

# EARNINGS REPORT

Fourth Quarter 2021 (4Q21)



Monterrey, Mexico, February 15, 2022. - 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 2021 ("4Q21").

## Axtel reports 4Q21 EBITDA of US \$40 million (Ps. 824 million)

### SELECTED FINANCIAL INFORMATION

(IN MILLIONS)

	4Q21	3Q21	4Q20	(% 4Q21 vs.)		YTD'21	YTD'20	YTD
				3Q21	4Q20			Δ (%)
Revenues (Ps.)	2,812	2,759	3,077	2	(9)	11,389	12,356	(8)
US \$	136	138	150	(2)	(9)	562	578	(3)
EBITDA (Ps.) <sup>1</sup>	824	912	1,052	(10)	(22)	3,793	6,327	(40)
US \$	40	46	51	(13)	(22)	187	308	(39)
Net Income (loss) (Ps.)	(553)	(302)	(207)	(83)	(167)	(797)	361	--
US \$	(27)	(15)	(11)	(77)	(144)	(39)	29	--
CAPEX (Ps.) <sup>2</sup>	424	486	657	(13)	(35)	1,533	2,144	(29)
US \$	20	24	32	(16)	(37)	76	103	(27)
Net Debt (US \$)	574	613	602	(6)	(5)			
Net Debt / LTM EBITDA*	3.1	3.1	2.0					
LTM Interest Coverage*	3.3	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.

### 4Q21 | 2021 HIGHLIGHTS

#### CASH FLOW

- In 2021, Axtel generated a solid cash flow (before taxes) of US \$53 million, as a result of strong collection and lower Capex, compensating for a lower EBITDA.
- As a result of cash flow generation, net debt decreased 5% in the year, from US \$602 to \$574 million, and the net leverage ratio remained at 3.1x.

#### STRATEGIC PROJECTS

- Interest in attracting investors for Axtel or the Infrastructure Unit remains; seeking to create value for all stakeholders.
- At the same time, with the aim of increasing its market share, this year the Company launched a project to redesign the commercial model for five business lines in high-growth services, including cybersecurity and cloud, among others.

#### ESG

- Axtel obtained a score of 52/100 in the *S&P Global Corporate Sustainability Assessment*, reflecting an improvement of 93% compared to the previous year; reaching the 71<sup>st</sup> percentile in the global Telecommunications industry. (Score date: Dec. 20, 2021).

## MESSAGE FROM AXTEL'S CEO

*“Results in 2021 reflected a stable performance for Axtel Networks, our infrastructure business unit, and mixed results for Alestra, our services business unit, where the strong performance in digital transformation services, such as cloud and cybersecurity, did not compensate the decline in voice revenues from enterprise customers, particularly corporate clients, and a still challenging government segment. The adoption of digital transformation services is a key element in the technological evolution and productivity of our clients. Likewise, the acquisition of enterprise segment projects increased 21% in the year, however, not mirroring new revenues due to extended implementation periods caused by the global semiconductor shortage.*

*The digitalization and automation of processes in Axtel contributed to a 7% decline in expenses in the year and, combined with low Capex and positive collections, resulted in a net debt reduction of \$28 million dollars, or 5%, during the year. Axtel’s debt has been consistently decreasing in the last 5 years, accumulating a 41% reduction in our net debt from 2016 to 2021.*

*With the objective of increasing market share, this year, we are redefining the commercial model for enterprise customers to an expert-based or highly specialized standard in five business lines, which was successfully pilot tested for the cybersecurity family last year.*

*The strategic process to attract investors for Axtel or the Infrastructure Unit will continue in 2022, along with a diligent approach in the execution of our business initiatives and the implementation of projects that help us evolve with industry trends and customers’ needs.*

*In 2022, we have positive prospects for the enterprise segment in Alestra, which will be driven by digital transformation and mobility services, supported by our highly specialized commercial model. For Axtel Networks, the expected investments in next-generation mobile networks and the construction of new data centers present attractive opportunities for fiber-to-the-tower and fiber-to-the-data center services.”*

Eduardo Escalante

## REVENUES – Business Units

	4Q21	3Q21	4Q20	(% 4Q21 vs.)		YTD'21	YTD'20	YTD Δ (%)
				3Q21	4Q20			
<b>SERVICES (Ps.)</b>	<b>2,220</b>	<b>2,179</b>	<b>2,473</b>	<b>2</b>	<b>(10)</b>	<b>8,828</b>	<b>9,824</b>	<b>(10)</b>
US \$	107	109	120	(2)	(11)	435	461	(6)
Enterprise (Ps.)	1,853	1,875	1,935	(1)	(4)	7,492	7,834	(4)
US \$	89	94	94	(5)	(5)	370	367	1
Government (Ps.)	366	304	538	21	(32)	1,336	1,990	(33)
US \$	18	15	26	16	(33)	66	94	(30)
<b>INFRASTRUCTURE (Ps.)</b>	<b>1,206</b>	<b>1,194</b>	<b>1,218</b>	<b>1</b>	<b>(1)</b>	<b>5,017</b>	<b>4,983</b>	<b>1</b>
US \$	58	60	59	(3)	(2)	247	232	7
<b>ELIMINATIONS (Ps.) *</b>	<b>(614)</b>	<b>(614)</b>	<b>(614)</b>	<b>0</b>	<b>0</b>	<b>(2,455)</b>	<b>(2,451)</b>	<b>(0)</b>
US \$	(30)	(31)	(30)	4	1	(121)	(115)	(6)
<b>TOTAL REVENUES (Ps.)</b>	<b>2,812</b>	<b>2,759</b>	<b>3,077</b>	<b>2</b>	<b>(9)</b>	<b>11,389</b>	<b>12,356</b>	<b>(8)</b>
US \$	136	138	150	(2)	(9)	562	578	(3)

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

Total revenues were US \$136 million in 4Q21, down 9% when compared to 4Q20. In pesos, revenues decreased 9%, due to 10% and 1% declines in Alestra and Axtel Networks’ revenues, respectively. Full-year (“FY”) 2021 revenues totaled Ps. 11,389 million, an 8% decline mainly due to a decline in Alestra’s revenues.

### INFRASTRUCTURE BUSINESS UNIT (“AXTEL NETWORKS”)

Revenues reached US \$58 million in 4Q21; down 2% compared to 4Q20. In pesos, revenues decreased 1%, as revenues coming from third-party wholesale customers declined 2%.

FY2021 revenues totaled Ps. 5,017 million, 1% higher than 2020 due to a 1% increase in third party revenues, mainly driven by a strong performance of dark fiber contracts to mobile and wholesale customers. Revenues coming from Alestra remained flat and represented 49% of total Infrastructure Unit’s revenues.

### SERVICES BUSINESS UNIT (“ALESTRA”)

Revenues totaled US \$107 million in 4Q21, down 11% compared to 4Q20. In pesos, revenues declined 10%, due to 4% and 32% declines in Enterprise and Government segment revenues, respectively. FY2021 revenues also declined 10%, due to 4% and 33% declines in Enterprise and Government revenues, respectively.

#### ENTERPRISE SEGMENT (85% of Services Unit FY2021 revenues)

Enterprise segment revenues totaled US \$89 million in 4Q21. In pesos, revenues were 4% lower than 4Q20, due to 7% and 8% decreases in *standard* and *value added* services, respectively, partially mitigated by an 8% increase in *digital transformation* services. FY2021 revenues declined 4%. (Table 1).

**STANDARD SERVICES** revenues reached Ps. 1,207 million in 4Q21, down 7% year-over-year, mainly due to a 21% decrease in *voice* revenues, due to its maturing technological cycle and adoption of collaboration solutions; as well as a 3% decline in *data, internet, VPN & ethernet* solutions due to a lower volume of services with corporate customers, many of whom have downsized their operations. FY2021 revenues declined 7%, mainly due to a 23% decrease in *voice*.

**VALUE-ADDED SERVICES** revenues reached Ps. 261 million in 4Q21, down 8% when compared to 4Q20, mainly due to a 13% decrease in *system integration* as a result of an extraordinary equipment sale in 4Q20. FY2021 revenues decreased 9%.

**DIGITAL TRANSFORMATION** revenues reached Ps. 385 million in 4Q21, up 8% compared to 4Q20, mainly due to a 21% combined increase in *cloud and cybersecurity* solutions. FY2021 revenues increased 11%, driven by growth in all business lines.

## REVENUES – Business Units

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

#### GOVERNMENT SEGMENT (15% of Services Unit FY2021 revenues)

Government segment revenues amounted US \$18 million in 4Q21. In pesos, revenues declined 32% compared to 4Q20, while FY2021 revenues declined 33% (Table 2). This results are due to the termination of contracts, a decline in acquisitions and fewer non-recurring revenues, mainly with federal entities. The Company maintains its effort to seek value-added opportunities with the federal government and further diversify into projects with state and local governments.

**STANDARD SERVICES** revenues reached Ps. 158 million in 4Q21, 28% lower than 4Q20, mainly due to a decrease in *VPN & ethernet* solutions.

**VALUE-ADDED SERVICES** revenues reached Ps. 116 million in 4Q21, down 26% when compared to 4Q20, mostly due to a decline in *system integration* solutions.

**DIGITAL TRANSFORMATION** revenues reached Ps. 93 million in 4Q21, a 43% decline compared to 4Q20, mainly due to a decrease in *managed applications*.

## GROSS PROFIT

Gross profit is defined as revenues minus cost of revenues. For 4Q21, gross profit was US \$95 million. In pesos, gross profit totaled Ps. 1,965 million, down 11% compared to 4Q20. FY2021 gross profit declined 7%, in line with revenues and represented 72% of revenues, similar to 2020.

**SERVICES UNIT (ALESTRA)** gross profit amounted Ps. 859 million, a 22% decrease compared to the year-earlier quarter, mainly due to declines in revenues previously described and lower *value-added* and *digital transformation* margins for the enterprise segment; as well as lower revenues and margins in the government segment.

**INFRASTRUCTURE UNIT (AXTEL NETWORKS)** gross profit amounted to Ps. 1,107 million, down 1% compared to the year-earlier quarter, in line with the decline in revenues.

## OPERATING EXPENSES AND OTHER INCOME (EXPENSES)

Operating expenses reached US \$53 million in 4Q21; in pesos, operating expenses decreased 8%. FY2021 expenses declined 7%, due to a 15% decrease in Services Unit operating expenses.

**SERVICES UNIT (ALESTRA)** operating expenses decreased 19% compared to 4Q20, mainly as a result of declines in personnel and lower debt provision charge.

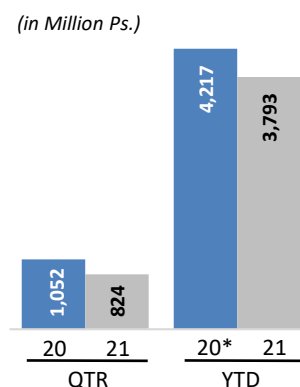
**INFRASTRUCTURE UNIT (AXTEL NETWORKS)** operating expenses increased 4% compared to 4Q20, mainly explained by a one-time benefit in tower rents in 4Q20..

Other expenses reached Ps. 43 million during 4Q21 mostly related to organization efficiencies, compared to other income of Ps. 25 million in 4Q20.

## EBITDA

EBITDA totaled US \$40 million in 4Q21. In pesos, EBITDA reached Ps. 824 million, compared to Ps. 1,052 million in 4Q20, a 22% decline. FY2021 EBITDA reached Ps. 3,793 million, 10% lower than 2020 Comparable EBITDA. (Table 4).

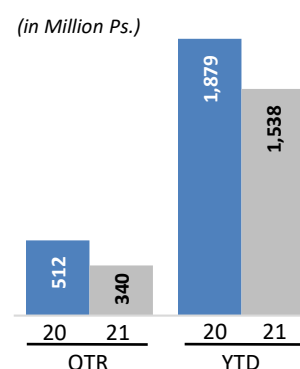
EBITDA margin decreased from 34.2% in 4Q20 to 29.3% in 4Q21 as efficiencies in operating expenses did not compensate the decline in gross profit margins, as well as Ps. 43 million in other expenses.



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

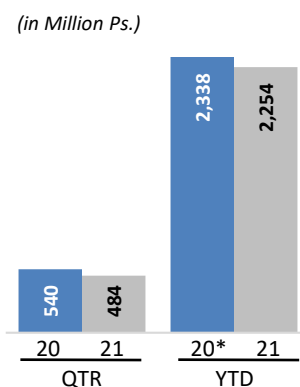
### SERVICES UNIT (ALESTRA) (41% of Axtel's 2021 EBITDA)

Services Business Unit EBITDA amounted to US \$16 million in 4Q21. In pesos, 4Q21 and FY2021 EBITDA declined 34% and 18%, respectively, due to the drop in gross profit, partially mitigated by the reduction in operating expenses.



### INFRASTRUCTURE UNIT (AXTEL NETWORKS) (59% of Axtel's 2021 EBITDA)

Infrastructure Unit EBITDA reached US \$23 million in 4Q21. In pesos, EBITDA reached Ps. 484 million, down 10% compared to 4Q20, while FY2021 EBITDA declined 4%, explained by the higher operating and other expenses.

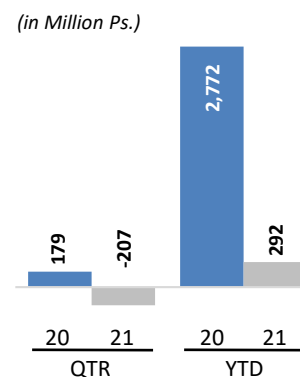


\* Adjusted for data center divestment (1Q20) and spectrum (2Q20) transactions.

## OPERATING INCOME (LOSS)

4Q21 registered an operating loss of US \$10 million. In pesos, the operating loss totaled in Ps. 207 million, compared to an operating income of Ps. 179 million in 4Q20; explained by a lower EBITDA and the recognition of an impairment of Ps. 290 million in minority-participation investments during the quarter.

FY2021 operating income totaled Ps. 292 million; 2020 figure of Ps. 2,772 million includes the data centers transaction benefit of Ps. 2,021 million and the spectrum transaction benefit of Ps. 90 million.



## COMPREHENSIVE FINANCING RESULT

The comprehensive financing cost reached US \$18 million in 4Q21 or Ps. 378 million, compared to a comprehensive financing positive result of Ps. 855 million in 4Q20; mostly explained by a Ps. 117 million FX loss during 4Q21 resulting from a depreciation of the Mexican peso against the US dollar compared to a Ps. 1,125 million FX gain in 4Q20. Net interest expenses decreased 4% from 4Q20 to 4Q21, due to a lower level of total debt.

FY2021 comprehensive financial cost of Ps. 1,441 million was 11% lower than Ps. 1,619 million cost in 2020, mostly due to a 13% decline in interest expense.

## NET DEBT

As of December 31, 2021, net debt was US \$574 million, a decrease of 5% or US \$28 million in comparison with year-end 2020; comprised of a US \$113 million decrease in debt, a US \$6 million non-cash decrease in debt caused by a 3% depreciation of the Mexican peso year-over-year and a US \$91 million decrease in cash.

Total debt reduction of US \$113 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 \$36 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 \$13 million decrease in other loans and financial leases; and iv) a US \$4 million decrease due to the amortization of the long-term facility.

As of 4Q21, cash balance totaled US \$78 million (Ps. 1,614 million). Cash in 4Q20 totaled US \$170 million (Ps. 3,386 million), which included US \$13 million of restricted cash and approximately US \$57 million of remaining proceeds from the data centers transaction, which were used in 2021 to partially repay the 2024 Notes.

Financial ratios for year-end 2021 were: Net Debt to EBITDA of 3.1 times and Interest Coverage of 3.3 times. (Table 6).

## CAPITAL EXPENDITURES (CAPEX)

Capital investments totaled US \$20 million in 4Q21, compared to US \$32 million in 4Q20. FY2021 Capex totaled US \$76 million (65% for Axtel Networks and 35% for Alestra); a US \$27 million decline compared to US \$103 million in 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.
- Axtel maintains an interest rate swap ("IRS") for Ps. 2,880 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 (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](http://axtelcorp.mx)

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

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

## Appendix A – Tables

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

	4Q21	3Q21	4Q20	(% 4Q21 vs.)		YTD'21	YTD'20	YTD Δ (%)
				3Q21	4Q20			
STANDARD SERVICES (Ps.)	1,207	1,231	1,297	(2)	(7)	5,005	5,396	(7)
VALUE ADDED (Ps.)	261	251	283	4	(8)	998	1,096	(9)
DIGITAL TRANSFORMATION (Ps.)	385	393	355	(2)	8	1,488	1,342	11
<b>TOTAL ENTERPRISE (Ps.)</b>	<b>1,853</b>	<b>1,875</b>	<b>1,935</b>	<b>(1)</b>	<b>(4)</b>	<b>7,492</b>	<b>7,834</b>	<b>(4)</b>
<i>US \$</i>	<i>89</i>	<i>94</i>	<i>94</i>	<i>(5)</i>	<i>(5)</i>	<i>370</i>	<i>367</i>	<i>1</i>
<i>Recurrent (Ps.)</i>	1,754	1,761	1,839	(0)	(5)	7,118	7,467	(5)
<i>Non recurrent (Ps.)</i>	99	114	96	(13)	3	374	367	2

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

	4Q21	3Q21	4Q20	(% 4Q21 vs.)		YTD'21	YTD'20	YTD Δ (%)
				3Q21	4Q20			
STANDARD SERVICES (Ps.)	158	150	219	5	(28)	595	961	(38)
VALUE ADDED (Ps.)	116	80	157	44	(26)	419	560	(25)
DIGITAL TRANSFORMATION (Ps.)	93	74	163	27	(43)	322	469	(31)
<b>TOTAL GOVERNMENT (Ps.)</b>	<b>366</b>	<b>304</b>	<b>538</b>	<b>21</b>	<b>(32)</b>	<b>1,336</b>	<b>1,990</b>	<b>(33)</b>
<i>US \$</i>	<i>18</i>	<i>15</i>	<i>26</i>	<i>16</i>	<i>(33)</i>	<i>66</i>	<i>94</i>	<i>(30)</i>
<i>Recurrent (Ps.)</i>	290	249	375	16	(23)	1,106	1,658	(33)
<i>Non recurrent (Ps.)</i>	77	55	163	40	(53)	230	332	(31)

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

	4Q21	3Q21	4Q20	(% 4Q21 vs.)		YTD'21	YTD'20	YTD Δ (%)
				3Q21	4Q20			
<b>TOTAL INFRASTRUCTURE (Ps.)</b>	<b>1,206</b>	<b>1,194</b>	<b>1,218</b>	<b>1</b>	<b>(1)</b>	<b>5,017</b>	<b>4,983</b>	<b>1</b>
<i>US \$</i>	<i>58</i>	<i>60</i>	<i>59</i>	<i>(3)</i>	<i>(2)</i>	<i>247</i>	<i>232</i>	<i>7</i>
ELIMINATIONS (Ps.) *	(614)	(614)	(614)	0	0	(2,455)	(2,451)	(0)
<i>US \$</i>	<i>(30)</i>	<i>(31)</i>	<i>(30)</i>	<i>4</i>	<i>1</i>	<i>(121)</i>	<i>(115)</i>	<i>(6)</i>

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



## Appendix A – Tables

**TABLE 4 | OPERATING INCOME AND EBITDA**  
(IN MILLIONS)

	4Q21	3Q21	4Q20	(% 4Q21 vs.)		YTD'21	YTD'20	YTD Δ (%)
				3Q21	4Q20			
Operating Income (Ps.)	(207)	104	179	--	--	292	2,772	(89)
US \$	(10)	5	9	--	--	15	141	(89)
EBITDA (Ps.)	824	912	1,052	(10)	(22)	3,793	6,327	(40)
US \$	40	46	51	(13)	(22)	187	308	(39)
Adjustments* (Ps.)	0	0	0	--	--	0	(2,110)	--
US \$	0	0	0	--	--	0	(111)	--
Comparable EBITDA (Ps.)	824	912	1,052	(10)	(22)	3,793	4,217	(10)
US \$	40	46	51	(13)	(22)	187	197	(5)
Services Unit (Ps.)	340	387	512	(12)	(34)	1,538	1,879	(18)
Infrastructure Unit (Ps.)	484	525	540	(8)	(10)	2,254	2,338	(4)

\*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)

	4Q21	3Q21	4Q20	(% 4Q21 vs.)		YTD'21	YTD'20	YTD Δ (%)
				3Q21	4Q20			
Net interest expense	(260)	(266)	(270)	2	4	(1,164)	(1,339)	13
FX gain (loss), net	(117)	(246)	1,125	52	--	(278)	(385)	28
Ch. FV of Fin. Instruments	0	0	0	--	--	0	106	--
<b>Total (Ps.)</b>	<b>(378)</b>	<b>(512)</b>	<b>855</b>	<b>26</b>	<b>--</b>	<b>(1,441)</b>	<b>(1,619)</b>	<b>11</b>
US \$	(18)	(26)	41	28	--	(71)	(76)	6

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

	4Q21	3Q21	4Q20	(% 4Q21 vs.)	
				3Q21	4Q20
Senior Notes 2024	440	440	500	0	(12)
Long-term bank loan	153	157	163	(2)	(6)
Short-term bank loans	29	29	65	(0)	(55)
Other loans + leases	25	27	38	(10)	(36)
Accrued interests	5	12	5	(60)	(8)
<b>Total Debt</b>	<b>652</b>	<b>666</b>	<b>771</b>	<b>(2)</b>	<b>(15)</b>
% US \$ denominated debt	73%	71%	72%		
(-) Cash and cash eq.	(78)	(53)	(170)	(47)	54
<b>Net Debt</b>	<b>574</b>	<b>613</b>	<b>602</b>	<b>(6)</b>	<b>(5)</b>
Net Debt / LTM EBITDA*	3.1	3.1	2.0		
LTM Interest Coverage*	3.3	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	4Q21	2021
<b>SERVICES UNIT (Ps.)</b>	<b>2,552</b>	<b>2,372</b>	<b>2,427</b>	<b>2,473</b>	<b>9,824</b>	<b>2,219</b>	<b>2,210</b>	<b>2,179</b>	<b>2,220</b>	<b>8,828</b>
<i>US \$</i>	129	102	110	120	461	109	110	109	107	435
<b>ENTERPRISE (Ps.)</b>	<b>2,015</b>	<b>1,925</b>	<b>1,959</b>	<b>1,935</b>	<b>7,834</b>	<b>1,880</b>	<b>1,884</b>	<b>1,875</b>	<b>1,853</b>	<b>7,492</b>
STANDARD SERVICES	1,443	1,336	1,320	1,297	5,396	1,315	1,252	1,231	1,207	5,005
VALUE ADDED	253	266	295	283	1,096	222	264	251	261	998
DIGITAL TRANSFORMATION	320	324	343	355	1,342	342	368	393	385	1,488
<b>GOVERNMENT (Ps.)</b>	<b>537</b>	<b>447</b>	<b>468</b>	<b>538</b>	<b>1,990</b>	<b>339</b>	<b>326</b>	<b>304</b>	<b>366</b>	<b>1,336</b>
STANDARD SERVICES	243	257	243	219	961	160	127	150	158	595
VALUE ADDED	194	105	104	157	560	93	130	80	116	419
DIGITAL TRANSFORMATION	100	85	121	163	469	86	69	74	93	322

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

	1Q20	2Q20	3Q20	4Q20	2020	1Q21	2Q21	3Q21	4Q21	2021
<b>SERVICES UNIT (Ps.)</b>	<b>2,552</b>	<b>2,372</b>	<b>2,427</b>	<b>2,473</b>	<b>9,824</b>	<b>2,219</b>	<b>2,210</b>	<b>2,179</b>	<b>2,220</b>	<b>8,828</b>
<i>US \$</i>	129	102	110	120	461	109	110	109	107	435
<b>ENTERPRISE (Ps.)</b>	<b>2,015</b>	<b>1,925</b>	<b>1,959</b>	<b>1,935</b>	<b>7,834</b>	<b>1,880</b>	<b>1,884</b>	<b>1,875</b>	<b>1,853</b>	<b>7,492</b>
TELECOM	1,710	1,610	1,589	1,570	6,478	1,549	1,527	1,462	1,471	6,009
IT	305	316	370	366	1,356	330	357	413	382	1,483
<b>GOVERNMENT (Ps.)</b>	<b>537</b>	<b>447</b>	<b>468</b>	<b>538</b>	<b>1,990</b>	<b>339</b>	<b>326</b>	<b>304</b>	<b>366</b>	<b>1,336</b>
TELECOM	239	236	226	258	960	187	141	162	197	688
IT	298	211	242	280	1,030	152	185	142	169	648

## Appendix C – Financial Statements

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

#### Unaudited Consolidated Balance Sheet

(IN MILLION PESOS)

	4Q21	3Q21	4Q20	(% ) 4Q21 vs.	
				3Q21	4Q20
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and equivalents	1,614	1,083	3,124	49	(48)
Restricted cash	-	-	262	--	--
Accounts receivable	1,695	2,172	1,795	(22)	(6)
Related parties	35	16	8	122	330
Refundable taxes and other acc. rec.	762	957	1,098	(20)	(31)
Advances to suppliers	635	732	714	(13)	(11)
Inventories	85	92	79	(8)	9
Financial Instruments	0	8	-	--	--
<b>Total current assets</b>	<b>4,827</b>	<b>5,060</b>	<b>7,079</b>	<b>(5)</b>	<b>(32)</b>
<b>NON CURRENT ASSETS</b>					
Property, plant and equipment, net	10,133	10,426	11,578	(3)	(12)
Long-term accounts receivable	20	20	-	0	--
Intangible assets, net	1,799	1,789	1,854	1	(3)
Deferred income taxes	2,856	2,858	2,541	(0)	12
Investment shares associated co.	2	292	292	(99)	(99)
Other assets	338	308	361	10	(6)
<b>Total non current assets</b>	<b>15,148</b>	<b>15,694</b>	<b>16,624</b>	<b>(3)</b>	<b>(9)</b>
<b>TOTAL ASSETS</b>	<b>19,974</b>	<b>20,754</b>	<b>23,704</b>	<b>(4)</b>	<b>(16)</b>
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Account payable & Accrued expenses	2,138	2,248	2,376	(5)	(10)
Accrued Interest	100	248	106	(60)	(5)
Short-term debt	-	-	310	--	--
Current portion of long-term debt	416	430	1,488	(3)	(72)
Taxes payable	-	-	376	--	--
Financial Instruments	34	65	154	(48)	(78)
Deferred Revenue	86	96	116	(10)	(26)
Provisions	29	28	18	6	60
Other accounts payable	706	723	1,100	(2)	(36)
<b>Total current liabilities</b>	<b>3,510</b>	<b>3,838</b>	<b>6,044</b>	<b>(9)</b>	<b>(42)</b>
<b>LONG-TERM LIABILITIES</b>					
Long-term debt	12,827	12,755	13,367	1	(4)
Employee Benefits	766	815	743	(6)	3
Derivative Financial Instruments	-	3	53	--	--
Other LT liabilities	1	1	1	(2)	(22)
<b>Total long-term debt</b>	<b>13,595</b>	<b>13,574</b>	<b>14,165</b>	<b>0</b>	<b>(4)</b>
<b>TOTAL LIABILITIES</b>	<b>17,105</b>	<b>17,411</b>	<b>20,209</b>	<b>(2)</b>	<b>(15)</b>
<b>STOCKHOLDERS' EQUITY</b>					
Capital stock	464	464	464	-	-
Reserve for repurchase of shares	190	190	186	0	2
Cumulative earnings (losses)	2,215	2,688	2,845	(18)	(22)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>2,870</b>	<b>3,343</b>	<b>3,495</b>	<b>(14)</b>	<b>(18)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>19,974</b>	<b>20,754</b>	<b>23,704</b>	<b>(4)</b>	<b>(16)</b>

## Appendix C – Financial Statements

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

#### Unaudited Consolidated Income Statement

(IN MILLION PESOS)

	4Q21	3Q21	4Q20	(% 4Q21 vs.)		YTD'21	YTD'20	YTD Δ (%)
				3Q21	4Q20			
Total Revenues	2,812	2,759	3,077	2	(9)	11,389	12,356	(8)
Cost of sales and services	(847)	(756)	(861)	(12)	2	(3,138)	(3,459)	9
<b>Gross Profit</b>	<b>1,965</b>	<b>2,003</b>	<b>2,216</b>	<b>(2)</b>	<b>(11)</b>	<b>8,251</b>	<b>8,897</b>	<b>(7)</b>
Operating expenses	(1,099)	(1,095)	(1,189)	(0)	8	(4,426)	(4,740)	7
Other income (expenses), net	(43)	3	25	--	--	(32)	2,170	--
Depr., amort. & impairment assets	(1,031)	(808)	(873)	(28)	(18)	(3,500)	(3,555)	2
<b>Operating income</b>	<b>(207)</b>	<b>104</b>	<b>179</b>	<b>--</b>	<b>--</b>	<b>292</b>	<b>2,772</b>	<b>(89)</b>
Comprehensive financing result, net	(378)	(512)	855	26	--	(1,441)	(1,619)	11
Equity in results of associated company	(0)	(0)	-	--	--	(0)	-	--
<b>Income (loss) before income taxes</b>	<b>(585)</b>	<b>(408)</b>	<b>1,035</b>	<b>(43)</b>	<b>--</b>	<b>(1,149)</b>	<b>1,154</b>	<b>--</b>
Income taxes	32	106	(1,242)	(70)	--	352	(793)	--
<b>Net Income (Loss)</b>	<b>(553)</b>	<b>(302)</b>	<b>(207)</b>	<b>(83)</b>	<b>(167)</b>	<b>(797)</b>	<b>361</b>	<b>--</b>