

EARNINGS REPORT

Fourth Quarter 2020 (4Q20)



Monterrey, Mexico, February 11, 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 fourth quarter of 2020 ("4Q20").

Axtel reports 4Q20 EBITDA of US \$51 million (Ps. 1,052 million)

SELECTED FINANCIAL INFORMATION

(IN MILLIONS)

	4Q20	3Q20	4Q19	(% 4Q20 vs.)		YTD'20	YTD'19	YTD Δ (%)
				3Q20	4Q19			
Revenues (Ps.)	3,077	3,095	3,378	(1)	(9)	12,356	12,784	(3)
US \$	150	140	175	7	(15)	578	664	(13)
EBITDA (Ps.) ¹	1,052	1,078	1,187	(2)	(11)	6,327	4,466	42
US \$	51	49	62	5	(17)	308	232	33
Net Income (loss) (Ps.)	(207)	(174)	6	(19)	--	361	(14)	--
US \$	(11)	(8)	0	(30)	--	29	(0)	--
CAPEX (Ps.) ²	657	367	572	79	15	2,144	1,762	22
US \$	32	17	30	93	8	103	91	13
Net Debt (US \$)	602	595	750	1	(20)			
Net Debt / LTM EBITDA*	2.0	1.9	3.2					
LTM Interest Coverage*	5.1	5.1	3.3					
Adjusted Revenues (Ps.) ³	3,077	3,095	3,384	(1)	(9)	12,356	13,086	(6)
US \$	150	140	176	7	(15)	578	680	(15)
Adjusted EBITDA (Ps.) ³	1,052	1,078	1,028	(2)	2	6,327	5,092	24
US \$	51	49	53	5	(4)	308	265	17

* 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.

3) Axtel's results for year 2019 reflect the mass market business as discontinued operations. ALFA, however, consolidated both continuing and discontinued operations. For a complete reconciliation of revenues and EBITDA, see Appendix B, Tables 9 and 10.

4Q20 HIGHLIGHTS

Results

- Despite a 6% increase in recurring revenues from Axtel Networks, 4Q20 total revenues decreased 7% compared to 4Q19 *pro forma*, reflecting the impact from voice and government segment revenues affected by the economic repercussions of the COVID-19 health crisis.
- 2020 revenues slightly declined 1% compared to 2019 *pro forma*, reflecting a resilient portfolio of services such as connectivity, digital transformation, collaboration, among other services, that are critical or essential even under unfavorable conditions.
- 2020 EBITDA increased 49% compared to 2019 *pro forma*. Adjusting for the data centers transaction, EBITDA exceeded 2% full year guidance and 2019 results.

Competitive Process

- Following on the termination of the competitive process to attract investors for the whole Company announced in December, this year, Axtel resumed activities to separate both business units into separate corporate entities. At the same time, conversations are underway with investors focused on the Infrastructure unit.

Strong Liquidity and Cashflow

- Year-end cash stood at US \$170 million; including US \$13 million cash in escrow, which was released to the Company in early January this year.
 - In March, Axtel will partially repay US \$60 million of its Senior Notes, reducing interest expense.
- In 2020, Axtel generated US \$39 million in cashflow before debt and other payment obligations, and excluding the data centers transaction.

MESSAGE FROM AXTEL'S CEO

"In 2020, in Axtel, we focused our actions on three priorities: the safety and well-being of our employees; assisting customers with their critical needs such as connectivity, collaboration and cybersecurity solutions; and the continuity of our and our customers' operations.

Regarding fourth quarter performance, a 6% year-over-year increase in recurring revenues at Axtel Networks, our Infrastructure Unit, and a 4% increase in managed connectivity and IT solutions at Alestra, our Services Unit, helped to compensate the decreases in voice and government segment revenues. Likewise, operating efficiencies from digitalization initiatives contributed to reducing expenses, reaching an EBITDA 2% higher than guidance and 2019 results. During 2020, the impact of COVID-19 on EBITDA and working capital was Ps. 40 million and Ps. 63 million, respectively. At year end, 85% of our collaborators continued working remotely.

During the first quarter 2019, we began the separation of Axtel's operations into two business units that would allow us to increase participation in connectivity and internet opportunities to domestic and foreign operators and wholesale customers through Axtel Networks; and focus Alestra's portfolio on valued-added and digital transformation solutions. Aligned with the functional separation, in early 2020, we formalized a competitive process to attract investors for Axtel Networks or the entire Company, which was terminated in December as valuation proposals did not reflect the intrinsic and potential value of the two business units.

Upon the termination of the competitive process, we resumed activities to convert the two business units into separate corporate entities. At the same time, we are establishing conversations with investors focused on the Infrastructure unit that did not participate in the last phase of the competitive process, which was limited to investors with an interest in the entire Company. The objective of value maximization by attracting new investors remains a priority for the Company.

As announced a few weeks ago, Rolando Zubiran, Axtel's former CEO, decided to retire from the Company. I would like to recognize Rolando for his 22 years of experience leading through a continuous evolution of Alestra and Axtel, positioning the Company as an innovative, profitable and leading company in the industry.

For the rest of this year, we will seek to capitalize on the commercial opportunities presented to each business unit, continue developing more efficient and streamlined processes through the "Axtel Digital" project and remain focused in value maximization initiatives, including the corporate separation of the business units and the potential divestment of Axtel Networks."

Eduardo Escalante

In January 2020, Axtel executed the strategic agreement and divestment of three data centers. For comparison purposes, *pro forma* information adjusting 2019 results is included in the report. See Appendix C – Tables 11 – 13.

REVENUES – Business Units

	4Q20	3Q20	4Q19	(%) 4Q20 vs.		YTD'20	YTD'19	YTD
				3Q20	4Q19			Δ (%)
SERVICES (Ps.)	2,473	2,427	2,650	2	(7)	9,824	10,177	(3)
US \$	120	110	137	9	(13)	461	528	(13)
Enterprise (Ps.)	1,935	1,959	1,993	(1)	(3)	7,834	8,018	(2)
US \$	94	89	103	6	(9)	367	416	(12)
Government (Ps.)	538	468	657	15	(18)	1,990	2,159	(8)
US \$	26	21	34	24	(23)	94	112	(16)
INFRASTRUCTURE (Ps.)	1,218	1,280	1,332	(5)	(9)	4,983	5,021	(1)
US \$	59	58	69	2	(14)	232	261	(11)
ELIMINATIONS (Ps.) *	(614)	(612)	(604)	(0)	(2)	(2,451)	(2,414)	(2)
US \$	(30)	(28)	(31)	(8)	5	(115)	(125)	8
TOTAL REVENUES (Ps.)	3,077	3,095	3,378	(1)	(9)	12,356	12,784	(3)
US \$	150	140	175	7	(15)	578	664	(13)

* For consolidation purposes, revenues of Infrastructure Unit coming from Services Unit are presented as "eliminations".
Note: For a reconciliation of revenues by business segments (enterprise and government), as reported in 2019, see Table 5.

Total revenues were US \$150 million in 4Q20, down 15% when compared to 4Q19. In pesos, revenues decreased 9%; however, *pro forma* for the data centers transaction, revenues decreased 7%. Accumulated revenues were Ps. 12,356 million; down 1% versus 2019 *pro forma* figures, driven by a 3% decline in Services Unit revenues, partially mitigated by a 5% increase in Infrastructure Unit *pro forma* revenues. (Table 11).

INFRASTRUCTURE BUSINESS UNIT ("AXTEL NETWORKS")

Revenues reached US \$59 million in 4Q20, a 14% decrease compared to 4Q19. In pesos, revenues decreased 9%; however, *pro forma* for the data centers transaction, revenues declined 4%. Revenues excluding those coming from Alestra decreased 9%, mainly driven by a decline in up-front payment contracts providing dark-fiber to wholesale customers. Accumulated revenues totaled Ps. 4,983 million, up 5% compared to 2019 *pro forma*; mainly driven by an 8% increase in revenues coming from third-party wholesale customers. Revenues coming from Alestra Services Unit represented 49% of total Infrastructure Unit YTD revenues. (Table 11).

SERVICES BUSINESS UNIT ("ALESTRA")

Revenues totaled US \$120 million in 4Q20, a 13% decline compared to 4Q19. In pesos, revenues decreased 7%, due to 3% and 18% declines in Enterprise and Government segment revenues, respectively. Accumulated revenues were Ps. 9,824 million; down 3% compared to 2019; due to 2% and 8% declines in Enterprise and Government segment revenues, respectively.

ENTERPRISE SEGMENT (80% of Services Unit YTD revenues)

Enterprise segment revenues totaled US \$94 million in 4Q20. In pesos, revenues declined 3% compared to the previous year, due to a 9% decline in Telecom revenues, partially compensated by a 31% increase in IT revenues. Accumulated revenues totaled Ps. 7,834 million, down 2% driven by a 29% decrease in voice revenues, partially mitigated by increases in *managed networks* and a 27% increase in IT revenues. (Table 1).

TELECOM revenues reached Ps. 1,569 million in 4Q20, an 9% decrease year-over-year, mainly due to a 36% decrease in *voice* revenues due to its maturing technological cycle and by the impact in voice traffic due to remote work for many clients, and a 4% decline in *data and internet* revenues. These declines were partially mitigated by a 5% growth in *managed networks* including collaboration solutions due to the increasing demand in relation to remote work.

IT revenues reached Ps. 367 million in 4Q20, up 31% when compared to 4Q19, mainly due to a 29% increase in *system integration* and a combined 33% increase in *cloud* and *cybersecurity* solutions, due to both new customers and incremental services with existing customers.

REVENUES – Business Units

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

GOVERNMENT SEGMENT (20% of Services Unit YTD revenues)

Government segment revenues amounted US \$26 million in 4Q20. In pesos, revenues declined 18% compared to 4Q19, mainly due to a 30% decline in IT revenues. Accumulated revenues were Ps. 1,990 million, 8% lower versus 2019, due to 11% and 5% declines in Telecom and IT revenues, respectively; as the Company implemented adjustments in some services to accommodate the budget reductions in federal government entities. (Table 2).

TELECOM revenues reached Ps. 258 million in 4Q20, an 1% increase year-over-year, as a 20% increase in *managed networks* compensated the declines in all other revenues.

IT revenues reached Ps. 280 million in 4Q20, down 30% when compared to 4Q19, mainly due to the termination of some *cloud* and *cybersecurity* solutions contracts.

GROSS PROFIT

Gross profit is defined as revenues minus cost of revenues. For 4Q20, gross profit was US \$108 million. In pesos, gross profit totaled Ps. 2,216 million, down 9% compared to 4Q19; however, *pro forma* for the data centers transaction, gross profit decreased 4%. Accumulated gross profit totaled Ps. 8,897 million; down 2% compared to 2019 *pro forma*, as a 10% decline in Services Unit was partially mitigated by a 7% increase in Infrastructure Unit’s gross profit.

SERVICES UNIT (ALESTRA) gross profit amounted to Ps. 1,097 million, down 7% compared to the year-earlier quarter, mainly due to a contraction in Telecom revenues and margins.

INFRASTRUCTURE UNIT (AXTEL NETWORKS) gross profit amounted to Ps. 1,119 million, a 10% decline or a 1% decline *pro forma*, compared to the year-earlier quarter, due to a decline in revenues, partially compensated by a slight increase in margins mostly explained by the substitution of leased-links with owned-infrastructure.

OPERATING EXPENSES AND OTHER INCOME (EXPENSES)

Operating expenses reached US \$58 million in 4Q20; in pesos, operating expenses decreased 6%, however, *pro forma* for the data center transaction, expenses decreased 3%. Accumulated operating expenses reached Ps. 4,740 million; down 2% versus 2019 *pro forma*, mainly driven by a decline in Services Unit expenses.

SERVICES UNIT (ALESTRA) operating expenses decreased 10% compared to 4Q19, due to declines in outsourcing and bad debt provisions, partially mitigated by an increase in personnel in relation to a one-time right-sizing organization provision.

INFRASTRUCTURE UNIT (AXTEL NETWORKS) operating expenses declined 2% compared to 4Q19, or a 5% increase *pro forma*, due to increases in personnel expenses in relation to the aforementioned provision.

Other income reached Ps. 25 million during 4Q20, a slight increase compared to Ps. 23 million during 4Q19. It is worth mentioning that accumulated other income of Ps. 2,170 million in 2020 includes Ps. 2,021 million from the data centers transaction in 1Q20 and Ps. 90 million from the spectrum transaction in 2Q20.

EBITDA

EBITDA totaled US \$51 million in 4Q20. In pesos, EBITDA reached Ps. 1,052 million, an 11% decrease compared to Ps. 1,187 million in 4Q19; however, *pro forma* for the data centers transaction, EBITDA decreased 5%. (Table 12). EBITDA margin increased from 33.6% in 4Q19 *pro forma*, to 34.2% in 4Q20, driven by a greater proportion of higher-margin Infrastructure revenues.

Accumulated EBITDA reached Ps. 6,327 million in 2020; 49% higher than 2019 *pro forma*; however, adjusted for the data centers transactions, EBITDA increased 2% versus 2019. Full-year 2020 margin reached 34.1%; slightly higher than 33.8% in 2019 *pro forma*.

SERVICES UNIT (ALESTRA) (45% of Axtel's YTD EBITDA)

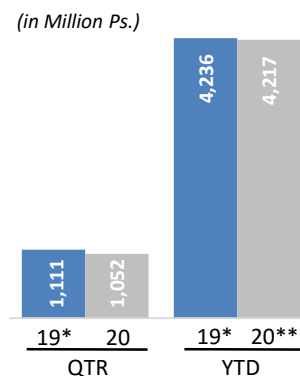
Services Business Unit EBITDA amounted to US \$25 million in 4Q20. In pesos, EBITDA reached Ps. 512 million, remaining flat year-over-year.

Full-year 2020 EBITDA reached Ps. 1,879 million; 14% lower than 2019, mainly due to declines in revenues and contribution margins in both Enterprise and Government segments.

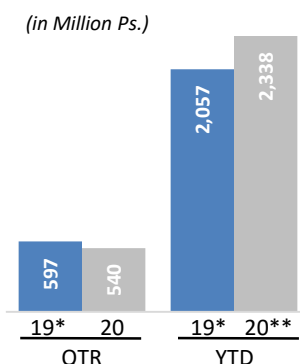
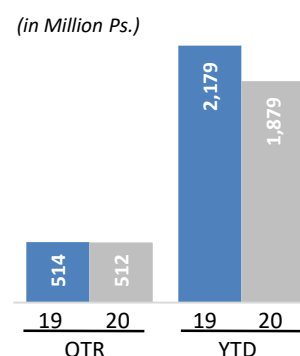
INFRASTRUCTURE UNIT (AXTEL NETWORKS) (55% of Axtel's YTD EBITDA)

Infrastructure Unit EBITDA reached US \$26 million in 4Q20. In pesos, Infrastructure Unit EBITDA reached Ps. 540 million, a 20% decline or 10% *pro forma* for the data centers transaction.

Full-year 2020 EBITDA reached Ps. 2,427 million adjusted for the data centers transaction; 18% higher than 2019 *pro forma*, due to both increases in revenues and contribution margins.



* *Pro forma* data center transaction.
** Adjusted for data center divestment and spectrum transaction.

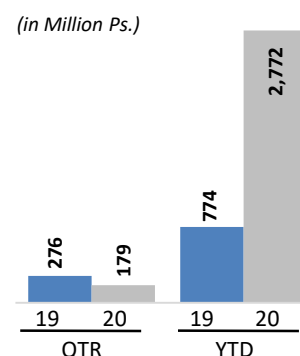


* *Pro forma* data center transaction.
** Adjusted for data center divestment and spectrum transaction.

OPERATING INCOME

In the 4Q20, operating income totaled US \$9 million. In pesos, operating income totaled Ps. 179 million, compared to Ps. 276 million in 4Q19, a Ps. 97 million decrease due to lower depreciation and amortization, partially mitigated by a decline in EBITDA as a result of the divestment of the data centers business.

Accumulated operating income reached Ps. 2,772 million in 2020, which includes the data centers transaction benefit of Ps. 2,021 million and spectrum transaction benefit of Ps. 90 million.



COMPREHENSIVE FINANCING RESULT

The comprehensive financing result reached US \$41 million in 4Q20 or Ps. 855 million, compared to Ps. 87 million in 4Q19; mostly explained by a Ps. 1,125 million FX gain during 4Q20 resulting from a 13% appreciation of the Mexican peso against the US dollar, compared to a Ps. 421 million FX gain in 4Q19 resulting from a 4% appreciation of the peso. Net interest expenses decreased 21% from 4Q19 to 4Q20. (Table 7).

Accumulated comprehensive financial cost of Ps. 1,619 million was 44% higher than 2019, mainly due to the higher FX loss during 2020.

NET DEBT

As of December 31, 2020, net debt was US \$602 million, down 20% or US \$148 million in comparison with year-end 2019; comprised of a US \$11 million decrease in debt, a US \$13 million non-cash decrease in debt caused by a 6% depreciation of the Mexican peso year-over-year and a US \$124 million increase in cash.

Total debt reduction of US \$11 million year-over-year is explained by i) a US \$70 million decrease related to the full prepayment of the Syndicated Bank facility; ii) a US \$66 million increase in short-term loans; iii) a US \$1 million decrease in the long-term facility; iv) a US \$1 million decrease in other loans and financial leases; and v) a US \$4 million decrease related to the new accounting standard for long-term leases (IFRS 16).

As of 4Q20, cash balance totaled US \$170 million (Ps. 3,386 million), which includes US \$13 million of restricted cash and approximately US \$57 million from remaining proceeds from the data centers transaction. Cash in 4Q19 totaled US \$46 million (Ps. 858 million).

Financial ratios for the fourth quarter 2020 were: Net Debt to EBITDA of 2.0 times and Interest Coverage of 5.1 times. (Table 8).

CAPITAL EXPENDITURES (CAPEX)

Capital investments totaled US \$32 million in 4Q20, compared to US \$30 million in 4Q19. 2020 Capex reached US \$103 million (Ps. 2,144 million), compared to US \$91 million (Ps. 1,762 million) in 2019.

2020 Capex, excluding the extraordinary investment of US \$22 million related to the renovation of spectrum frequencies, totaled US \$81 million, 68% of this amount was allocated to the Infrastructure Unit and 32% to the Services Unit.

OTHER INFORMATION

- The 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.
- “Pro forma”: In January 2020, Axtel executed the strategic agreement and divestment of three data centers. For comparison purposes, pro forma information adjusting the results of 2019 is included in the report. See Appendix C – Tables 11 – 13.
- 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).
- 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.
- Axtel maintains an interest rate swap (“IRS”) for Ps. 3,380 million, maturing in December 2022, where Axtel pays 8.355% and receives TIIE 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 and/or its Senior Notes, as well as enter into or unwind financial instruments whose underlying is related to the performance of its shares.

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 REVENUES - ENTERPRISE SEGMENT

(IN MILLIONS)

	4Q20	3Q20	4Q19	(% 4Q20 vs.)		YTD'20	YTD'19	YTD Δ (%)
				3Q20	4Q19			
TELECOM (Ps.)	1,569	1,588	1,714	(1)	(9)	6,476	6,950	(7)
<i>Voice</i>	262	267	412	(2)	(36)	1,194	1,670	(29)
<i>Data and Internet</i>	665	681	695	(2)	(4)	2,698	2,763	(2)
<i>Managed Networks</i>	641	640	607	0	6	2,583	2,517	3
IT (Ps.)	367	371	279	(1)	31	1,358	1,068	27
TOTAL ENTERPRISE (Ps.)	1,935	1,959	1,993	(1)	(3)	7,834	8,018	(2)
<i>US \$</i>	94	89	103	6	(9)	367	416	(12)
<i>Recurrent (Ps.)</i>	1,856	1,876	1,876	(1)	(1)	7,481	7,649	(2)
<i>Non recurrent (Ps.)</i>	79	82	118	(3)	(32)	353	369	(4)

TABLE 2 | SERVICES BUSINESS UNIT REVENUES - GOVERNMENT SEGMENT

(IN MILLIONS)

	4Q20	3Q20	4Q19	(% 4Q20 vs.)		YTD'20	YTD'19	YTD Δ (%)
				3Q20	4Q19			
TELECOM (Ps.)	258	226	257	14	1	960	1,072	(11)
<i>Voice</i>	24	26	32	(9)	(25)	90	113	(21)
<i>Data and Internet</i>	89	81	103	9	(14)	363	326	11
<i>Managed Networks</i>	146	119	122	23	20	507	633	(20)
IT (Ps.)	280	242	400	15	(30)	1,030	1,086	(5)
TOTAL GOVERNMENT (Ps.)	538	468	657	15	(18)	1,990	2,159	(8)
<i>US \$</i>	26	21	34	24	(23)	94	112	(16)
<i>Recurrent (Ps.)</i>	376	457	509	(18)	(26)	1,663	2,045	(19)
<i>Non recurrent (Ps.)</i>	162	11	147	>1,000	10	327	113	189

TABLE 3 | INFRASTRUCTURE BUSINESS UNIT REVENUES

(IN MILLIONS)

	4Q20	3Q20	4Q19	(% 4Q20 vs.)		YTD'20	YTD'19	YTD Δ (%)
				3Q20	4Q19			
TOTAL INFRASTRUCTURE (Ps.)	1,218	1,280	1,332	(5)	(9)	4,983	5,021	(1)
<i>US \$</i>	59	58	69	2	(14)	232	261	(11)
ELIMINATIONS (Ps.) *	(614)	(612)	(604)	(0)	(2)	(2,451)	(2,414)	(2)
<i>US \$</i>	(30)	(28)	(31)	(8)	5	(115)	(125)	8

* For consolidation purposes, revenues coming from Services Unit (Alestra) are presented as "eliminations".
Note: See Table 11 for pro forma figures.

Appendix A – Tables

TABLE 4 | 2019 and 2020 REVENUES BY BUSINESS UNIT
(IN MILLIONS)

	1Q19	2Q19	3Q19	4Q19	2019	1Q20	2Q20	3Q20	4Q20	2020
SERVICES UNIT (Ps.)	2,524	2,481	2,523	2,650	10,177	2,552	2,372	2,427	2,473	9,824
US \$	131	130	130	137	528	129	102	110	120	461
ENTERPRISE (Ps.)	2,003	2,034	1,988	1,993	8,018	2,015	1,925	1,959	1,935	7,834
US \$	104	106	102	103	416	102	82	89	94	367
GOVERNMENT (Ps.)	521	446	535	657	2,159	537	447	468	538	1,990
US \$	27	23	28	34	112	27	19	21	26	94
INFRASTRUCTURE UNIT (Ps.)	1,227	1,215	1,248	1,332	5,021	1,169	1,316	1,280	1,218	4,983
US \$	64	64	64	69	261	59	56	58	59	232
Eliminations (Ps.)	(604)	(604)	(604)	(604)	(2,414)	(615)	(610)	(612)	(614)	(2,451)
US \$	(31)	(32)	(31)	(31)	(125)	(31)	(26)	(28)	(30)	(115)
TOTAL (Ps.)	3,147	3,092	3,167	3,378	12,784	3,106	3,078	3,095	3,077	12,356
US\$	164	162	163	175	664	157	132	140	150	578

TABLE 5 | 2019 AND 2020 REVENUES BY SEGMENT (AS REPORTED in 2019)
(IN MILLIONS)

	1Q19	2Q19	3Q19	4Q19	2019	1Q20	2Q20	3Q20	4Q20	2020
ENTERPRISE (Ps.)	2,626	2,645	2,632	2,721	10,625	2,569	2,631	2,626	2,539	10,366
US \$	137	138	136	141	552	130	113	119	123	485
GOVERNMENT (Ps.)	521	446	535	657	2,159	537	447	468	538	1,990
US \$	27	23	28	34	112	27	19	21	26	94
TOTAL (Ps.)	3,147	3,092	3,167	3,378	12,784	3,106	3,078	3,095	3,077	12,356
US\$	164	162	163	175	664	157	132	140	150	578

Appendix A – Tables

TABLE 6 | OPERATING INCOME AND EBITDA
(IN MILLIONS)

	4Q20	3Q20	4Q19	(% 4Q20 vs.)		YTD'20	YTD'19	YTD Δ (%)
				3Q20	4Q19			
Operating Income (Ps.)	179	203	276	(12)	(35)	2,772	774	258
US \$	9	9	14	(3)	(38)	141	40	252
EBITDA (Ps.)	1,052	1,078	1,187	(2)	(11)	6,327	4,466	42
US \$	51	49	62	5	(17)	308	232	33
Adjustments* (Ps.)	0	0	0	--	--	(2,110)	0	--
US \$	0	0	0	--	--	(111)	0	--
Comparable EBITDA (Ps.)	1,052	1,078	1,187	(2)	(11)	4,217	4,466	(6)
US \$	51	49	62	5	(17)	197	232	(15)
Services Unit (Ps.)	512	445	514	15	(0)	1,879	2,179	(14)
Infrastructure Unit (Ps.)	540	634	673	(15)	(20)	2,338	2,287	2

* Adjustments include one-time (gains) losses, such as the Data Centers divestment in 1Q20 and spectrum transaction in 2Q20.
Note: See Table 12 for pro forma EBITDA figures.

TABLE 7 | COMPREHENSIVE FINANCING RESULT
(IN MILLIONS)

	4Q20	3Q20	4Q19	(% 4Q20 vs.)		YTD'20	YTD'19	YTD Δ (%)
				3Q20	4Q19			
Net interest expense	(270)	(325)	(340)	17	21	(1,339)	(1,408)	5
FX gain (loss), net	1,125	222	421	407	167	(385)	290	--
Ch. FV of Fin. Instruments	0	79	6	--	--	106	(9)	--
Total (Ps.)	855	(25)	87	--	882	(1,619)	(1,127)	(44)
US \$	41	(2)	5	--	790	(76)	(58)	(31)

TABLE 8 | NET DEBT AND FINANCIAL RATIOS
(US \$ MILLIONS)

	4Q20	3Q20	4Q19	(% 4Q20 vs.)	
				3Q20	4Q19
Senior Notes 2024	500	500	500	0	0
Syndicated bank facility	0	0	70	--	--
Long-term bank loan	163	145	173	12	(6)
Short-term bank loans	65	63	0	3	--
Other loans + leases	38	35	46	11	(16)
Accrued interests	5	15	6	(65)	(11)
Total Debt	771	758	795	2	(3)
% US \$ denominated debt	72%	73%	64%		
(-) Cash and cash eq.	(170)	(163)	(46)	(4)	(273)
Net Debt	602	595	750	1.1	(20)
Net Debt / LTM EBITDA*	2.0	1.9	3.2		
LTM Interest Coverage*	5.1	5.1	3.3		

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

Appendix B – Discontinued Operations | Mass Market Segment

Axtel's 2019 results reflect the divested mass market business as discontinued operations. ALFA, however, consolidated both continuing and discontinued operations, as follows:

TABLE 9 | DISCONTINUED OPERATIONS – REVENUE RECONCILIATION
(IN MILLIONS)

	4Q20	3Q20	4Q19	(% 4Q20 vs.)		YTD'20	YTD'19	YTD
				3Q20	4Q19			Δ (%)
Revenues	3,077	3,095	3,378	(1)	(9)	12,356	12,784	(3)
Revenues from Disc. Op.	-	-	6	--	--	-	302	--
Adjusted Revenues (Ps.)¹	3,077	3,095	3,384	(1)	(9)	12,356	13,086	(6)
<i>US \$</i>	<i>150</i>	<i>140</i>	<i>176</i>	<i>7</i>	<i>(15)</i>	<i>578</i>	<i>680</i>	<i>(15)</i>

1) As consolidated by ALFA.

TABLE 10 | DISCONTINUED OPERATIONS – EBITDA RECONCILIATION
(IN MILLIONS)

	4Q20	3Q20	4Q19	(% 4Q20 vs.)		YTD'20	YTD'19	YTD
				3Q20	4Q19			Δ (%)
EBITDA (Ps.)	1,052	1,078	1,187	(2)	(11)	6,327	4,466	42
<i>US \$</i>	<i>51</i>	<i>49</i>	<i>62</i>	<i>5</i>	<i>(17)</i>	<i>308</i>	<i>232</i>	<i>33</i>
EBITDA Discontinued Op. (Ps.)	-	-	(159)	--	--	-	626	--
<i>US \$</i>	<i>-</i>	<i>-</i>	<i>(8)</i>	<i>--</i>	<i>--</i>	<i>-</i>	<i>33</i>	<i>--</i>
Adjusted EBITDA (Ps.)¹	1,052	1,078	1,028	(2)	2	6,327	5,092	24
<i>US \$</i>	<i>51</i>	<i>49</i>	<i>53</i>	<i>5</i>	<i>(4)</i>	<i>308</i>	<i>265</i>	<i>17</i>
Adjustments (Ps.)²								
Spectrum Sale	-	-	-	--	--	(90)	-	
Data Center Sale	-	-	-	--	--	(2,021)	-	
FTTx Sale	-	-	86	--	--	-	(655)	
Expense Termination Disc. Op.	-	-	73	--	--	-	30	
Comparable Adj. EBITDA (Ps.)	1,052	1,078	1,187	(2)	(11)	4,217	4,466	(6)
<i>US \$</i>	<i>51</i>	<i>49</i>	<i>58</i>	<i>5</i>	<i>(11)</i>	<i>197</i>	<i>230</i>	<i>(14)</i>

1) As consolidated by ALFA.

2) Adjustments include one-time (gains) losses.

Appendix C – Pro Forma Figures for Data Centers Transaction

In January 2020, Axtel executed the strategic agreement and divestment of three data centers. For comparison purposes, results for 2019 are adjusted for this transaction (“pro forma”).

TABLE 11 | PRO FORMA REVENUES – DATA CENTERS TRANSACTION
(IN MILLIONS)

	4Q20	3Q20	4Q19	(% 4Q20 vs.)		YTD'20	YTD'19	YTD
				3Q20	4Q19			Δ (%)
SERVICES (Ps.)	2,473	2,427	2,650	2	(7)	9,824	10,177	(3)
US \$	120	110	137	9	(13)	461	528	(13)
Enterprise (Ps.)	1,935	1,959	1,993	(1)	(3)	7,834	8,018	(2)
US \$	94	89	103	6	(9)	367	416	(12)
Government (Ps.)	538	468	657	15	(18)	1,990	2,159	(8)
US \$	26	21	34	24	(23)	94	112	(16)
INFRASTRUCTURE (Ps.)	1,218	1,280	1,264	(5)	(4)	4,983	4,765	5
US \$	59	58	66	2	(10)	232	247	(6)
ELIMINATIONS (Ps.) *	(614)	(612)	(604)	(0)	(2)	(2,451)	(2,414)	(2)
US \$	(30)	(28)	(31)	(8)	5	(115)	(125)	8
TOTAL REVENUES (Ps.)	3,077	3,095	3,311	(1)	(7)	12,356	12,528	(1)
US \$	150	140	172	7	(13)	578	651	(11)

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

TABLE 12 | PRO FORMA EBITDA – DATA CENTERS TRANSACTION
(IN MILLIONS)

	4Q20	3Q20	4Q19	(% 4Q20 vs.)		YTD'20	YTD'19	YTD
				3Q20	4Q19			Δ (%)
EBITDA (Ps.)	1,052	1,078	1,111	(2)	(5)	6,327	4,236	49
US \$	51	49	58	5	(11)	308	220	40
Adjustments* (Ps.)	0	0	0	--	--	(2,110)	0	--
US \$	0	0	0	--	--	(111)	0	--
Comparable EBITDA (Ps.)	1,052	1,078	1,111	(2)	(5)	4,217	4,236	(0)
US \$	51	49	58	5	(11)	197	220	(10)
Services Unit (Ps.)	512	445	514	15	(0)	1,879	2,179	(14)
Infrastructure Unit (Ps.)	540	634	597	(15)	(10)	2,338	2,057	14

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

TABLE 13 | 2019 PRO FORMA REVENUES AND EBITDA – DATA CENTERS TRANSACTION
(IN MILLIONS)

	1Q19	2Q19	3Q19	4Q19	2019
REVENUES (Ps.)	3,086	3,029	3,103	3,311	12,528
US \$	161	158	160	172	651
Service Unit (Ps.)	2,524	2,481	2,523	2,650	10,177
Infrastructure Unit (Ps.)	1,165	1,152	1,184	1,264	4,765
Eliminations (Ps.) *	(604)	(604)	(604)	(604)	(2,414)
EBITDA (Ps.)	1,024	1,044	1,057	1,111	4,236
US \$	53	55	54	58	220
Service Unit (Ps.)	556	573	536	514	2,179
Infrastructure Unit (Ps.)	468	472	521	597	2,057

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

Appendix D – Financial Statements

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

Unaudited Consolidated Balance Sheet

(IN MILLION PESOS)

	4Q20	3Q20	4Q19	(% 4Q20 vs.)	
				3Q20	4Q19
ASSETS					
CURRENT ASSETS					
Cash and equivalents	3,124	3,361	858	(7)	264
Restricted cash	262	295	-	(11)	--
Accounts receivable	1,795	2,593	2,426	(31)	(26)
Related parties	8	22	23	(64)	(65)
Refundable taxes and other acc. rec.	1,098	928	895	18	23
Advances to suppliers	714	876	521	(18)	37
Inventories	79	92	94	(14)	(16)
Financial Instruments (ZSC)	-	-	93	--	--
Assets classified as held for sale	-	-	1,125	--	--
Total current assets	7,079	8,167	6,035	(13)	17
NON CURRENT ASSETS					
Restricted cash	-	-	-	--	--
Property, plant and equipment, net	11,578	11,756	12,964	(2)	(11)
Long-term accounts receivable	-	-	-	--	--
Intangible assets, net	1,854	1,774	1,714	5	8
Deferred income taxes	2,541	3,404	2,876	(25)	(12)
Investment shares associated co.	292	292	295	(0)	(1)
Other assets	361	430	447	(16)	(19)
Total non current assets	16,624	17,655	18,296	(6)	(9)
TOTAL ASSETS	23,704	25,822	24,331	(8)	(3)
LIABILITIES & STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES					
Account payable & Accrued expenses	2,376	2,797	2,898	(15)	(18)
Accrued Interest	106	339	112	(69)	(5)
Short-term debt	310	310	-	-	--
Current portion of long-term debt	1,488	1,625	472	(8)	216
Taxes payable	376	8	22	>1,000	>1,000
Financial Instruments	154	140	52	10	197
Deferred Revenue	116	167	153	(30)	(24)
Provisions	18	83	220	(78)	(92)
Other accounts payable	1,100	1,115	1,249	(1)	(12)
Total current liabilities	6,044	6,583	5,178	(8)	17
LONG-TERM LIABILITIES					
Long-term debt	13,367	14,625	14,251	(9)	(6)
Employee Benefits	743	765	695	(3)	7
Derivative Financial Instruments	53	91	92	(42)	(42)
Other LT liabilities	1	52	704	(97)	(100)
Total long-term debt	14,165	15,532	15,742	(9)	(10)
TOTAL LIABILITIES	20,209	22,115	20,920	(9)	(3)
STOCKHOLDERS' EQUITY					
Capital stock	464	464	464	-	-
Reserve for repurchase of shares	186	186	93	-	99
Cumulative earnings (losses)	2,845	3,056	2,853	(7)	(0)
TOTAL STOCKHOLDERS' EQUITY	3,495	3,707	3,411	(6)	2
TOTAL LIABILITIES AND EQUITY	23,704	25,822	24,331	(8)	(3)

Appendix D – Financial Statements

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

Unaudited Consolidated Income Statement

(IN MILLION PESOS)

	4Q20	3Q20	4Q19	(% 4Q20 vs.)		YTD'20	YTD'19	YTD
				3Q20	4Q19			Δ (%)
Total Revenues	3,077	3,095	3,378	(1)	(9)	12,356	12,784	(3)
Cost of sales and services	(861)	(874)	(951)	2	9	(3,459)	(3,353)	(3)
Gross Profit	2,216	2,220	2,427	(0)	(9)	8,897	9,431	(6)
Operating expenses	(1,189)	(1,172)	(1,263)	(1)	6	(4,740)	(5,015)	5
Other income (expenses), net	25	30	23	(17)	7	2,170	50	>1,000
Depr., amort. & impairment assets	(873)	(875)	(911)	0	4	(3,555)	(3,692)	4
Operating income	179	203	276	(12)	(35)	2,772	774	258
Comprehensive financing result, net	855	(25)	87	--	882	(1,619)	(1,127)	(44)
Equity in results of associated company	-	-	(0)	--	--	-	(0)	--
Income (loss) before income taxes	1,035	179	363	479	185	1,154	(353)	--
Income taxes	(1,242)	(352)	(228)	(252)	(445)	(793)	15	--
Discontinued Operations	-	-	(130)	--	--	-	324	--
Net Income (Loss)	(207)	(174)	6	(19)	--	361	(14)	--