

# EARNINGS REPORT

First Quarter 2023 (1Q23)



Monterrey, Mexico, April 25, 2023.- Axtel, S.A.B. de C.V. (BMV: AXTELCPO) (“Axtel”, the “Company”), a Mexican Information and Communications Technology company, announced today its unaudited results for the first quarter of 2023 (“1Q23”).

Axtel reports 1Q23 Comparable EBITDA of US \$40 million (Ps. 736 million)

## SELECTED FINANCIAL INFORMATION

(IN MILLIONS)

	1Q23	4Q22	1Q22	(% 1Q23 vs.)		YTD'23	YTD'22	YTD
				4Q22	1Q22			Δ (%)
Revenues (Ps.)	2,746	2,652	2,547	4	8	2,746	2,547	8
US \$	147	135	124	9	18	147	124	18
EBITDA (Ps.) <sup>1</sup>	547	803	717	(32)	(24)	547	717	(24)
US \$	29	41	35	(28)	(16)	29	35	(16)
Comparable EBITDA (Ps.) <sup>2</sup>	736	803	717	(8)	3	736	717	3
US \$	40	41	35	(3)	13	40	35	13
Net Income (loss) (Ps.)	221	137	111	62	99	221	111	99
US \$	12	7	5	72	118	12	5	118
CAPEX (Ps.) <sup>3</sup>	349	361	333	(3)	5	349	333	5
US \$	19	18	16	2	15	19	16	15
Net Debt (US \$)	552	537	585	3	(6)			
Net Debt / Comp. EBITDA <sup>4</sup>	3.6	3.6	3.3					
Interest Coverage <sup>4</sup>	5.3	3.9	3.5					

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

2) Comparable EBITDA excludes one-time (gains) losses, such as expenses related to organizational efficiencies.

3) Gross amount; does not include divestments.

4) Times. See page 7 for ratio calculation details.

## 1Q23 HIGHLIGHTS

### New operating and commercial model

- During the quarter, Axtel implemented a new operating and commercial model with “end-to-end” responsibilities; integrating pre-sale, product, design, delivery and customer service areas within the business lines, generating greater proximity and focus with customers.
- Consequently, the organizational structure was adapted seeking greater agility and with vertical (industry) and horizontal (business line) specialization. As a result, in 1Q23, the Company recognized a one-time reorganization expense of Ps. 189 million, which is excluded in Comparable EBITDA.

### Recognitions

- Alestra was awarded Fortinet's *Growth Partner of the Year*, being the only service provider recognized in Mexico, due to its outstanding commitment to performance excellence and dedication to strengthening cybersecurity in organizations.
- Alestra was chosen as the *2022 Equinix Americas Emerging Partner* award winner, due to the innovative value it delivered to its customers' businesses through cloud digital infrastructure solutions.

### Capital Structure

- During 1Q23, the Company obtained a 5-year bank loan for US \$100 million, of which US \$40 million was used to partially fund the purchase of US \$89 million of Senior Notes in February.
- Axtel continues to make progress to obtain the necessary funds to refinance the remaining outstanding balance of US \$314 million of Senior Notes due November 2024.

## MESSAGE FROM AXTEL'S CEO

*“During the quarter, we obtained favorable results with revenue growth in all three business segments: enterprise, government and wholesale infrastructure customers; and 3% growth in Comparable EBITDA. Likewise, we have an attractive new business pipeline for the enterprise and government, both federal and local, segments.*

*Based on the strategy of specialization by business lines that began last year, this quarter we implemented a new operating and commercial model to increase customer proximity and focus. Consequently, we adapted the organizational structure to be more agile and flexible, with a sense of co-responsibility, and with vertical and horizontal specialization. The objective of this new model is to generate more opportunities for specialized services with clients, seeking to accelerate our growth profitably.*

*We expect a consistent improvement for the rest of the year, seeking that our new operating model allows us to materialize the attractive opportunities of our new business pipeline into income. Cybersecurity, cloud and systems integration will continue to be the focus of our services in the future. Likewise, we will maintain a strict control of investments, costs and expenses to meet our cashflow objective for the year”.*

Armando de la Peña

In line with the new operating and commercial model announced in 1Q23 Earnings Report, results are presented in three main segments according to the markets served: enterprise, government and wholesale. Revenues of Infrastructure Unit coming from Services Unit, previously presented as “eliminations”, are not included. See Appendix B, for results by business unit (Services “Alestra” and Infrastructure “Axnet”), as reported in 2022.

## REVENUES

(IN MILLIONS)

	1Q23	4Q22	1Q22	(% 1Q23 vs.)		YTD'23	YTD'22	YTD
				4Q22	1Q22			Δ (%)
<b>Enterprise (Ps.)</b>	<b>1,942</b>	<b>1,915</b>	<b>1,857</b>	<b>1</b>	<b>5</b>	<b>1,942</b>	<b>1,857</b>	<b>5</b>
US \$	104	97	90	7	15	104	90	15
<b>Government (Ps.)</b>	<b>358</b>	<b>280</b>	<b>290</b>	<b>28</b>	<b>23</b>	<b>358</b>	<b>290</b>	<b>23</b>
US \$	19	14	14	35	36	19	14	36
<b>Wholesale (Ps.)</b>	<b>445</b>	<b>457</b>	<b>400</b>	<b>(3)</b>	<b>11</b>	<b>445</b>	<b>400</b>	<b>11</b>
US \$	24	23	19	3	22	24	19	22
<b>TOTAL REVENUES (Ps.)</b>	<b>2,746</b>	<b>2,652</b>	<b>2,547</b>	<b>4</b>	<b>8</b>	<b>2,746</b>	<b>2,547</b>	<b>8</b>
US \$	147	135	124	9	18	147	124	18

Total revenues reached US \$147 million in 1Q23. In pesos, revenues increased 8% year-over-year, due to 5%, 23%, and 11% increases in Enterprise, Government and Wholesale segments, respectively.

### WHOLESALE SEGMENT (INFRASTRUCTURE) (16% of YTD revenues)

Revenues reached US \$24 million in 1Q23. In pesos, revenues reported an 11% increase compared to the year-earlier quarter, mainly due to higher revenue recognition from a wholesale mobile operator customer, compensating a decline in wholesale connectivity revenues. During both 1Q23 and 1Q22, there were no revenues from dark fiber contracts.

### ENTERPRISE SEGMENT (71% of YTD revenues)

Enterprise segment revenues totaled US \$104 million in 1Q23. In pesos, revenues increased 5% compared to 1Q22, due to 2%, 4% and 14% increases in *standard*, *value-added* and *digital transformation* services, respectively. (Table 1).

**STANDARD SERVICES** revenues reached Ps. 1,233 million in 1Q23, a 2% increase year-over-year; due to a 6% growth in *data and Internet*, and non-recurrent *hosting* solution revenues, partially mitigated by a 20% decline in *voice*.

**VALUE-ADDED SERVICES** revenues totaled Ps. 250 million in 1Q23, 4% higher compared to 1Q22, due to increases in both *system integration* and *managed services* revenues.

**DIGITAL TRANSFORMATION** revenues reached Ps. 459 million in 1Q23, up 14% compared to 1Q22, mainly driven by a combined 21% increase in *cloud* and *cybersecurity* solutions; *collaboration* and *mobile* solutions also posted increases compared to a year ago.



## REVENUES (cont'd)

### GOVERNMENT SEGMENT (13% of YTD revenues)

Government segment revenues amounted US \$19 million in 1Q23. In pesos, revenues increased 23% compared to 1Q22, mostly explained by a strong increase in *value-added* services. (Table 2). The decline in *standard* and *digital transformation* revenues is due to pending renewals, which are already in the process of being formalized.

**STANDARD SERVICES** revenues reached Ps. 97 million in 1Q23, 22% lower than 1Q22, mainly explained by a decrease in *data & Internet* solutions.

**VALUE-ADDED SERVICES** revenues reached Ps. 205 million in 1Q23, which represented a 140% growth vs 1Q22; as a result of a low margin, non-recurrent revenue with a federal entity during the quarter.

**DIGITAL TRANSFORMATION** revenues reached Ps. 56 million in 1Q23, 31% lower than 1Q22, mostly due to fewer revenues in *managed applications* and *collaboration* solutions.

## GROSS PROFIT

Gross profit is defined as revenues minus cost of revenues. For 1Q23, gross profit was US \$101 million. In pesos, gross profit increased 5% compared to 1Q22, due to increases in the Enterprise and Wholesale segments.

**ENTERPRISE** gross profit amounted Ps. 1,415 million in 1Q23, a 3% increase compared to the year-earlier quarter, in line with the increase in revenues.

**GOVERNMENT** gross profit amounted Ps. 106 million in 1Q23, 10% lower compared to the year-earlier quarter, mainly explained by a decline in gross profit margins resulting from the low-margin non-recurrent revenue with a federal entity.

**WHOLESALE** gross profit amounted to Ps. 370 million in 1Q23, an 18% increase mainly explained by higher contribution margins in line with increase in revenues and improved margins.

## OPERATING AND COMMERCIAL EXPENSES

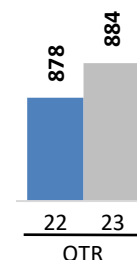
Starting 1Q23, expenses will be broken down in operating and commercial expenses, which are directly related to the Enterprise, Government and Wholesale segments; and general corporate expenses, which consist of central business areas such as finance, human resources and legal departments.

Operating and commercial expenses reached US \$54 million in 1Q23. In pesos, expenses increased 9%, compared to the year-earlier quarter, mainly due to higher expenses resulting from increases in enterprise personnel expenses and tower leases in line with inflation; and uncollectable provision from a mobile wholesale customer.

## CONTRIBUTION TO EBITDA (BEFORE GENERAL EXPENSES)

Business segments' contribution to EBITDA totaled US \$47 million in 1Q23. In pesos, contribution to EBITDA reached Ps. 884 million, a 1% increase compared to 1Q22, as the 5% growth in gross profit was mitigated by the commercial and operating expenses increase.

(in Million Ps.)



## GENERAL EXPENSES AND OTHER INCOME (EXPENSES)

General expenses (consisting of central business areas) reached US \$11 million in 1Q23. In pesos, expenses increased 26% in 1Q23, mainly due to benefit resulting from a cancellation of a provision related to personnel expenses a year ago.

Other income reached Ps. 63 million during 1Q23 (excluding a Ps. 189 million one-time reorganization charge), compared to Ps. 6 million recorded in 1Q22.

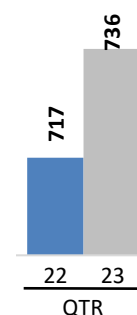
## EBITDA

Comparable EBITDA, excluding the effect of the one-time Ps. 189 million reorganization charge, reached Ps. 736 million in 1Q23, 3% higher compared to 1Q22.

Comparable EBITDA margin decreased from 28% in 1Q22 to 27% in 1Q23, mainly due to the increase in general expenses previously described.

EBITDA in 1Q23 totaled US \$29 million. In pesos, EBITDA reached Ps. 547 million, a 24% decline compared to 1Q22 mainly due to the extraordinary organizational charge.

(in Million Ps.)



## OPERATING INCOME (LOSS)

Operating loss in 1Q23 reached Ps. 91 million, compared to an operating income of Ps. 7 million a year ago, mainly due to the one-time reorganization charge previously explained, partially mitigated by lower depreciation and amortization.

(in Million Ps.)



## COMPREHENSIVE FINANCING RESULT

The comprehensive financing result reached US \$21 million in 1Q23, or Ps. 400 million, compared to Ps. 33 million in 1Q22. Explained by a Ps. 434 million FX gain during 1Q23 resulting from an appreciation of the Mexican peso against the US dollar, compared to a Ps. 270 million FX gain in 1Q22. Also, net interest expenses decreased 86% from 1Q22 to 1Q23, mainly due to an increase in interest income resulting from the US \$89 million tendered 2024 Senior Notes during the quarter.

## NET DEBT

As of March 31, 2023, net debt was US \$552 million, down 6% or US \$33 million in comparison with 1Q22; comprised of a US \$85 million decrease in debt, a US \$20 million non-cash increase in debt caused by a 10% appreciation of the Mexican peso year-over-year and a US \$32 million decrease in cash.

Total debt reduction of US \$85 million year-over-year is explained by i) a US \$126 million decrease related to the tender and open market repurchases of the 2024 Senior Notes; ii) a US \$40 million increase related to a new 5-year bank loan; iii) a US \$10 million increase in committed loans; iv) a US \$5 million decrease due to the amortization of the long-term facility and v) a US \$4 million decrease in other loans and financial leases.

As of 1Q23, cash balance totaled US \$44 million (Ps. 799 million), compared to US \$76 million (Ps. 1,520 million) in 1Q22, a 42% decrease, related to the repayment of debt.

Financial ratios for 1Q23 were: Net Debt to Comparable EBITDA of 3.6 times and Interest Coverage of 5.3 times (Table 6).

## CAPITAL EXPENDITURES (CAPEX)

Capital investments totaled US \$19 million in 1Q23, compared to US \$16 million in 1Q22.

Capex as a percentage of total revenues was 13% in both 1Q23 and 1Q22.

## 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 / Comparable EBITDA ratio: means net debt translated into US Dollars using the end-of-period exchange rate divided by LTM Comparable 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 Comparable 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.
- To reduce exchange rate risk exposure, as of March 31, 2023, Axtel maintained forward transactions for an outstanding amount of US \$127 million @ 19.80 MXN/USD, where Axtel buys USD and sells MXN, hedging its USD obligations up to January 2024.
- 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 2024 Senior Notes.

## ABOUT AXTEL

Axtel is a Mexican Information and Communication Technology company that serves the enterprise and government segments with its brand Alestra, and the wholesale segment through its brand Axtel Networks (Axnet). 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 is currently undergoing a partial spin-off from former parent company Alfa, S.A.B. de C.V., who is in the process of contributing all of its shareholding in the Company to Controladora Axtel, S.A.B. de C.V., a company which will be listed on the Mexican Stock Exchange.

Axtel's Investor Relations Center: [axtelcorp.mx](http://axtelcorp.mx)

Alestra's website: [alestra.mx](http://alestra.mx)

Axtel Networks' website: [axtelnetworks.mx](http://axtelnetworks.mx)

## Appendix A – Tables

**TABLE 1 | REVENUES - ENTERPRISE SEGMENT**

(IN MILLIONS)

	1Q23	4Q22	1Q22	(% ) 1Q23 vs.		YTD'23	YTD'22	YTD Δ (%)
				4Q22	1Q22			
STANDARD SERVICES (Ps.)	1,233	1,225	1,214	1	2	1,233	1,214	2
VALUE ADDED (Ps.)	250	271	241	(8)	4	250	241	4
DIGITAL TRANSFORMATION (Ps.)	459	418	402	10	14	459	402	14
<b>TOTAL ENTERPRISE (Ps.)</b>	<b>1,942</b>	<b>1,915</b>	<b>1,857</b>	<b>1</b>	<b>5</b>	<b>1,942</b>	<b>1,857</b>	<b>5</b>
US \$	104	97	90	7	15	104	90	15

**TABLE 2 | REVENUES - GOVERNMENT SEGMENT**

(IN MILLIONS)

	1Q23	4Q22	1Q22	(% ) 1Q23 vs.		YTD'23	YTD'22	YTD Δ (%)
				4Q22	1Q22			
STANDARD SERVICES (Ps.)	97	147	124	(34)	(22)	97	124	(22)
VALUE ADDED (Ps.)	205	88	85	134	141	205	85	141
DIGITAL TRANSFORMATION (Ps.)	56	46	81	22	(31)	56	81	(31)
<b>TOTAL GOVERNMENT (Ps.)</b>	<b>358</b>	<b>280</b>	<b>290</b>	<b>28</b>	<b>23</b>	<b>358</b>	<b>290</b>	<b>23</b>
US \$	19	14	14	35	36	19	14	36

**TABLE 3 | REVENUES - WHOLESALE (INFRASTRUCTURE) SEGMENT**

(IN MILLIONS)

	1Q23	4Q22	1Q22	(% ) 1Q23 vs.		YTD'23	YTD'22	YTD Δ (%)
				4Q22	1Q22			
<b>TOTAL WHOLESALE (Ps.)</b>	<b>445</b>	<b>457</b>	<b>400</b>	<b>(3)</b>	<b>11</b>	<b>445</b>	<b>400</b>	<b>11</b>
US \$	24	23	19	3	22	24	19	22

**TABLE 4 | OPERATING INCOME AND EBITDA**

(IN MILLIONS)

	1Q23	4Q22	1Q22	(% ) 1Q23 vs.		YTD'23	YTD'22	YTD Δ (%)
				4Q22	1Q22			
Operating Income (Ps.)	(91)	94	7	--	--	(91)	7	--
US \$	(5)	5	0	--	--	(5)	0	--
<b>Segment Contribution to EBITDA</b>	<b>884</b>	<b>920</b>	<b>878</b>	<b>(4)</b>	<b>1</b>	<b>884</b>	<b>878</b>	<b>1</b>
US \$	47	47	43	1	11	47	43	11
<b>EBITDA (Ps.)</b>	<b>547</b>	<b>803</b>	<b>717</b>	<b>(32)</b>	<b>(24)</b>	<b>547</b>	<b>717</b>	<b>(24)</b>
US \$	29	41	35	(28)	(16)	29	35	(16)
Adjustments (Ps.)*	189	0	0	--	--	189	0	--
US \$	10	0	0	--	--	10	0	--
<b>Comparable EBITDA (Ps.)</b>	<b>736</b>	<b>803</b>	<b>717</b>	<b>(8)</b>	<b>3</b>	<b>736</b>	<b>717</b>	<b>3</b>
US \$	40	41	35	(3)	13	40	35	13

\*Adjustments include one-time (gains) losses, such as expenses related to organizational efficiencies in 1Q23.



## Appendix A – Tables

**TABLE 5 | COMPREHENSIVE FINANCING RESULT**  
(IN MILLIONS)

	1Q23	4Q22	1Q22	(% 1Q23 vs.		YTD'23	YTD'22	YTD Δ (%)
				4Q22	1Q22			
Net interest expense	(33)	(126)	(237)	74	86	(33)	(237)	86.0
FX gain (loss), net	434	394	270	10	60	434	270	60
Ch. FV of Fin. Instruments	0	0	0	--	--	0	0	--
<b>Total (Ps.)</b>	<b>400</b>	<b>268</b>	<b>33</b>	<b>49</b>	<b>&gt;1,000</b>	<b>400</b>	<b>33</b>	<b>&gt;1,000</b>
<i>US \$</i>	<i>21</i>	<i>13</i>	<i>2</i>	<i>58</i>	<i>&gt;1,000</i>	<i>0</i>	<i>0</i>	<i>--</i>

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

	1Q23	4Q22	1Q22	(% 1Q23 vs.	
				4Q22	1Q22
Senior Notes 2024	314	402	440	(22)	(29)
Long-term bank loan	167	156	156	7	7
Bank Loan	40	0	0	--	--
Other bank loans	41	30	30	38	38
Other loans + leases	21	23	23	(9)	(10)
Accrued interests	14	5	12	152	12
<b>Total Debt</b>	<b>596</b>	<b>616</b>	<b>661</b>	<b>(3)</b>	<b>(10)</b>
<i>% US \$ denominated debt</i>	<i>64%</i>	<i>70%</i>	<i>72%</i>		
(-) Cash and cash eq.	(44)	(80)	(76)	45	42
<b>Net Debt</b>	<b>552</b>	<b>537</b>	<b>585</b>	<b>3</b>	<b>(6)</b>
Net Debt / Comparable EBITDA*	3.6	3.6	3.3		
Interest Coverage*	5.3	3.9	3.5		

\* Times. See page 7 for calculation details.

**TABLE 7 | CHANGE IN NET DEBT**  
(US \$ MILLIONS)

	1Q23	4Q22	1Q22	(% 1Q23 vs.		YTD'23	YTD'22	YTD Δ (%)
				4Q22	1Q22			
EBITDA	29	41	35	(28)	(16)	29	150	(80)
Net Working Capital	(10)	23	(14)	--	28	(10)	11	--
Capex & Acquisitions	(19)	(18)	(16)	(2)	(15)	(19)	(64)	71
Financial expenses	(14)	(13)	(12)	(2)	(14)	(14)	(50)	73
Taxes	(0)	(0)	(0)	--	--	(0)	(0)	--
Other Sources (Uses)	(2)	(3)	(4)	23	47	(2)	(9)	75
Decrease (increase) Net Debt	(15)	29	(11)	--	(34)	(15)	37	--

## Appendix B – SEGMENT CONTRIBUTION TO EBITDA (New)

**TABLE 8 | 2022 & 2023 SEGMENT CONTRIBUTION TO EBITDA**  
(IN MILLIONS)

	1Q22	2Q22	3Q22	4Q22	2022	1Q23	2023
<b>Gross Profit (Ps.)</b>	<b>1,804</b>	<b>1,845</b>	<b>2,059</b>	<b>1,979</b>	<b>7,687</b>	<b>1,891</b>	<b>1,891</b>
<i>Enterprise</i>	1,374	1,338	1,384	1,430	5,526	1,415	1,415
<i>Government</i>	117	101	174	172	564	106	106
<i>Wholesale</i>	312	406	501	378	1,597	370	370
Commercial & Operating Expenses (Ps.)	(926)	(931)	(1,074)	(1,059)	(3,990)	(1,007)	(1,007)
<b>Segment Contribution to EBITDA (Ps.)</b>	<b>878</b>	<b>914</b>	<b>984</b>	<b>920</b>	<b>3,697</b>	<b>884</b>	<b>884</b>
General exp. & Other income (exp) (Ps.)	(161)	(213)	(195)	(117)	(686)	(147)	(147)
<b>EBITDA (Ps.)</b>	<b>717</b>	<b>701</b>	<b>790</b>	<b>803</b>	<b>3,011</b>	<b>547</b>	<b>547</b>
<i>US \$</i>	35	35	39	41	150	29	29
Adjustments (Ps.)*	0	0	0	0	0	189	189
<b>Comparable EBITDA (Ps.)</b>	<b>717</b>	<b>701</b>	<b>790</b>	<b>803</b>	<b>3,011</b>	<b>736</b>	<b>736</b>
<i>US \$</i>	35	35	39	41	150	40	40

\*Adjustments include one-time (gains) losses, such as expenses related to organizational efficiencies in 1Q23.

**TABLE 9 | 2022 & 2023 BUSINESS UNITS EBITDA (As reported in 2022)**  
(IN MILLIONS)

	1Q22	2Q22	3Q22	4Q22	2022	1Q23	2023
<b>EBITDA (Ps.)</b>	<b>717</b>	<b>701</b>	<b>790</b>	<b>803</b>	<b>3,011</b>	<b>547</b>	<b>547</b>
<i>US \$</i>	35	35	39	41	150	29	29
Adjustments (Ps.)*	0	0	0	0	0	189	189
<i>US \$</i>	0	0	0	0	0	10	10
<b>Comparable EBITDA (Ps.)</b>	<b>717</b>	<b>701</b>	<b>790</b>	<b>803</b>	<b>3,011</b>	<b>736</b>	<b>736</b>
<i>US \$</i>	35	35	39	41	150	40	40
<i>Services Unit (Ps.)</i>	396	375	380	444	1,595	387	387
<i>Infrastructure Unit (Ps.)</i>	322	326	409	359	1,416	350	350

\*Adjustments include one-time (gains) losses, such as expenses related to organizational efficiencies in 1Q23.

## Appendix C – Financial Statements

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

#### Unaudited Consolidated Balance Sheet

(IN MILLION PESOS)

	1Q23	4Q22	1Q22	(% 1Q23 vs. 4Q22 1Q22)	
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and equivalents	799	1,543	1,520	(48)	(47)
Restricted cash	-	-	-	--	--
Accounts receivable	1,590	1,194	1,859	33	(14)
Related parties	24	15	24	59	1
Refundable taxes and other acc. rec.	637	719	696	(11)	(9)
Advances to suppliers	758	739	671	3	13
Inventories	192	170	133	13	44
Financial Instruments	(0)	5	(0)	--	--
<b>Total current assets</b>	<b>3,999</b>	<b>4,385</b>	<b>4,903</b>	<b>(9)</b>	<b>(18)</b>
<b>NON CURRENT ASSETS</b>					
Property, plant and equipment, net	8,834	9,044	9,841	(2)	(10)
Long-term accounts receivable	-	-	20	--	--
Intangible assets, net	1,478	1,528	1,756	(3)	(16)
Deferred income taxes	2,888	2,958	2,940	(2)	(2)
Investment shares associated co.	1	1	2	(0)	(52)
Other assets	423	435	357	(3)	18
<b>Total non current assets</b>	<b>13,624</b>	<b>13,966</b>	<b>14,916</b>	<b>(2)</b>	<b>(9)</b>
<b>TOTAL ASSETS</b>	<b>17,623</b>	<b>18,351</b>	<b>19,819</b>	<b>(4)</b>	<b>(11)</b>
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Account payable & Accrued expenses	2,078	1,833	2,092	13	(1)
Accrued Interest	246	104	242	135	1
Short-term debt	-	-	-	--	--
Current portion of long-term debt	297	492	399	(40)	(26)
Taxes payable	-	-	11	--	--
Financial Instruments	156	0	22	>1,000	622
Deferred Revenue	53	45	113	16	(53)
Provisions	15	25	26	(42)	(44)
Other accounts payable	637	749	618	(15)	3
<b>Total current liabilities</b>	<b>3,481</b>	<b>3,250</b>	<b>3,523</b>	<b>7</b>	<b>(1)</b>
<b>LONG-TERM LIABILITIES</b>					
Long-term debt	10,199	11,285	12,503	(10)	(18)
Employee Benefits	905	891	801	2	13
Derivative Financial Instruments	-	-	-	--	--
Other LT liabilities	55	76	1	(27)	>1,000
<b>Total long-term debt</b>	<b>11,160</b>	<b>12,251</b>	<b>13,305</b>	<b>(9)</b>	<b>(16)</b>
<b>TOTAL LIABILITIES</b>	<b>14,641</b>	<b>15,501</b>	<b>16,828</b>	<b>(6)</b>	<b>(13)</b>
<b>STOCKHOLDERS' EQUITY</b>					
Capital stock	455	455	455	-	-
Reserve for repurchase of shares	100	200	200	(50)	(50)
Cumulative earnings (losses)	2,428	2,196	2,336	11	4
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>2,983</b>	<b>2,850</b>	<b>2,990</b>	<b>5</b>	<b>(0)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>17,623</b>	<b>18,351</b>	<b>19,819</b>	<b>(4)</b>	<b>(11)</b>

## Appendix C – Financial Statements

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

Unaudited Consolidated Income Statement  
(IN MILLION PESOS)

	1Q23	4Q22	1Q22	(% ) 1Q23 vs.		YTD'23	YTD'22	YTD
				4Q22	1Q22			Δ (%)
Total Revenues	2,746	2,652	2,547	4	8	2,746	2,547	8
Cost of sales and services	(855)	(673)	(743)	(27)	(15)	(855)	(743)	(15)
<b>Gross Profit</b>	<b>1,891</b>	<b>1,979</b>	<b>1,804</b>	<b>(4)</b>	<b>5</b>	<b>1,891</b>	<b>1,804</b>	<b>5</b>
Operating expenses	(1,217)	(1,232)	(1,092)	1	(11)	(1,217)	(1,092)	(11)
Other income (expenses), net	(127)	56	6	--	--	(127)	6	--
Depr., amort. & impairment assets	(638)	(709)	(711)	10	10	(638)	(711)	10
<b>Operating income</b>	<b>(91)</b>	<b>94</b>	<b>7</b>	--	--	<b>(91)</b>	<b>7</b>	--
Comprehensive financing result, net	400	268	33	49	>1,000	400	33	>1,000
Equity in results of associated company	(0)	0	-	--	--	(0)	-	--
<b>Income (loss) before income taxes</b>	<b>310</b>	<b>362</b>	<b>40</b>	<b>(15)</b>	<b>681</b>	<b>310</b>	<b>40</b>	<b>681</b>
Income taxes	(88)	(225)	71	61	--	(88)	71	--
<b>Net Income (Loss)</b>	<b>221</b>	<b>137</b>	<b>111</b>	<b>62</b>	<b>99</b>	<b>221</b>	<b>111</b>	<b>99</b>