3Q21 was US \$613 million, an increase of 3% or US \$17 million in comparison with 3Q20; comprised of a US \$110 million decrease in debt, a US \$18 million non-cash increase in debt caused by an 11% appreciation of the Mexican peso year-over-year and a US \$109 million decrease in cash.

Total debt reduction of US \$110 million year-over-year is explained by i) a US \$60 million decrease related to the partial redemption of the 2024 Senior Notes in March 2021; ii) a US \$34 million decrease in bank loans, including the US \$20 million reduction in the drawn down amount under a committed line facility in September 2021; iii) a US \$9 million decrease in other loans and financial leases; iv) a US \$4 million decrease due to the amortization of the long-term facility; and v) a US \$4 million decrease in accrued interests.

As of 3Q21, cash balance totaled US \$53 million (Ps. 1,083 million). Cash in 3Q20 totaled US \$163 million (Ps. 3,656 million), which included US \$13 million of restricted cash and approximately US \$57 million of remaining proceeds from the data centers transaction.

Financial ratios for the third quarter 2021 were: Net Debt to EBITDA of 3.1 times and Interest Coverage of 3.6 times. (Table 6).

CAPITAL EXPENDITURES (CAPEX)

Capital investments totaled US \$24 million in 3Q21, compared to US \$17 million in 3Q20. YTD 2021 Capex totaled US \$55 million (64% for Axtel Networks and 36% for Alestra); a US \$16 million decline compared to US \$71 million YTD 2020.

2020 figure includes an extraordinary investment of US \$22 million related to the renovation of spectrum frequencies and excludes a US \$167 million benefit from the data center divestment.

OTHER INFORMATION

- This report presents unaudited financial information based on International Financial Reporting Standards (IFRS). Figures are presented in Mexican Pesos (Ps.) or US Dollars (US \$), as indicated. Where applicable, Peso amounts were translated into US Dollars using the average exchange rate of the months during which the operations were recorded.
- This report may contain forward-looking information based on numerous variables and assumptions that are inherently uncertain. They involve judgments with respect to, among other things, future economic, competitive and financial market conditions and future business decisions and financial performance of the company, all of which are difficult or impossible to predict accurately. These statements reflect management's current views, which are subject to different risks. Accordingly, results could vary from those set forth in this release. The company disclaims any obligation to update statements in this release based on new information available.
- Net Debt / EBITDA ratio: means net debt translated into US Dollars using the end-of-period exchange rate divided by LTM EBITDA translated into US Dollars using the average exchange rate for each month during which the operations were recorded. Net debt means total debt (including accrued interests) minus cash (including restricted cash).
- Net interest coverage ratio: means the ratio of LTM EBITDA to interest expense (net of interest income), both translated into US Dollars using the average exchange rate for each month during which the operations were recorded. Interest expense calculated *pro forma* for debt prepayments.
- To reduce exchange rate risk exposure, Axtel maintains forward transactions for an outstanding amount of US \$13 million @ 20.06 MXN/USD, where Axtel buys USD and sells MXN, hedging approximately 70% of its USD-denominated Capex and interest obligations up to November 2021. Additionally, Axtel maintains an interest rate swap ("IRS") for Ps. 3,360 million, maturing in December 2022, where Axtel pays 8.355% and receives TIE 28d.
- Subject to market conditions, the Company's liquidity position and its contractual obligations, from time to time, the Company may acquire or divest its own shares (AxtelCPOs) or its Senior Notes.

ABOUT AXTEL

Axtel is a Mexican Information and Communication Technology company that serves the enterprise, government and wholesale segments through its business units Alestra (Services) and Axtel Networks (Infrastructure).

Axtel is a subsidiary of ALFA, which owns 52.8% of its equity.

Axtel adhered to the UN Global Compact in 2011 the world's largest social responsibility initiative. It has received recognition from CEMEFI as a Socially Responsible Company since 2008.

Axtel shares, represented by Ordinary Participation Certificates, or CPOs, trade on the Mexican Stock Market under the symbol "AXTELCPO" since 2005.

Axtel's Investor Relations Center: axtelcorp.mx

Enterprise and Government services website: alestra.mx

NOTE: Axtel no longer offers services for the residential segment. In December 2018, it sold part of its residential business to Televisa (IZZI) and, in May 2019, the rest to Megacable.

Appendix A – Tables

TABLE 1 | SERVICES BUSINESS UNIT (ALESTRA) REVENUES - ENTERPRISE SEGMENT
(IN MILLIONS)

	3Q21	2Q21	3Q20	(%) 3Q21 vs.		YTD'21	YTD'20	YTD Δ (%)
				2Q21	3Q20			
STANDARD SERVICES (Ps.)	1,231	1,252	1,320	(2)	(7)	3,799	4,099	(7)
VALUE ADDED (Ps.)	251	264	295	(5)	(15)	737	813	(9)
DIGITAL TRANSFORMATION (Ps.)	393	368	343	7	15	1,103	987	12
TOTAL ENTERPRISE (Ps.)	1,875	1,884	1,959	(0)	(4)	5,639	5,899	(4)
<i>US \$</i>	<i>94</i>	<i>94</i>	<i>89</i>	<i>(0)</i>	<i>6</i>	<i>280</i>	<i>273</i>	<i>3</i>
<i>Recurrent (Ps.)</i>	1,761	1,780	1,861	(1)	(5)	5,364	5,628	(5)
<i>Non recurrent (Ps.)</i>	114	104	98	9	16	275	271	1

TABLE 2 | SERVICES BUSINESS UNIT (ALESTRA) REVENUES - GOVERNMENT SEGMENT
(IN MILLIONS)

	3Q21	2Q21	3Q20	(%) 3Q21 vs.		YTD'21	YTD'20	YTD Δ (%)
				2Q21	3Q20			
STANDARD SERVICES (Ps.)	150	127	243	18	(38)	437	742	(41)
VALUE ADDED (Ps.)	80	130	104	(38)	(23)	303	403	(25)
DIGITAL TRANSFORMATION (Ps.)	74	69	121	7	(39)	229	306	(25)
TOTAL GOVERNMENT (Ps.)	304	326	468	(7)	(35)	969	1,452	(33)
<i>US \$</i>	<i>15</i>	<i>16</i>	<i>21</i>	<i>(7)</i>	<i>(28)</i>	<i>48</i>	<i>67</i>	<i>(29)</i>
<i>Recurrent (Ps.)</i>	249	250	457	(0)	(45)	816	1,283	(36)
<i>Non recurrent (Ps.)</i>	55	76	11	(28)	379	153	169	(9)

TABLE 3 | INFRASTRUCTURE BUSINESS UNIT (AXTEL NETWORKS) REVENUES
(IN MILLIONS)

	3Q21	2Q21	3Q20	(%) 3Q21 vs.		YTD'21	YTD'20	YTD Δ (%)
				2Q21	3Q20			
TOTAL INFRASTRUCTURE (Ps.)	1,194	1,387	1,280	(14)	(7)	3,810	3,765	1
<i>US \$</i>	<i>60</i>	<i>69</i>	<i>58</i>	<i>(14)</i>	<i>3</i>	<i>189</i>	<i>173</i>	<i>9</i>
ELIMINATIONS (Ps.) *	(614)	(614)	(612)	0	(0)	(1,841)	(1,837)	(0)
<i>US \$</i>	(31)	(31)	(28)	(0)	(11)	(91)	(85)	(8)

* For consolidation purposes, revenues coming from Services Unit (Alestra) are presented as "eliminations".

Appendix A – Tables

TABLE 4 | OPERATING INCOME AND EBITDA
(IN MILLIONS)

	3Q21	2Q21	3Q20	(% 3Q21 vs.)		YTD'21	YTD'20	YTD Δ (%)
				2Q21	3Q20			
Operating Income (Ps.)	104	310	203	(67)	(49)	499	2,593	(81)
US \$	5	15	9	(66)	(44)	25	133	(81)
EBITDA (Ps.)	912	1,141	1,078	(20)	(15)	2,969	5,275	(44)
US \$	46	57	49	(20)	(7)	148	257	(43)
Adjustments* (Ps.)	0	0	0	--	--	0	(2,110)	--
US \$	0	0	0	--	--	0	(111)	--
Comparable EBITDA (Ps.)	912	1,141	1,078	(20)	(15)	2,969	3,164	(6)
US \$	46	57	49	(20)	(7)	148	146	1
Services Unit (Ps.)	387	434	445	(11)	(13)	1,199	1,367	(12)
Infrastructure Unit (Ps.)	525	707	634	(26)	(17)	1,770	1,798	(2)

*Adjustments include one-time (gains) losses, such as the Data Centers divestment in 1Q20 and spectrum transfer transaction in 2Q20.

TABLE 5 | COMPREHENSIVE FINANCING RESULT
(IN MILLIONS)

	3Q21	2Q21	3Q20	(% 3Q21 vs.)		YTD'21	YTD'20	YTD Δ (%)
				2Q21	3Q20			
Net interest expense	(266)	(276)	(325)	4	18	(903)	(1,069)	15
FX gain (loss), net	(246)	393	222	--	--	(160)	(1,511)	89
Ch. FV of Fin. Instruments	0	0	79	--	--	0	106	--
Total (Ps.)	(512)	117	(25)	--	(1,978)	(1,064)	(2,474)	57
US \$	(26)	6	(2)	--	(1,424)	(53)	(117)	55

TABLE 6 | NET DEBT AND FINANCIAL RATIOS
(US \$ MILLIONS)

	3Q21	2Q21	3Q20	(% 3Q21 vs.)	
				2Q21	3Q20
Senior Notes 2024	440	440	500	(0)	(12)
Long-term bank loan	157	162	145	(3)	8
Short-term bank loans	29	50	63	(41)	(53)
Other loans + leases	27	35	35	(22)	(21)
Accrued interests	12	5	15	161	(19)
Total Debt	666	691	758	(4)	(12)
% US \$ denominated debt	71%	72%	73%		
(-) Cash and cash eq.	(53)	(66)	(163)	20	67
Net Debt	613	625	595	(2)	3
Net Debt / LTM EBITDA*	3.1	3.1	1.9		
LTM Interest Coverage*	3.6	3.6	5.1		

* Times. LTM = Last twelve months. See page 7 for calculation details.

Appendix B – SERVICES UNIT (ALESTRA) – New vs. Former Services Families

TABLE 7 | 2020 and 2021 REVENUES (NEW SERVICES FAMILIES)
(IN MILLIONS)

	1Q20	2Q20	3Q20	4Q20	2020	1Q21	2Q21	3Q21
SERVICES UNIT (Ps.)	2,552	2,372	2,427	2,473	9,824	2,219	2,210	2,179
US \$	129	102	110	120	461	109	110	109
ENTERPRISE (Ps.)	2,015	1,925	1,959	1,935	7,834	1,880	1,884	1,875
STANDARD SERVICES	1,443	1,336	1,320	1,297	5,396	1,315	1,252	1,231
VALUE ADDED	253	266	295	283	1,096	222	264	251
DIGITAL TRANSFORMATION	320	324	343	355	1,342	342	368	393
GOVERNMENT (Ps.)	537	447	468	538	1,990	339	326	304
STANDARD SERVICES	243	257	243	219	961	160	127	150
VALUE ADDED	194	105	104	157	560	93	130	80
DIGITAL TRANSFORMATION	100	85	121	163	469	86	69	74

TABLE 8 | 2020 AND 2021 REVENUES (FORMER SERVICES FAMILIES – as reported in 2020)
(IN MILLIONS)

	1Q20	2Q20	3Q20	4Q20	2020	1Q21	2Q21	3Q21
SERVICES UNIT (Ps.)	2,552	2,372	2,427	2,473	9,824	2,219	2,210	2,179
US \$	129	102	110	120	461	109	110	109
ENTERPRISE (Ps.)	2,015	1,925	1,959	1,935	7,834	1,880	1,884	1,875
TELECOM	1,710	1,610	1,589	1,570	6,478	1,549	1,527	1,462
IT	305	316	370	366	1,356	330	357	413
GOVERNMENT (Ps.)	537	447	468	538	1,990	339	326	304
TELECOM	239	236	226	258	960	187	141	162
IT	298	211	242	280	1,030	152	185	142

Appendix C – Financial Statements

Axtel, S.A.B. de C.V. and Subsidiaries

Unaudited Consolidated Balance Sheet

(IN MILLION PESOS)

	3Q21	2Q21	3Q20	(%) 3Q21 vs.	
				2Q21	3Q20
ASSETS					
CURRENT ASSETS					
Cash and equivalents	1,083	1,313	3,361	(18)	(68)
Restricted cash	-	-	295	--	--
Accounts receivable	2,172	2,250	2,593	(3)	(16)
Related parties	16	13	22	25	(29)
Refundable taxes and other acc. rec.	957	1,057	928	(9)	3
Advances to suppliers	732	697	876	5	(16)
Inventories	92	115	92	(20)	0
Financial Instruments	8	2	-	378	--
Total current assets	5,060	5,447	8,167	(7)	(38)
NON CURRENT ASSETS					
Property, plant and equipment, net	10,426	10,938	11,756	(5)	(11)
Long-term accounts receivable	20	-	-	--	--
Intangible assets, net	1,789	1,755	1,774	2	1
Deferred income taxes	2,858	2,759	3,404	4	(16)
Investment shares associated co.	292	292	292	(0)	(0)
Other assets	308	336	430	(8)	(28)
Total non current assets	15,694	16,079	17,655	(2)	(11)
TOTAL ASSETS	20,754	21,526	25,822	(4)	(20)
LIABILITIES & STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES					
Account payable & Accrued expenses	2,248	2,433	2,797	(8)	(20)
Accrued Interest	248	93	339	167	(27)
Short-term debt	-	-	310	--	--
Current portion of long-term debt	430	459	1,625	(6)	(74)
Taxes payable	-	-	8	--	--
Financial Instruments	65	88	140	(26)	(53)
Deferred Revenue	96	90	167	7	(43)
Provisions	28	26	83	7	(67)
Other accounts payable	723	885	1,115	(18)	(35)
Total current liabilities	3,838	4,073	6,583	(6)	(42)
LONG-TERM LIABILITIES					
Long-term debt	12,755	13,041	14,625	(2)	(13)
Employee Benefits	815	781	765	4	7
Derivative Financial Instruments	3	8	91	(63)	(97)
Other LT liabilities	1	1	52	11	(98)
Total long-term debt	13,574	13,831	15,532	(2)	(13)
TOTAL LIABILITIES	17,411	17,904	22,115	(3)	(21)
STOCKHOLDERS' EQUITY					
Capital stock	464	464	464	-	-
Reserve for repurchase of shares	190	192	186	(1)	2
Cumulative earnings (losses)	2,688	2,967	3,056	(9)	(12)
TOTAL STOCKHOLDERS' EQUITY	3,343	3,623	3,707	(8)	(10)
TOTAL LIABILITIES AND EQUITY	20,754	21,526	25,822	(4)	(20)

Appendix C – Financial Statements

Axtel, S.A.B. de C.V. and Subsidiaries

Unaudited Consolidated Income Statement

(IN MILLION PESOS)

	3Q21	2Q21	3Q20	(% 3Q21 vs.)		YTD'21	YTD'20	YTD
				2Q21	3Q20			Δ (%)
Total Revenues	2,759	2,983	3,095	(8)	(11)	8,577	9,279	(8)
Cost of sales and services	(756)	(763)	(874)	1	14	(2,292)	(2,598)	12
Gross Profit	2,003	2,220	2,220	(10)	(10)	6,286	6,681	(6)
Operating expenses	(1,095)	(1,087)	(1,172)	(1)	7	(3,328)	(3,551)	6
Other income (expenses), net	3	8	30	(58)	(89)	11	2,145	(99)
Depr., amort. & impairment assets	(808)	(832)	(875)	3	8	(2,470)	(2,682)	8
Operating income	104	310	203	(67)	(49)	499	2,593	(81)
Comprehensive financing result, net	(512)	117	(25)	--	(1,978)	(1,064)	(2,474)	57
Equity in results of associated company	(0)	(0)	-	--	--	(0)	-	--
Income (loss) before income taxes	(408)	427	179	--	--	(564)	119	--
Income taxes	106	(83)	(352)	--	--	320	449	(29)
Net Income (Loss)	(302)	344	(174)	--	(74)	(244)	568	--