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Commitment to Sustainability

Integrated Annual Report 2024

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Contact

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To Our Esteemed Stakeholders,

In an era of constant digital evolution, the ability to identify and adapt to the changes that impact our industry is fundamental. At Axtel, we have redefined our purpose to be clear in our objective: "Technology that connects your life", which guides our actions to facilitate the lives of those who interact with our services.

In 2024, Axtel delivered strong operational and financial performance, with notable increases in revenue, EBITDA[1] and free cash flow. Additionally, we made significant progress in reducing our leverage ratio. These accomplishments underscore our commitment to operational efficiency and sustained profitability.

Our performance shows the sustained growth of the **Business Segment,** driven by our commercial strategy focused on four business lines and target industries. With this strategy, we aim to increase our market share and consolidate our position in the sector.

Within the **Information Technology (IT)** division, we established the "TIger Team," a strategic consulting group dedicated to guiding clients in defining their medium-term technological vision. Moreover, we broadened our portfolio by integrating Oracle Cloud into our multi-cloud strategy, alongside AWS and Microsoft Azure. Furthermore, we launched iAlestra, an artificial intelligence platform designed to provide digital transformation and operational efficiency tools for companies.

While digitization and the increased adoption of cloud technologies offer numerous benefits, they also elevate exposure to cyber risks. Our **Cybersecurity** division supports clients in designing and implementing protection strategies, as well as in addressing incidents that have already compromised organizations lacking our services. To expand our reach into other industries, we formalized strategic alliances that enable us to manage cybersecurity threat intelligence, visibility, and response through a unified platform. This resulted in a more than 50% increase in cybersecurity revenues.

In the **Telecom** line, our emphasis on improving service delivery and experience led us to create 'Axtel Supremo', a new model that reduces connectivity delivery times from 40 to 10 days in high-demand areas, thereby improving customer satisfaction and accelerating the time to start billing.

Our enterprise **Mobility** service continued to evolve with the launch of voice over 4G service, as well as mobile internet solutions and backups designed for branch offices, ATMs, sales kiosks, among others.

[1]EBITDA = Operating income + depreciation and amortization + impairment of fixed assets.

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To Our Esteemed Stakeholders,

In the **Government Segment,** we renewed 99% of our contracts and expanded our presence in eight new states. This, together with a more active federal administration, drove 7% growth in segment revenues. We achieved a mix of 55% of revenues from the federal level and 45% from the state and local level, reducing the volatility of political cycles. In addition, we obtained 200 new certifications with 12 manufacturers, strengthening our compliance and competitiveness in bidding processes.

In the **Wholesale Segment,** Axnet, we introduced new routes to provide high-capacity, low-latency, scalable, and secure optical services, addressing the needs of communication service providers, data centers, content services, and other sectors requiring high-volume data transmission.

Artificial intelligence is driving demand for infrastructure. Our 53,600-kilometer fiber network connects our five border crossings with 800 points of presence in 77 cities, more than 500 data centers, and 1,000 industrial parks throughout Mexico.

In 2024, revenues totaled Ps. $11,556 million, reflecting a 5% increase compared to 2023, driven by strong performance in the corporate and government segments, which grew by 7%. This revenue growth, combined with a 5% reduction in expenses, led to a 7% increase in comparable EBITDA, reaching Ps. $3,669 million.

Regarding our capital structure, as a result of our consistent cash flow generation and with the objective of reducing leverage and financial expenses, in December we reduced total debt by 6% through the prepayment of US $34 million of a bank loan. This prepayment represents an approximate annual savings of US $3 million in financial expenses. We concluded the year with a net leverage of 2.5x, down from 2.9x in 2023 and 3.6x two years ago.

In 2024, S&P Global Ratings revised Axtel's outlook from negative to stable, thanks to our favorable results, a debt profile with no relevant maturities and improved business prospects.

Through the repurchase fund, we aim to return the free cash flow generated by Axtel to our shareholders. Likewise, we seek to capitalize on the price imbalance, which does not fully reflect Axtel's cash flow generation, revenue growth and improve financial position. Over the year, we acquired 48 million AxtelCPO shares at an average price of Ps. 1.27, representing 1.7% of the total outstanding shares.

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To Our Esteemed Stakeholders,

At Axtel, we are dedicated to sustainable development, aligning our operations with the Sustainable Development Goals (SDGs) of the 2030 Agenda. Through our Environmental, Social, and Governance (ESG) actions and initiatives, we aim to create a positive impact on our industry, community, and value chain.

In 2024, we implemented measures to reduce our carbon footprint and minimize our environmental impact. We prioritized the use of clean energies and incorporated hybrid vehicles into our fleet, achieving a 39% reduction in emissions compared with 2020. Additionally, 55% of our energy consumption is sourced from clean or renewable sources. We also introduced innovative technological solutions aimed at reducing Greenhouse Gas (GHG) emissions and optimizing resource usage.

Alongside our environmental efforts, we updated our materiality analysis in 2024, identifying key issues critical to the organization, including cybersecurity, corporate governance, and human capital development. To address these, our Information Security Program incorporates best security practices, ensuring the continuity of our services and processes, while also managing risks and promoting a culture of data protection among our employees. As part of this initiative, we exceeded our 2024 training goal by 15%, achieving an average of 9.75 hours of training per employee in cybersecurity and sustainability.

This year, we received the Responsible Labor Distinction (TRe) awarded by the government of Nuevo León, which recognizes organizations that promote risk prevention, comply with the legal framework in labor matters and adopt world-class practices.

Going forward, we will continue to promote transformation and competitiveness in Mexico, with high-capacity connectivity solutions, cybersecurity and digitalization.

On behalf of Axtel's Board of Directors, our management team and employees, we thank you for your trust. We will maintain our financial discipline, focusing on profitability, efficiency and cash flow generation for the benefit of all our stakeholders.

ARMANDO DE LA PEÑA GONZÁLEZ
Chief Executive Officer of Axtel, S.A.B. de C.V.

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Operating Indicators

Ps. $11,556 million in revenues, representing a 5.5% increase compared to 2023

+12,000 thousand customers served

7% growth for each of the Business and Government segments, vs 2023

Consolidation of services in four strategic lines:

- Cybersecurity
- Mobility
- Telecommunications
- Information Technology (IT)

53,600 km of fiber optic network

Axtel and Subsidiaries (millions pesos)	2024	2023	%Var
Results			
Revenues (Net)	11,556	10,956	5%
Operating Income	1,334	576	132%
Net (Loss) Profit	(691)	314	--
Earnings (Loss) Per Share	(0.035)	0.016	--
Operating Cash Flow	3,669	3,430	7%
Balance Sheet			
Total Assets	17,236	16,709	3%
Total Liabilities	14,886	13,592	10%
Total Equity	2,351	3,117	-25%
Book Value Per Share	0.12	0.16	-23%

#Shares (in millions) → **19,460**

#AxtelCPOs (in millions) → **2,780**

Key Figures (millions of pesos)

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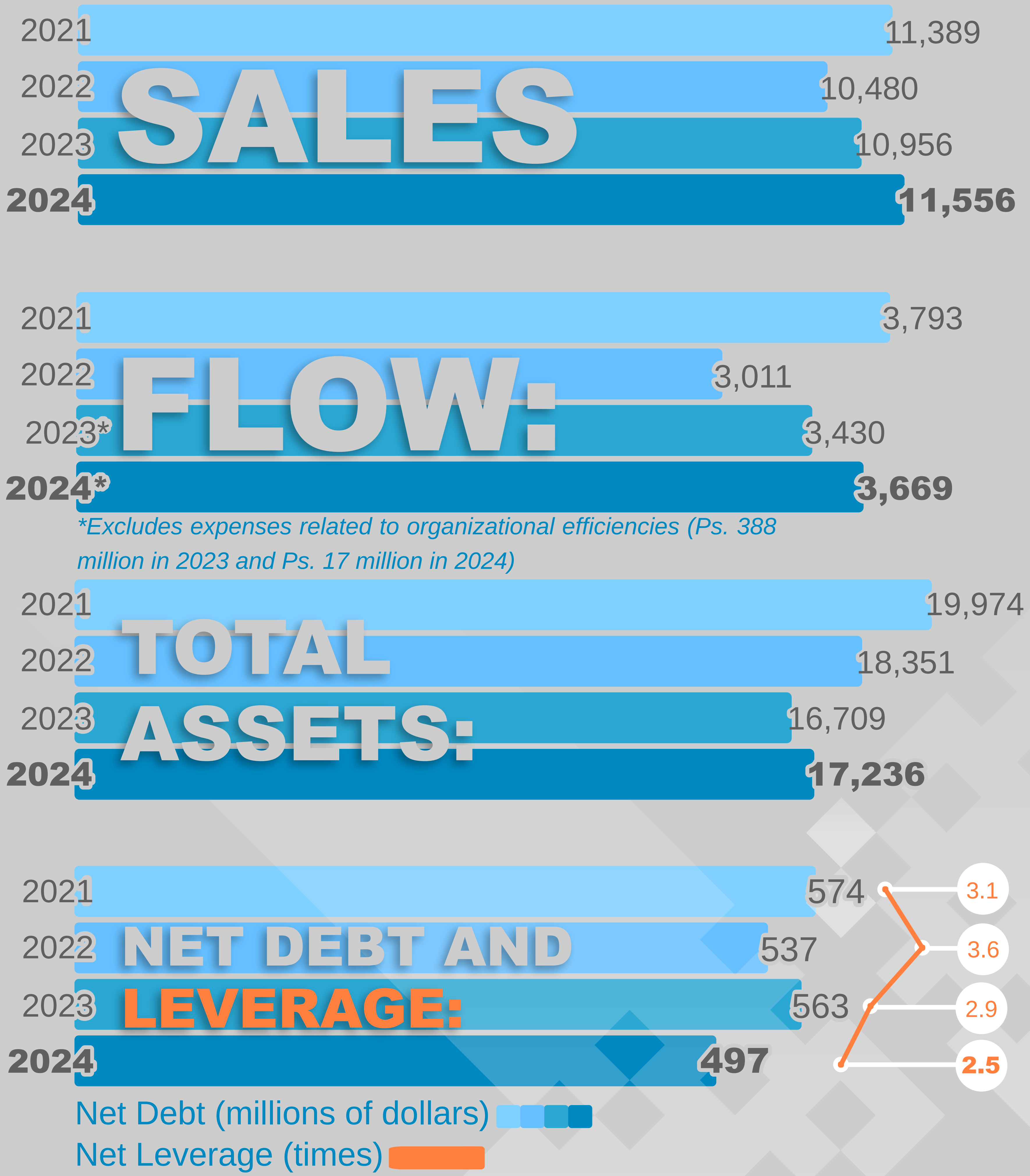

ESG Highlights

55% of the energy we consume* comes from clean or renewable sources

10.7% decrease in gasoline consumption** in vehicles

16,989 kg of paper and cardboard, 2,082 kg of iron, 1,776 kg of electronics and 225 kg of plastics sent for recycling

110 vehicles from our fleet were replaced, of which 10 were electric vehicles

6% decrease in energy consumption***

97 sites shut down, representing economic savings of Ps. $1.14 million and 86.11 tCO2e avoided

*Conventional Energy 43,557.18 MWh vs Photovoltaic + Efficient Cogeneration 53,035.80 MWh
**2023 was: 1,661,695 L vs. 2024: 1,483,266.98 L
***A 6% decrease in 2024 compared to 2023
****Total hours delivered (37,454.35) divided by the number of employees (3,841)

Ps. $707 million nationwide in services provided to the education and health sectors, contributing to the achievement of the Sustainable Development Goals (SDGs)

477 team collaboration sessions in our Innovation HUB

18 consecutive years with the ESR Distinction

22.5% of leadership positions are held by women supervision, management, and direction

85th percentile in the S&P Global CSA evaluation

B level Management in the CDP evaluation

9.75 hours of training**** on average per employee in sustainability and cybersecurity topics

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Awards and Recognitions

Veritas

○ Fastest growing partner for Latin America and the Caribbean
○ Top Managed Services Provider (TOP MSP) in northern Latin America

Nutanix

○ Managed Services Provider of the Year (MSP of the Year) for Systems Integration

Palo Alto Networks

○ MSSP (Managed Security Service Provider) Platform – Development

Fortinet

○ MSSP Partner of the Year for Northern Region

Certifications

In a constantly evolving sector, we stay at the forefront with key certifications that validate our expertise and strengthen our ability to provide comprehensive, cutting-edge technological solutions.

We hold technical recognitions from global leaders such as Amazon, Azure, ISC, ISO, Oracle, Cisco, Palo Alto, Checkpoint, Fortinet, and Avaya, among others, establishing ourselves as a trusted partner in the most complete technological network in the market. These certifications reflect our commitment to meeting the highest standards and successfully addressing future challenges.

Certification Partners

Audio Codes Gold Partner
Avaya Diamond Partner
Advanced Tier Services
AWS, EC2 for Windows, Server Delivery
AWS, Public Sector
AWS, SAP Services Competency
AWS, Select Direct Connect Delivery
AWS, Solution Provider
Check Point, (CCSP) Support Provider
Check Point, CloudGuard Partner
Check Point, Harmony Partner
Check Point, SMB-Small and Medium Business Partner
Check Point, (MSSP) Managed Security Service Provider
Check Point, Premiere Partner
CISCO Gold Integrator
CISCO Gold Provider
CISCO, Advanced Collaboration Architecture Specialization
CISCO, Advanced Enterprise Networks Architecture Specialization
CISCO, Umbrella for MSSPs Specialization
CISCO, Webex Contact Center Specialization
CISCO, Customer Experience Specialization
Dell Technologies, Gold Partner
Equinix, Platinum Partner
Forescout, Nivel GOLD Partner
Fortinet, Integrador Expert Partner
HPE Silver Service Provider
Huawei, Enterprise Partner VAP
IBM, Gold Partner
Microsoft, Gold Cloud Platform
Microsoft, Gold Cloud Productivity
Microsoft, Gold Partner
Microsoft, Hosting Partner
Nutanix, Champion Reseller
Oracle, OPN Member, Tracks de License & Hardware, Cloud Sell & Service Cloud
Palo Alto Networks, Solution Provider-Platinum Innovator, MSSP Innovator
Partner Connect Advanced/Cloud con AWS Solution Competency
Poly, Platinum Partner
SAP MCaaS Partner
Symantec, Premier Partner
Veeam Pro Partner Silver Reseller
Veritas Platinum MSP+
Huawei, Three Stars Partner
Huawei Value Added Partner
Select-Broadcom Advantage Partner Program
Zoom Performance Partner

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Initiatives in which Axtel Participates

CDP (CARBON DISCLOSURE PROJECT)

CSA (CORPORATE SUSTAINTABILITY ASSESSMENT)

ESR DISTINCTION (SOCIALLY RESPONSIBLE COMPANY)

EMPRESAS+ÉTICAS DISTINCTION

UNITED NATIONS GLOBAL COMPACT

Best Practices

AXTEL-CSIRT(CYBER SECURITY INCIDENT RESPONSE TEAM)

ICREA LEVELS 3, 4 AND 5

ITIL EXPERT, ITIL V3

TRe DISTINCTION

PCI DSS

SSAE-18

Management Systems

ISO

ISO20000-1:2018
ISO22301-:2019
ISO27001-:2022
ISO31000-:2018
ISO37001-:2016
ISO90001-:2015

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Our Contribution to the SDGs

At Axtel, we are dedicated to sustainable development, aligning our operations with the Sustainable Development Goals (SDGs) of the 2030 Agenda. Through our Environmental, Social, and Governance (ESG) actions and initiatives, we aim to create a positive impact on our industry, community, and value chain.

7 ENERGÍA ASEQUIBLE Y NO CONTAMINANTE

Target 7.2: Increase global percentage of renewable energy

Target 7.3: Double the improvement in energy efficiency

We set carbon footprint reduction targets, integrating energy efficiency and transitioning to renewable sources to reduce our greenhouse gas (GHG) emissions.

We prioritize the use of clean energy in our operations, optimizing energy consumption and promoting efficiency in our processes.

We incorporate electric vehicles into our fleet to reduce fossil fuel consumption and minimize our carbon footprint.

We apply a waste and residues policy focused on the reduction, reuse and recycling of materials, minimizing our environmental footprint and promoting a circular economy.

OBJETIVOS DE DESARROLLO SOSTENIBLE

- Anti-corruption and bribery systems.
- Reporting channels.
- Adherence to local and international regulations.

- *ESG Supplier Program.* .
- Promotion of government programs.

- Infrastructure and network development
- Adaptation and mitigation to climate change.
- Sustainable growth with support in social programs.
- Communication and awareness

- Financial education.
- Distance learning.
- ILO.
- Right to information.

- Gender equality goals.

- Efficient water use policy.
- Awareness programs.

- Clean energy.
- Electric vehicles.
- Waste recycling.
- Training.

- Human and labor rights.
- Comprehensive wellness programs for employees.
- Benefits.

- Access to information technology.
- Privacy and protection of personal data.
- Network quality and coverage.
- Information security.

- Inclusion and diversity policy.
- Synergies with local entities.

- Digital inclusion.
- Sustainability Strategy.
- Smart city solutions.

- Efficient use of natural and energy resources.
- Waste reduction and reuse programs.

- Carbon footprint reduction targets.
- Sustainable business practices in the supply chain.
- Attention to climate risks.
- Waste policy.

- Environmental policy.
- Efficient use of water.

- Biodiversity policy.
- Commitment to no deforestation.
- Risk management.

8 TRABAJO DECENTE Y CRECIMIENTO ECONÓMICO

Target 8.5: Achieve full and productive employment with decent working conditions for all
We implement comprehensive wellness programs that promote the physical and mental health of our employees, ensuring a safe and balanced work environment.

Target 8.7: Eradicate forced labor and ensure the prohibition of child labor
We align ourselves with the principles of the International Labor Organization (ILO), guaranteeing respect for human and labor rights throughout our operations and supply chain.

Target 8.8: Protect labor rights and promote a safe working environment
We provide competitive benefits and benefits that exceed legal requirements, guaranteeing stability and quality of life for our employees.

We ensure the right to information, promoting transparent communication about policies, benefits and working conditions.

9 INDUSTRIA, INNOVACIÓN E INFRAESTRUCTURA

Target 9.c: Significantly increase access to information and communication technologies
We facilitate access to information technologies in our operations, ensuring efficient digital tools for our employees and promoting the digitalization of processes.

Target 9.1: Develop sustainable, resilient and quality infrastructure
We maintain high standards in network quality and coverage, ensuring reliable connectivity in our operations and enabling efficient communication within the organization.

We prioritize privacy and personal data protection, complying with national and international regulations to protect the information of our employees, customers and strategic allies.

Target 9.5: Improve research and technological capacity in industrial sectors
We implement strict information security policies, protecting our data and those of our customers through advanced cybersecurity measures.

13 ACCIÓN POR EL CLIMA

Target 13.1: Strengthen resilience and adaptive capacity to climate-related hazards
We implement strategies to address climate-related risks by identifying and managing vulnerabilities across our operations, aiming to minimize disruptions and enhance our responsiveness to extreme weather events.

Targets 13.2 and 13.3: Integrate climate change measures into policies and planning; and improve education, awareness, and institutional capacity on climate change
We promote sustainable business practices across our supply chain, encouraging the adoption of environmental and social criteria among our suppliers and strategic partners.

16 PAZ, JUSTICIA E INSTITUCIONES SÓLIDAS

Target 16.3: Promote the rule of law at the national and international levels and ensure equal access to justice
We ensure adherence to local and international regulations, complying with current regulations and the highest standards of corporate governance and compliance.

Target 16.5: Significantly reduce corruption and bribery in all its forms
We have implemented anti-corruption and bribery systems that guarantee integrity in our operations and business relationships, fostering a culture of ethics and accountability.

Target 16.6: To develop effective, accountable and transparent institutions at all levels
We provide secure and confidential whistle-blowing channels for our employees and partners to report any irregular conduct or violation of our ethical principles.

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ESG at Axtel
Sustainability Strategy

Pillars of Sustainability

Our Sustainability Strategy is built upon five key pillars that integrate significant contributions from all areas within the organization. Through this strategy, we aim to build a more sustainable future by implementing robust corporate governance practices, promoting fair and responsible labor standards, and ensuring the efficient and mindful use of the natural resources critical to our operations. We also focus on the proactive identification and management of the risks and opportunities inherent to our business, thereby strengthening our organizational resilience.

In our effort to move towards a more sustainable business model, we have developed the **Axtel Sustainability Plan.** This plan, which guides our environmental, social and governance actions, is reviewed annually by the Board of Directors and the Sustainability Committee. Additionally, it is presented to the Executive Committee to ensure alignment and engagement at the highest levels of management. To guarantee effective monitoring, the plan's progress, evolution and outcomes are evaluated and communicated on a quarterly basis.

GRI 2-3, 2-28
TCFD Governance b)

Principles that Govern Axtel

Our **Sustainability Policy[2],** approved by the Board of Directors in 2022, sets forth the principles and guidelines that drive business growth, support the comprehensive development of our employees, and contribute to the social well-being of communities in Mexico.

To reinforce our commitment to sustainability, this policy applies to all Axtel personnel and incorporates guidelines designed to strengthen our initiatives in this area. In addition, it ensures compliance with the 10 Principles of the United Nations Global Compact, to which Axtel has been committed as a signatory for 13 years. This reflects our strong alignment with global environmental agreements and our firm commitment to environmental protection.

[2]Consult our sustainability policy at the following link: https://www.axtelcorp.mx/repositorio/sustentabilidad/SUSTAINABILITY-POLICY_2022.pdf

ESG Structure

We have a solid ESG governance structure that ensures the integration of sustainability at all levels of the organization and guarantees the achievement of strategic objectives in this area:

1. ESG Executive Committee

The ESG Executive Committee, which reports directly to the Board of Directors, leads Axtel's sustainability strategy. It is composed of the Executive Directors and chaired by the CEO. This committee is responsible for defining the strategic direction and setting key organizational goals in critical areas such as:

- Reduction of Greenhouse Gas (GHG) emissions.
- Promotion of gender equity among employees.
- Oversight of training programs focused on cybersecurity, ESG (environmental, social and governance), and ethics.
- Approval of strategic initiatives to be implemented in the coming years.
- Establishment of corporate environmental objectives.
- Approval of corporate policies and/or commitments.
- Supervision of compliance with corporate policies and/or commitments.
- Performance evaluation using recognized tools such as S&P, CSA and CDP.

Additionally, the committee is in charge of defining the company's ESG strategic direction and ensuring that its goals are aligned with international best practices and effectively achieved.

2. ESG Direction

Established in 2023, the ESG Direction ensures compliance with the Sustainability Policy and oversees the implementation of the ESG strategy and programs across the company. It is an integral part of the ESG Executive Committee, acting as a bridge between the strategic vision and its operational execution.

Its responsibilities include coordinating the implementation of the plans defined by the Executive Committee and working closely with designated functional or operational leaders to ensure the effective execution of each ESG initiative.

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3. ESG Operating Committee

Formally established in 2022, the ESG Operating Committee's main objective is to implement the necessary initiatives to achieve the goals defined by the Executive Committee.

It is composed of the various departments and areas with the greatest influence on ESG initiatives, including:

- Executive Direction of Legal Regulatory
- Executive Direction of Human Capital
- Executive Direction of Finance
- Direction of Compliance & ESG
- Direction of Operations
- Investor Relations
- Direction of Services and Real Estate
- Direction of Treasury and Supply Chain
- Training & Culture
- Information Security Management
- IT Operations Direction
- DPO Legal Management
- Health & Safety Responsible

Functions:

- Monitor, analyze and promote initiatives that integrate the Sustainability Policy across all areas of the organization.
- Determine and implement actions derived from the adoption of new standards or international best practices.
- Evaluate ongoing initiatives and establish action plans for newly identified opportunities.
- Measure progress toward corporate environmental goals.
- Implement the company's business strategy related to environmental issues.
- Each committee participant is responsible for taking actions, managing and applying resources, and implementing the necessary plans to achieve results.

Functional or Operational Managers

For each ESG-related initiative, a functional or operational leader is designated to be in charge of its implementation, in collaboration with the ESG Executive Committee. This ensures a coordinated approach aligned with the company's strategic objectives.

This organizational model reinforces sustainability as a strategic priority throughout Axtel, from executive-level decision-making to day-to-day operational activities.

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ESG Executive Committee

Initial Resolutions of the Committee:

- Establishment of **Greenhouse Gas (GHG)** reduction targets.
- Establishment of **gender equity** goals for the company's workforce.
- Definition of **training topics and hours** focused on cybersecurity, ESG, and ethics.
- Authorization of **key initiatives** to be implemented in the coming years.
- Measurement of results through **evaluations by recognized ESG rating agencies, including S&P CSA and CDP.**
- Creation of the **ESG Direction.**

The ESG Executive Committee is composed of:

ARMANDO DE LA PEÑA
Chief Executive Officer

ADRÍAN DE LOS SANTOS
Chief Financial Officer

ANDRÉS CORDOVEZ
Executive Director of Infrastructure and Systems

ALICIA SAUCEDO
Executive Director of Commercial Development

BERNARDO GARCÍA
Executive Director of Enterprise Business

CARLOS BUCHANAN
Executive Director of Human Capital

SERGIO BRAVO
Executive Director of Government Sector

WILSON ROJAS
Executive Director of Legal and Regulatory

Sustainable Integration

Each year, we evaluate ESG performance indicators of management and executives units with direct responsibilities in sustainability matters, linking compensation to the fulfillment of strategic sustainability goals. We also **provide training to all employees, including training on ESG issues, sustainability best practices and cybersecurity,** addressing one of the main risks to the business. This approach ensures the integration of sustainability and digital security as fundamental elements in our business strategy.

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GRI 3-1

Materiality

As part of our corporate strategy, we update our materiality analysis every two years to assess how our operations impact the environment, the economy and society in general. This process is critical to identify and prioritize the most relevant sustainability issues, ensuring that our actions and communications are aligned with our stakeholders' expectations.

This exercise also enables us to assess the relevance of various environmental, social, and corporate governance (ESG) aspects in generating financial value. It supports the prioritization of key disclosures and the development of sustainability strategies aligned with industry trends and stakeholder interests.

In 2024, we updated our materiality analysis by addressing the priority issues facing our industry and aligning our approach with the following internationally recognized frameworks and standards:

- **Sustainability Accounting Standards Board (SASB)**
- **Global Reporting Initiative (GRI)**
- **S&P Corporate Sustainability Assessment (CSA)**
- **MSCI**
- **Carbon Disclosure Project (CDP)**
- **Objetivos de Desarrollo Sostenible (ODS)**
- **Task Force on Climate-related Financial Disclosures (TCFD)**

These benchmarks helped us to ensure a comprehensive and up-to-date approach that encompasses both the expectations of our stakeholders and international best practices in sustainability.

GRI 3-1
GRI 2-14

Materiality Analysis

The materiality analysis was conducted as follows:

Analysis of the external context: A comparative assessment was conducted to evaluate the company's ESG performance in relation to other players in the industry. This included a review of the key issues addressed by competitors, as well as their strategies, positioning, and other relevant factors.

Analysis of the internal context: The most relevant stakeholders for the organization were identified and prioritized based on their relative importance, acknowledging that their input is essential to gain a two-way perspective on the issues that should be prioritized by the company. The views of the following stakeholders were gathered through surveys.

a Investors
b Collaborators
c Customers
d Suppliers

Analysis of results: After consulting the perspective of external and internal stakeholders in order to know their perspective on the relevance of ESG issues, as well as to evaluate their perceived maturity in the management of Axtel's ESG efforts, the most relevant issues were identified.

Validation of material issues: Once the company’s material topics were identified and the materiality assessment process had been overseen, the **ESG Executive Committee reviewed and formally approved** the results.

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GRI 3-2

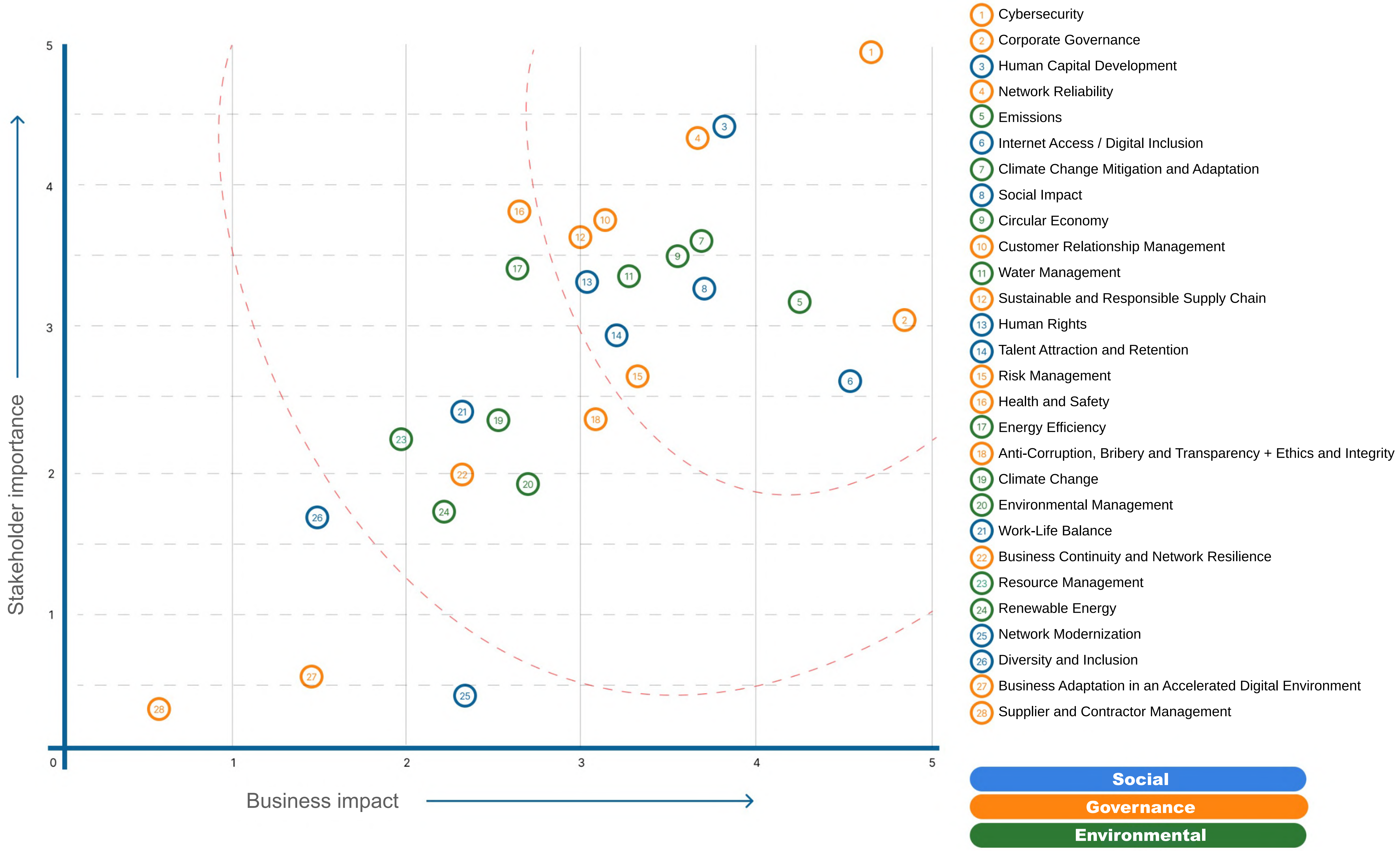
List of material issues

Axtel Materiality

The organization's 10 most critical material issues were determined by combining the relevance attributed by respondents with the relative significance of each stakeholder group to the company.

Material Topic	Aspecto ASG	Related SDG
Cybersecurity	Governance	SDG 9, 16
Corporate Governance	Governance	SDG 16
Human Capital Development	Social	SDG 4, 8
Network Reliability	Governance	SDG 9
Emissions	Environmental	SDG 7, 13
Internet Access / Digital Inclusion	Social	SDG 9, 10
Business Climate Change Mitigation and Adaptation	Environmental	SDG 11, 13
Social Impact	Social	SDG 1, 8, 10
Circular Economy	Environmental	SDG 12
Customer Relationship Management	Governance	SDG 8, 12

Axtel´s Materiality Matrix



Our materiality in the last 2 years was modified as follows:

Materiality change 2022:

Materiality 2022 / 2023	ESG Aspect	Change
Cybersecurity	Governance	=
Energy and Emissions	Environmental	↓
Training and Capacity Building	Social	=
Customer Privacy	Governance	✕
Risk Management	Governance	✕
Network Quality and Reliability	Governance	↑
Operational Resilience	Governance	=
Digital Inclusion	Social	↑
Circular Economy	Environmental	=
Gender Equality	Social	✕

Materiality 2024	**ESG Aspect**
Cybersecurity	Governance
Corporate Governance	Governance
Human Capital Development	Social
Network Reliability	Governance
Emissions	Environmental
Internet Access / Digital Inclusion	Social
Climate Change Mitigation and Adaptation	Environmental
Social Impact	Social
Circular Economy	Environmental
Customer Relationship Management	Governance

GRI 3-2

TOP Material Issues

Based on those material issues that are most important or are considered to have the greatest impact on the company's performance, we have identified related strategies and initiatives.

Material topic	Cybersecurity	Corporate Governance	Human Capital Development
Caso de negocio	**Cybersecurity** is a strategic pillar for our company, as information protection, operational continuity, and customer trust are essential to our competitiveness. A security incident can lead to service disruptions, regulatory penalties, customer loss, and reputational damage—directly impacting our revenue and operating costs. To mitigate these risks, our Security Management System enables us to internally manage security, adopt best practices in our business strategy, manage risks across our services, and ensure operational continuity. We also promote an organizational culture that reinforces the protection of both our own and third-party information, ensuring regulatory compliance and strengthening customer trust. Investing in cybersecurity not only reduces costs associated with incidents and regulations, but also strengthens our market position and differentiates us as a reliable and resilient company.	Strong **Corporate Governance** is key to the sustainability and financial performance of our company, as it ensures efficient, ethical operations aligned with the interests of all stakeholders. Through a clear strategy and transparent management, we strengthen the trust of investors, customers, and business partners—facilitating capital attraction and enhancing our competitiveness in the market. In addition, the timely disclosure of relevant information on operations and financial performance reinforces our reputation and minimizes regulatory and operational risks. Adhering to the highest standards of ethics and compliance not only reduces costs associated with sanctions and reputational risks but also fosters customer loyalty, the preference of strategic suppliers, and the engagement of our employees—ensuring long-term value creation.	**Human Capital Development** is essential for the sustainable growth and competitiveness of our company, as it directly impacts innovation, productivity, and the ability to adapt to an ever-changing market. Investing in the continuous training of our employees strengthens their performance and ensures they have the skills needed to meet the challenges of the industry. Through training programs designed based on needs assessments, as well as mentoring and coaching initiatives, we promote continuous learning and professional growth, facilitating knowledge transfer and the development of new competencies. This not only improves operational efficiency and talent retention, but also contributes to a strong organizational culture—aligned with the business strategy and prepared to face future challenges.

	Cybersecurity	Corporate Governance	Human Capital Development
Type of impact of the material topic on the	**Risks**	**Revenues**	**Costs**
Business strategy	To address cybersecurity risks and challenges, Axtel has implemented a robust and continuously improving **Information Security Management System (ISMS)**, ensuring the protection of data belonging to the organization, customers, and stakeholders. As part of our strategy, we stay up to date with international standards and best practices, adopting recognized frameworks that strengthen the security and resilience of our systems. In addition, we have obtained key certifications that validate our compliance with the highest security standards, reinforcing market trust and ensuring operational continuity. Our commitment to information security is reflected in strategic investments in technology, monitoring processes, and employee training to mitigate cyber threats and effectively manage associated risks.	As a publicly traded company, Axtel maintains a **strong and transparent Corporate Governance framework**, ensuring compliance with international standards and best practices in decision-making. Our strategy is based on the timely and clear disclosure of financial and operational information, with quarterly reports to the market that accurately reflect our performance. To reinforce the integrity and reliability of our management, we conduct regular internal and external audits. In addition, we have a highly qualified and independent Board of Directors, whose work is guided by a code of ethics that establishes principles of transparency, accountability, and commitment to stakeholders. To strengthen communication and trust with our stakeholders, we maintain a **transparency mailbox**, providing an open channel for receiving and addressing concerns. These strategies reinforce our reputation, minimize regulatory risks, and enhance the trust of investors, customers, and strategic partners.	**Human Capital** is the cornerstone of Axtel, which is why our strategy focuses on implementing **sustainable and responsible practices** that promote professional growth, employee well-being, and talent retention. We set clear objectives to foster the development of our people through continuous training programs, diversity and inclusion initiatives, and the strengthening of our organizational culture. Our strategy is grounded in principles and values that guide talent management and ensure a work environment that fosters innovation, productivity, and engagement. Through these actions, we not only enhance individual and collective performance, but also ensure the company's long-term competitiveness and sustainability.

GRI 3-3

In order to measure our progress, we have established the following metrics linked to the most relevant material issues for the organization.

Material Topic			
Cybersecurity	**Corporate Governance**	**Human Capital Development**	**Energy and Emissions**
Objective / Metric			
Increase the annual training hours per employee in cybersecurity and sustainability to at least 12 hours per employee by the end of fiscal year 2027, compared to 2022 levels.		Reach 30% female workforce representation by the year 2027.	Reduce Scope 1 and 2 emissions by at least 41% by the end of fiscal year 2027, compared to 2020 levels.
Achievements 2024			
We achieved 9.75 hours of training per employee on cybersecurity and sustainability issues, exceeding the target established for 2024 by 15%.		We ended 2024 with a 26.32% representation of women in the workforce, meeting 97% of the target set for the year.	By 2024, we achieved a 39% reduction in emissions compared to our 2020 base year.

About the metrics:

- Compliance with the cybersecurity and sustainability training hour metrics is part of the behavioral performance evaluation for the entire executive team and is factored into the percentage of the annual bonus received.
- Our metrics for 2025 consist of increasing annual training hours per employee in cybersecurity and sustainability by at least 10.1 hours by 2025. We also expect to achieve a 28% representation of women in the workforce by 2025.

Through stakeholder[3] engagement, we identified the issues most relevant to them.

Material Topic	
Corporate Governance	**Human Capital Development**
Cause of Impact: Responsible areas	
Operations	**Operations**
Stakeholders impacted	
Society	**Society**
Relevance of the issue to external stakeholders and type of impact	
The operations area has a significant impact on its stakeholders, focusing on operational efficiency and clarity, which directly influence the customer experience. It can also have environmental impacts due to energy consumption and emissions. At Axtel, we conduct preventive maintenance to ensure the reliability of our network, while continuously seeking to implement cleaner and more efficient technologies to reduce our environmental impact.	The development of Human Capital is crucial for all our stakeholders, as it not only improves the competitiveness and sustainability of the organization, but also contributes to the well-being and development of employees, customer satisfaction, the economic growth of the community and compliance with regulations. For Axtel, we prioritize this issue by being proactively responsible in the creation of long-term value for all our stakeholders.
Type of impact	
Positive	**Positive**

[3]Customers and suppliers

Industry and Risk Analysis

Global innovation motivates us to continuously analyze, both locally and internationally, the technological, environmental and social trends that are most relevant to Axtel and the industries we serve. This approach allows us to identify opportunities and risks associated with our operations, facilitating strategic planning and effective innovation.

Business Activity	Global Industry Development Trends	Industry Development Trends in Mexico	Axtel's Current Position	Opportunities	Threats	Innovative Strategies / Services
New media services and massive data consumption	Telecommunications companies are actively investing in the application industry chain. Trend toward investments in 5G technologies.	Rapid digital transformation is necessary to promote economic growth and meet business needs.	Axtel is one of the infrastructure leaders providing capabilities for 5G development.	Strengthening the adoption of immersive interaction experiences to meet user needs. Strengthening user trends towards the use of 5G devices.	The transmission of innovative media platforms drives growth and seeks to maximize production value across industries.	Investment in infrastructure enhancement at parks or hubs where companies that promote 5G platforms or devices are established.
IoT and platform products	IoT adoption is increasing across many industries, but results to date have shown linear rather than exponential growth.	IoT requires an ecosystem of partners—telcos, software and cloud providers, and system and business integrators—coming together to develop effective and scalable solutions.	Axtel has developed services to support IoT solutions and has expanded its intellectual infrastructure and capabilities to offer these solutions to clients.	In the coming years, exponential growth of connected IoT devices is expected, with the number of devices expected to reach 10 billion by 2027.	The wide range of devices and application types increases support costs and creates a need for industry-specific specialization.	Aim to increase capabilities to achieve distinctive attributes by partnering through ecosystems with cloud specialists and providers.

Note: IoT stands for Internet of Things.

Business Activity	Global Industry Development Trends	Industry Development Trends in Mexico	Axtel's Current Position	Opportunities	Threats	Innovative Strategies / Services
Enterprise customer services	Application of 5G. Information security. Cloud. IoT. Digital transformation.	Online digital services are being developed to replace traditional in-person operations.	Axtel has adapted and adopted agile working methods to improve customer satisfaction, drive business impact, and increase efficiency.	Pressure to develop or improve 5G, fixed wireless access (FWA), and fiber networks, and to diversify offerings.	Agility, restructuring, and digital implementation.	Optimization of commercial excellence. Creation of digital businesses. Customer experience. Smart grid strategy and capital expenditures.
Telecommunications network services and technology	Fiber deployment continues to grow, with significant progress still to be made. Open radio access networks (Open RAN) promote interoperability between devices and providers—niche technology but with notable initiatives.	It accelerated digital transformation and drove economic growth from business needs.	We are the second-largest infrastructure company in Mexico and the largest provider of infrastructure services to other carriers.	5G technology combined with startup accelerators has driven the development of new business models.	There is a lag compared to other countries; however, globalization will drive accelerated growth in the coming years.	Improve indoor 5G coverage using NR CA technology. New hardware / features to improve energy efficiency of cell towers / dynamic energy savings
Information security	The pandemic years accelerated digitalization across nearly all industries.	The government is preparing to launch the Cybersecurity Law.	The information security processes we offer our clients position us as one of the leaders in Mexico.	Information security will become a foundational component of the private and public sectors, which must implement it to ensure business continuity in the coming years.	Hackers are targeting manufacturing, finance, and critical infrastructure industries through new technologies such as IoT and AI.	Provide secure and reliable services, such as private 5G network information security and industrial controls.
Personal data and privacy	Digitalization increases the amount of online services related to personal data and privacy, increasing the risk of data loss.	Society and government are demanding greater controls and investment in personal data protection and privacy security.	ISO 27001 and certifications that guarantee the correct handling and safeguarding of internal information and that of our clients	Business and public sector fraud prevention services are required.	Failure to provide adequate service can affect the reputation of the business	Provide counterfeit app detection and protection services.

Nota. Inteligencia Artificial (IA).

GRI 2-12, 2-13, 3-3, 201-2
TCFD Governance a) and b)
TCFD Risk management a), b) and c)
TCFD Strategy a), b) and c)
TCFD Metrics and objectives a)

Environmental Risk and Opportunity Management

At Axtel, we are exposed to a variety of social, environmental and economic factors across the markets in which we operate. To address this, we carry out a comprehensive annual risk identification, management and monitoring process. This process is led by the Internal Control area under the Legal Executive Direction, the Corporate Quality area – focusing on risk and opportunity management from the perspectives of customer experience and business processes – and the Information Security area, addressing risks related to cybersecurity and business continuity.

Our risk management approach is bottom-up and top-down, allowing us to detect and escalate risks at all levels of the organization, ensuring informed, risk-based decision making.

Bottom-Up and Top-Down Approach

This risk management process ensures the participation of all levels of the organization, enabling informed, risk-based decision-making with clearly defined responsibilities. The results of the risk assessment, along with the proposed mitigation strategies, are presented to Senior Management and the Audit and Corporate Practices Committee, ensuring oversight and alignment with corporate objectives.

Risk Identification and Treatment Flow

The risk identification and management process begins with the analysis of the business operating environment, serving as the basis for structuring the necessary steps to effectively identify, evaluate, prioritize and mitigate risks:

1. **Identification:** During this stage, risks and opportunities that may affect operations are identified, considering internal and external factors and relevant material issues. For climate risks, an analysis of the local and global industry is included, especially in more advanced economies and with greater regulatory advances, which allows us to identify key risks and opportunities for the coming years. As part of the risk review process, a description of the company's specific risk exposure is made, taking into account the likelihood and magnitude of at least two identified risks.

2. **Evaluation:** Each risk and opportunity identified is then analyzed, evaluating its impact and probability in order to prioritize those that require immediate attention or specific actions.

3. **Mitigation response:** For those prioritized risks and opportunities, management strategies are defined to reduce or improve impacts and preventive controls. In this process, mitigation measures are included for at least two identified risks, ensuring their effectiveness and alignment with the company's overall strategy.

4. **Risk oversight and management:** Includes continuous monitoring and effectiveness of mitigation actions, ensuring that strategies are adapted as internal or external conditions change. To strengthen the risk culture throughout the organization, a Risk Exercise is conducted with Executive Directors, who relay the information to Functional Directors for implementation.

Throughout the process, Axtel adopts a comprehensive approach that combines internal analysis tools, ISO 31000: Risk Management – Guidelines, materiality analysis, risk assessment models, national and regional databases, and the support of external consultants.

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Main Identified Risks

Cybersecurity

Cyber attacks and theft of customer information

Probability HIGH

IImpact MEDIUM

Mitigation Actions:

- Maintain and strengthen the comprehensive security architecture
- Train and raise awareness among employees
- Review contractual liabilities and insurance policies

Market Risk

Price drops, margin compression, and service substitution

Probability HIGH

Impact MEDIUM

Mitigation Actions

- Develop specialization and deepen market knowledge by Business Line
- Redesign processes to streamline sales and digital customer information management

Market Risk

Loss of revenue due to supply criteria in certain industries and sectors

Probability HIGH

Impact HIGH

Mitigation Actions

- Expand revenue streams in unexplored sectors
- Design foundations and diversify offerings (e.g., cybersecurity, IT services)
- Assess/redesign evaluation model

Climate-Related Risks and Opportunities

As part of our annual exercise, and with the participation of all departments across the organization, Axtel incorporates the assessment of climate-related risks and opportunities in collaboration with each executive direction. This process considers both the national context and global trends in regulations and economy. We determine the criticality and impact of these risks, define action plans and analyze climate-related opportunities that could strengthen Axtel's long-term stability and success.

For this purpose, we have developed a framework of rules that allows us to classify and evaluate risks and opportunities considering the following criteria:

Type of risk or opportunity

- Level of impact
- Location of occurrence
- Time horizon
- Type of expected impact

This analysis considers risks and opportunities within our own operations.

Additionally, our risk assessment includes various types of climate-related risks over short-, medium-, and long-term time horizons. These include physical risks, which can be acute, such as the impact of hurricanes or flooding on infrastructure and the supply chain, or chronic, such as the sustained temperature increases that may affect water availability and operational efficiency.

We also evaluate transition risks. These include regulatory risks, such as the possible implementation of carbon taxes that increase operating costs; legal risks arising from litigation for non-compliance with environmental regulations; technological risks due to the adoption of new energy solutions that could render certain industry practices obsolete; market risks related to changes in product demand due to a preference for more sustainable alternatives; and reputational risks arising from public perception of the company's commitment to sustainability.

These climate risks, together with other strategic risks, are consolidated into a risk matrix that identifies the top 10 risk priorities and outlines strategies for their management. This matrix is presented annually to the Chief Executive Officer, Senior Management and Axtel's Audit and Corporate Practices Committee. Key risks are reviewed annually to define follow-up and monitoring actions, ensuring proactive and effective management.

Climate Risk Monitoring and Reporting

At Axtel, climate-related risks are monitored and reported on an ongoing basis, ensuring informed and timely decision-making. As with other strategic matters within the organization, these topics are addressed in periodic meetings, where risks, impacts and possible mitigation actions are analyzed.

When necessary, extraordinary meetings are convened to evaluate emerging situations and define strategic responses.

If a climate risk is identified that requires immediate attention, it may be reported at the ESG Operating Committee meetings. In the event that the situation has a significant impact on the organization, it is escalated to the ESG Executive Committee meetings, thus ensuring alignment with the sustainability strategy and comprehensive risk management.

ESG RISKS AND CLIMATE CHANGE ISSUES ARE SUPERVISED BY THE BOARD OF DIRECTORS DURING **ANNUAL SESSIONS.**

Main Environmental Risks

Risk Type	Risk Level	Risk	Risk Description	Location	Time Horizon[4]	Type of Impact	Management Practices
Regulatory	Medium-High	Cap & Trade	National government regulations aimed at controlling greenhouse gas emissions through pricing mechanisms. The telecommunications industry becomes a regulated sector in Mexico.	Axtel	Long-term	Increased indirect costs	Increase renewable energy consumption.
Regulatory	Medium	Carbon Tax	Tax systems imposed by international or national regulators related to GHG emissions, climate change, or waste within the telecommunications sector.	Axtel	Long-term	Increased direct costs	Increase renewable energy consumption. Gradually reduce energy consumption.
Regulatory	Medium-High	Mandatory Disclosure	Regulations requiring companies to implement controls, disclose, and verify GHG emissions, issued by national or international regulatory bodies.	Axtel	Medium- and long-term	Increased direct costs	Internal and external labor costs related to reporting and verification.
Regulatory Financial	High	Renewable Energy Regulations	National or international regulations concerning renewable energy sources that could affect energy supply, composition, and pricing.	Axtel	Long-term	Rising energy prices. Increased direct costs	Installation of renewable energy systems.
Physical	Medium	Tropical Cyclones	Direct or indirect disasters caused by an increase in the number or intensity of regional tropical cyclones.	Axtel	Short-term	Increased direct costs	Protocol for attention and follow-up in the event of contingencies (earthquakes, hurricanes, electrical failures, extreme weather).

[4]We consider the following time horizons: short term - 1 to 3 years; medium term - 3 to 8 years; and long - term more than 8 years.

Emerging Risks

As part of our comprehensive and multifunctional risk assessment exercise, Axtel identifies and reports the following emerging risk.

Risk	Description	Impact	Mitigation actions
Municipalities (States of the Country) impose to underground fiber deployment	Regulatory issue. Municipalities prohibit the deployment of aerial fiber and/or relocation of existing fiber underground.	CAPEX and Opex Investment-Increased financing, resources, etc.	Legal strategies and advocacy efforts with municipal authorities.

Financial Metrics Related to Climate Change

Below are the figures for our financial metrics that were vulnerable to the substantial effects of environmental risks in 2024:

Financial metrics	Amount vulnerable to transition risks	Quantity vulnerable to physical risks	Explanation of financial figures
OPEX	Ps. $13.5 million	Ps. $18.5 million	For transition risks, we identified and quantified the costs associated with maintaining equipment under the Refrigerant Gas R-22 Transition Plan through 2030. This initiative aims to reduce our emissions and mitigate related risks. Regarding physical risks, the disclosed figure corresponds to the payment of our natural disaster insurance policy, which we consider a reliable measure of the potential financial impact from such events.

Main Environmental Opportunities

Opportunity Type	Opportunity Level	Opportunity	Opportunity Description	Location	Time Horizon	Type of Opportunity	Management Practices
Market	Medium-High	Capital Sources Development	Increase sources of financial capital, such as issuing Sustainability-Linked (SLL) bonds and obtaining better conditions based on a sustainability.	Axtel	Medium and long term	Increased capital acquisition.	SLL and Green loans.
Resource Efficiency	Medium-High	Energy-saving buildings	Improve the energy consumption of existing sites, incorporating technologies, furnishings, or infrastructure to improve efficiency or low consumption and incorporate energy savings into design considerations.	Axtel	Short-term	Improved operational	Design with energy savings in mind at sites, data centers, networks, and operational activities.
Products and Services	Medium-High	Adaptation and Solutions	The introduction of new products or services can help reduce the global impacts of climate change and facilitate agile adaptation to customers and their new needs.	Axtel and downstream or user side	Short-term	New products or services and adaptation.	Introduce and promote product and service innovations based on customer needs.
Resource Efficiency	Medium-High	Production Process	Adopt processes that are more resource- efficient, reduce waste generation, improve product performance, or shorten delivery time.	Upstream or supply chain	Short-term	Reduction of operating costs.	Implement enterprise-wide initiatives to reduce waste, shorten times, and create more efficient processes.

The following table details the number and proportion of our financial metrics during the reporting year that are aligned with the material effects[5] of environmental opportunities.

Financial metrics	Quantity aligned to opportunities	Explanation of financial figures
CAPEX	Ps $43.8 million	For this financial metric, we have considered the investment in both electric and non-electric renewals. This investment is aligned with our environmental opportunities, reflecting our commitment to reducing carbon emissions and improving sustainability in our operations.

GRI 3-3

Climate Incident Monitoring, Prevention, and Management Program

At Axtel, we recognize that extreme weather events pose critical risks to the continuity of our operations and the services we offer to our customers. For this reason, we have implemented a comprehensive program for the monitoring, prevention, and management of climate incidents, designed to mitigate the potential impacts of natural phenomena such as hurricanes, storms, and floods.

As part of our climate management strategy, during 2024 we performed more than 14,000 preventive maintenance routines per month, ensuring network availability and operational continuity in challenging scenarios.

Additionally, we have an integrated process for managing contingencies arising from climate incidents, overseen by a multidisciplinary committee composed of personnel from various departments at Axtel. This approach ensures that our entire operation is prepared to respond to any eventuality.

To minimize the impacts of these phenomena, we promote a strong culture of prevention ahead of hurricane season, which begins in May for the Pacific and in June for the Atlantic. Preparations start as early as March and include activities such as:

- Verification meetings and closure of maintenance tasks.
- Validation of essential spare parts, materials and consumables.
- Exhaustive testing of emergency plants.
- Creation of local and remote backups for key technologies
- Validation of the necessary equipment and tools for operations.

Mexico, where our operations are located, is highly vulnerable to hurricanes due to its geographical location between the Pacific and Atlantic Oceans. In 2024, the total forecast for hurricanes in the country was 41[6], of which:

- In the Pacific Ocean, 12 hurricanes were recorded, and we monitored 12 events, of which 2 made landfall.

This preventive and timely response approach allows us to reinforce our operational resilience and fulfill our commitment to maintaining service continuity for our clients.

[5]Axtel defines a substantial opportunity through both qualitative and quantitative approaches, considering its impact on key indicators such as revenue. An opportunity is considered substantial if it involves a percentage increase in revenue within a range of 1 to 10%. Additionally, metrics such as the time horizon in which the impact occurs and the probability of its occurrence are evaluated.

[6]Data reported in the National Meteorological Service: https://smn.conagua.gob.mx/es/ciclones-tropicales/temporada-ciclones-tropicales-2024

Critical Incident Life Cycle

To effectively manage extreme weather events, we use a structured approach based on the life cycle of a critical incident. This model allows us to identify, plan, mitigate, respond, and quickly restore services in the event of a potential disruption. Through this approach, we ensure comprehensive and proactive management in the face of any climatic eventuality.

1 Alert phase

Contingency declaration, notification and identification of at-risk elements.

2 Transition phase

Concentration of teams, transfers and implementation of the contingency plan.

3 Recovery phase

Restoration procedures, field support management and coordination with customers.

4 Standardization phase

Impact analysis, normalization of contingencies and lessons learned.

Network Operation Center Red	Field Operation	Network Operation Center + Field	Network Operation Management
Attention and follow-up protocol for contingencies (earthquakes, hurricanes, power failures, extreme weather)	Contracts with specialized providers to address electrical	Continuous communication scheme	
	Minimum fuel level (70%) that guarantees 24-hour autonomy	7x24 monitoring @ site telemetry (strength, temperature, humidity)	
	Fuel suppliers		
	Direct contacts with CFE for contingency follow-up		

GRI 2-29,11.15, 12.9, 14.10

Communication with stakeholders

At Axtel, we maintain a constant two-way dialogue with our stakeholders, recognizing their importance for the continuous improvement of the company. This active communication allows us to understand their concerns and needs, as well as to jointly identify risks and opportunities in areas of common interest.

Our commitment goes beyond simple interaction; we seek to create shared value and strengthen long-term relationships. We are guided by international principles and best practices for the identification and prioritization of stakeholder groups—guidelines that are formalized in our **Stakeholder Engagement Policy**[7].

Axtel's **Stakeholder Engagement Policy** establishes the guidelines to manage our interactions with different stakeholders in a structured and transparent manner. Its scope covers both our own operations and our supply chain, ensuring that our relationships are developed based on principles of responsibility, ethics and sustainability. This policy has the approval and support of our CEO, Armando de la Peña, and its compliance is supervised by Senior Management, thus guaranteeing adequate management and monitoring of established commitments.

Stakeholder identification procedures

Axtel adopts best practices to identify and prioritize its stakeholder groups, following clear principles that determine the level of engagement with each. When a stakeholder group stands out across all these principles, it is assigned a higher priority.

Engagement
Groups with an interest in social, environmental, financial, or economic matters relevant to Axtel.

Dependency
Stakeholders who depend directly or indirectly on Axtel's activities, products or services, or on whom Axtel depends to carry out its operations, including vulnerable groups and local communities.

Influence
Groups with the capacity to influence the organization or decision making.

Responsibility
Legal, commercial, operational, or moral obligations that Axtel has toward these groups, both now and in the future.

Perspectives
Stakeholder opinions and viewpoints that can help Axtel better understand its environment and identify new opportunities.

[7]Refer to our Stakeholder Engagement Policy at the following link:
https://www.axtelcorp.mx/repositorio/grupos-de-interes/Politica-de-Relacionamiento-con-Grupos-de-Interes-2024.pdf

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The policy also contemplates the following aspects:

- Identification of affected communities and outreach to local stakeholders.
- Identification of vulnerable groups.
- Complaint and grievance mechanism available to communities.

We preventively manage the risks associated with communication and participation with our stakeholders through the following actions:

Avoid exclusion:

Whenever conditions allow, we offer at least two channels for engagement.

Clarity and transparency:

Clear explanation of the activities to be carried out.

Frequent reminders of the purpose of the activities.

Definition of the scope of expected outcomes to ensure a common understanding.

Encouragement of consensus building.

Continuous evaluation:

Periodic review to detect possible failures in participation and design improvement plans.

Risk resolution:

Immediate identification of the source of any engagement-related risk.

Ongoing communication with the stakeholder group to discuss and effectively resolve the issue.

Communication channels that apply to all stakeholder groups

All our stakeholders have access to the Transparency Helpline to express their concerns or raise any issues. This channel is available 365 days a year through multiple contact options. Additionally, we have the following **communication channels:**

Main communication channels	Frequency
Intranet	24x7
Social media	24x7
Web page	24x7
Press releases	Quarterly
Financial reporting	Quarterly
Integrated Annual Report	Annual

In 2024, we registered a **total of 35 complaints**, of which **21 were resolved.**

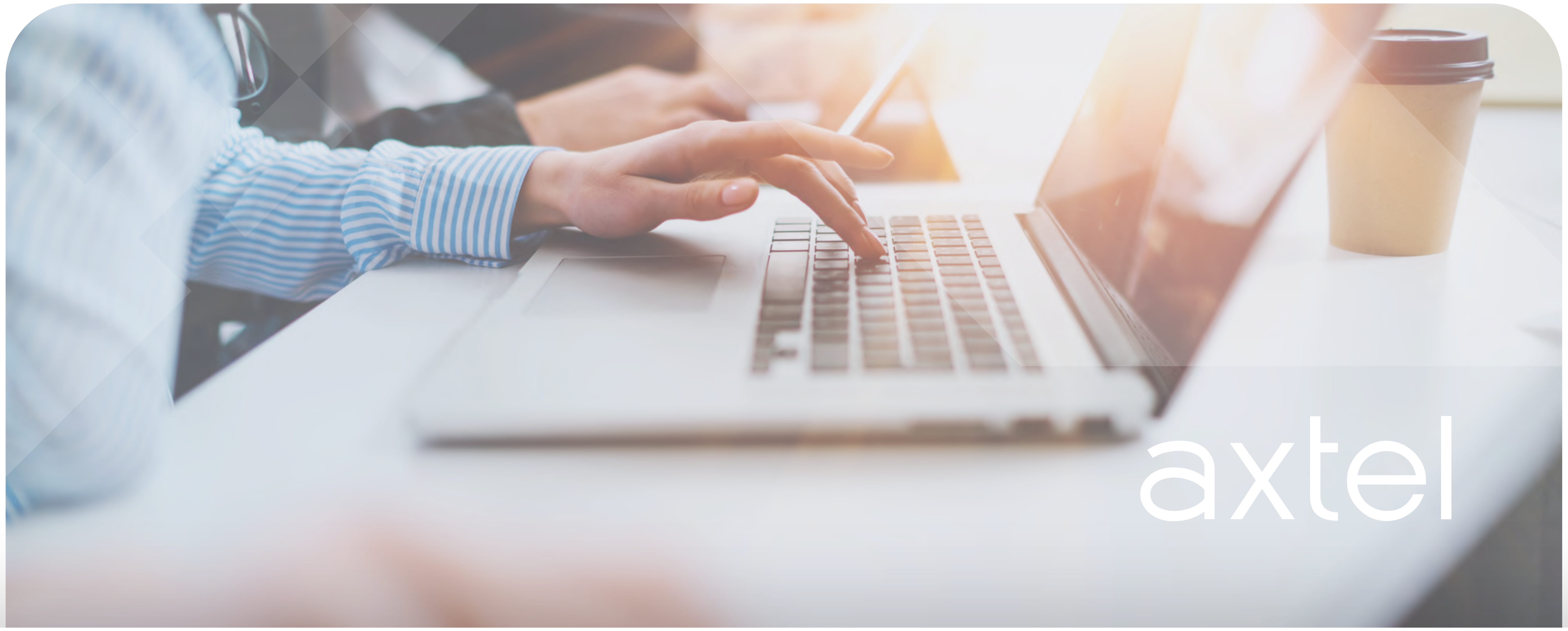
Development of communication capabilities for stakeholder groups.

We have communication channels designed to ensure an effective exchange with our stakeholders. These channels include press releases, reports, websites, dialogues, questionnaires, surveys, meetings, training programs and hotlines to receive and address stakeholder needs.

We select the most appropriate route according to several factors:

Type of stakeholder
Relevance
Location
Mother tongue
Importance of the subject matter

In addition, we use these media to promote the exchange of experiences, clarify risk situations, share information on industry trends, organize educational and training activities, and, when possible, hold forums with executives or industry experts.



Stakeholder communication matrix

Stakeholder	Importance for Axtel	Communication strategy	Communication frequency / performance 2024	To respond to issues of concern:
Employees	Human Capital is the main factor to maintain organizational success, our purpose is to create and maintain a comprehensive and stable work environment.	Briefings on labor relations and company-related matters.	As needed. Several times a year	• 360° evaluation. • Talent development and retention. • Communication mechanisms.
		Communications at the level of Management and Functional Directors during the year, reminders in the previous months to attend the meeting.	Once a year. Three meetings were convened in 2024.	
		Opinion poll.	Once a year. Improvement measures are carried out based on the results of the survey.	
		360° feedback mechanism, professional development survey, performance appraisal interview, and feedback on professional and functional development.	Once a year. A session was organized.	
		Institutional plan for training and personal development.	Formulated every year with the process followed monthly.	
		360° Wellness Program, which is based on 4 pillars with the objective of contributing to the integral development of employees (Balance, Professional, Health, Social).	Formulated annually, with scheduling on a biweekly or monthly basis as needed.	
		Transparency Helpline.	Independent 24x7 mechanism that employees can use to communicate any business-related matter.	
		Internal/external website, internal community communication software, email.	As needed.	
		Axtel Pride Recognition is the highest recognition given to employees who are an example to follow in one of the 4 principles of Axtel: Commitment, Awareness, Human Leadership and Efficiency.	Once a year.	

Stakeholder communication matrix

Stakeholder	Importance for Axtel	Communication strategy	Communication frequency	To respond to issues of concern
Suppliers	Suppliers contribute significantly to the company's success. Through our value chain, we can offer our customers comprehensive and valuable products and services to meet their needs.	ESG Supplier Program. Mechanism for communication with suppliers. Email. Transparency Helpline. Supplier portal. Onboarding questionnaire.	Once a year. With an ESG questionnaire to share and improve sustainability practices. As needed. As needed. As needed. Suppliers can use 24/7 independent mechanisms to communicate any business-related matters. As needed. As part of the onboarding process, suppliers can communicate any business matter.	• Sustainable partnership. • Communication mechanism.
Competent Authority / Telecommunications Authority[8]	Responsible for improving the practices and systems of the telecommunications industry in Mexico.	Meetings, visits. Official documents.	As needed. As needed.	• Legal compliance.
Competition Authority[8]	Responsible for promoting free competition and regulating asymmetrically.			• Complaints, monopolistic practices, investigations, and mergers.

[8]It will depend on secondary legislation and will come into effect 180 days after its approval.

Stakeholder communication matrix

Stakeholder	Importance for Axtel	Communication strategy	Communication frequency	To respond to issues of concern
Communities / NGO´s	We strive each year to bring value to stakeholders, and this includes community and nonprofit organizations.	Transparency Helpline.	Independent 24x7 mechanism that the community can use to communicate any matter related to the company.	• As needed. • Safety of electromagnetic fields. • Promotion and assistance to the use of the user. • Social inclusion.
		Social welfare activities.	We engage in social welfare activities focusing on issues of social education, promoting the integration of science and technology, responses to social emergencies, social welfare through technology, and financial care.	
		Questionnaire.	As needed.	
		Internal/external website, internal community communication software, email.	As needed.	

Stakeholder communication matrix

Stakeholder	Importance for Axtel	Communication strategy	Communication frequency	To respond to issues of concern
Clients	The customer is at the core of our growth. We offer exceptional customer service and valuable services and products.	Customer service hotline and email inbox.	24 hours.	• Network reliability. • Customer experiences. • Innovation of products and services. • Communication mechanism.
		Marketing activity.	As needed.	
		Information and communication messages.	As needed.	
		Official website, customer service app	24 hours.	
		Questionnaires, forums and official documents.	As needed.	
		Transparency Helpline	Independent 24x7 mechanism that customers can use to communicate any business-related matter.	
		Customer satisfaction survey.	At least 1 time a year.	

Stakeholder communication matrix

Stakeholder	Importance for Axtel	Communication strategy	Communication frequency	To respond to issues of concern
Shareholders / Investors	Attract and retain investment. Establishing strong relationships with investors through active engagement and consideration of their input can foster long-term support. Investors provide the necessary resources to finance operations, projects, expansions, and acquisitions—whether through equity or debt. Moreover, they influence the company's strategic decisions, and their insights can help businesses make better-informed choices. Companies can also identify and address potential risks that may concern investors, thereby helping to mitigate those risks.	General meetings, both proactive and reactive.	Several times a year.	Compliance with legal requirements, such as submitting financial reports that provide a clear and accurate view of the company's financial position, strategy, and risks. Disclosure of relevant and material information that may influence investor decision-making. Good Corporate Governance practices: Board of Directors, audit committees, and internal control procedures. Ensuring that investor interests are considered in corporate decisions through the Shareholders' Meeting, and addressing their concerns via the Investor Relations department.
		Earnings conference calls.	Quarterly.	
		Earnings reports to the Mexican Stock Exchange.	Quarterly.	
		Annual General and Extraordinary Shareholders Meetings.	At least once a year.	
		Company website	24/7	

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GRI 2-1

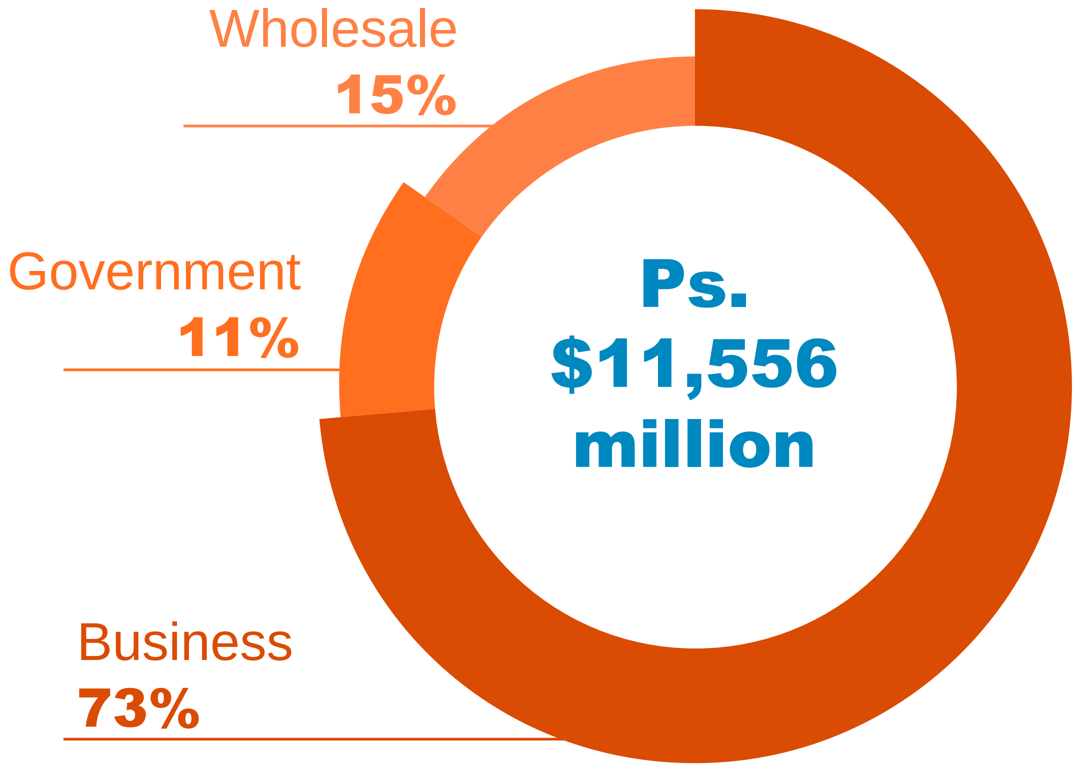
Business Structure

We are a Mexican company committed to the transformation of organizations through connection and digitalization solutions for their sustainable development. We aspire to be the best option for our clients, offering innovation and value creation in their digital experience.

Since May 29, 2023, Axtel has been a subsidiary of Controladora Axtel, S.A.B. de C.V., an organization publicly listed on the Mexican Stock Exchange (BMV), consolidating its leadership in Information and Communication Technologies (ICT) for the commercial, government and wholesale sectors.

With a business model based on four key pillars: Telecommunications, Cybersecurity, IT and Mobility, Axtel drives customer satisfaction and operational efficiency.

2024 Revenue
by Segment



Business Line

Commercial Strategy

CYBERSECURITY

MOBILITY

TELECOM

INFORMATION TECHNOLOGIES (IT)

Verticals Focus

Financial

Commerce

Transportation Logistics

Manufacturing

Other Verticals

Government

Services

Education

Healthcare

Construction

Media

Resources

alestra

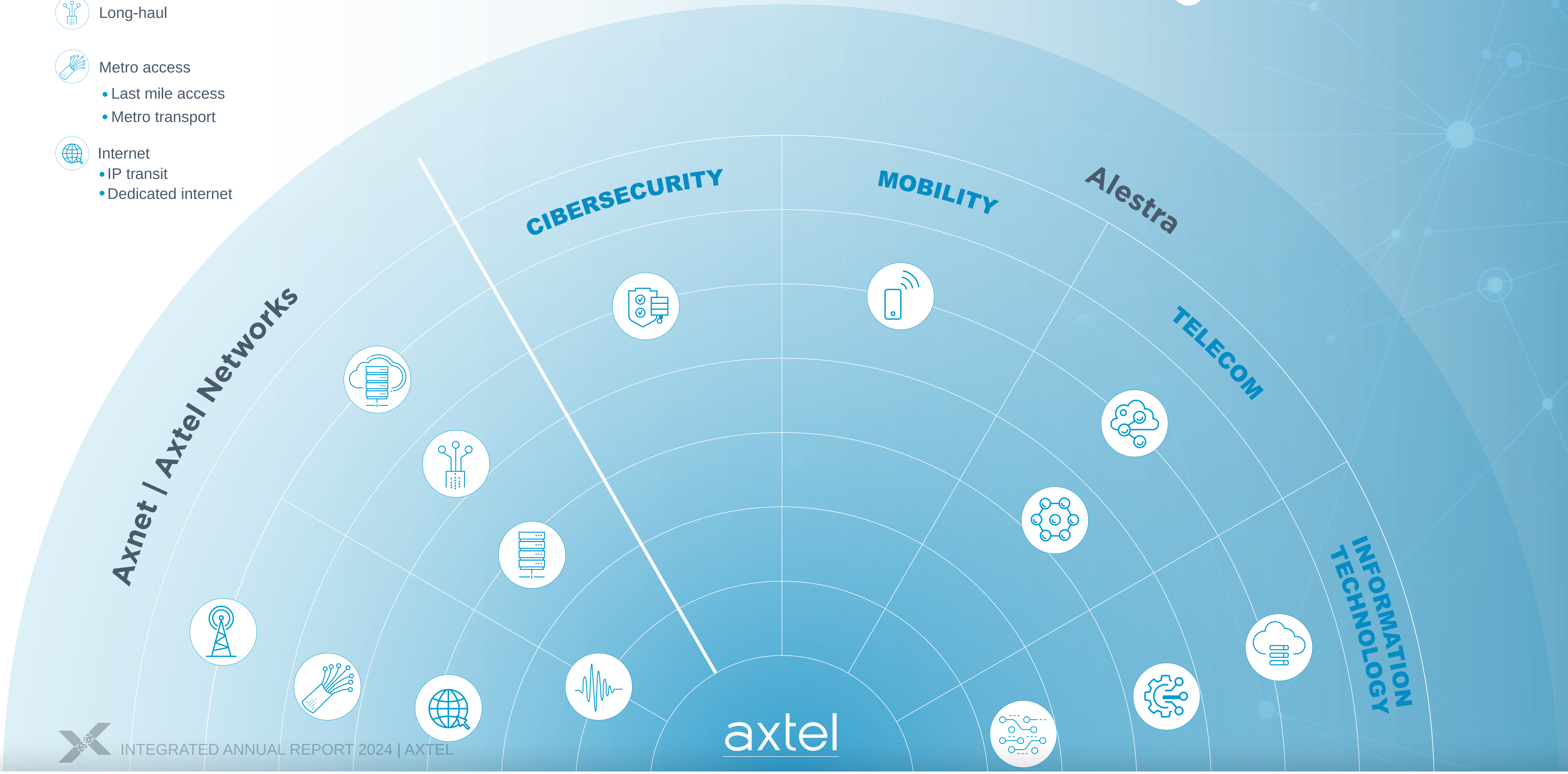
+70% of the top 500 companies in Mexico

+12,000 clients

axtel

Portfolio of Services

- Fiber to the tower
- Data center connect
  - Data center to data center
  - Fiber to data center
- Long-haul
- Metro access
  - Last mile access
  - Metro transport
- Internet
  - IP transit
  - Dedicated internet
- Colocation
  - Network pop colocation
  - Colocation in data center
- Espectrum
- Cybersecurity
- Mobility
- Connectivity
- Collaboration
  - Networks
- Cloud
- System integration
- Digital transformation



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Enterprise Market

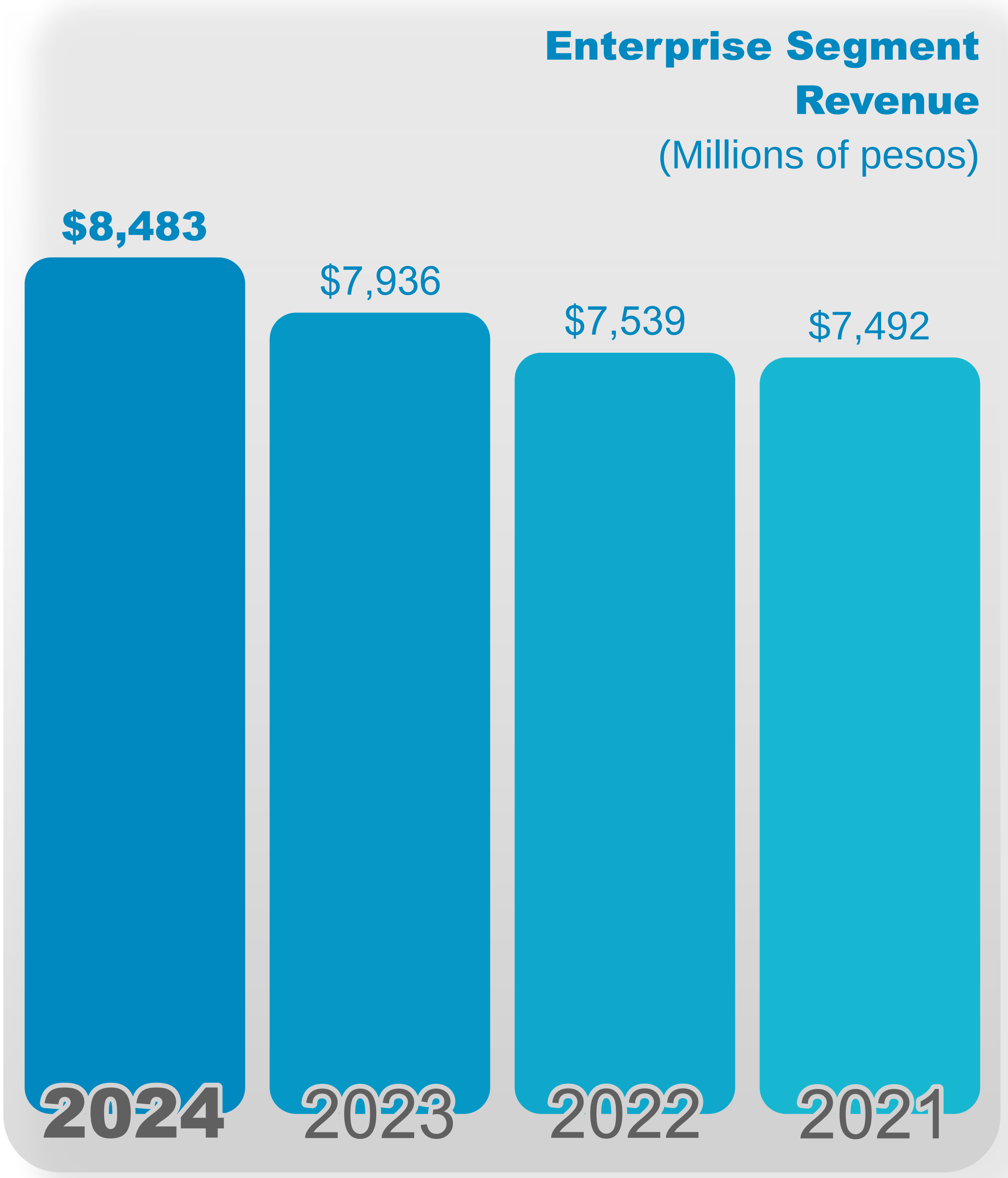
Across each business line, we provide services that enable sectors to embrace emerging technological trends, driving the evolution of their operations in a fully digital era.

TELECOM

In 2024, we focused our efforts on the growth of next-generation services with greater market traction. We achieved significant increases in SD-WAN services, a technology that allows for the management and optimization of communication links via software, creating a dynamic and intelligent service. Additionally, we expanded Wi-Fi services and direct, private connectivity to major public cloud providers.

Moreover, we designed a new service delivery model called **"Axtel Supremo"**, which will significantly reduce service delivery times from 40 to 10 days in over 800 high-demand areas in key cities, improving customer satisfaction and time-to-bill.

We are also preparing to launch our SASE service, which integrates software-defined networks and cybersecurity elements into a single platform. Our goal is to position ourselves as the leading provider of this solution in Mexico.



CYBERSECURITY

During the year, the service portfolio for the market focused on Perimeter Security, Endpoint Device, Intelligence, Threat Response, and Consulting.

To expand the penetration of cybersecurity services across various industries, we formed a strategic alliance with SPLUNK to manage the intelligence, visibility, and threat response portfolio through a unified platform.

Additionally, Alestra was recognized as MSSP Partner of the Year for the Northern Region by Fortinet, and also received the MSSP (Managed Security Service Provider) Platform Development award from Palo Alto Networks. These acknowledgments reflect our capability to deliver managed cybersecurity services using Artificial Intelligence and machine learning to enhance coverage within our clients' networks.

INFORMATION TECHNOLOGIES

With the aim of strengthening client relationships, we created the **"TIger Team"**, a group dedicated to strategic business and technology consulting, supporting our clients in defining their vision and strategy by developing strategic plans and technological roadmaps for the next three years.

We launched iAlestra, a solution designed to help our clients integrate Artificial Intelligence into their business processes, enabling them to improve operational efficiency, accelerate goal achievement, and enhance their business performance. To promote this solution, we conducted a tour across multiple cities to demonstrate how AI can boost business productivity and support data analytics–driven decision-making processes.

Additionally, we expanded our Cloud services portfolio by incorporating Oracle Cloud as a managed service. This addition complements our multi-cloud strategy, which already includes AWS and Microsoft Azure.

During the year, Alestra was recognized for the second consecutive year by Veritas as the "Fastest Growing Partner" in Latin America and the Caribbean for outstanding performance in sales of resilience and data protection solutions. Later, we received their recognition as a Top Managed Services Provider (TOP MSP) in Northern Latin America. Similarly, Nutanix named us System Integration Managed Services Provider of the Year.

MOBILITY

Throughout 2024, our Alestra Móvil service for enterprise clients continued to evolve, with the incorporation of voice over 4G functionality (VoLTE) for the Telcel network, which was also implemented in the AT&T network and is scheduled to go live in the first quarter of 2025.

We also continued enhancing the mobile internet solution portfolio for various enterprise applications and use cases such as backup for branches and ATMs, kiosks and mobile points of sale, and internet services for trucks and transportation. These solutions include LTE mobile internet service, mobile router equipment, and a management platform.

The eSIM was integrated into the mobility solution, representing the transition from a physical SIM card to a virtual SIM. The eSIM is available in all Alestra Móvil plans and offers end users greater flexibility, enhanced security, and improved environmental sustainability.

Moreover, a digital media campaign was launched to increase awareness and positioning of the multi-operator solution offered by Alestra Móvil, which enables companies to access the widest coverage, as the service leverages the country's three major mobile networks.

Government Segment

In 2024, we successfully renewed 99% of our contracts. Additionally, we expanded our presence to eight new states, which, combined with a more active federal administration, drove a 7% increase in revenue for this segment. We achieved a revenue mix of 55% from federal-level contracts and 45% from state and local levels, helping to reduce exposure to political cycle volatility.

We obtained 200 new certifications with 12 manufacturers, strengthening our compliance and competitiveness in public bidding processes. Moreover, we were awarded a Ps. $1,000 million contract to support the digital documentation of international trade in Mexico over a three-year period.

Government Segment Revenue
(Millions of pesos)

Federal

25% of federal government institutions are our clients

State

Presence in **22** states

+200 clients

alestra

Wholesale Segment

With over 25 years of experience in the Information and Communication Technologies (ICT) sector, we provide world-class infrastructure through our long-haul fiber optic network and spectrum. Our technology enhances the capabilities of national and international operators, as well as data centers, tech companies, content providers, and cloud service providers. We have positioned ourselves as the strategic link that enables seamless connection between our clients and their end users.

To strengthen our position as the most relevant neutral infrastructure operator in Mexico, we ensure that our fiber optic network spans all regions of the country.

We offer fiber optic infrastructure for the efficient interconnection of nodes, optimizing costs and ensuring superior performance. Solutions such as dark fiber offer the advantage of dedicated infrastructure, enhancing our clients' flexibility and operational autonomy.

A Strategic Partner for Our Clients

We focus on strengthening our clients' operations, enabling them to deliver high-level services to their own users. To ensure operational continuity, we make ongoing investments in cutting-edge infrastructure, providing reliable, scalable, and top-quality solutions.

Expansion and Coverage

In 2024, we deployed Fiber-To-The-Tower (FTTT) connectivity through 1,264 km of fiber optic network.

Internet Network:

We expanded internet outbound capacity by 580 Gbps in Mexico City, Monterrey, and Villahermosa. Additionally, we added 520 Gbps of internet peering with major content providers such as Google, Facebook, Akamai, AWS, among others.

We also provide coverage in **996 industrial parks throughout Mexico,** reaching over 93% of the market, as well as 532 business centers across 15 cities.

National Fiber Optic Network

We currently operate **53,600 km** of fiber optic infrastructure, covering 77 cities across the country.

axnet | AXTEL NETWORKS

Our infrastructure

+28,900 km
metropolitan rings

+260,000
business locations in coverage

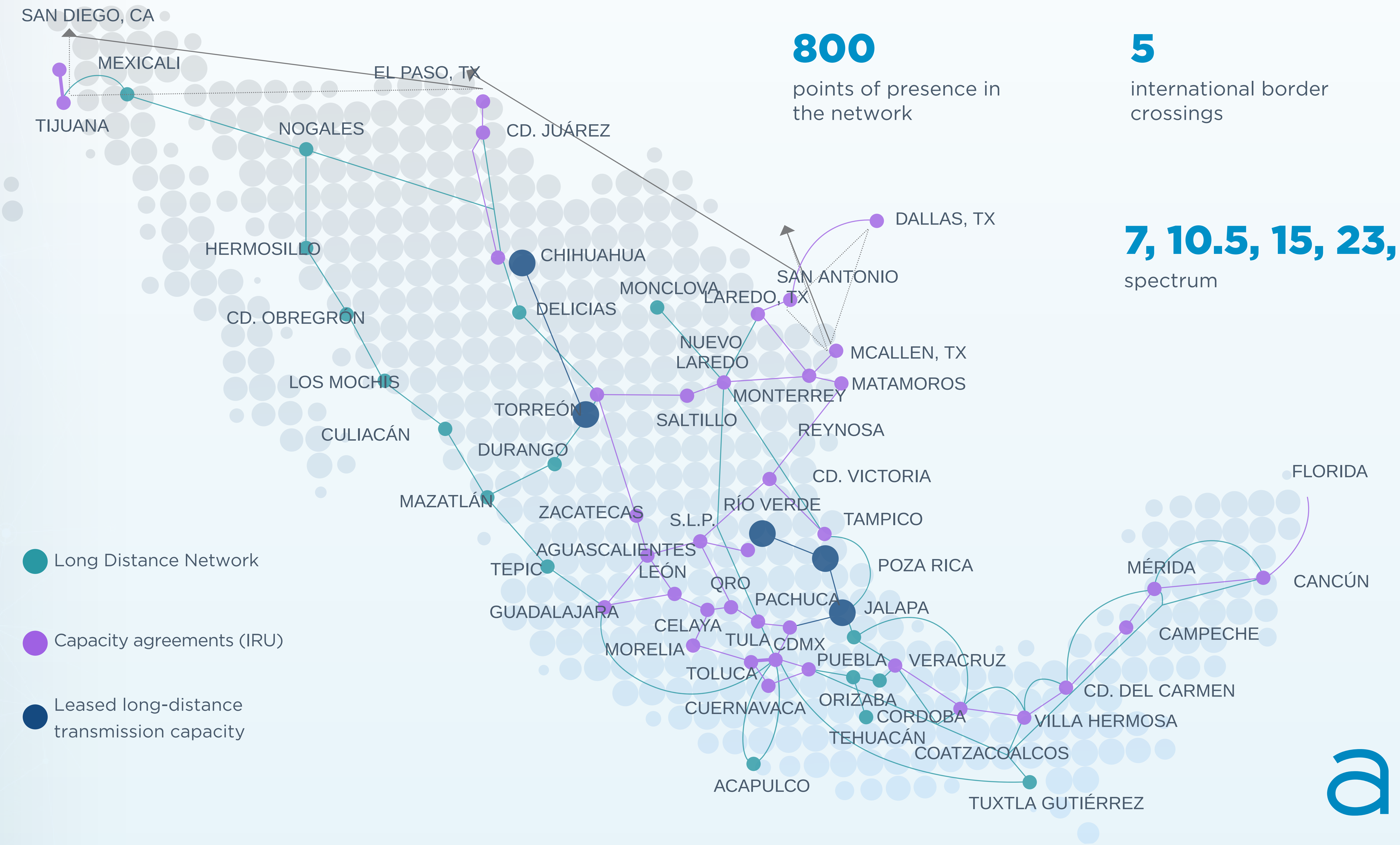
+24,700 km
Long Distance Network

800
points of presence in the network

5
international border crossings

77
cities

7, 10.5, 15, 23, 38 Ghz
spectrum



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Sperto Centers by Alestra: Innovation Within Reach for Your Business

Alestra operates three Sperto Centers located in Monterrey, Mexico City, and Querétaro. These spaces are designed to offer clients an immersive experience with our most advanced technological solutions. Through interactive demonstrations, visitors can explore in detail the capabilities and benefits of over 50 innovative solutions included in our portfolio. This provides a unique opportunity to experience, in a real-world environment, how our technologies can drive the digital transformation of their business—optimizing processes and maximizing strategic value.

In 2024, the Sperto Center launched the following initiatives:

Table Top Exercise

In collaboration with Sperto, we conducted a practical Cybersecurity simulation with our Executive Team, promoting decision-making through role exchange and continuous improvement.

Escape Room • Security Week

We carried out a dynamic and hands-on Cybersecurity investigation simulation.

Architecture and CyberDefense

- Reduced malware threats by 42%, with zero critical recurrences
- Successfully blocked 103 threat campaigns in a timely manner
- Revalidated all our ISO standards (27001, 22301, 31000)
- Continued strengthening and maturing our controls, as well as enhancing readiness for

In addition, the following events were held:

+3 mil
Interactions

64
Partners

236
Sperto Demonstrations

155
Events

+700 Business Opportunities

Focus on Key Verticals

Financial Services | Retail | Transportation Logistics

+Ps. $220 million in Sales

+60% Coverage across the Country through Partner Events

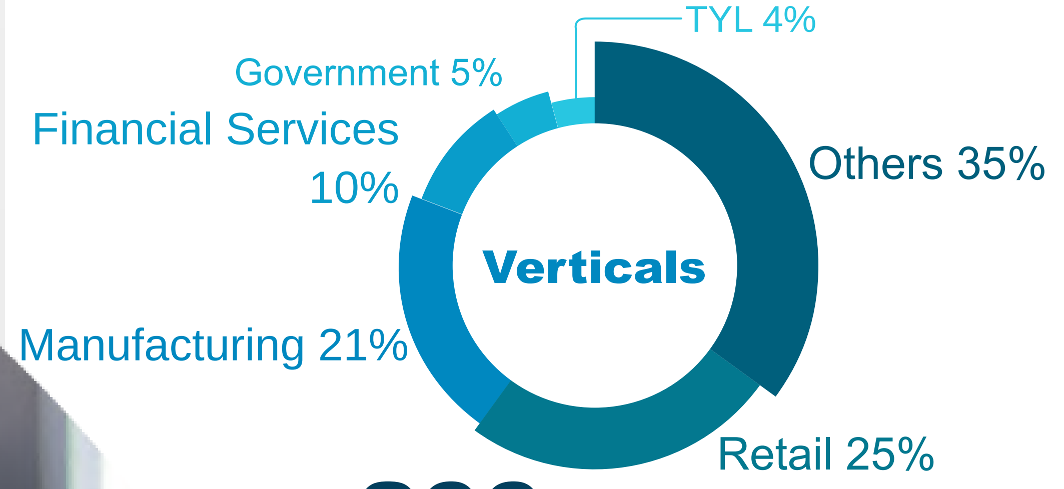
Sperto Center by the Numbers

CDMX 28%

MTY 58%

QRO 13%

- SIP for Teams
- Zoom Collaboration
- Webex Collaboration
- SD WAN
- WIFI Marketing
- Mobility Equipment
- Video Analytics
- Cabin Monitoring
- Energy Monitoring
- Meraki Sensor Solutions



+200 Opportunities with a combined value exceeding Ps. $40 million

GRI 2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-16, 2-17, 2-18
TCFD Gobernanza a) y b)

Board of Directors

The highest governing body is our Board of Directors, which, together with the Chief Executive Officer, is responsible for the strategic direction of the business and for making decisions aligned with our values, ethical principles and integrity. Its objective is to ensure the generation of sustainable value for our customers, employees, investors and suppliers.

Axtel's single-tier (Tier 1) Board of Directors, co-chaired by Álvaro Fernández Garza and Tomás Milmo Santos, is comprised of 10 proprietary directors, 6 of whom are independent*, and 1 alternate member.

In accordance with the Mexican Securities Market Law (Ley del Mercado de Valores, LMV), at least 25% of the members of Axtel's Board of Directors must be independent. However, we aspire to exceed this benchmark by targeting over 50% independent directors. In accordance with the LMV and our internal rules, we have successfully surpassed this objective, with 60% of Axtel's board members currently classified as independent.

In 2024, 5 Board meetings were held. The Board meets at least quarterly, with an average attendance rate of 96%. At Axtel, all members are required to attend at least 80% of the meetings.

Average length of service / tenure of Board members : **12.7 years**

Board of Directors

Name	Position	Age	Independence	Nationality	Tenure on the Board (years)	Industry Experience
Álvaro Fernández Garza	Co-Chairman of the Board	56	**Not** Independent	Mexican	9	Industrial Sector
Tomás Milmo Santos	Co-Chairman of the Board	60	**Not** Independent	Mexican	31	Information Technology Sector
Armando Garza Sada	Board Director	67	**Not** Independent	Mexican	9	Industrial Sector
Patricio Jiménez Barrera	Board Director	59	**Not** Independent	Mexican	18	Financial Sector
Alejandro Miguel Elizondo Barragán	Board Director	71	Independent	Mexican	9	Consumer Staples Sector
Eduardo Alberto Escalante Castillo	Board Director	66	Independent	Mexican	6	Industrial Sector
Juan Ignacio Garza Herrera	Board Director	58	Independent	Mexican	9	Consumer Staples Sector
Fernando Ángel González Olivieri	Board Director	70	Independent	Mexican	15	Materials Sector
Ricardo Saldivar Escajadillo	Board Director	72	Independent	Mexican	9	Consumer Sector
Alberto Santos Boesch	Board Director	53	Independent	Mexican	12	Consumer Sector

Note: None of our board members serve as executive officers at Axtel.
*It is worth noting that Álvaro Fernández Garza, Tomás Milmo Santos, Patricio Jiménez, Eduardo Alberto Escalante Castillo, and Ricardo Saldivar Escajadillo have relevant experience in the sector.

Five members of the Board of Directors hold additional leadership roles in other organizations.

Name	Number of Other Board Memberships	Organizations
Álvaro Fernández Garza	6	ALFA, Controladora Axtel, Nemak, Alpek, Cydsa, Vitro
Armando Garza Sada	8	ALFA, Alpek, Nemak, Controladora Axtel, BBVA
Alejandro Miguel Elizondo Barragán	1	Arca Continental
Ricardo Saldivar Escajadillo	2	Femsa, GIS

Co-Chairmen

At Axtel, the roles of Chief Executive Officer (CEO) and Chairman of the Board are separate within our organization. The Co-Chairmen of the Board are neither independent nor executive members. However, it is important to note that Tomás Milmo Santos is the former CEO of Axtel and currently holds a non-executive position.

Álvaro Fernández Garza
March 27, 1968 (56 years old)

Director and Co-Chairman of Axtel's Board of Directors since February 2016 (9 years). Director and Chairman of the Board of Controladora Axtel since November 2022 (2 years).

Chief Executive Officer and Chairman of the Board of ALFA, S.A.B. de C.V. (ALFA). Chairman at Universidad de Monterrey (UDEM), Alpek, and Nemak.
Board Member of Cydsa, Vitro, and the Mexican Business Council (Consejo Mexicano de Negocios, CMN).

He holds a Bachelor's degree in Economics from the University of Notre Dame, a Master's in Business Administration from ITESM, and an MBA from Georgetown University.

Experience:
- Telecommunications Industry (ICT): Chief Executive Officer at Alestra from 1996 to March 2003
- Functions: Finance, Operations and Strategic Planning
- Industries: Telecommunications, Automotive, Consumer Goods, and Petrochemicals

Tomás Milmo Santos
November 3, 1964 (60 years)

Director and Co-Chairman of the Board of Directors of Axtel since February 2016, prior to the merger between Axtel and Alestra, he was a Director of Axtel since 1994 (31 years).

He was Chief Executive Officer of Axtel from 1994 to February 2016, has been a director since 1994 and was Chairman of the Board of Directors from 2003 to February 2016 and was a Director of CEMEX from 2006 to 2022. He is a member of the Board of Directors of ITESM and Promotora Ambiental. He is also Chairman of the Board of Tec Salud.

He holds a Bachelor's degree in Business Economics from Stanford University.

Experience:
- Telecommunications Industry (ICT): Chief Executive Officer of Axtel from 1994 to February 2016.
- Functions: Entrepreneurship, Business Management and Administration
- Industries: Telecommunications and Energy

Proprietary Directors

Armando Garza Sada
June 29, 1957 (67 years old)

Director of Axtel since February 2016 (9 years).
Director of Controladora Axtel since November 2022 (2 years).

Member of the Boards of ALFA, Alpek, Nemak, BBVA Mexico, CEMEX, Lamosa and Liverpool.

Graduated from the Massachusetts Institute of Technology, with an M.B.A. from Stanford University.

Experience:
- Functions: Strategic Planning, Finance and Operations
- Industries: Industrial Sector, Consumer Goods, Petrochemicals, Automotive, Construction, Telecommunications

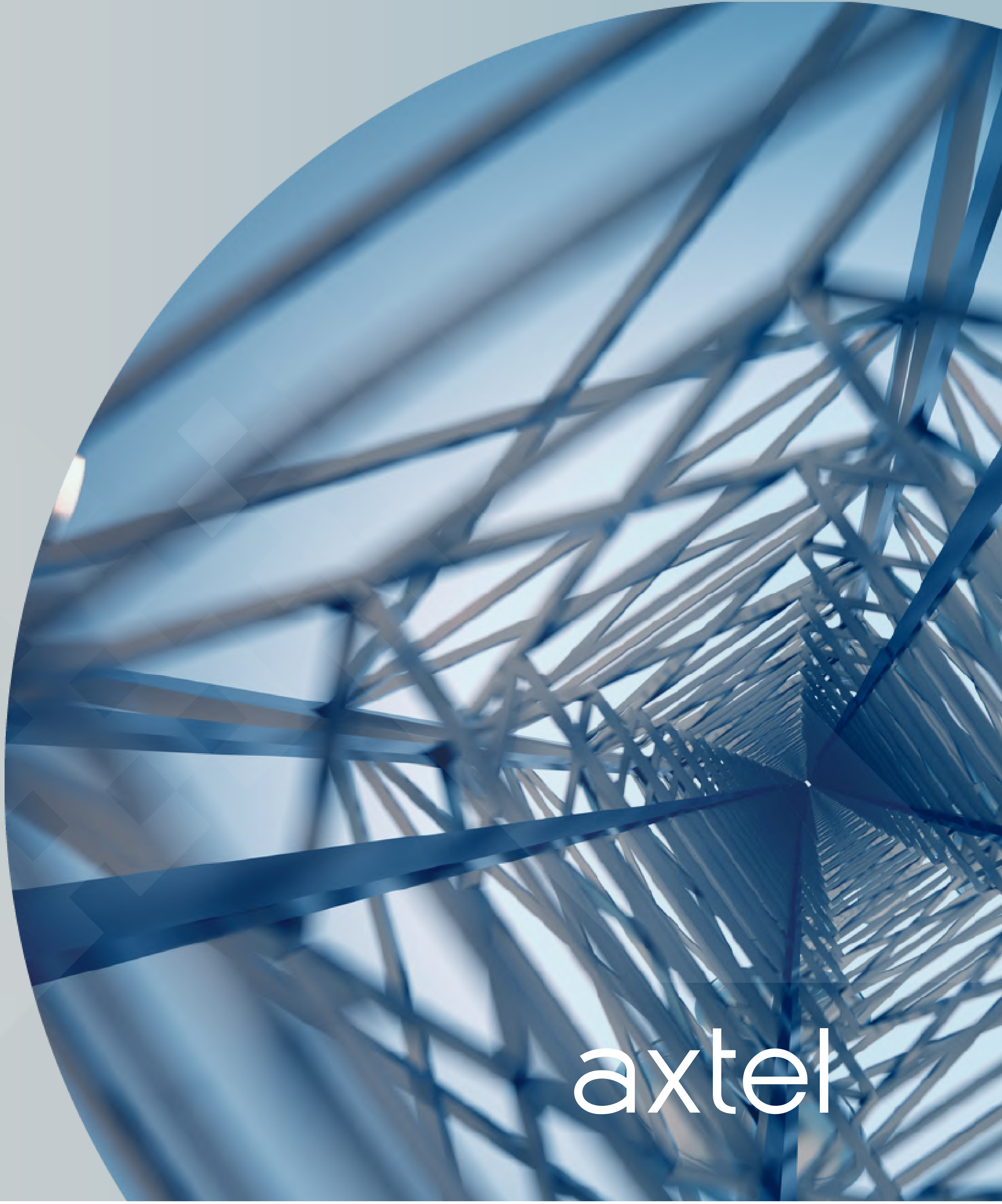
Patricio Jiménez Barrera
October 29, 1965 (59 years old)

Director of Axtel since February 2018, prior to the merger between Axtel and Alestra, he was a Director of Axtel from 2005 to 2016 (18 years).

Chairman of Abstrix. Member of the Board of Directors of Grupo Tredec and Jumbocel.

He is a Certified Public Accountant from ITESM.

Experience:
- Telecommunications Industry (ICT): Chief Financial Officer of Axtel from 1998 to February 2009
- Functions: Finance, Investment Banking, Administration, Human Resources and Treasury.
- Industries: Telecommunications, Banking and Brokerage Houses



Independent Proprietary Directors

The six independent directors each hold four or fewer additional directorships. These members are Alejandro Miguel Elizondo Barragán, Eduardo Alberto Escalante Castillo, Juan Ignacio Garza Herrera, Fernando Ángel González Olivieri, Ricardo Saldivar Escajadillo, and Alberto Santos Boesch. Currently, there is no restriction on the number of board mandates or a maximum limit on additional directorships.

Alejandro Miguel Elizondo Barragán
October 14, 1953 (71 years old)

Director of Axtel since February 2016 (9 years). Board Member of Controladora Axtel November 2022 (2 years).

He is a member of the Board of Directors of Arca Continental, Grupo Stiva and Museo del Acero.

He holds a degree in Mechanical and Electrical Engineering from ITESM and an M.B.A. from Harvard University.

Experience:
- Functions: Planning, Finance, Business Development and Administration.
- Industries: Steel, Petrochemicals and Food & Beverages

Eduardo Alberto Escalante Castillo
March 27, 1958 (66 years old)

Director of Axtel since February 2019 (6 years). Board Member of Controladora Axtel November 2022 (2 years).

Chief Financial Officer of ALFA since 2018 and Chief Executive Officer of Axtel from January 2021 to April 2022. Former President of the National Association of the Chemical Industry (ANIQ) in Mexico.

He holds a degree in Electronics and Communications Engineering from ITESM and a master's degree from Stanford University.

Experience:
- Telecommunications Industry (TIC): Chief Executive Officer of Axtel from January 2021 to April 2022. Vice President of Marketing at Alestra from 1996 to 1999.
- Functions: Finance, Strategic Planning, Marketing and Human Capital.
- Industries: Telecommunications, Petrochemicals, Food and Iron and Steel

Juan Ignacio Garza Herrera
November 26, 1966 (58 years old)

Director of Axtel since February 2016 (9 years). Board Member of Controladora Axtel November 2022 (2 years).

Chief Executive Officer of Xignux. Former President of COMCE Noreste and has participated as member of the Board of Directors of Xignux, Consejo Mexicano de Negocios (CMN), BBVA Mexico (Regional Noreste), UDEM, ICONN, Cleber and Instituto Nuevo Amanecer, A.B.P. Former President of the Chamber of the Transformation Industry of Nuevo León.

He holds a degree in Mechanical Engineering and Management from ITESM and an MBA from the University of San Francisco.

Experience:
- Functions: Manufacturing, International Trade and Human Capital
- Industries: Electrical and Food

Fernando Ángel González Olivieri
October 2, 1954 (70 years)

Director of Axtel since February 2016, prior to the merger between Axtel and Alestra, he was a Director of Axtel since 2010 (15 years).

Chief Executive Officer of CEMEX. Member of the Boards of Grupo Cementos de Chihuahua and Universidad Tec Milenio.

He holds a Bachelor's degree and a postgraduate degree in Administration from ITESM.

Experience:
- Functions: Business Management, Strategic Planning, Business Development, Climate Change/Sustainability and Digital Transformation.
- Industries: Iron and Steel and Heavy Construction Materials

Ricardo Saldívar Escajadillo
November 20, 1952 (72 years)

Director of Axtel since February 2016 (9 years). Board Member of Controladora Axtel November 2022 (2 years).

Private investor. Member of the Boards of FEMSA and Grupo Industrial Saltillo and current Chairman of the Board of Directors of Tecnológico de Monterrey. Former Chairman and Chief Executive Officer of The Home Depot Mexico, a position he held for eighteen years until June 2017 when he retired. Previously, he worked in various companies of Grupo ALFA for nearly 21 years.

He holds a degree in Mechanical Engineering and Management from ITESM, a Master of Science in Systems Engineering from Georgia Tech and a diploma in Senior Management from IPADE.

Experience:
- Telecommunications Industry (TIC): Chief Financial Officer of Alestra from 1996 to January 1999.
- Functions: General Management
- Industries: Retail Distributor and Telecommunications

Alberto Santos Boesch
August 26, 1971 (53 years old)

Director of Axtel since February 2016, prior to the merger between Axtel and Alestra, he was a Director of Axtel since 2013 (12 years).

Chairman and Chief Executive Officer of Ingenios Santos. Board Member of Gruma, BBVA Bancomer, Interpuerto Monterrey, I.T.E.S.M. Development Committee, Instituto Nuevo Amanecer, Renace, Red de Filantropía de Egresados y Amigos del Tec, Comité del Consejo Consultivo de la Facultad de Ciencias Políticas y Administración Pública de la UANL, Unidos por el Arte contra el Cáncer Infantil (UNAC) and Patronato del Hospital Metropolitano.

He has a degree in International Studies from UDEM.

Experience:
- Functions: Business and Philanthropy Management
- Industries: Airports, Food & Beverage and Entertainment

*Independent directors are not subject to personal, equity or economic interests, and they comply with the requirements set forth in the Securities Market Law (Article 26).

*Industry experience is classified according to the Global Industry Classification Standard (GICS).

Board of Directors and Environmental Matters

The Board of Directors conducts an annual assessment of Axtel’s sustainability plan, including its strategy and related metrics. As part of this assessment, environmental issues—formally established in our Environmental Policy PL-SOS-02—are reviewed. These matters are included in the Board's agenda, with at least one dedicated meeting per year for their discussion and follow-up.

In addition, the Executive Committee—comprising the Co-Chairmen, the Chief Executive Officer (CEO), and the Chief Financial Officer (CFO)—reviews the progress and implementation of the plan at least quarterly. These sessions provide oversight of the company’s strategy, objectives, and progress in environmental, social, and corporate governance (ESG) matters.

Responsibility for reviewing and approving the Integrated Annual Report rests with our Executive Directors, who also provide strategic insight on key topics and relevant events throughout the year. Axtel is committed to disclosing traceable information to its stakeholders; therefore, to ensure accuracy and reliability, the 2024 Integrated Annual Report was verified by e3 Consultora, an independent technical verifier endorsed by the organization’s highest governing body and executive management.

Committees with responsibility for environmental issues

To enhance our sustainability management, we have established a formal structure composed of an Executive Committee, an Operational Committee, and a coordinating department that oversees and manages our ESG initiatives. Throughout the year, we have continued to strengthen this structure to ensure compliance with our responsibilities and to advance the implementation of strategies that create a positive impact on our operations and stakeholders.
The committees responsible for decision-making and managing economic, environmental, and social issues include:

- **Debt and Equity Committee**
- **Investment Committee**
- **Audit Committee**
- **Corporate Practices Committee**
- **ESG Committee**
- **Ethics Committee**

Appointment and Selection of the Highest Governance Body

Members of the Board of Directors are elected and re-elected on an annual basis through a rigorous and transparent process. The selection process takes into account knowledge and experience in economic, social, and environmental matters, as well as diversity and academic background. As part of the Board member selection mechanism, the issuer evaluates the professional and ethical qualifications of the candidates, ensuring they understand their legal responsibilities, including the handling of confidential information. Additionally, individuals with potential conflicts of interest abstain from participating in deliberations and are restricted from accessing relevant information.

As outlined in our Code of Ethics, the selection of board members is based on objective criteria, including their capabilities, professional experience, relevant competencies, track record, independence, and alignment with the company's corporate values. This process ensures that Axtel maintains a strong governance body with the necessary skills to provide strategic direction for the company.

Axtel does not currently have a formal board diversity policy. However, the company is committed to promoting equal opportunities, ensuring that the selection of board members is not influenced by gender, ethnicity, marital status, religion, sexual orientation, or any other discriminatory factor.

At Axtel, the roles of Chief Executive Officer (CEO) and Chair of the Board are separate. The Co-Chairmen of the Board are non-executive, but not independent.

Board of Directors and Critical Concerns

Critical concerns are communicated to the highest governance body—the Board of Directors—through corporate governance procedures, which include regular meetings with the Board and with the Audit and Corporate Practices Committees. The Board of Directors, together with the CEO, is responsible for leading the strategic direction of the company and making decisions aligned with the organization's core values, including ESG-related issues.

In 2024, there were no critical concerns from our investors or stakeholders that required notification to the Board of Directors.

Evaluation of the Highest Governance Body

At Axtel, there is no formal performance evaluation process for the Board of Directors. However, its performance in managing the organization's economic, social, and environmental impacts is assessed. This evaluation is conducted by the Audit and Corporate Practices Committees, which are responsible for reviewing processes related to these areas to ensure their compliance and effectiveness. Subsequently, Internal Audit carries out the reporting and monitoring process for key risks and evaluations. It is important to note that this assessment is not independent.

Management Team

Our management team is composed of professionals with extensive experience in the Information and Communication Technologies (ICT) sector. The Executive Directors, who lead the different areas, report directly to the CEO.

Armando de la Peña González
Chief Executive Officer / 58 years old

Appointed CEO of Axtel in April 2022. Prior to this role, he served as Director of Sigma Foodservice. Over the course of 20 years, he held various executive positions within ALFA and its subsidiaries, Sigma and Terza. He was Director for Latin America and Director of Talent and Culture at Sigma, as well as Human Capital Director at ALFA and CEO at Terza.

He holds a degree in Industrial and Systems Engineering from Tecnológico de Monterrey (ITESM) and has completed executive programs at Stanford University, Wharton, Harvard, and IPADE, among others. He is a member of the American Society of Appraisers.

Adrián de los Santos Escobedo
Chief Financial Officer / 56 years old

Previously served as Director of Corporate Finance and Investor Relations at Axtel until February 15, 2017. Before joining Axtel in April 2006, he worked at Operadora de Bolsa, Banca Serfin (now Santander México), and Standard Chartered Bank, where he held positions in Institutional and Corporate Banking in Monterrey, London, and New York.

He holds a degree in Business Administration from ITESM and a Master's degree in Finance from the Carroll School of Management at Boston College.

Alicia Saucedo Gutiérrez
Chief Commercial Development Officer / 51 years old

Joined Alestra in 1999 and has held several positions in areas such as Offer Management and Go-to-Market for IT. In 2021, she was appointed Director of Telecom Solutions Design, where she laid the foundation for Axtel's business line specialization strategy. As Chief Commercial Development Officer, she currently oversees the company's marketing strategy.

She holds a degree in Marketing from ITESM, along with diplomas in Telecommunications from the same institution and diplomas in Commercial Strategy and Finance from ITAM

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Andrés Cordovez Ferretto
Executive Director of Infrastructure and Systems / 56 years

Served as Axtel's Chief Technology and Operations Officer from October 2013 to January 2016. Prior to that, he held the role of Chief Information and Process Officer. He has held several executive positions across national and multinational companies in the telecommunications, financial, and service sectors, with responsibilities spanning technology, innovation, operations, customer service, and sales.

He holds a degree in Computer Systems Engineering from ITESM and a diploma in Senior Management from IPADE. He has also completed executive development programs at Wharton, Stanford, and the London Business School.

Bernardo García Reynoso
Executive Director of Business Lines / 66 years old

Joined ALFA in 1985 and became part of Alestra at its founding in 1996, where he held various roles in Sales, Marketing, Strategic Alliances, Administration, and Human Resources. He served as Alestra's Chief Financial Officer for seven years prior to the merger, and in 2016, was appointed Chief Planning and Development Officer at Axtel.

He holds a degree in Industrial and Systems Engineering from ITESM, a Master's degree in International Trade from Universidad de Monterrey, and an MBA from the International Institute for Management Development (IMD) in Lausanne, Switzerland.

Carlos Buchanan Ortega
Executive Director of Human Capital / 65 years old

Former Managing Partner at B&S Consultores and former Human Resources Director at Alestra. He has held senior HR leadership positions at Telefónica Movistar, Bancomer's Commercial Banking division, Bimbo, Black & Decker, and Prolec G.E. He was also Executive President of ERIAC Capital Humano and is currently a board member. He serves as Curriculum Advisor at UDEM, Employability Advisor at TecMilenio, and Board Member of Movimiento Congruencia AC. He is also part of the Study Group and a guest monitor for IPADE's D1, D2, and MEDEX programs. He has lectured and taught at UDEM, ITESM, and ITESO.

He holds a degree in Psychology and a Master's degree in Organizational Development and Administration from UDEM, along with postgraduate studies at IPADE and Kellogg School of

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Sergio Bravo García
Executive Director of the Government Sector | 59 years old

Joined Alestra in 1996, where he has held several executive positions across Corporate Sales, Finance, and Marketing. From 2020 to April 28, 2022, he served as Director of Government Customer Service, and currently holds the position of Executive Director of the Government Sector.

He holds a degree in Computer Systems Engineering and a Master's degree in Business Administration from ITESM. He has completed several executive programs at Stanford, Wharton, Chicago, and the London Business School.

Wilson Rojas Sifuentes
Executive Director of Legal and Regulatory / 60 years old

Appointed Executive Legal and Regulatory Director in January 2025. He joined Alestra in 1996, where he has held various roles including Director of Telecom Regulation and Manager of Competition and IT. He also served as Director of Telecommunications Policy and International Negotiations at Mexico's Ministry of Communications and Transportation (SCT).

He holds a degree in Economic Engineering from the National University of Engineering in Peru and a Master's degree in Economics from CIDE. He has completed executive development courses at Thunderbird School of Global Management.

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GRI 2-2

Operational structure

Subsidiary
Axtel, S. A. B. B. de C. V. (2)
Alestra USA, Inc. (1)
S&C Constructores de Sistemas, S. A. de C. V.
Servicios Alestra TI, S. A. de C. V. (2)
Alestra Procesamiento de Pagos, S.A. de C.V. (2)(3)
Alestra Servicios Móviles, S.A. de C.V. (2)
Fomento de Educación Tecnológica, S.C. (4)
Axtel Networks, S.A. de C.V.
AXE Redes e Infraestructura, S.A. de C.V.

Note: The 2024 Integrated Annual Report of Axtel includes information on the performance of the same entities reported in our financial statements. The information is presented on a consolidated basis, and the holding company owns 100% of the subsidiaries; therefore, there is no minority interest.
Axtel did not undergo any changes in size, structure, supply chain, or ownership during 2024.

1 Leasing of telecommunications equipment and infrastructure.
2 Telecommunications service provider.
3 At the Extraordinary General Shareholders' Meeting held on December 1, 2021, shareholders approved the merger of Servicios Axtel, S.A. de C.V., Axes Data, S.A. de C.V., Contacto IP, S.A. de C.V., Instalaciones y Contrataciones, S.A. de C.V., and Ingeniería de Soluciones Alestra, S.A. de C.V. (as merging entities) into Alestra Procesamiento de Pagos, S.A. de C.V. (as the surviving entity); this merger had no impact on the Company's consolidated operations.
4 Training and development services.

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Shareholders

Axtel is a publicly traded corporation, with shares registered in the National Securities Registry and listed on the Mexican Stock Exchange, S.A.B. de C.V. (the "Exchange") through Ordinary Participation Certificates (CPOs) issued under the CPO Trust, each of which represents 7 shares, with Nacional Financiera, Sociedad Nacional de Crédito, a Development Bank Institution, acting as the trustee.

As of May 29, 2023, the Company is a subsidiary of Controladora Axtel, S.A.B. de C.V. ("Controladora Axtel") because the suspensive conditions outlined in the Shareholders' Meeting of Alfa S.A.B. de C.V. ("ALFA") held on July 12, 2022, were met on that date.

CONTROLADORA AXTEL EXERCISES CONTROL AND OWNS 53.9% OF THE SHARES REPRESENTING THE COMPANY'S CAPITAL.

At Axtel, the Chief Executive Officer (CEO) and other senior executives do not own shares of the company. Likewise, there is no stock ownership requirement for the CEO or other members of the Board of Directors to own shares.

No governmental institution holds more than 5% of the total voting rights. Likewise, none of the founders or their relatives individually own more than 5% of the voting rights. In this sense, the percentage of shareholder control of founding members or family members corresponds to **19.80%.**

Financial perspective

Axtel seeks to ensure the sustainability and continuous growth of our company, while simultaneously delivering exceptional value to our customers. Therefore, we are committed to respond to market demands with innovative solutions. Our management is based on transparency and integrity, particularly in the financial realm, ensuring compliance with international standards.

As a company listed on the Mexican Stock Exchange and subject to regulation as a public entity, Axtel adheres to various regulations in the presentation of its financial reports, including adherence to applicable tax provisions.

Axtel's most relevant financial information for the year 2024 is presented below:

EBITDA by quarter: (Million of pesos)	**Sales by quarter:** (Millions of pesos)	**EBITDA per year:** (Millions of pesos)	**Sales per year:** (Millions of pesos)
4Q*: **1,200**	4Q: **3,298**	**2024*: 3,669**	**2024: 11,556**
3Q: **845**	3Q: **2,869**	2023*: 3,430	2023: 10,956
2Q: **824**	2Q: **2,742**	2022: 3,011	2022: 10,480
1Q: **800**	1Q: **2,649**	2021: 3,793	2021: 11,389

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* Excludes Ps. $17 million and Ps. 388 million in expenses related to organizational efficiencies in 2024 and 2023, respectively.

GRI 207-1, 207-2, 207-3, 207-4

Fiscal policy

At Axtel, our **Tax Strategy and Governance Policy**[9] establishes the basic principles that guide tax planning, operation and regulation, ensuring compliance with current tax regulations and adapting to the digital environment.

The following guidelines reflect the company's commitment to maintaining a proactive approach to changes in tax legislation:

- Commitment to respect the spirit and letter of the tax laws and regulations of countries in which the company operates.
- Commitment not to transfer the value created to low tax jurisdictions.
- Commitment not to use tax structures without commercial substance.
- Commitment to set transfer prices according to the arm's length principle.
- Commitment not to use secrecy jurisdictions or so-called "tax havens" to avoid taxes.

Thanks to our policy, we ensure an approach to regulatory compliance that includes:

- Regulatory Compliance: We ensure strict adherence to current tax provisions through the implementation of digital tools and a solid control and governance framework.
- Long-Term Planning: We develop a five-year tax plan aligned with the latest business plan approved by the Board of Directors and Corporate Control, with an annual review frequency.

Our tax policy is approved by the Board of Directors and aims to ensure transparency and communication with stakeholders through mechanisms such as the Transparency Mailbox, which facilitates the reporting of any unethical or illegal behavior related to tax issues. The perspectives and concerns of these groups are also collected and considered through board meetings, shareholder assemblies, and periodic reports to the Stock Exchange.

Our commitment to sustainability and fiscal integrity is reflected in our adoption of international best practices and proactive collaboration with tax authorities to ensure responsible and sustainable operations.

Those Responsible for Compliance with the Tax Strategy:
The Board of Directors, the Audit Committee, and the Finance and Control departments.

Integration of the Tax Approach into Axtel's Strategy:
The integration of the tax approach must align with the organization's strategic plan. In this context, potential tax impacts are analyzed, and specific actions are defined to contribute to the effective fulfillment of objectives.

Tax Risk Management:
The tax risk management approach considers both internal and external factors, being evaluated annually as part of the strategic risk analysis. Similarly, the tax policy is reviewed by the Board of Directors and Corporate Control on the same frequency, with reports presented at the assembly for the approval of financial statements.

Evaluation of Compliance with the Tax Control and Governance Framework:
Compliance with the tax control framework and governance is evaluated through internal and external audits and validated by the Senior Administration. An annual tax opinion is prepared and presented to the relevant authority.

[9]Consult the policy: https://www.axtelcorp.mx/sites/axtelcpo.mx/files/Tax-Policy-2024.pdf

GRI 201-4, 207-1, 207-4

Relevant tax information as of December 31, 2024

Axtel, S.A.B. de C.V. and subsidiaries have a tax domicile in all tax jurisdictions where it operates. Among the key activities related to taxes are traditional telephone services, other telecommunications services, electronic data processing, web hosting and related services, the provision of internet access and web search services, the resale of telecommunications services and related services.

Revenues from sales to third parties	Ps. $11,556.5 million
Income from inter-group transactions with other tax jurisdictions	Ps. $0
Loss before taxes	Ps. -$1,085.4 million
Income taxes on profit/loss	Ps. $394.2 million, including deferred tax benefit
Effective tax rate (%)	36.32%
Taxes paid in cash	Ps. $0.1 million
Cash tax rate (%)	0.01%
Other tangible assets other than cash and cash equivalents	Ps. $7,502.6 million
Corporate income tax paid in cash	Ps. $0
Corporate income tax accrued on profit/loss	Ps. $0
Reasons for the difference between the income tax accrued on the gain / loss and the tax accrued if the statutory tax rate is applied to the profit / loss before tax	Mainly due to the effects of inflation, differences between accounting and tax depreciation rates, as well as other items due to the different accounting-tax treatment.

Government Financial Assistance

Axtel did not receive financial assistance from any government during 2024. Likewise, no government is present in the shareholding structure.

Carbon Pricing Regulation

None of Axtel's operations or activities are regulated by a carbon pricing system.

Customer experience

At Axtel, we understand that an exceptional experience is key to strengthen the relationship with our customers. Therefore, we focus on developing technology that optimizes our response times and significantly improves the experience of our internal and external customers.

In addition, we are committed to continuously measuring and improving customer satisfaction, aware that the loyalty of our users not only reinforces our market positioning, but also boosts profitability, fosters new business opportunities and strengthens our customer network through positive recommendations.

Alestra Omnichannel

At Alestra we are strengthening our omnichannel approach to serve our customers using a variety of tools such as Alestra One Touch (AOT), WhatsApp Inbound and WhatsApp Outbound reconfiguring the experience of our customers by Phone and Email.

Alestra One Touch,, more than 7 thousand registered customers.

This self-service portal has become the most frequently used channel by our customers for handling administrative requests such as account information, invoices, payment complements, among others, but they can also generate technical requests such as raising tickets or knowing their status. In 2024, improvements were implemented such as the escalation of technical tickets and the updating of technical and administrative contacts, which are integrated into our management systems. Our customers can configure their PBX profile in the mobile version without the need to request it from an employee.

WhatsApp Inbound

In 2024, the ability to generate technical tickets through this channel was launched, complementing the existing functionality of checking their status.

The channel can identify the service key and verify if a prior request already exists to avoid duplication.

Administrative requests were added such as: Change of tax data, Change of address, Transfer of Rights, Change of Tax Regime, Consolidation and deconsolidation of services, Relocation of Equipment, Consultation and downloading of PDF and XML payment complements, Correction of payment complement and payment not applied.

When a service executive identifies a request over the phone that can be handled via WhatsApp, our artificial intelligence tool, Alebot, sends a message to the customer offering to process their request through WhatsApp and AOT channels.

Email

The customer requests the status of his ticket via e-mail and receives an automatic response.

Measuring Customer Satisfaction and Expectations

Each year, we assess our customers' expectations and satisfaction levels through surveys based on the Net Promoter Score (NPS) indicator. This process allows us to segment our customers into internally defined categories, considering key factors such as their monthly billing and medium- to long-term growth potential.

To guarantee the reliability and accuracy of the results, the official NPS measurement is performed by an external agency certified in market research. This methodology helps us to identify areas of opportunity and strengthen our relationship with our customers based on their needs and expectations.

NPS 2024 Results

We send surveys based on the NPS indicator to 6% of our customers.

Compared to 2023, no NPS measurements were conducted in 2024 for Alestra Federal Government Market, Alestra State Government Market and Axtel Networks.

Considering only Alestra's NPS, **the Global NPS 2024 reached a value of 51,** thus meeting the goal established for this year.

GRI 3-3
SASB TC-SI-230a.2, TC-TL-230a.2

Innovation in Information Security

At Axtel, protecting our services and guaranteeing the confidentiality, integrity and availability of information is a priority. To this end, we have an Information Security Management System, aligned with best practices and international standards.

At Axtel, we identify and manage vulnerabilities in our information systems through various mechanisms, including operational procedures, employee training, use of technology and collaboration with strategic partners.

Compliance and Regulations

We abide by globally recognized norms and standards, such as:

- ISO 27001, ISO 22301, ISO 31000
- Service Organization Controls (SOC) for cybersecurity, National Institute of Standards and Technology (NIST)
- FIRST, PCI-DSS and SSAE-18

Risk Assessment and Management

To mitigate cybersecurity risks, we continuously carry out:

- Internal and external reviews to detect vulnerabilities.
- Compliance audits and certifications.
- Vulnerability assessments.
- Penetration tests and drills to strengthen our cyber defense.
- Information security training for employees.

Main Security Processes

Cybersecurity Culture:
Awareness and training for employees.

Cyber Resilience:
Business Impact Analysis, Risk Management, Crisis and Business Continuity.

Cyber Defense:
Vulnerability, identity and access management, technical compliance.

Incident Response:
Protocols for threat detection and mitigation, Incident Response Plan.

Safety by Design:
Implementation of measures from the design and development products and services.

Reviews and Monitoring:
Indicator monitoring, audits, certifications, and safety tests.

Continuous Improvement:
Constant evaluation of processes for optimization.

Strategic Cybersecurity

At Axtel, we continually reinforce our information security strategy, ensuring the protection of both our organization and our customers in the enterprise and government markets.

Our cybersecurity structure includes:

- Appointment of a **Chief Information Security Officer (CISO),** strengthening security management.
- Reconfiguration of internal attention, aligning our processes with the highest standards of cyber defense.
- Standardization of protocols to ensure that the same protection measures applied internally are also implemented in the security of our clients.

Information Security Committee (CSI, by its acronym in Spanish)

To comprehensively manage cybersecurity, we have an Information Security Committee (CSI), which holds quarterly meetings to:

- Review the security, information, and cyber defense program, including strategies and security protocols.
- Oversee continuous training and education of employees in digital security.

In addition, CSI plays a key role in protecting Axtel's critical information, ensuring:
Compliance with information security regulations and strategies.
Availability, integrity and confidentiality of company data.
Awareness and training of work teams on security threats.
Risk management and strategic decision making in cybersecurity.

In the event of high-impact cybersecurity incidents:
They are escalated to the CEO
They are brought to the attention of the Corporate Practices Committee for analysis and resolution.

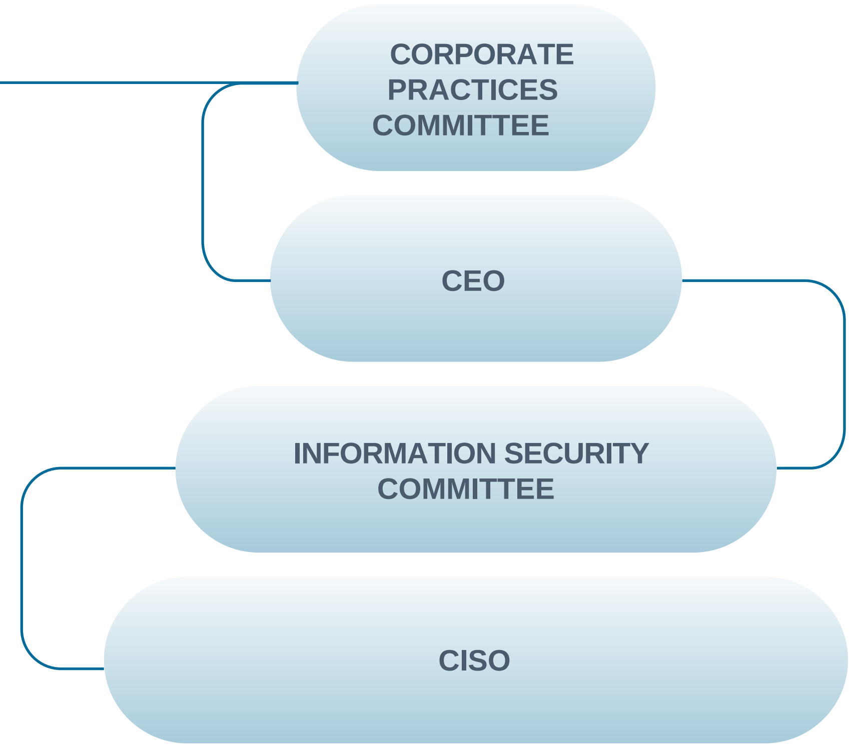
Commitment to Information Security Best Practices

As part of this commitment, ALFA conducts periodic IT and Information Security audits in all its companies, aiming to ensure the robustness of their digital security controls and strategies.

Thanks to the work of the CISO team and the implementation of innovative cybersecurity processes, Axtel achieved outstanding results in the audit, positioning itself as a benchmark within the Group and standing out for its strong focus on information protection.

Information Security Governance Structure

Additionally, at Axtel, both the Board of Directors and the Executive Management are actively involved in the information security and cybersecurity strategy, as well as in its review process. Although there is no Board member specifically responsible for the topic, cybersecurity is an integral part of its agenda. At the executive level, oversight of cybersecurity falls to the Chief Information Security Officer (CISO), who reports directly to the Executive Director, Enterprise Business.



GRI 3-3, 418-1
SASB TC-SI-220a.1, TC-TL-220a.1, TC-SI-220a.2, TC-TL220a.2, TC-SI-220a.3, TC-TL-220a.3, TC-SI-220a.4, TC-TL-220a.4, TC-SI-230a.1, TC-TL-230a.1, TC-SI-550a.1, TC-TL-550a.1, TC-SI-000.A, TC-SI-000.B, TC-SI-000.C

Data Privacy

In an environment where networked data and global business activities demand rigorous information handling, Axtel embraces its commitment to **privacy and the protection of personal data** as a fundamental part of its social responsibility.

To ensure proper information management, we have implemented a **Privacy and Personal Data Protection Policy** applicable to all our operations and to any third party providing goods or services to the company. This policy governs the handling of personal data at every stage—collection, use, storage, protection, and deletion—and outlines the specific rights of data subjects.

In addition, our privacy management system, along with our privacy and data protection procedures, is integrated into the company's overall risk and compliance management. The protection of personal data is embedded in our operational risk and regulatory compliance frameworks, ensuring a cross-functional approach to identifying, mitigating, and controlling privacy-related risks.

Privacy and Information Security Management

To ensure the confidentiality, integrity and availability of information, we implement robust security processes. Our key actions include:

Dedicated department responsible for privacy matters.

Internal and external audits to evaluate compliance with our policy.

We operate under the Federal Law on the Protection of Personal Data Held by Private Parties, ensuring the privacy of customers, suppliers, employees, and visitors.

Ongoing data security training for our employees. We provide staff with training courses, internal communications, and awareness campaigns.

Reporting mechanisms for potential vulnerabilities.

Advanced technical controls in systems and hardware to prevent information loss.

Disciplinary measures: Axtel's Data Protection Officer (DPO) is responsible for implementing disciplinary actions within the organization to prevent non-compliance with the provisions of our policy, internal guidelines, and procedures. In the event of a violation of our Privacy and Personal Data Protection Policy, Axtel enforces corrective and disciplinary actions as outlined in the Internal Work Regulations (RIT) and in the document Sanctions for Incidents and Behaviors – Information Security (IS).

9.75 hours of cybersecurity training on average per employee.

At Axtel, our employees receive continuous training in Information Security, ensuring they have the necessary knowledge to identify and report incidents in a timely manner. In addition, members of the Incident Response Team (IRT) receive specialized training to effectively perform their role in the management and resolution of security incidents.

Response and Protection Mechanisms

At Axtel, protecting data privacy and security is a top priority. We have privacy incident response protocols in place that allow us to act swiftly and effectively in the event of any activity that may pose a risk.

In addition, we implement strict physical, technical, and organizational security measures, including the following:

Data encryption to prevent unauthorized access.

Restricted access control, ensuring that only authorized personnel can handle sensitive information.

Robust **privacy policies,** aligned with the highest data protection standards.

We have **business continuity plans, contingency plans and incident response procedures.** These are evaluated and tested **at least once a year** to ensure their effectiveness and alignment with our security and operational resilience strategies.

Vulnerability management to identify and mitigate potential risks. Vulnerability scans are performed internally on a monthly basis. In addition, penetration tests are conducted annually by an independent third party.

Data Retention: Axtel retains customer information indefinitely, unless the customer expressly requests its deletion. In this sense, Axtel manages the life cycle of the information according to its purpose of use, ensuring that data owners can exercise their ARCO rights, (Access, Rectification, Cancellation, and Opposition).

Incident notification mechanisms. There is an internal number for any employee who identifies or suspects a security incident to report it.

Axtel has a clear escalation process for employees to report suspicious activities, such as cyber-attacks, phishing or spam. In addition, the ALFA Transparency Mailbox allows individuals to report concerns related to information security and compliance with the Code of Ethics.

Commitment to Privacy

At Axtel, the personal data we handle is obtained directly from the data subjects through various means—whether physical, electronic, or in person. Additionally, we collect information from authorized public sources, always ensuring its processing complies with applicable regulations and respects each individual's right to privacy.

Axtel does not transfer sensitive, financial, or asset-related personal data for secondary purposes, except in cases where the data subject has provided explicit consent. This information is not shared with third parties and is limited solely to Axtel's affiliates or subsidiaries, in accordance with the provisions set forth in its Privacy Notice.

We also ensure that users are able to exercise their ARCO rights, which can be consulted in the **Privacy Notices** of Alestra[10] and Axtel[11].

It is worth mentioning that Axtel does not engage in behavioral advertising, since its services are directed exclusively to legal entities, segmented by industry verticals, without involving data of individuals.

[10]https://www.alestra.mx/avisos-de-privacidad
[11]https://www.axtelcorp.mx/avisos-de-privacidad/

Privacy Notice

Our Privacy Notice is available to the public on our website and covers the following aspects:

- Purpose of the use of personal data
- Types of personal data collected and used by the company
- Transfer of personal data
- Procedure for exercising ARCO rights (Access, Rectification, Cancellation and Opposition)
- Process to revoke consent to the use of personal data
- Process for limiting the use or disclosure of personal information
- Use of tracking technologies on our website
- Changes and updates to the Privacy Notice

Transparency and Results

During 2024, Axtel managed to maintain a solid performance in data privacy:

- Zero claims related to breaches of customer privacy or leaks of personally identifiable information.
- Zero financial losses resulting from legal proceedings related to user privacy.
- Zero substantiated complaints from regulatory authorities regarding privacy violations.
- Zero incidents of theft or loss of customer data.
- Zero incidents of data breaches.
- Zero information security breaches.
- Zero customers and/or employees affected by information security breaches.

In 2024, Axtel did not receive any government or law enforcement agency requests for customer information; therefore, no data disclosures were made during the last fiscal year.

Nonetheless, we have specific procedures in place to handle such requests should they arise. Axtel stipulates that any request for the disclosure of personal data must come from a competent authority, such as the National Institute for Transparency, Access to Information and Personal Data Protection (INAI). Furthermore, the request must be properly substantiated and contain precise information in accordance with the rights of access, rectification, cancellation, and opposition (ARCO). Any disclosure of information requires authorization from the Data Privacy Officer (DPO), Luis Federico Vázquez Elizondo, and is carried out within the timeframes established by applicable legislation.

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Performance and continuity of IT and software services

Throughout the year, we ensured the continuity and quality of our software and information technology services. No performance issues were reported, while five service interruptions occurred, totaling 0.31 days of downtime.

Average system downtime duration: **7.47 hours.**
Average frequency of system interruption: **0.55 days.**
Average customer interruption duration: **1.49 hours.**

Service metrics and data management

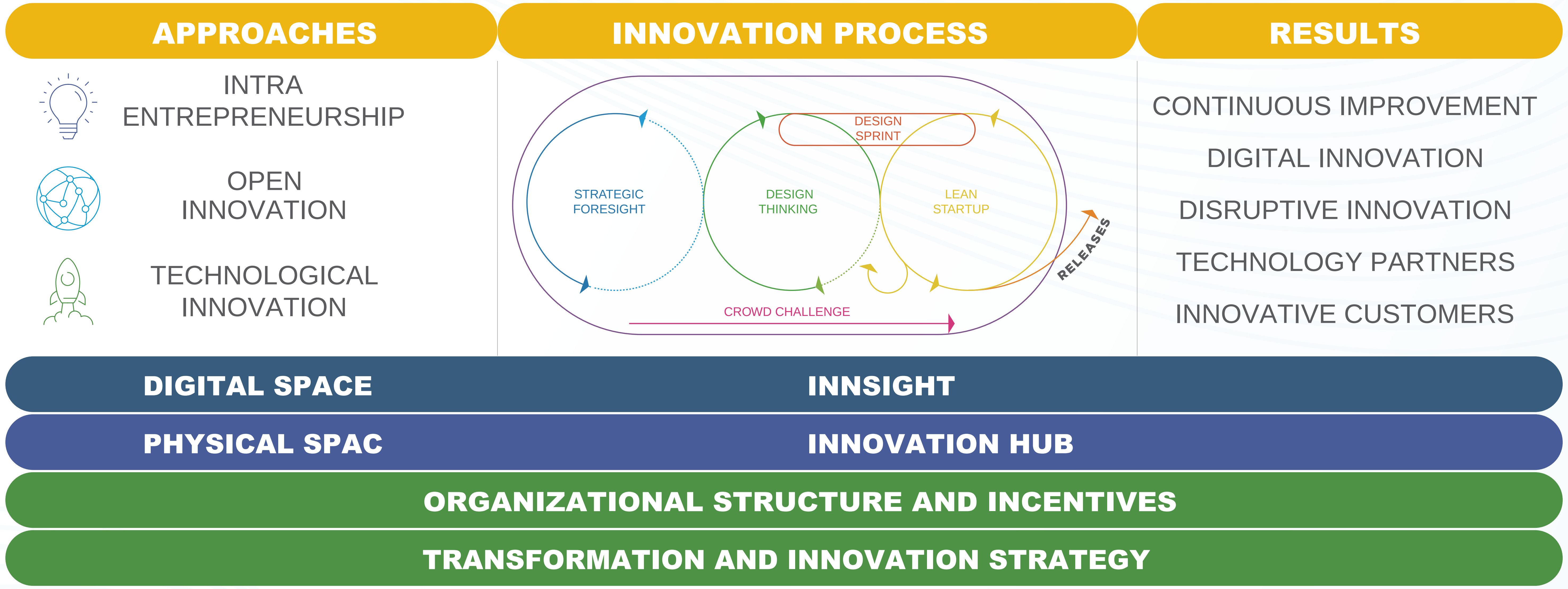
In 2024, Axtel managed a total of 276 **licenses and subscriptions, with 100% of services** based in the cloud. All issued licenses were classified as annual subscriptions.

In terms of data processing capacity, a total of 1,162 units were recorded, with 54% of these services outsourced. Regarding data storage, Axtel managed **0.17446 petabytes,** with 100% of the data outsourced to the public cloud and colocation data centers. To ensure the security of this data, backup measures are implemented in the public cloud, ensuring integrity and availability.

Axtel's innovation model

At Axtel, **innovation is at the core** of our development. We focus on creating **accessible and cutting-edge solutions** that not only satisfy our customers needs, but also evolve our internal processes, making them more efficient and aligned with market trends.

We strive to deeply understand our business and the impact of our operations, which enables us to deliver differentiated, high-value solutions to our customers and stakeholders. All of this is supported by Axtel's Innovation Model, which guides our transformation and drives us to remain leaders in the industry.



Innovation initiatives

Our innovation model drives the creation of strategic initiatives that transform both our services and solutions for clients as well as our organization's internal processes. These initiatives allow us to apply innovation in a practical way, ensuring a positive and sustained impact on our operation and our customers' experience.

Innovation and Continuous Improvement Program

We promote the Innovation and Continuous Improvement Program. As part of this initiative, we offer our employees access to Innsight, a digital platform designed to manage and track innovative ideas and projects.

In 2024, we invested US$ 31 thousand in the platform, which enabled the implementation of 45 initiatives, generating benefits of Ps. $71.2 million.

Agility projects

Among the most outstanding initiatives in innovation, the **agility projects,** which optimized our internal processes, stand out. These improvements helped **reduce proposal delivery times and accelerate service** implementation, ensuring a more efficient and satisfying experience for our customers.

Results 2024:

Ideas Funnel
201

EBITDA (13):
$65 MPs

CAPEX (4)
$6.2 MPs

Process Improvements:
28 ideas

Innovation Hub
In 2024, **375 sessions** were held, achieving **79%** occupancy of the HUB, divided into sessions with clients and with internal teams

Business continuity

GRI 3-3
TC-SI-550a.1, TC-SI-550a.2, TC-TL-550a.1, TC-TL-550a.2

Network reliability
As part of Axtel's risk management, we are aware of various factors that may cause service disruptions for our customers, such as weather events, natural disasters, cyberattacks, criminal activities, and technical failures, among others.

To ensure the stability and reliability of our network, we have implemented a Business Continuity Management System certified under ISO 22301 and ISO 31000 standards. Through this system, we strengthen our Cyber Resilience by managing risks, conducting Business Impact Analysis, and maintaining Business Continuity and Disaster Recovery Plans (BCP and DRP). In addition, we have backup systems in place that enable service continuity recovery, as well as data replication and DRPs, depending on the terms of the contract.

We also manage the critical business operations that support our cloud-based services, covering both in-house and outsourced infrastructure, to ensure that our platforms remain operational in the face of any contingency.

As part of our understanding of systems and the need to ensure business continuity, in 2024 we achieved 38 certifications among 18 of our employees in various areas such as Public Cloud, SAP, and Artificial Intelligence.

As part of our evolution, we achieved the automation of 100% of monitoring events and incidents by integrating 18 tools from different IT layers into our framework. With the help of artificial intelligence, we have gained the following benefits:

- **+20% reduction in events** and incidents compared to 2023.
- Proactivity (Predictive) of +95% in incidents thanks to the AI-trained model for decision-making in translating events into incidents.
- Development in Grafana of Correlated Dashboards of events and incidents by customer to identify potential problems and capacity issues.

Despite our efforts to prevent service interruptions, in 2024 we recorded five IT service outages—two related to Telco and two due to technical failures—with an average duration of 4.24 hours. The total downtime, relative to the installed customer base, amounted to 0.9 days, representing 0.24% of annual availability. This reflects a 20% reduction in the number of incidents compared to 2023 and an 18% decrease in total downtime compared to the previous year.

It is worth noting that this disclosure exclusively covers cable communications, wireless communications, and Internet Service Provider (ISP) services.

The development and evolution of our **TIMOB** system has significantly improved response times and observability in problem detection for our customers.

In 2024, we launched **TIMOB 2.0,** developed at our **IT Service Management Center (CASTI),** taking our platform to a new level of efficiency and functionality. This system automatically integrates IT monitoring systems into a centralized, fully correlated, and 100% automated platform, eliminating the need for manual intervention.

TIMOB 2.0
now offers new functionalities:

5 Executive visualization dashboards for decision making

Integration with 18 monitoring tools.

Geolocation of field personnel (check-in/check-out registration)

Heat Map displaying the health status of a client across different components.

Increase in customers +800 (Cloud and System Integration).

Integration with Service Manager for immediate logging of Incidents and push notifications and telephone escalations for attention within SLA (service level agreement).

Thanks to TIMOB 2.0, we continue to optimize our operations, provide a more agile and efficient service, and improve customer satisfaction.

GRI 2-23, 2-24

Ethical Operation

Business Ethics

At Axtel, integrity and respect for The Law are fundamental pillars of our operation. Acting ethically strengthens the trust of our stakeholders and boosts the sustainable development of our business.

To achieve this, we focus on four key areas throughout our operation:

- **Ethical business**
- **Information security**
- **Health and safety of our employees**
- **Development of our suppliers**

Within these areas, we aim to:

- **Encourage integrity in business**
- **Protect the privacy of information**
- **Safeguard the health and safety of our employees**
- **Respect Human Rights**
- **Promote the development of our suppliers**
- **Comply with tax laws and contribute to education and the economy**

This commitment strengthens a business environment based on trust, respect and transparency. To this end, we also offer continuous training to employees and suppliers, ensuring compliance with and understanding of laws, policies and internal programs in various areas.

Code of Ethics

Anti-bribery

Information privacy

Cybersecurity

Industrial health & hygiene

Conflict of interest management

Anti-money laundering

Ethics and integrity

GRI 2-23, 2-15

Documents for Responsible Business Conduct

Axtel has institutional policies that are part of its corporate governance framework, establishing clear guidelines to act with ethics and integrity in our internal and external relations with the different stakeholders.

All our commitments and policies are approved by the Executive Management.

These policies promote transparency and accountability by publishing key sustainability guidelines, allowing customers, investors and the community to access clear and accurate information. To ensure their availability, the policies are accessible to all stakeholders through our **axtelcorp.mx** website, the corporate intranet, and through annual training sessions for employees, suppliers and business partners on policies and codes of ethics.

This approach not only reinforces trust, but also fosters active engagement in sustainable practices, provides a reference framework for stakeholders and contributes to the global dialogue on sustainability. Transparency, as a fundamental pillar, consolidates Axtel's commitment to sustainability and strengthens its relationship with all involved parties.

Documents for responsible business conduct[12]:

- Code of Ethics
- Anti-Corruption Policy
- Integrity Policy
- Fiscal Policy
- Information Security Policy
- Supplier Code of Ethics
- Human Rights Policy
- Health and Safety Policy
- No Gift Policy
- Privacy Policy

Axtel has implemented the Code of Corporate Governance Principles and Best Practices to prevent potential conflicts of interest related to our business activities. In 2024, no conflicts of interest related to such activities were reported.

This strategy includes the proper segregation of duties and responsibilities, the enforcement of a code of ethics, internal policies, periodic audits, training on relevant topics, and whistleblowing mechanisms such as the ALFA Transparency Mailbox. Additionally, we hold the ISO 37001 certification for the public sector, which also covers the management of conflicts of interest with business partners, suppliers, and collaborators.It is important to note that conflicts of interest are disclosed to stakeholders, and there is a controlling shareholder: Controladora Axtel.

[12]Access these documents at the following link: https://www.axtelcorp.mx/politicas/

GRI 2-15, 2-16, 2-25, 2-26, 2-30, 205-1, 205-2, 205-3, 206-1, 406-1, 408-1, 409-1, 410-1, 411-1, 414-2, 415-1, 417-3, 418-1
SASB TC-SI-520a.1, TC-TL-520a.1
TCFD Métricas y objetivos a)

Ethical Business

Axtel's culture of integrity is embodied in our **Code of Ethics[13],** approved by our Executive Committee. This document sets forth the fundamental principles that promote a respectful work environment—free from discrimination, equitable, inclusive, and open to dialogue. It also defines the expected behaviors of our employees in matters such as anti-corruption and bribery, conflicts of interest, anti-competitive practices, use and sale of privileged information, political contributions, human rights, workplace harassment, occupational health and safety, information confidentiality, marketing, communication, environmental protection, community engagement, and whistleblower reporting, among others.

In 2024, we made no contributions or expenditures to political campaigns, political organizations, lobbyists or lobbying organizations, trade associations and other tax- exempt groups.

Axtel's Code of Ethics is applicable to all our employees, officers and directors.

Upon hiring, all employees receive a copy of the Code, which they are required to sign to confirm their understanding and acceptance. Additionally, we offer annual training as part of our **Institutional Training Program,** including online refresher courses on ethics and integrity. In 2024, 3,695 employees completed this training, representing 96% of our workforce.

We also have a **Supplier Code of Ethics[14],** applicable to any individual or company providing professional services to Axtel. This document promotes our business ethics culture, encourages integrity and process transparency, and ensures compliance with Mexican regulations across our value chain. The Code defines the expected behaviors of our suppliers and employees in topics such as money laundering. Suppliers have access to communication channels to express concerns or suggestions. To initiate a business relationship, suppliers must sign an acceptance and commitment to the Supplier Code of Ethics. In case of questions or nonconformities, the Compliance Department is responsible for reviewing suppliers' feedback.

Axtel upholds human rights through our **Human Rights Policy[15],** grounded in the Universal Declaration of Human Rights and ILO Recommendations. This policy addresses key issues such as forced labor, child labor, human trafficking, freedom of association, the right to collective bargaining, fair compensation, employee health and safety, and discrimination—ensuring a fair and equitable workplace for all employees.

The policy includes protections for vulnerable groups, including direct employees, women, children, third-party workers, and local communities. We have not conducted a human rights risk assessment related to our business operations in the past three years.

This policy applies to all employees, clients, suppliers, business partners, and other stakeholders.

In 2024, a total of 2,018 hours were dedicated to human rights training, reaching **3,669 employees**—96% of our total workforce of 3,835. Additionally, 81% of security personnel, comprising 37 individuals, renewed their training on integrating human rights into their daily responsibilities, with 30 completing the course. This ensures understanding and implementation of specific human rights policies and procedures in their work areas, demonstrating our ongoing commitment to training and awareness on human rights within the organization.

At Axtel, our employees are not unionized; therefore, we have not signed any collective bargaining agreements with any union. However, each individual is free to join the union of their choice at any time.

0% of our workforce is represented by an independent union or covered by collective bargaining agreements.

We remain strongly committed to operating with integrity and free from corruption. In 2024, 96% of our employees received training on our **Anti-Corruption Policy[16]**, ensuring a workforce aligned with our core values. Likewise, all active suppliers have 24/7 access to communication channels where they can report concerns related to corruption or bribery.

[13]Code of Ethics: https://www.axtelcorp.mx/repositorio/grupos-de-interes/Code_Ethics_AXTEL_2022_vDec22.pdf
[14]Supplier Code of Ethics: https://www.axtelcorp.mx/sites/axtelcpo.mx/files/Suppliers-Ethic-Code-New.pdf
[15]Human Rights Policy: https://www.axtelcorp.mx/repositorio/bienestar-laboral/Human-Rights-Policy-2024.pdf
[16]Anti-Corruption Policy: https://www.axtelcorp.mx/sites/axtelcpo.mx/files/Anticorruption_Policy_2022.pdf

Our Anti-Corruption Policy includes:

- Bribes in any form on any portion of contractual payments or financial compensation practices.
- Direct or indirect political contributions[17].
- Publicly disclosed political contributions.
- Charitable contributions and sponsorships.

Likewise, we reaffirm our commitment to non-discrimination through our **Directive on Laborr Equality and Non-Discrimination Policy**[18], which includes:

An explicit statement prohibiting harassment.
Measures against sexual and non-sexual harassment.
Zero Tolerance Policy for Discrimination.
Training for all employees on discrimination and harassment in the workplace.

In 2024, Axtel renewed its ISO 37001:2016 certification in the Anti-Bribery Management System, which we have been implementing since 2020. This system also addresses conflict of interest relations with the public sector and is designed to prevent corrupt practices in operations. In addition, the Anti-Bribery Management System includes an assessment of corruption-related risks in our eight work centers. Axtel is registered in the Business Integrity Registry of the Ministry of Public Administration, which links companies with high ethical standards to public sector projects.

We require all employees to sign a Conflict of Interest and Information Confidentiality Statement, reaffirming their commitment to Axtel's values, principles, and guidelines in areas such as ethics, labor conditions, conflict of interest, corporate security, and data privacy. In 2024, 100% of our workforce signed this statement.

To prevent risks related to forced or child labor and workplace accidents, we have implemented a continuous inspection program. Axtel personnel monitor compliance with these measures within our operations as well as those of our suppliers and contractors.

We have also adopted the Code of Principles and Best Corporate Governance Practices, aiming to prevent conflicts of interest in business activities. Relevant actions include proper segregation of duties, implementation of the Code of Ethics, internal audits, ethics training, and the establishment of reporting mechanisms via the Transparency Mailbox.

Reporting and Oversight Mechanisms

The ALFA Transparency Mailbox[19] is available 24/7, 365 days a year, through multiple channels for employees, suppliers, business partners, and other stakeholders to report unethical, illegal, or policy-violating conduct. Reports are processed confidentially and can be submitted anonymously. The process includes referral to the appropriate departments, investigation, resolution, and sanctions where applicable.

In 2024, 35 reports were received; 21 were resolved during the reporting period, while 14 remain under review. Nine of these were found to be unsubstantiated.

[17]Axtel does not make any such contributions.
[18]Directive on Labor Equality and Non-Discrimination Policy: https://www.axtelcorp.mx/repositorio/bienestar-laboral/DIRECTIVE-ON-LABOR-EQUALITY-AND-NON-DISCRIMINATION_2022.pdf
[19]More information on the ALFA Transparency Mailbox: https://www.axtelcorp.mx/buzon-de-transparencia/

Reporting Channels – ALFA Transparency Mailbox

Email:
buzon@alfa.com.mx, transparenciaaxtel@axtel.com.mx

Whatsapp/SMS:
+52 81 2353 9583

Toll-free hotlines:
800 265 2532 (México)
1 866 482 1957 (Estados Unidos) 1 866 238 2860 (Canada)

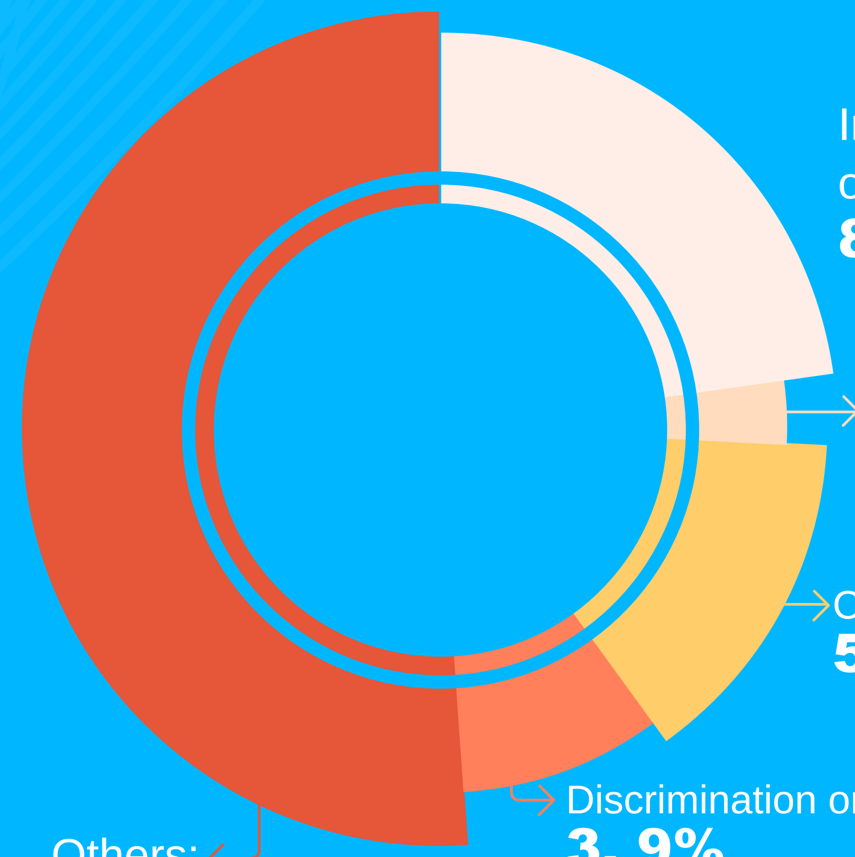
Website:
www.alfa.com.mx/buzon.html

Human Resources:
Direct or Email approach

Complaints Handling Process

1 The complaint is received in the ALFA Transparency Mailbox.
2 It is channeled to the corresponding areas according to the type of complaint.
3 Relevant investigations are being carried out.
4 A resolution is issued, and applicable sanctions are imposed when necessary.

Complaints Received Through the ALFA Transparency Mailbox



No reports were received regarding asset preservation, money laundering, inappropriate treatment of customers, personal relationships, conflict of interest, anti-competitive practices, customer privacy, forced or compulsory labor, violations of Indigenous Peoples' rights, or insider trading during the reporting period. Accordingly, in 2024, there were no operations identified as having a significant risk of incidents involving forced or compulsory labor. Furthermore, no violations of Indigenous Peoples' rights were identified, and no non-compliance with legal regulations or voluntary codes was found.

Axtel has a **Compliance Officer** responsible for overseeing and monitoring adherence to internal policies. In 2024, an analysis of the cases received through the Transparency Mailbox was conducted, and the results were presented to the **Audit Committees** and the **Board of Directors.**

In relation to corruption risk management, we assessed 100% of our operations (i.e., all five existing operations) for potential corruption-related risks. As for the communication of anti-corruption policies and procedures, all members of the governing body, employees, and suppliers were informed of our anti-corruption policies:

Category	Total Informed Employees			Total Trained Employees		
	North Region	Western Region	Central Region	North Region	Western Region	Central Region
Analysts	134 3.5%	11 0.3%	63 1.6%	134 3.5%	11 0.3%	63 1.6%
Employees	1,679 43.8%	206 5.4%	1,060 27.6%	1,679 43.8%	206 5.4%	1,060 27.6%
Middle Management	265 6.9%	25 0.7%	131 3.4%	265 6.9%	25 0.7%	131 3.4%
Managers	55 1.4%	4 0.1%	30 0.8%	55 1.4%	4 0.1%	30 0.8%
Directors	17 0.4%	2 0.1%	5 0.1%	17 0.4%	2 0.1%	5 0.1%
Executive Directors	6 0.2%	0 0.0%	2 0.1%	6 0.2%	0 0.0%	2 0.1%

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During the reporting period, three confirmed cases of corruption related to the misuse of resources were identified. These incidents resulted in the dismissal of one individual and disciplinary actions imposed on two others. Additionally, one case of discrimination was reported and is currently under investigation. The appropriate actions have been taken in accordance with the applicable procedures. **There were no confirmed cases in which contracts with business partners were terminated or not renewed due to corruption-related issues. Likewise, no public legal cases related to corruption were filed against the organization or its employees.**

Regarding human rights training, 81% of our security personnel received formal training on human rights policies and procedures relevant to security practices, reaching 30 out of 37 employees. Furthermore, human rights training requirements are extended to third-party organizations providing security personnel, ensuring that all involved parties align with our ethical standards.

In 2024, we did not face any sanctions, legal actions, or financial losses related to unfair competition or violations of applicable antitrust and anti-competitive practices laws. We also did not incur any breaches of voluntary standards or codes related to marketing communications, nor were we subject to legal proceedings concerning unfair competition regulations.

Category	Total Informed Suppliers							
	North Region		Western Region		Central Region		South Region	
	SME	Large	SME	Large	SME	Large	SME	Large
Local	43 8%	146 26%	4 1%	34 6%	27 5%	217 39%	5 1%	25 4%
Foreign	55 10%	-	-	-	-	-	-	-
Total **Total (%)**	98 **18%**	146 **26%**	4 **1%**	34 **6%**	27 **5%**	217 **39%**	5 **1%**	25 **4%**

GRI 2-19, 2-20

Work Environment

Remuneration Policy

Remuneration of the Highest Governance Body and Senior Executives

The remuneration policy includes:

- Fixed and variable salary
- Hiring bonuses or retention payments
- Severance payments
- Reimbursements and recoveries
- Retirement benefits

These policies are authorized by the General Management.

Link between compensation and objectives/performance

- Executive Directors receive variable compensation linked to the achievement of the company's financial objectives.

Process for designing the compensation policy

- Salary tabulators are established based on labor market benchmarks. (market surveys).

- Economic indicators, such as inflation, market growth and the company's situation, are considered.

Remuneration supervision and approval

- The compensation policy follows a guideline approved by the General Management.

- There are no external consultants for the determination of remuneration.

- Proposals for salary increases and adjustments to benefits or allowances are submitted to the General Management for approval.

GRI 201-3

Pension Plan Management and Funding

The organization covers the pension plan obligations with its own resources and does not have an external fund for this purpose. The organization's contribution to the pension plan is equivalent to 4% of our staff's salary. Currently, participation is limited to retirement plans, with no involvement in mandatory, voluntary, regional, national or other programs with additional financial impact.

GRI 202-1

Workers' Compensation Measures

The **starting salary for both male and female employees is Ps. $8,000.00,** while the local minimum wage for the General Zone is Ps.$7,467.90, which reflects that the salary granted exceeds the legal minimum.

For non-employee workers, such as contractors, interns, freelancers or agency workers, compensation is determined based on market information, ensuring that their pay is also higher than the local minimum wage.

GRI 404-2

Long-term incentives

At Axtel, we recognize and value the trajectory of our employees through a Seniority Bonus, which is granted every five years after 15 years of service in the company.

This bonus is calculated follows:

- **15 years of service:** 15 days bonus.
- **20 years of service:** 20 days bonus.
- From **20 years** onward, an additional day is added for each anniversary.

This bonus is a recognition of the commitment and loyalty of our employees, reinforcing our commitment to their well-being and job stability.

Additionally, as part of our commitment to the professional journey of our employees, we offer job transition support p**rograms aimed at those approaching retirement.** One such program is **VISIONATE,** a comprehensive and personalized initiative focused on executives over the age of 55 who are nearing retirement. Its objective is to raise awareness and promote healthy habits to support a successful transition into this new stage of life.

These initiatives reflect our responsibility and commitment to the professional development and well-being of our employees throughout their careers within the company.

GRI 401-1, 405-1, 202-2, 2-7, 2-8
TC-SI-330a.3, TC-SI-330a.1, TC-SI 330a.2

Our Staff in Numbers

We recognize that our people are the cornerstone of the company's success. Therefore, we assume with responsibility our social commitment to promote the welfare, professional development and equal opportunities for all our employees.

We have a total of **3,841** employees[20], distributed as follows:

Employees by type of contract and gender

Type of contract	♂	♀	Total
Permanent contract	2,702	967	3,669
Temporary contract	128	44	172
Total	2,830	1,011	3,841

Employees by type of contract and region

	Permanent contract			Temporary contract		
	♂	♀	Total	♂	♀	Total
Northern Region	1,529	601	2,130	64	26	90
Western Region	218	44	262	2	2	4
Central Region	955	322	1,277	62	16	78
Total	2,702	967	**3,669**	128	44	**172**

Employees by type of workday and gender

Type of working day	♂	♀	Total
Full time	2,828	1,008	3,836
Part-time	2	3	5
Total	2,830	1,011	3,841

[20] This figure does not correspond to Full-Time Equivalent [FTE] or an average of total employees during 2024. The disclosed employee figures were obtained from the headcount as of December 31, 2024 generated from SAP.

Employees by type of workday and region

	Full time			Part-time		
	♂	♀	Total	♂	♀	Total
Northern Region	1,591	624	2,215	2	3	5
Western Region	220	46	266	0	0	0
Central Region	1,017	338	1,355	0	0	0
Total	2,828	1,008	**3,836**	2	3	**5**

Employees by origin

National	Foreigners
3,819	22

The organization has **22 foreign employees,** distributed as follows: **12 in the Northern Region, 9 in the Central Region, and 1 in the Western Region.** No employees are reported to be located outside the organization's country of origin.

Regarding the risks associated with hiring foreign nationals or employees abroad, it is essential to **ensure valid permits and compliance with immigration,** naturalization, and visa regulations in order to avoid legal non-compliance.

Employees by Nationality

Nationality	**(as % of total workforce)**	**Including junior, middle and senior management** (as % total management workforce)
Mexican	99.4%	95.9%
Argentinean/Chilean	0.1%	0.0%
Ecuatoriano/Peruvian	0.1%	1.6%
Colombian/Venezuelan	0.3%	1.6%
Guatemalean/Panamanian	0.1%	0.0%
Salvadoran/Honduran	0.1%	0.8%

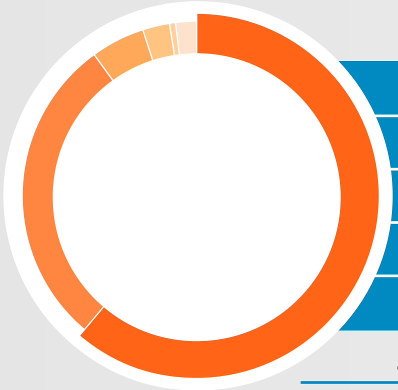
To determine the proportion of all management positions, including junior, middle and senior management (as a % of the total management workforce), we considered a total of 121 management positions.

Employees by age and gender

Age	♂	♀	Total
Under 30 years of age	234	103	337
Between 31 and 50 years old	1928	748	2,676
Over 51 years old	672	156	828

In 2024, no employees were hired under arrangements where working hours were not guaranteed. Likewise, no significant portion of the organization's activities is carried out by individuals who are not employees.

Locally hired senior executives



Percentage of senior executives hired from the local community	Location
61.2%	Mty/North
28.9%	CDMX/Central South
5.0%	GDL/West
2.5%	Mérida/Central South
0.8%	Los Mochis/North
1.7%	Tijuana/North
100.0%	

*Senior executives are defined as those holding the following positions: Manager, Director and Chief Executive Officer.

*Axtel considers "local" the following geographic regions: North, South Central and West.

Employees by diversity category

We recognize that diversity is a key factor in improving organizational performance. The incorporation of different perspectives, knowledge, and experiences enriches our innovation, problem-solving, and operational efficiency capabilities. It also fosters a more inclusive work environment, which improves talent attraction and retention, increases employee engagement, and strengthens our position in the marketplace.

Job category / Minority Group	Women <30 years	Men <30 years	Women 30–50 years	Men 30–50 years	Women >50 years	Men >50 years
Analysts	30	31	151	158	57	60
Employees	5	2	65	42	14	11
Middle Management	8	7	228	187	55	107
STEM Positions	60	194	290	1502	26	429
Managers	0	0	6	17	1	21
Managers in Revenue-Generating Functions	0	0	7	16	1	21
Directors	0	0	1	6	2	16
Executive Directors	0	0	0	0	0	7
TOTAL	**103**	**234**	**748**	**1928**	**156**	**672**

In the case of the Board of Directors, all of its members are men over 50 years of age and none of them belong to minority groups.

Representation of women

We present information on gender diversity within our workforce, highlighting the proportion of women across different levels of responsibility. These figures reflect not only our progress but also our commitment to inclusive practices that benefit our organization, our employees, and society as a whole.

We are committed to achieving gender balance at all levels of our organization, especially in areas where we face the greatest representation challenges. To achieve this, we strive to establish concrete goals that reinforce equal opportunity.

Indicador	Percentage (%)	Target
% of total women	26.32%	We set a goal to increase the proportion of women in our workforce to 27% by 2024 and reach 30% by 2027.
% of women in leadership positions	22.5%	By 2027, our goal is for at least 25% of junior, middle, and top management positions to be held by women.

Indicator	Percentage (%)	
% of women in junior management positions	24.5%	
% of women in management positions up to 2 levels below the CEO	17%	
% of women in revenue-generating management positions, relative to total employees in such roles	37%	
% of women in Science, Technology, Engineering, and Mathematics (STEM) positions	15%	

We seek to **increase the proportion of women in our workforce to 30% by 2027.** To achieve this, we have implemented a number of initiatives, including:

- Public commitment to diversity and equity, reflected in our Diversity & Inclusion, Talent Attraction, Human Rights, and Code of Ethics policies.
- Garantizar la participación de al menos una mujer en todos los procesos de reclutamiento.
- Include at least one woman in succession plans for executive and leadership positions.
- Achieve 30% female participation in our High-Potential Development Program.
- Provide unconscious bias training to senior and mid-level management.
- Promote flexible work policies.
- Implement a mentorship program for women identified as potential successors to executive roles.
- Review compensation plans to ensure pay equity.
- Develop specific programs to strengthen female talent.

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GRI 2-21, 405-2

Commitment to Pay Equity and Fairness

At Axtel, we are committed to building a work environment where all employees are recognized and compensated fairly for their contribution, ensuring equity and eliminating any type of distinction. Therefore, we continuously review our salary practices to ensure fairness and promote equality in the workplace.

During 2024, the salary ratio for the entry-level positions we offer at Axtel, compared to the general minimum wage defined by the Ministry of Labor and Social Welfare (STPS, by its acronym in Spanish), was 8,000 for men and 8,000 for women.

On the other hand, the ratio of the highest-paid individual's total annual compensation to the average employee compensation was 16.8 times, while the percentage increase in total annual compensation was 4.5% for 100% of employees.

The average compensation of all employees is

Ps. $39,949

We do not disclose the CEO's compensation, however his compensation is variable and is determined based on the objectives established and measured through the company's objectives program. These objectives are defined and approved annually at the beginning of the year.

Ratio of basic salary and remuneration of women versus men

Level	Monterrey	Mexico City
Analysts	1.0	1.20
Employees	0.87	1.02
Middle management	0.84	0.91
Managers	0.84	0.93
Directors	0.59	0.56

Gender pay gap analysis

Indicator	Difference between male and female employees (%)
Average wage gap between men and women	**120%**
Average wage gap between men and women	**111%**
Average bonus gap	**119%**
Average bonus gap	**104%**

Axtel meets its pension plan obligations, to which the organization contributes 4% of its employees' salaries.

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GRI 401-1

Hiring 2024

Hiring

New Hires by Gender

♂ Men	♀ Women
206	93

Total Number of New Hires: **299 new hires**

New Hires by Gender: Does not include internal hires (existing employees who have been hired in different positions or promoted internally).

New Hires by Region, Gender and Age

Category	Northern Region (Number)	Northern Region (Rate %)	Western Region (Number)	Western Region (Rate %)	Central Region (Number)	Central Region (Rate %)
New employee hires	178	5%	16	0.4%	105	2.7%
♀ Women	57	1%	4	0.1%	32	0.8%
♀ Women under 30 years old	24	1%	2	0.1%	5	0.1%
♀ Women between 30 and 50 years old	32	1%	2	0.1%	27	0.7%
♀ Women over 50 years old	1	0%	0	0.0%	0	0.0%
♀ Percentage of vacancies filled by internal female employees	630	16%	46	1.2%	335	8.7%
♂ Men	121	3%	12	0.3%	73	1.9%
♂ Men under 30 years old	61	2%	8	0.2%	9	0.2%
♂ Men between 30 and 50 years old	49	1%	4	0.1%	52	1.4%
♂ Men over 50 years old	11	0%	0	0.0%	12	0.3%
♂ Percentage of vacancies filled by internal male employees	1613	42%	221	5.8%	996	25.9%

New Hiring Rate in 2024: **7.8%**
Total Number of New Hires: **299 new hires**
Average Hiring Cost: **Ps.$ 32,125**

Vacancies Filled through Internal Movements (Promotions or Lateral Transfers)

Region	Age: Under 30 years old ♀	Under 30 years old ♂	Between 31 and 50 years old ♀	Between 31 and 50 years old ♂	Over 51 years old ♀	Over 51 years old ♂
Center	3	5	16	40	1	4
North	11	16	24	58	4	8
West	0	0	4	13	0	1
Total	14	21	44	111	5	13

- Percentage of vacancies filled by internal candidates: **41%.**
- Percentage of vacancies filled by female internal candidates: **26%.**
- Percentage of vacancies filled by internal male candidates: **74%.**

Turnover Rate by Gender

♂ Men	♀ Women
4.7%	4.25%

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Turnover by Region, Gender and Age

Turnover (or employee exits)	Northern Region		Western Region		Central Region	
	Total exits	Voluntary exits	Total exits	Voluntary exits	Total exits	Voluntary exits
	180	**89**	**30**	**21**	**132**	**67**
WOMEN ♀	**47**	**21**	**4**	**3**	**29**	**19**
Women under 30 years old	12	8	2	2	3	2
Women between 30 and 50 years old	25	12	2	1	22	15
Women over 50 years old	10	1	0	0	4	2
MEN ♂	**133**	**68**	**26**	**18**	**103**	**48**
Men under 30 years old	20	15	7	7	15	9
Men between 30 and 50 years old	73	47	14	11	73	37
Men over 50 years old	40	6	5	0	15	2

Total Employee Turnover Rate in 2024: **8.8%.**
Voluntary Turnover Rate in 2024: **4.6%.**
Of the 342 people who left Axtel for various reasons, 177 did so voluntarily.

Note: *For Axtel, employee turnover refers to cases in which employees voluntarily resign from their positions, requiring them to be filled by a new person. However, when equipment is optimized and positions are eliminated, this is not considered turnover, since it is not necessary to hire new personnel to fill the eliminated position.*

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GRI 401-2, 401-3

Integral Well-Being of Our Employees

At Axtel, we are committed to promoting the overall well-being of our employees. We strive to offer benefits that go well beyond the legal requirements in Mexico, with the aim of enriching their lives and providing a sense of security. We believe that by establishing a strong foundation for their professional development, we not only support their individual growth but also drive the collective success of our organization.

At Axtel, we offer our employees a variety of **benefits that promote their well-being and safety,** including:

- **Double the number of days of Christmas bonus**
- **Major medical expenses insurance with Covid-19 coverage**
- **Life Insurance**
- **Savings bank**
- **20-day leave for personal matters**
- **Disability or disability coverage**
- **Maternity and parental leave**

*Maternity and paternity leave: The number of weeks of parental pay that we provide at Axtel is 1 for men and 12 for women.

*Axtel recognizes mothers as primary caregivers and fathers as non-primary caregivers, reflecting its commitment to support working parents and promote gender equality.

In our organization, benefits for full-time employees are the same as those offered to part-time or temporary employees, ensuring equity in access to these incentives.

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GRI 401-2

Employee Support Programs

At Axtel, we recognize that the health and well-being of our employees are essential to ensuring their satisfaction, productivity, and retention. In this regard, we offer support programs that include:

- Flexible work schedule program
- Remote work options
- Part-time work options
- Paid parental leave
- Breastfeeding support program
- Work-related stress management
- Health promotion initiatives

These initiatives not only help employees balance their work and family responsibilities but also contribute to boosting morale, reducing absenteeism, and attracting and retaining top talent.

Additionally, for our employees in the maternity stage, we offer:

+10 months
of home office (if your duties do not allow it, they are added to the breastfeeding schedule)

10 months
of breastfeeding schedule

10 months
FlexTime: face-to-face hours from 8:00 a.m. to 4:30 p.m. or face-toface hours from 8:00 a.m. to 2:00 p.m. and home office from 3:00 to 5:00 p.m.

In our organization, **1,011 women and 2,830 men** are entitled to parental leave. During 2024, **43 women and 59 men** made use of this benefit, with a retention rate of 4.25% for women and 2.08% for men. All returned to work at the end of their leave, achieving a **100% return** rate in both cases.

Breastfeeding Program

Axtel's Breastfeeding Support Program assists nursing employees by providing them with dedicated time and a safe space to breastfeed while at work. The program applies to all breastfeeding employees at Axtel. During the first 12 months of their baby's life, mothers may choose one of the following options:

A) Take two 30-minute breaks during their workday, in addition to their lunch break, to express and store breast milk in a designated lactation room.

B) Combine the two 30-minute breaks to either arrive one hour later in the morning or leave one hour earlier in the afternoon.

More information can be found in our **Breastfeeding Support Program Policy.**

Flexible scheduling program

Axtel's Flexible Work Schedule Program allows employees to choose work hours that meet their personal needs, promoting a healthy work-life balance and enhancing productivity.

The program applies to most employees, except those in roles that require specific schedules. Employees must follow the program's guidelines, including meeting their weekly work hours, being available during core business hours, and ensuring their schedule does not disrupt workflow.

More information can be found in our Flexible Work Schedule Policy.

Comprehensive Retirement Transition Support

We are committed to ensuring that our employees approaching retirement have the necessary resources to face their post-employment future with peace of mind and security. To this end, we offer Crecer Account, our retirement savings plan, through which Axtel contributes 4% of each employee's salary, providing solid support for a comfortable retirement.*

*This benefit applies only to Axtel, S.A.B. and Alestra Servicios Móviles.

Additionally, to facilitate a smooth transition into retirement, we offer the Visiónate program. This program includes a series of workshops and talks designed to support our executives during this new phase. As of 2024, more than 17 executives have benefited from this initiative, reflecting our commitment to their well-being and personal development.

Physical, Financial, and Emotional Well-Being

At Axtel, we promote the well-being of our workforce through initiatives focused on physical, financial, and emotional health. These actions aim to improve the quality of life of our employees and their families through preventive, educational, and support programs.

Physical Health

Health Week: Conferences, general examinations and promotions for employees and their families.

350 participants in Monterrey.
160 participants in CDMX.

" Mi Mente" Program:
Platform for comprehensive mental health care.

450 employees enrolled in Wellness.
46 collaborators in therapy.
26 on the waiting list.

Wellness 360 Program:
Medical check-ups, nutrition and health monitoring for employees in high-risk activities.

480 employees benefited.

Major Medical Insurance Forums: Explanation and resolution of questions about medical benefits.

440 employees attended across 2 sessions.

Emotional Health:

- Personal Retirement Plan Workshop: **402 attendees.**
- Personal Credits Workshop: **213 attendees.**
- Buen Fin and Christmas Spending Workshop: **121 attendees.**

Emotional Health:

Emotional Skills Development Program
15 sessions given.
1,499 participants.

GRI 404-1

Career development and training

We understand that the professional growth of our workforce is essential to successfully face the challenges of an ever-evolving work environment. That is why we reaffirm our commitment to providing our employees with the tools, resources, and opportunities needed to develop key skills, adapt to technological advances, and achieve their career goals.

Our initiatives include internal training programs, online certifications, and peer mentoring. These efforts not only strengthen the capabilities of our team but also help reduce turnover and foster a fair and equitable work environment that drives engagement and excellence.

Alestra Institute

Following its consolidation in 2023, in 2024 we continued to strengthen the work of the **Alestra Institute** of Technological and Talent Development, known as Instituto Alestra, our internal university recognized by Mexico's Ministry of Public Education (SEP, by its acronym in Spanish).

This year, we offered two officially recognized master's degree programs, expanding the professional development opportunities available to our workforce.

With the goal of strengthening the technological competencies essential for the operation, commercialization, and management of Axtel's strategic products, Alestra Institute offers a wide range of training programs and specialized graduate degrees.

Among the programs offered are the Master's in Innovation and Digital Business Leadership and the Master's in Strategic Cybersecurity Management, demonstrating our commitment to fostering critical knowledge and technical skills for the success of both our company and our employees.

In 2024, a total of 31 employees were enrolled in Alestra Institute.

31

ACTIVE STUDENTS
Employees enrolled in 2 academic periods

14

TUTORS
Axtel and external tutors participating and sharing knowledge

90%

SATISFACTION
Student satisfaction assessment at IA

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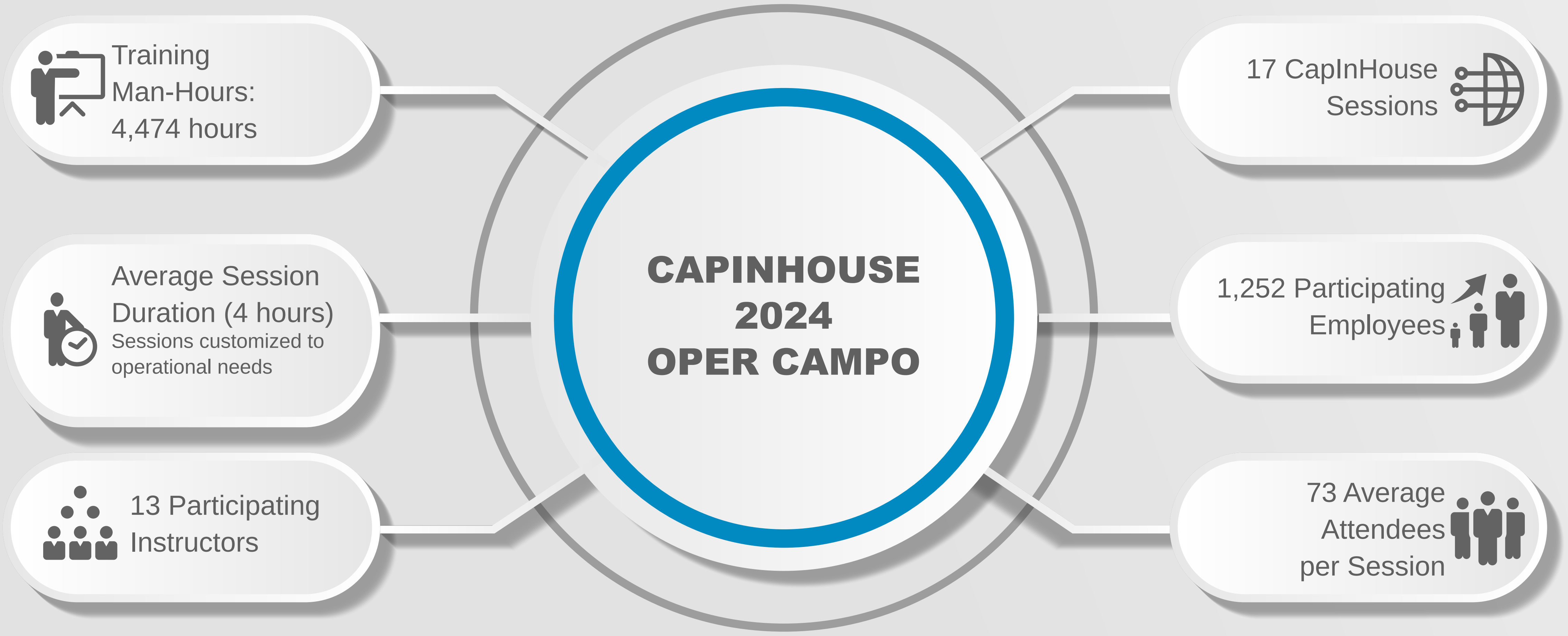
#CapInHouse

CapInHouse is an internal educational program that enhances our workforce's knowledge and skills through weekly training sessions delivered with an agile approach, led by more experienced employees in key areas.

The courses, which average two hours in length, cover topics such as data teams, transport, microwave technology, fiber optic cabling, IP addressing, administrative topics, and more. This initiative promotes cross-department collaboration, improves operational efficiency, and ensures resource availability through recorded sessions accessible to all employees.

Additionally, the program includes an executive course on telecommunications principles, designed to support leadership and facilitate the onboarding of new employees. In this way, **CapInHouse** not only strengthens Axtel's competitiveness in the market and supports overall business growth, but also generates significant cost savings by leveraging the internal knowledge of our employees and reducing the need for external trainers.

CapInHouse in numbers 2024:



This program allowed us to save **Ps. $2.2 million** by not hiring external contractors, with **918 employees** participating, or **24% of the total workforce.**

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Institutional Training Program

Our training program is designed to enhance the skills of our employees, covering both basic needs and advanced competency development. In addition to essential courses such as mandatory compliance and occupational safety training, we offer opportunities that go beyond the minimum requirements.

These include advanced programs such as leadership and management development, project management, among others. With these initiatives, we seek not only to strengthen individual competencies, but also to drive innovation and professional growth within the organization.

Training	Trained Workforce
Institutional training program	3,841
Certification for tower climbing and working at heights	319
Welcome kit onboarding program for operational areas	158
Welcome kit onboarding program for commercial area	59
Annual instructor training event	119
Profitability workshop	416
Firefighting course	129
First aid course	129
Knowledge of products and services	414
Leadership Exercise Workshop	23

*Institutional training program: This program considers topics such as sustainability, agility and innovation, Axtel identity, hybrid work and relationships, information security, integrity culture, diversity and inclusion, human rights, code of ethics and environment.

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At Axtel, we reaffirm our commitment to respecting human rights through awareness sessions on diversity, inclusion, and the prevention of discrimination, with 94% of our workforce participating.

We also offer specific training for our leaders, such as Commitment and Coordination of Actions. These sessions aim to promote good labor practices, strengthen the work environment, and improve relationships among employees.

Targeted at Axtel's leaders, this training seeks to explore the underlying processes that lead to discriminatory behavior, fostering awareness around diversity, inclusion, stereotypes, prejudice, and unconscious bias.

At Axtel, we have implemented training programs focused on strengthening key skills within our organization. These programs go beyond basic operational training and are designed to enhance the technical and leadership competencies of our employees, with the goal of creating a positive impact on both their professional development and the company's performance.

Below, we present two strategic talent development programs that have significantly contributed to strengthening our organizational and competitive capabilities:

	Program 1	Program 2
Course / Program	Inclusion and Multicultural Leadership	Leadership and Coordination of Actions
Description	Lead and manage diverse teams by valuing cultural differences among individuals.	Equip the executive team with skills to communicate assertively, inspire, motivate, and manage effectively.
Benefits for the organization	Managing diverse teams fosters innovation and helps capture new markets, resulting in higher revenue and improved profitability.	Take on greater responsibilities and contribute to strategic decision-making that supports the achievement of organizational goals.
Quantitative Impact on Business (Monetary or Non-Monetary)	Positive work environment Clear communication Talent retention Development of critical thinking to support decision-making	Adaptability and resilience in adversity Innovation and creativity Foster collaboration and agile response to environmental changes Growth mindset Antifragile teams focused on sustainable solutions that can endure and thrive long-term.
% of FTEs Participating in the Program	1%	13%

WE INVESTED **Ps. $4,726,129** IN TRAINING OUR STAFF, **Ps. $1,230** ON AVERAGE PER PERSON.

WE PROVIDE AN AVERAGE OF 11.96 HOURS OF TOTAL TRAINING PER EMPLOYEE.

*FTEs: Full—time equivalents / equivalentes a tiempo completo

Average Hours of Training per Employee

In 2024, the company maintained its commitment to training and the professional development of its team. Below is a breakdown of training hours per employee, categorized by gender and age group.

Training Summary:
Total hours of training:
- Women: 11,699
- Men: 34,253

Average hours of training per employee:
- Women: 11.61
- Men: 12.12

Total expenditure on training:
- Women: **Ps. $91,001**
- Men: **Ps. $31,308**
- Training expense per employee: **Ps.$1,230**

Breakdown by age group:

Age group	Total training hours Women	Total training hours Men	Average training hours Women	Average training hours Men
<30 años	1,276	2,630	11.68	11.81
30-50 years	9,034	24,574	11.84	12.05
>50 años	1,389	7,049	10.85	12.16

Training expenditure by age group:

Age group	Training expenditure Women (MXN)	Training expenditure Men (MXN)
<30 años	$44,586.12 MXN	$20,548.39 MXN
30-50 years	$6,020.55 MXN	$2,320.14 MXN
>50 años	$40,394.78 MXN	$8,439.52 MXN

Investment in training by gender

	Total investment
Men ♂	Ps. $3,485,843
Women ♀	Ps. $1,240,286

IN 2024, TRAINING EXPENDITURE PER EMPLOYEE WAS **Ps.$1,230.**

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Average hours of training by labor category and gender

Job category	Total hours of training		Average hours of training	
	Men	Women	Men	Women
Executive Management	79.0	10.0	11.2	10.0
Top Management	223.0	22.0	10.1	11.0
Management	1,018.0	174.0	13.6	10.9
Middle management	4,583.0	1,235.0	13.6	10.9
Staff	27,250.0	8.969.0	11.8	11.8
Analysts	1,154.0	1.289.0	11.2	11.8
Total	34,307	11,699.0	12.0	11.46

GRI 404-3

Performance evaluation

With the aim of annually evaluating learning and training processes, as well as the performance of our employees, Axtel uses various methods, including performance evaluations and objective management systems. These approaches allow us to identify areas for improvement and contribute to competency management and the development of human capital within the organization.

At Axtel, we implement different methods to assess employee performance, including:

Objective Management: Each year, employees work with their direct manager to establish predefined and measurable goals, which are regularly monitored throughout the year.

Multidimensional Performance Evaluation: This approach assesses employee performance using multiple indicators, going beyond goals set by managers. At Axtel, we use 360° evaluations that allow us to assess behaviors defined for the year.

Team-Based Performance Evaluation: Additionally, employees are also evaluated as part of a team. These evaluations are carried out based on the roles and activities of each team.

Performance evaluation by position and gender

Job category	Men		Women	
	# of group they belong to	% with respect to the total	# of group they belong to	% with respect to the total
Executive Management	6	100%	0	0
Top Management	22	100%	3	100%
Management	75	100%	15	100%
Middle Management	45	14%	34	4%
Employees	267	11%	210	24%
Total	415	15%	262	25%

Evaluation by objectives and behaviors for executives by gender

Job category	Men ♂	Women ♀
Executive Management	6	--
Top Management	22	3
Management	75	15
Total	103	18

In order to recognize, enhance, and manage the development of our personnel in supervisory, coordination, and managerial roles, this year we continued the evaluation process in collaboration with their respective managers and direct reports to provide feedback from their own teams on leadership behaviors and skills. By the end of 2024, 100% of middle management and senior executives received a leadership performance evaluation.

EVALUATIONS ARE CONDUCTED MONTHLY FOR THE COMMERCIAL TEAM AND ANNUALLY FOR MANAGERS, DIRECTORS AND EXECUTIVE DIRECTORS.

180° middle management and leadership assessment

Job category	Men ♂	Women ♀
Supervisor	17	4
Leader	147	36
Chief	57	14
Specialist / consultant / administrator	10	6
Coordinator	48	26
Total	279	86

360° evaluation of executive leadership and management

Job category	Men ♂	Women ♀
Executive Management	6	--
Top Management	22	3
Management	75	15
Total	103	18

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In 2024, we received the **Factor Wellbeing** distinction for the fourth consecutive year, awarded by the Institute of Wellbeing and Happiness Sciences (ICBF) of the TecMilenio University. This recognition highlights organizations that promote the comprehensive well-being of their teams through positive practices integrated into internal processes.

We also obtained the **TRe Distinction,** an award from the Ministry of Labor of Nuevo León, which certifies companies that maintain healthy work environments, effectively manage their personnel, and achieve outstanding organizational results.

Factor Wellbeing 360

SECRETARÍA DEL TRABAJO DISTINTIVO TRe TRABAJO RESPONSABLE

Performance Incentives

At Axtel, we have an Executive Performance Evaluation Model designed to motivate and reward the executive group based on their performance and contribution to the company's goals.

This model supports the alignment of strategic decisions with sustainable growth and the retention of key talent, thereby strengthening the company's ability to achieve its organizational objectives and consolidate a culture focused on sustainability.

At the beginning of each year, based on corporate objectives, the executive group defines individual goals and behaviors that enable the achievement of business results while upholding behaviors rooted in the organization's core principles.

Monthly follow-up is conducted within each Executive Management through the implementation of action plans to ensure target fulfillment or adjust any deviations. A results-based bonus is awarded to incentivize the achievement of objectives throughout the year.

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GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8

Occupational Health and Safety

At Axtel, we recognize that the physical, mental and emotional well-being of our employees is essential to their performance, satisfaction and the success of our organization. For this reason, we continuously strive to ensure that every member of our team feels safe—at home, in our offices, and on-site. This commitment is reflected in our **Health and Safety Policy[21],** which applies to all company operations, including employees, contractors, and individuals under Axtel's supervision.

Our policy:

- Complies with international Occupational Health and Safety (OHS) standards.
- Is developed in consultation with employees and their representatives.
- Establishes our commitment to the continuous improvement of OHS management system performance.
- Sets quantitative targets to improve performance metrics.

As part of this commitment, we have established the **Health and Safety Committee,** which represents our entire workforce and is responsible for safeguarding health and safety across the company. This team oversees the implementation of preventive measures, manages potential health emergencies, conducts regular inspections of workspaces, and investigates any incidents related to safety.

In addition, we have established Civil Protection Brigades and a Safety Committee. These bodies complement our efforts by providing continuous follow-up on safety policies, strengthening our preventive culture, and ensuring an efficient response to any risk-related situation.

GRI 403-8

Our Occupational Health and Safety Management System

We have implemented an Occupational Health and Safety Management System aligned with recognized standards, including:

STPS Regulations (Mexican Ministry of Labor and Social Welfare)
TRe Distinction (Responsible Work Distinction)
ISO 45001

System Coverage	
Workers not directly employed by the organization, but whose work or place of work is controlled by the company.	60 people
Workers not directly employed by the organization, covered by the system and subject to internal audit:	30 people
Workers not directly employed by the organization, covered by the system and subject to external audit or third party certification:	10 people

Note: No workers have been excluded from this system.

Our System* includes the following aspects:

- Occupational Health and Safety (OHS) risk and hazard assessments to identify potential harm factors in the workplace.
- Internal inspections.
- Procedures for investigating occupational injuries, illnesses, diseases and incidents.
- Occupational Health and Safety (OHS) training for employees and other relevant parties to increase awareness and reduce operational incidents.
- Inclusion of OHS criteria in procurement processes and contractual requirements.

All procurement agreements and contracts include, at a minimum, the applicable legal requirements, such as the Social Security Law, the Federal Labor Law, and our internal safety regulations for contractors. Although OHS criteria are not explicitly stated in the procurement and contracting requirements, all suppliers are required to sign our Code of Conduct, which includes such criteria.

[21]https://www.axtelcorp.mx/repositorio/bienestar-laboral/Safety-and-Hygene-Policy-2024.pdf

GRI 403-2

Occupational Health & Safety Risk Management

Occupational health and safety is a priority for us. To this end, we have established processes to identify, assess and mitigate occupational risks, ensuring a safe work environment for all our employees.

Identification and Evaluation of Occupational Risks

To ensure safety at work, methodologies and procedures are applied to detect and classify occupational hazards based on their risk level, among them:

- Probability and Consequence Methodology, based on ISO 31000, SWOT, MODE and HAZARD.
- Guidelines for the Identification of Occupational Health and Safety Risks (PRO-RH- SH-035).
- Hierarchy of Control: risks with the highest probability and consequence are prioritized on a 100% scale.
- Task Safety Analysis (TSA) for the detection of specific risks.
- Initial Site Review to identify risks prior to the start of any activities.

We continuously monitor and evaluate our occupational safety practices, ensuring that processes are implemented correctly and that employees have the necessary skills to execute them effectively.

To this end, we implemented the following measures:

- Monitoring of Health and Safety Operational Indicators.
- Continuous monitoring of the implementation of security measures.
- Reduction of incidence, frequency, severity and accident rates, ensuring a safer work environment.

Committed to continuous improvement, the results obtained in the identification and monitoring of risks are used to evaluate and strengthen the health and safety management system, promoting a safer work environment.

These results allow us to:

- Focus efforts on preventive measures based on operational indicators.
- Track the progress of the occupational health and safety program.
- Informed decision making, based on the reduction of risk and impact indexes.

Hazard Reporting Process

We have established multiple channels for employees to report workplace hazards effectively and accessibly:

Reporting options:

- Human Resources.
- Health and Safety Area.
- Medical Department.
- Suggestion box.
- Health and Safety Committee.

To foster trust in the reporting process, we implement protection mechanisms that ensure anonymity and confidentiality, including:

- Suggestion Box, allowing anonymous reports.
- Health and Safety Commission channel, offering a secure alternative for reporting incidents without personalizing reports.

-

Employees also have the right to withdraw from work situations that pose a threat to their health or safety. This process is supported by:

- Occupational Health and Safety Policy
- Guidelines for the Identification of Safety and Health Risks

Protection Against Possible Retaliation

We guarantee the safety of employees who report occupational hazards through:

- Validation of applications by Human Resources
- Development of a Job Safety Analysis
- Case evaluation by the Medical Department
- Establishment of Employee Aptitude and Risk Parameters

Continuous Improvement Process in

Occupational Health and Safety

To optimize our health and safety management system, we have established a response protocol activated in the event of any workplace incident, aiming to prevent future occurrences. This process includes the following steps:

1 Incident Reporting: Any incident or accident is reported immediately to Human Resources.
2 Investigation: The line manager completes a report format in collaboration with the Occupational Safety and Health (OSH) team.
3 Identification of Causes: The causes and risk factors associated with the incident are analyzed.
4 Issuance of Recommendations: Recommendations are generated based on the investigation findings.
5 Implementation and Follow-Up: Controls are established and recommendations are up, which may include training, improvement of the work environment, facilities, processes, machinery and equipment.

This proactive approach enables us to learn from each incident and continuously strengthen our health and safety practices.

Comprehensive Risk Management in

Occupational Health and Safety

At Axtel, we follow a structured approach for the identification and assessment of health, social, and environmental risks. This process involves the following steps:

- Job Position Analysis: The specific tasks and activities associated with each position are detailed.
- Task Safety Analysis Format (TSA): Key tool to identify and classify risks according to their probability and consequences.
- Risk Matrix: Developed and evaluated to prioritize critical areas.
- Hierarchy of Control: The level of risk is defined to establish priorities and preventive actions.
- Mitigation and Control Measures: Effective risk elimination, prevention and control strategies are implemented, ensuring a safe environment for all.

This approach enables us to make informed decisions and protect both our employees and the environment in which we operate.

GRI 403-7

Prevention and Mitigation of Occupational Health and Safety Impacts

To ensure the safety and well-being of our employees, the organization implements prevention programs focused on occupational diseases and workplace accidents, particularly in high-risk operational areas.

High-Risk Operational Areas:

- Field personnel
- Inside plant
- Warehouse
- Maintenance
- Operations involving:
    - Prevention of falls
    - Electrical contacts
    - Manual handling of loads

Additional Measures:

Routine safety inspections are conducted by the Occupational Health and Safety Commission to identify unsafe acts and conditions in the workplace.

GRI 403-3, 403-6

Occupational Health Services

Axtel implements various occupational health services aimed at eliminating hazards and minimizing risks in the workplace. Below are the services available through an electronic platform managed by the Human Capital department and the Medical Service, along with the measures in place to ensure their quality.

1. Clinical History for Employees Performing High-Risk Work (Work at Heights)

Quality Assurance: Certification as part of the training process, delivered by doctors specialized in occupational medicine and nurses with expertise in occupational prevention.

2. Epidemiological Medical Surveillance Program

Quality Assurance: Use of diagnostic devices and tablets certified by the FDA and SSA. Evaluations are conducted by professionals in occupational health and public health.

3. Health Awareness Talks Program

Quality Assurance: Delivered by specialized physicians based on activities identified in the clinical history and with a focus on incidental health events.

Additionally, we offer our employees a variety of healthcare and wellness services, including:

- Advice from the medical department (on-site and via Teams)
- Counselling on psychological counselling Health Insurance
- Talks with specialists
- Agreements with laboratories, doctors' offices and care clinics
- Medical consultation and guidance (cancer, prostate, diabetes)
- Covid-19 Vaccination Campaigns
- Flu Vaccination Campaigns
- Consultation with a nutritionist
- Psychological counseling
- Measurement of Preventive Health Indicators (IMSS)
- Voluntary affiliation of family members at a cost
- Employee Affiliation with EMME
- PrevenIMSS

GRI 403-4

Participation and Consultation in Occupational Health and Safety

At Axtel, we have established processes for participation, consultation, and communication to ensure that our employees can engage in the development, implementation, and evaluation of our occupational health and safety management system.

Participation Processes:

- Self-inspection in operational processes.
- Civil Protection Brigades.
- Health and Safety Commissions.
- Safety Committee.

Safety Committee

- We have a Safety Committee which represents 100% of our employees.

Responsibilities:

- Participation in risk prevention campaigns.
- Completion of safety checklists.
- Safety inspections.
- Investigation of accidents and incidents.

Frequency of meetings:

- Quarterly.

Decision-Making Authority:

- Corporate Safety Management and Human Capital Departments.

GRI 403-5

Occupational Health and Safety Training

As part of our commitment to the safety and well-being of our employees, we offer a comprehensive health and safety training program. These trainings are divided into two categories: general courses, focused on prevention and emergency response, and specific courses, aimed at high-risk activities in the workplace.

Health and Safety Training

General Courses	Specific Courses
Building Evacuation	Working at Heights
Fire Prevention and Fire Fighting	Tower Work
First Aid	Manual Handling of Loads
Various Health Talks	
Various Talks on Psychology and Stress	
Workplace Safety	

Health and Prevention Campaigns - Commitment to Our Personnel and their Families

At Axtel, we actively participate in various health and prevention campaigns to promote the well-being of our employees and their families. Among these initiatives are vaccination campaigns, where we facilitate access to immunizations to protect our team against common and contagious diseases.

1,400

Vaccinations given to staff and their families in 2024

These campaigns not only contribute to individual health, but also promote a safer and healthier work environment. In addition, we organize informative activities to raise awareness among our personnel about the importance of vaccinations and other preventive practices, thus ensuring the integral care of our working community.

Axtel's Comprehensive Wellness Strategy

Our commitment to employee health extends beyond accident and contagion prevention. We also prioritize mental health and promote a positive work environment in alignment with NOM 035, the Mexican Official Standard on workplace psychosocial risks. To support this, we have implemented a Comprehensive Wellness Strategy based on three key pillars:

Health: We offer sessions with specialists on topics such as psychosocial risks, trauma care, and mental health. We also organize virtual workshops to promote family bonding and have established support groups for those who have experienced difficult situations.

Professional Development: We value continuous learning. Our hybrid training model is tailored to the needs of our employees, and we celebrate their achievements through in-person ceremonies, recognizing their loyalty and career milestones within the company.

Balance: All employees have access to monthly virtual workshops on topics such as personal finance, nutrition, and environmental care, ensuring holistic development opportunities.

Through this strategy, we aim to foster a collaborative, healthy, and positive work environment, preventing violence and discrimination while promoting work-life balance.

Emotional Health Talks Program

In 2024, we continued to strengthen the well-being of our team with the online Emotional Health Talks program. We invited our employees and their families to participate in interactive sessions led by a specialist psychologist. These sessions addressed essential topics such as empathy, stress management, resilience, beliefs, and emotional regulation, providing valuable tools to promote optimal emotional health both at home and at work.

Health and Wellness Initiatives

At Axtel, we reinforce our commitment to the health of our employees through wellness campaigns implemented throughout the year. These initiatives focus on prevention, comprehensive care, and the promotion of healthy habits, contributing to a safer and more balanced work environment.

- Influenza, COVID and tetanus vaccination campaigns
- General screening campaign (triglycerides and cholesterol) to +200 technical staff
- Follow-up of high-risk work personnel (medical examinations)
- Health and Safety Fair
- Visual Health Campaign
- Dental campaign
- Nutrition program on an ongoing basis
- Relaxation massages, Yoga and Hand Spa.
- Mental health talks
- Multifunctional brigades: First aid, search and rescue, evacuation and fire extinguishers use.

GRI 403-10, 403-9

Registration of Accidents and Prevention Measures in the Workplace

For employees:

- Fatalities due to workplace accidents: 0
- Injuries with major consequences: 0
- Recorded occupational injuries: 11

Main type of injuries:

- Falls from their own height and injuries.
- Occupational accident injury rate: 1.018
- Hours worked: 10,804,000

***Note**: The organization calculates its incident rates based on every 200,000 hours worked.

For workers not directly employed, but whose work or place of work is controlled by Axtel:

- Fatalities due to workplace accidents: 0
- Injuries with major consequences: 0
- Recorded occupational injuries: 0
- **Hours worked: 292,000**

Main Identified Occupational Hazards

Through the Task Risk Analysis Methodology (AST) and NOM-001-STPS-2011, we identified falls from heights and traffic accidents as the main occupational hazards with the potential to cause serious injuries.

To reduce these risks, we implemented measures such as training for working at heights and tower ascension, medical checks and health monitoring, as well as on-site permit filing and the

Healthy Work Environment

TC-Si-330a.2

Organizational Climate Survey 2024

We recognize that the work environment is crucial for the development and well-being of our team. With this perspective, every two years, we conduct an organizational climate survey to assess the level of engagement of our staff with the company.

In 2024, we invited 3,823 members of the workforce to participate, achieving a response from 3,296 employees. The results reflect a 90% active engagement, aligning with the parameters established by NOM 035, which reaffirms our commitment to a positive and motivating work environment.

From the total number of employees who responded to the survey:

- 72.5% expressed satisfaction.
- 18.3% were neutral.
- 9.2% indicated dissatisfaction.

For 2025, our goal is to achieve a satisfaction rate of over 90%, based on the 2024 result of 90.8%.

Additionally, it is important to highlight that our surveys address the following aspects:

- **Job Satisfaction:** Related to external motivation
- **Purpose:** Linked to internal motivation
- **Happiness:** Assessing overall well-being
- **Stress:** Analyzing the emotional load

These aspects allow us to better understand our employees' experience and design strategies to strengthen their well-being.

GRI 2-23, 3-3

Environment

Environmental Management

Axtel's Environmental Policy[22] guides the responsible use of resources across our operations, services, distribution, logistics, waste management, and relationships with suppliers, contractors, and strategic allies. It addresses key issues such as climate change, water, and biodiversity, while promoting collaboration among all employees to optimize resources and continuously improve our services.

We are committed to complying with applicable regulations and mandatory standards, as well as to implementing environmental actions that go beyond legal compliance. We align our practices with international standards such as the Nations Global Compact, GRI guidelines and other key recommendations. This approach enables us not only to comply with requirements but also to take proactive steps to meet environmental expectations set by initiatives such as CDP and CSA.

Environmental Commitments:

- Compliance with regulations and mandatory standards.
- Implementation of environmental actions that exceed regulatory requirements.
- Participation in comprehensive, multi-sectoral initiatives to promote shared sustainability goals.
- Promoting the participation and training of stakeholders in environmental issues.

Climate Commitments:

- Promotion of renewable energy use.
- Reduction in energy consumption and Greenhouse Gas (GHG) emissions.

Water-Related Commitments:

- Reduction in water consumption volumes.

This policy reinforces our commitment to sustainability and reflects our goal of contributing meaningfully to the transition toward a more environmentally responsible future.

[22]Refer to our Environmental Policy at: https://www.axtelcorp.mx/repositorio/medio-ambiente/Environmental-Policy-2024.pdf

History of Environmental Management at Axtel

2011
Signatories to the United Nations Global Compact.

2013
Environmental Quality Certificate granted by PROFEPA and SEMARNAT.

2014
Second year in obtaining the Environmental Quality certificate granted by PROFEPA and SEMARNAT.

2015
A sustainability assessment of our main suppliers was conducted.

2016
We shared with our employees the ALFA Sustainability Week, in which topics related to the environment, safety, hygiene, health and ethics were presented.

2017
We made a commitment to 2020 to mitigate our environmental impact by reducing energy, waste and waterconsumption, as well as reducing greenhouse gas emissions.

We joined the Dow Jones Sustainability Index Mila Pacific Alliance (DJSI MILA) thanks to the good sustainability practices with which we work.

2018
For the past six years, we have been part of the 30 companies that make up the Sustainable IPC of the Mexican Stock Exchange.

In addition, for the fifth consecutive year we have participated in the GHG Mexico Program by submitting a GHG Protocol Report to the Ministry of the Environment and Natural Resources. (SEMARNAT, by its acronym in Spanish) with the measurement of the greenhouse gases we emit.

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History of Environmental Management at Axtel

2019

Active recycling program in the cities where we have the largest presence. This year we recycled 50 tons of wood, paper, cardboard, glass, metals and plastic.

We continue to work on reducing consumption by promoting the paper option with our customers of electronic invoicing. This year we delivered 248,095 electronic invoices, equivalent to 868,333 unprinted sheets.

2020

In 2020 we managed to reduce our electricity consumption by 12% thanks to initiatives focused on optimization and energy efficiency.

Since 2018, we began to implement circular economy initiatives that were consolidated in 2020 through a De-Installation, Review and Implementation Project (DRIM), which consists of reconditioning some of the fiber optic equipment that we deinstall to give it a second use instead of discarding it. With this initiative, we avoid the purchase of 170 pieces of equipment per month, equivalent to the generation of one ton of electronic waste per month.

2021

Since 2020, we started the process of shutting down telephone exchanges with obsolete equipment, which will end in 2025. In 2021, 13 telephone exchanges were shut down, which represented 553 tons of carbon dioxide that will no longer be emitted.

In 2021, 45% of Axtel's energy consumption came from clean or renewable sources.

In 2020, score of 65 in environmental dimension S&P Global Corporate Sustainability Assessment (CSA).

2022

Since 2020 we started the process of shutting down MW links with no traffic and in disuse, only in 2021 we saved Ps. $0.14 million and in 2022 we saved Ps. $0.19 million.

Additionally, in 2022 we recycled 52 kilograms of paper and cardboard.

2023

We obtained a rate B in the CDP (Carbon Disclosure Project) prescriber, placing us at Management Level and bringing us in line with the industry average worldwide. We set a Scope 1 and Scope 2 Greenhouse Gas reduction target by 2027.

We established a target for reducing Scope 1 and Scope 2 greenhouse gases by 2027.

We added 104 new vehicles to our fleet, of which 6% were electric.

2024

We achieved a position in the 85th percentile in the S&P CSA Assessment. Likewise, key initiatives were implemented, including Main Switch Optimization, Grid Optimization, Site Shutdown and Microwave Radio Optimization. In total, 1,087,995 tCO_2e were avoided.

We obtained a rate B in the CDP (Carbon Disclosure Project) prescriber, placing us at Management Level and bringing us in line with the industry average worldwide.

GRI 302-1, 302-2, 302-3, 302-4, 302-5
SASB TC-SI-130a.1, TC-TL-130a.1

Energy Management

Energy is a key resource for Axtel's functionality, essential for the operation of electronic devices, facility climate control and workplace lighting. To ensure the responsible use of this critical resource, our **Energy Saving Policy**[23] establece lineamientos para su uso eficiente y la reducción de emisiones de gases de efecto invernadero.

Compliance with this policy is overseen by the Human Resources and ESG Department, while the Security, Real Estate and Service, Network Engineering and Operations areas are responsible for tracking the performance of implemented programs aimed at improving energy efficiency. This document reaffirms Axtel's commitment to the efficient and responsible use of electricity, as well as the promotion of the use of renewable energies in administrative buildings and operations centers.

To strengthen this commitment, the company has established Energy Management Programs that encompass a range of actions such as implementing strategies to reduce energy consumption, periodically evaluating progress in energy reduction, adopting clean or green energy, and providing training on energy efficiency for employees. These initiatives aim not only to optimize energy use but also to foster a company-wide culture of environmental awareness and sustainability.

AS PART OF OUR SUSTAINABILITY COURSES, WE INCORPORATE ENERGY EFFICIENCY TRAINING FOR EMPLOYEES TO RAISE AWARENESS OF ENERGY CONSUMPTION.

[23]Refer to our Energy Saving Policy at:
https://www.axtelcorp.mx/repositorio/medio-ambiente/DIRECTIVE-FOR-ENERGY-USE_2022.pdf

GRI 302-1
TC-SI-130a.1, TC-TL-130a.1

Axtel's Energy Consumption [kWh].

To evaluate and monitor the energy efficiency of our data centers, we use the Power Usage Effectiveness (PUE) indicator. This index measures the ratio between the total energy consumption of the facilities and the amount of energy used exclusively for IT equipment. This analysis provides valuable insights into the energy performance of our operations, enabling us to identify and seize opportunities to optimize their use on an ongoing basis.

PUE per Data Center

Center	PUE
H1	1.63
H2	1.93
H3	1.93
HGDL	2.00

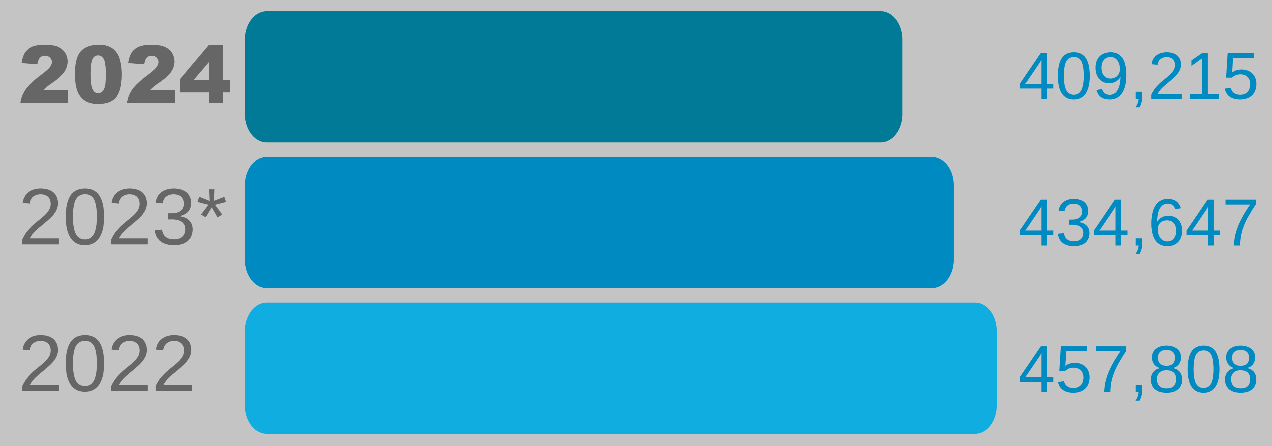
The average PUE for 2024 was 1.87, considering 9,601 MWh of energy used in our data centers, of which 8.2% was renewable energy.

OUR GOAL IS TO MAINTAIN CURRENT LEVELS OF RENEWABLE ENERGY IN DATA CENTERS AS A PERCENTAGE OF OUR TOTAL ENERGY CONSUMPTION.

Our overall objective is to consistently maintain a PUE value below 2.

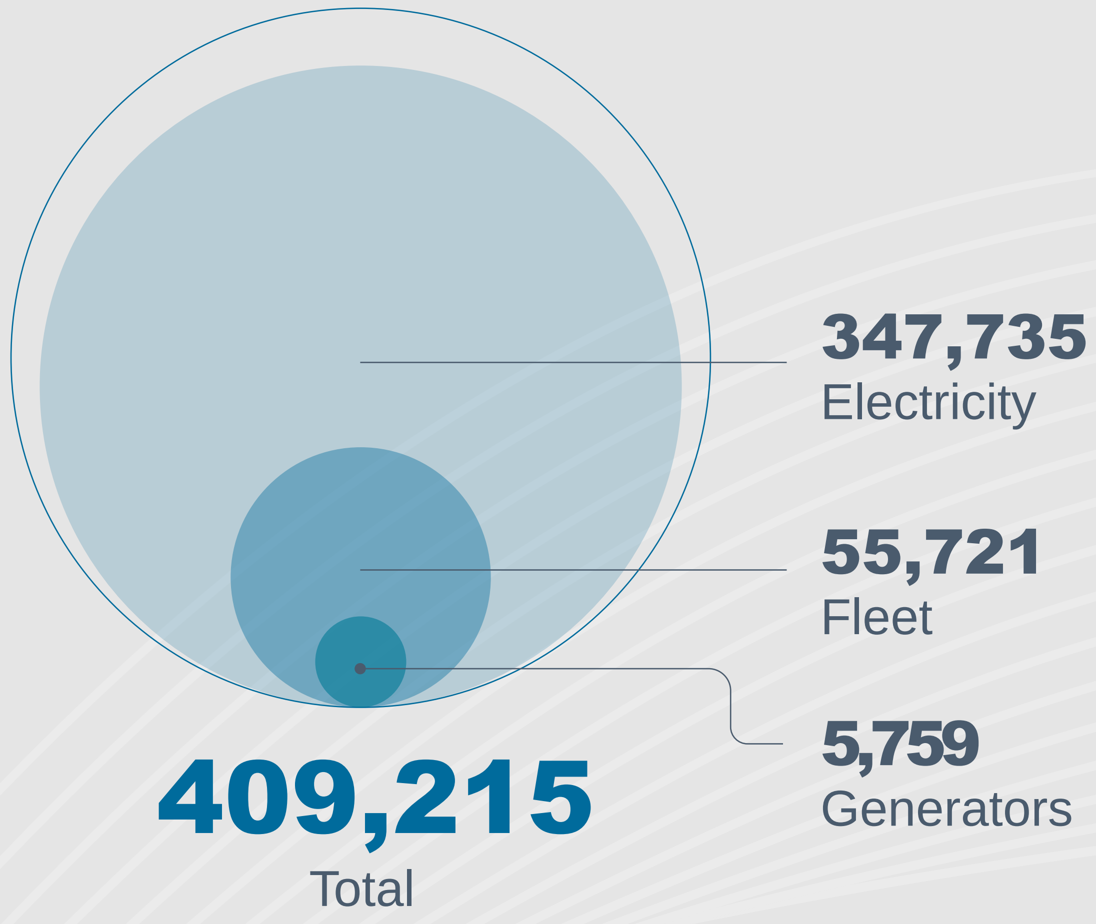
In addition, we continuously monitor the energy mix and consumption by source to identify areas for improving efficiency and reducing emissions.

Total Energy Consumption [GJ]

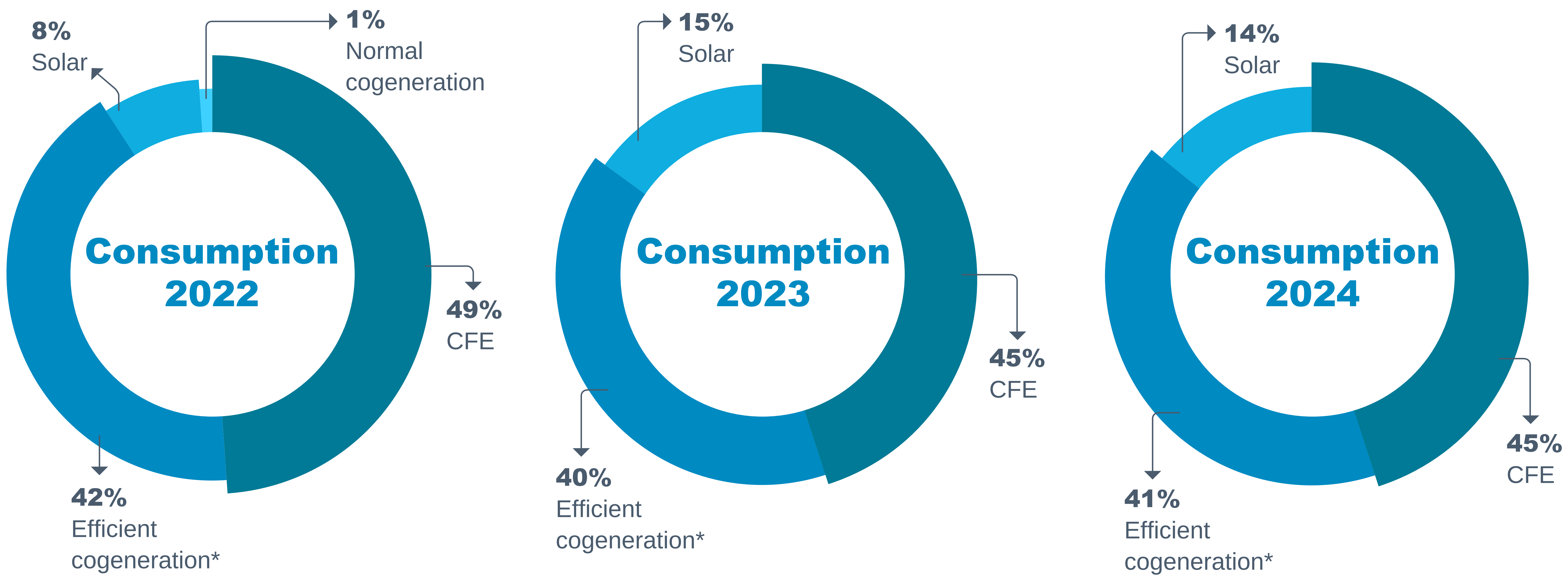


*Note: This report updates the energy consumption figure in gigajoules (GJ) for 2023, based on information verified for the 2023 Integrated Annual Report. The figure presented in the bar chart of that report has been adjusted to ensure consistency with the reported data.

Segmentation of the 409,215 GJ of 2024:



Axtel's Energy Mix



*Considered fuel-free when the electricity generated does not originate from fossil fuels, but from clean energy sources.

Energy Consumption Segmentation

Type of energy	MWh	GJ
Renewable Photovoltaic	13,712.62	49,365.43
Efficient Cogeneration	39,323.18	141,563.448
Conventional	43,557.18	156,805.848
Total	**96,592.98**	**347,734.728**

At the end of the year, we achieved a **6% reduction** in total energy consumption. Our goal for 2023 was for **72% of our energy consumption to come from clean sources.** However, we were unable to meet this target due to two main factors: the shutdown of large sites that operated with clean energy, and delays in integrating new sites into renewable energy contracts, stemming from regulatory issues and the country's political situation.

Despite these challenges, we continue to make progress toward our goal and have achieved significant improvements. **By 2024, 55% of our energy consumption came from renewable sources.**

Generators Consumption [Stationary] Sour-

Fuel type	Consumption [L]	Consumption [MWh]	Consumption [GJ]
LP Gas	13,338	96.78	348.41
Gasoline	7,981	78.26	281.75
Diesel	134,453	1,424.74	5,129.07
Total	**155,771**	**1,599.79**	**5,759.23**

Fleet Consumption [Mobile Sources]

Fuel type	Consumption [L]	Consumption [MWh]	Consumption [GJ]
Gasoline	1,483,267	14,546.19	52,366.30
Diesel	87,940.30	931.87	3,354.72
Total	**1,571,207**	**15,478.06**	**55,721.02**

GRI 302-3

Energy Intensity

IN 2024, **35.63 GJ** WERE CONSUMED PER BILLION PESOS IN REVENUE.

2022

43.68 GJ/MMDP

Considering Ps. 10,480 million pesos in revenues and 457,808 GJ.

2023

39.74 GJ/MMDP

Considering Ps. 10,956 million pesos in revenues and 434,647 GJ.

2024

35.41 GJ/MMDP

Considering Ps. 11,556 million pesos in revenue and 409,215 GJ.

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GRI 305-1, 305-2, 305-3, 305-5, 305-6, 305-7
TCFD - Métricas y objetivos b), Métricas y objetivos c)

Carbon Footprint: GHG Emissions

Each year, we conduct a detailed analysis of our greenhouse gas (GHG) emissions inventory to identify and record direct and indirect emissions associated with our operations. This process allows us to establish a solid framework for the implementation of emission reduction initiatives.

IN 2024, WE ACHIEVED A 39% REDUCTION IN OUR TOTAL GHG EMISSIONS COMPARED TO OUR 2020 BASE YEAR.

Our commitment to emissions reduction is based on an absolute target, considering Scope 1 and 2 together:

- Base year: 2020
- Target year: 2027
- Emissions in base year: 63,412 tCO2e
- Emissions in the reporting year: 38,984.04 tCO2e
- Reduction achieved vs. base year: 39%

Scope 1

Axtel's Scope 1 emissions originate from fuel consumption in stationary and mobile sources. For stationary sources, this includes the use of LPG, diesel and gasoline for emergency power generators. On the other hand, mobile sources account for emissions resulting from diesel and gasoline consumption by our vehicle fleet.

Scope 1 emissions represent 11.4% of Axtel's total reported emissions.

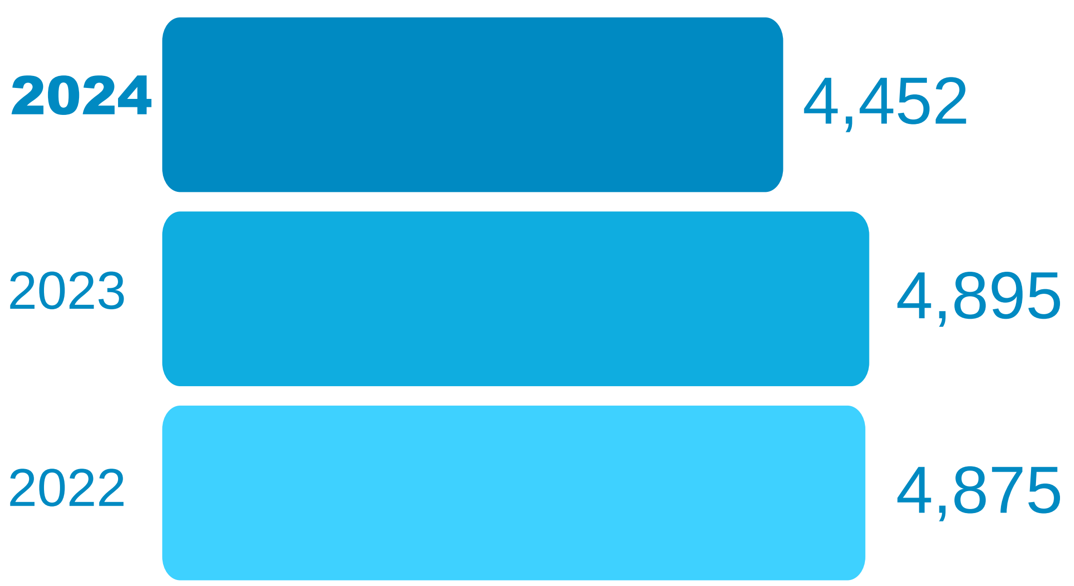
Scope 1 Emissions (Stationary Sources)

Source	**Emissions** (tCO2e)
Diesel	381.31
Gasoline	19.59
LP gas	22.00
Total	**422.91**

Scope 1 Emissions (Mobile Sources)

Source	**Emissions** (tCO2e)
Gasoline	3,776.66
Diesel	252.42
Total	**4,029.08**

Scope 1 Emissions (tCO2e)



Scope 2

The calculation of Scope 2 emissions considers the purchase of electricity from conventional, photovoltaic and efficient cogeneration sources used at our facilities, applying both the location-based and market-based approaches. Under the location-based approach, the emission factors from the National Grid are applied, which for 2023 is 0.438 tCO_2e/MWh, while the market approach uses the factors provided by each supplier.

Scope 2 emissions account for 86.2% of the total emissions generated by our activities.

Scope 2 Emissions (tCO2e)

Year	**Location-based emissions** (tCO2e)	**Market-based emissions** (tCO2e)
2022	45,883	38,933
2023	44,346	34,830
2024	**42,308**	**34,532**

EMISSIONS TARGETS AND RESULTS

- Market-based emissions (tCO_2e):
  - 2024 Target: 41,484
  - 2024 Year-End Result: 34,532
  - 2025 Target: 39,658

Note: We currently have emission reduction targets in place; however, they do not yet include the achievement of Net Zero emissions.

Scope 2 Emissions by Source Type

Type of source	Location-based emissions (tCO_2e)	Market-based emissions (tCO_2e)
Conventional Electricity	19,078	19,078
Efficient Cogeneration	17,224	15,454
Photovoltaic Renewable Electricity	6,006	0
Total	**42,308**	**34,532**

Scope 3

Scope 3 emissions include indirect emissions from activities within our value chain and were evaluated corresponding to categories 6 (Business travel) and 7 (Employee commuting).

Scope 3 emissions account for 2.7% of our total emissions.

Currently, we do not have an established Scope 3 emissions reduction target.

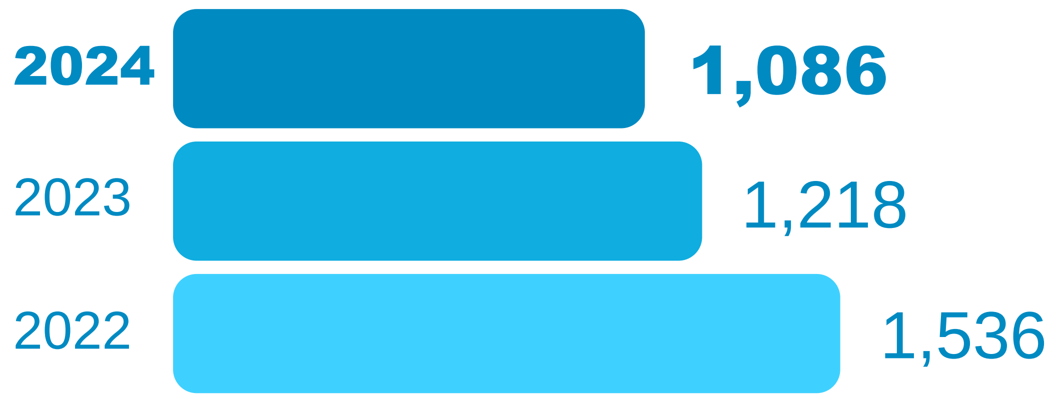
Category 6: Business travel

This category includes emissions from domestic and international flights taken by our employees. A total of 4,219,036 kilometers were traveled, resulting in **810.05 tCO_2e for this category.**

Category 7: Displacement of employees

This category includes emissions generated from fuel consumption associated with gasoline vouchers provided to executives, totaling **276.12 tCO_2e.**

Scope 3 Emissions (tCO_2e):



GRI 305-4

Emissions Intensity

2022

4.32 ton CO_2e /MMDP

considering Ps. 10,480 million pesos in revenues and 45,344 tons CO_2e emitted.

2023

3.63 ton CO_2e /MMDP

considering Ps. 10,956 million pesos in revenues and 39,725 tons CO_2e emitted.

2024

3.37 ton CO_2e /MMDP

considering Ps. 11,556 million in revenues and 38,984 tons CO2e emitted.

Notes on Emissions Calculation

- To develop our emissions inventory, we used the **Greenhouse Gas (GHG) Protocol** methodology, as well as the methodological guidelines of the **Federal Government's National Emissions Registry (RENE)** and its Regulations. This allows us to calculate emissions based on official factors and references.

- The Global Warming Potential (GWP) rates applied are those from the **Fifth Assessment Report (AR5).**

- In **2024,** we used the **2023** emission factors and **the RENE calculator** for both scopes. **For Scope 2 emissions** from conventional energy, we applied the most up-to-date emission factor available at the time of this report's review, provided by the **National Electric System** for the location-based approach, corresponding to the year 2023. For the market-based approach, we used the emission factors provided by our alternative low-carbon energy suppliers.

- We adopted the **operational control approach** for our GHG inventory, as this method ensures that the carbon footprint measurement covers all production, commercial and administrative operations under Axtel's full control in Mexico. In accordance with the **GHG Protocol,** emissions that are not directly controlled by the organization are accounted for in **Scope 3.**

- For **Scope 3, Category 6 – Business Travel,** emissions were estimated using the emission factor from the **Institute for Energy Diversification and Saving (IDAE),** which establishes the amount of CO_2 generated per passenger per kilometer traveled on commercial flights. The conversion to metric tons is performed by multiplying the total distance traveled by the emission factor and dividing the result by one million.

- For **Category 7 – Employee Commuting,** the calculation is based on the gasoline emission factors established by the **National Emissions Registry (RENE),** considering fuel consumption associated with the gasoline vouchers provided.

- To ensure the accuracy and reliability of our inventory, the information used to calculate S**cope 1 and 2** emissions was compiled by **Axtel** and **verified by an independent third party.**

GRI 302-4

Energy Efficiency and Emission Reduction Initiatives

As part of our commitment to energy efficiency and emissions reduction, we implemented several initiatives focused on optimizing our operations in 2024. These actions have led to a significant decrease in electricity and, consequently, a reduction in our CO_2 emissions.

Main Switches Optimization – 2024

- Shutdown of 1 central facility and 19 devices belonging to 6 additional sites.
- Energy savings: 180,161 kWh.
- Emission reduction: 73.24 tons of CO_2 avoided.
- Economic impact: Savings of Ps. $355,000.
- Reduced energy: 648,581,710,548.41 Joules (648.58 GJ).

Network Optimization – Site Decommissioning

- Disincorporation of 10 sites.
- Energy savings: 2,087,226 kWh.
- Emission reduction: 890.63 tons of CO_2 avoided.
- Reduced energy: 7,514,013,600,000 Joules (7,514.01 GJ).

Network Optimization – Site Shutdown

- Shutdown of 40 sites.
- Energy savings: 196,589 kWh.
- Emission reduction: 86.11 tons of CO_2 avoided.
- Reduced energy: 707,720,400,000 Joules (707.72 GJ).

Microwave Radio Optimization

- Shutdown of 305 MW equipment.
- Energy savings: 935,835.8 kWh.
- Emission reduction: 38,015 tons of CO_2 avoided.
- Economic impact: Savings of Ps. $250,436 in energy costs.
- Reduced energy: 147,426,532,884.00 Joules (147.43 GJ).

Total energy reduced: 9,017,742,243,432.41 Joules (9,017.74 GJ).

Note: The following principles were applied to quantify energy savings and emission reductions:
- Energy conversion: 1 Watt is equivalent to 3,600 Joules.
- Calculation of reduced energy: Avoided annual consumption in kWh × 1,000 × 3,600.
- Conversion to GJ: Total number of Joules divided by 1,000,000,000,000.

Other Initiatives: Technology Solutions and Green Services

In addition to our actions in conservation and energy efficiency, we implement innovative technological solutions that contribute to reducing Greenhouse Gas (GHG) emissions and optimizing the use of resources in various sectors.

Connectivity and digital platforms: We facilitate access to remote collaboration platforms, reducing the need to travel and, therefore, the emissions associated with mobility. We also provide connectivity services to car-sharing platforms, helping to reduce the carbon footprint in urban and rural areas.

Connectivity services for the financial sector: We support responsible investment platforms that can finance sustainable business models, social projects and initiatives aligned with the Sustainable Development Goals (SDGs).

Internet of Things (IoT) for energy efficiency and mobility: Through IoT solutions, we help optimize transportation and fleet management, reducing fuel consumption.

Technology applied to industry and agriculture:
In industry and livestock, we offer solutions such as **Mobile Traffic,** which facilitate the development of technology to increase production with less environmental impac

In agriculture, fixed and mobile connectivity allows monitoring crops, optimizing the use of pesticides and improving smart irrigation systems, favoring soil efficiency and reducing environmental impacts.

GRI 303-1, 303-2, 303-3, 303-5
TC-SI-130a.2

Water

At Axtel, water consumption is mainly limited to office activities, such as restrooms and air conditioning systems. Although our operations do not depend intensively on this resource, we recognize its importance and the fundamental role it plays in sustainability. For this reason, we have implemented a **Water Efficiency Policy[24],** which establishes guidelines to ensure its responsible management, promoting practices that optimize its use and contribute to its preservation.

AS PART OF OUR COMMITMENT, OUR SUSTAINABILITY COURSES INCLUDE SPECIFIC TRAINING ON WATER USE REDUCTION.

In 2024, total water consumption was 12,512 m3 or 12.51 megaliters, coming mainly from municipal supply in the regions where we operate, with its subsequent reintegration to the same systems. Of this volume, 9,844.94 m3 or 9.84 megaliters came from areas classified as water stressed, representing 78% of total consumption.

Water Consumption (m3)

[24]Refer to our Water Efficiency Policy at:
https://www.axtelcorp.mx/sites/axtelcpo.mx/files/Directrices_de_Uso_Eficiente_de_Agua_2022.pdf

During this same year, we identified **11 facilities located in water-stressed areas,** of which **7 are in Nuevo León** and **4 in Mexico City**. This situation highlights the importance of efficient water management to minimize the impact on these areas and guarantee the continuity of our operations without affecting access to this resource in the communities where we operate.

Our operation is focused on the provision of services, so we **do not use hazardous substances** in our processes or in the delivery of goods or services, thus reducing any potential environmental impact related to water.

To strengthen our management, we carry out **monthly monitoring of water consumption,** which allows us to detect anomalies, such as leaks, and act in a timely manner to optimize its use. Thanks to these measures, during 2024 there were no reports of negative impacts on water sources due to our consumption, nor were there any fines or sanctions related to this resource.

GRI 301-2, 301-3, 306-3, 306-4, 306-5
TC-TL-440a.1

Materials and waste

Given that our services are primarily intangible, material use within the company is mainly concentrated in infrastructure and facilities. The primary materials used include microwave links (MW), customer premises equipment (CPEs) for fiber optic access, and fiber optic main distributors (DPs), which contain 20%, 20%, and 16% recycled material, respectively.

In alignment with our **Waste Management Policy** and in compliance with **Mexican Official Standards** and current environmental legislation, we implement strategies for the responsible management of waste generated in our operations, ensuring its proper handling and minimizing its environmental impact.

Although we do not currently have a formal waste management program, we r**ecognize the importance of proper waste management and are committed to optimizing our processes to minimize waste generation and encourage responsible waste management practices.** As part of this commitment, our sustainability courses include specific training on waste reduction for our employees.

The following tables present a detailed breakdown of waste generated during 2024, differentiated by type, volume and disposal method. This information allows us to evaluate trends in waste generation and explore opportunities to improve waste management in the future.

Waste Disposal (Tons)

	2021	2022	2023	2024
Recycling	201	102	2.7	21
Landfill	701	257	237	281
Confinement	0.8	0.04	0.09	0.05
Totals	903	359	240	302.05

During 2024 we recycled:

- 16,989 kg of paper and cardboard
- 2,082 kg iron
- 1,776 kg electronics
- 225 kg plastic

Waste Generated by Composition and Disposal (Tons)

Composition	Total Generated	Not Sent for Disposal	Sent for Disposal
Municipal Solid Waste	281	0	281
Special Handling Waste	0	0	0
Hazardous Waste	0.500	0	0.500
Hazardous biological infectious waste (HBIW)	0.015	0	0.015
Total	**281.5**	**0**	**281.5**

Our goal for this reporting cycle was to recycle 20% of the waste generated, equivalent to 8.8 tons. **In 2024, we exceeded this goal by recycling a total of 12.8 tons of non-hazardous waste,** of which 4 tons were recycled on-site and 8.8 tons off-site.

Recycled Electronics Materials

Material	Total Weight of Recycled Material (Tons)	Total Weight of Material Used (Tons)	Total Recycled Percentage (%)
MW Links	8	25.7	31.1
CPE's	3.3	12.6	26.2
Fiber Optic PD's	1.5	5.8	25.9

Note: The data on recycled electronic materials presented in the table are estimates, calculated using the average weight by technology method.

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GRI 304-1, 304-2, 304-3

Biodiversity

At Axtel, we are committed to environmental protection and biodiversity conservation, as reflected in our **No Deforestation Commitment**[25], which applies to both **our own operations and those of our suppliers,** and is approved and endorsed by Senior Management. We recognize the vital role of forests in maintaining ecological balance, supporting biodiversity, and mitigating climate change, and we have implemented practices that exclude any deforestation-related activities.

Although our core operations are based in urban areas, away from locations of critical biodiversity importance, we focus on initiatives such as reforestation and the preservation of green spaces. We work closely with suppliers and strategic partners who share our zero-deforestation principles. Additionally, we actively promote environmental education and awareness, reaffirming our commitment to biodiversity protection and the construction of a sustainable and responsible future.

We have not currently conducted a biodiversity-related risk assessment. However, **we recognize the importance of biodiversity, as well as the associated risks and opportunities,** so this aspect is within our future priorities.

[25]Access our No Deforestation Commitments at:
https://www.axtelcorp.mx/repositorio/medio-ambiente/Compromiso-No-Deforestacion-2024.pdf

Contribution to Emission Reduction

At Axtel, we contribute to the transition toward a low-carbon economy through efficient infrastructure, the use of renewable energy, and digital solutions such as cloud computing and remote work, which help reduce transport-related emissions.

Our solutions align with two key approaches:

- Low-carbon products: Energy-efficient technologies and services that optimize resource use.
- Avoided emissions: Services that enable our clients to reduce their own environmental footprint.

Given the scope and diversity of our client base in Mexico, estimating the annual volume of avoided emissions remains a challenge. Nevertheless, we continue exploring methodologies to measure and maximize our environmental impact.

Note: No specific taxonomy is currently used to designate products or services as low-carbon.

GRI 2-27, 307-1

Environmental compliance

During 2024, there were no non-compliances with laws and/or regulations on any environmental, social, economic or company-related issue.

Additionally, Axtel does not engage in activities that directly or indirectly influence policies, laws, or regulations with environmental impact. The company does not maintain commercial associations for this purpose, nor does it provide funding to organizations or individuals engaged in such activities. Likewise, Axtel is not registered in any transparency registry.

TCFD Métricas y objetivos a)

Environmental Management Incentives

Performance in key ESG-related indicators is evaluated and considered as part of the variable compensation for senior executives and department heads who hold direct responsibility for the implementation of initiatives and the achievement of ESG targets. Furthermore, specific ESG objectives and actions are integrated into the company's strategic business goals, reinforcing their importance within the overall incentive structure.

In addition, some of our **Executive Directors receive monetary incentives through compensation packages and bonuses, which are linked to the company's overall performance.** These incentives are aligned with key metrics such as risk management, energy efficiency, and the achievement of strategic objectives.

ESG-related targets include specific goals such as the reduction of GHG emissions and the increase in training hours, further strengthening our commitment to sustainability and talent development across the organization.

GRI 205-2, 403-1, 308-1, 308-2, 407-1, 414-1, 2-5, 2-6
TCFD Estrategia b)

Sustainable partners

Sustainable supply chain

Aware that the value of companies is increasingly linked to the strength of the network that makes up their supply chain, we are committed to ensuring that our network is solid, reliable, and competitive. In this context, sustainable procurement has become a strategic priority for us.

As part of our commitment, we seek to integrate Corporate Social Responsibility (CSR) principles into our purchasing processes and decisions. We implement various measures, such as promoting local sourcing and evaluating our suppliers, which allows us to gain visibility into the sustainability practices within their operations and supply chains.

Additionally, we aim to establish business relationships with suppliers who share our values and sustainability goals, thereby promoting a positive impact on our communities and the environment.

As part of its sustainable procurement process, Axtel requires 100% of its Tier 1 suppliers to implement emissions reduction initiatives. To ensure compliance with this environmental requirement, all suppliers either have their own code that includes this commitment or sign Axtel's Supplier Code of Ethics.

In the event of non-compliance, Axtel adopts a retention and engagement approach, working collaboratively with suppliers to enhance their environmental performance. This may involve conducting control visits to verify the sustainability practices of suppliers. If any non-conformities are identified during these assessments, suppliers are required to implement corrective actions to align with the established standards. This approach reinforces Axtel's commitment to sustainability and continuous improvement across its supply chain.

In the interest of supporting the local economy, in 2024, of the 586 suppliers with which we operated, 501 were local, representing 90% of the total, while 55 were suppliers with operations outside the country, equivalent to 10%.

Code of Ethics for Suppliers

At Axtel, we are committed to establishing sustainable and responsible business relationships with our suppliers. Therefore, we have implemented a Supplier Code of Ethics that outlines our expectations and commitments in key areas such as human rights, environment and business ethics.

This code not only guides the behavior of our suppliers, but also provides them with a clear framework for making decisions aligned with our policies and values.

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Supplier Screening

As part of our strategic chain management, we focus on identifying and understanding the associated risks and dependencies. A key step in this process is the identification of critical suppliers*, defined primarily as those that support our network and core services. Although Axtel does not have a formal supplier selection process to identify significant suppliers, **we evaluate our critical suppliers to ensure they comply with the Supplier Code of Conduct,** using it as a foundation to validate compliance and assess alignment with ESG topics relevant to Axtel and our stakeholders..

**Critical supplier: A critical supplier is one whose relationship is directly linked to the operation of our network and core services. Axtel identifies its critical suppliers based on criteria such as the highest level of annual purchases, high business sensitivity, the complexity of the services provided, and the high cost of replacement, prioritizing their strategic relevance for business continuity.*

Supplier ESG Program

In 2023, we launched the Supplier ESG Program, overseen by the ESG Committee. This program allows us, through various activities, to evaluate our suppliers' compliance with the Code of Ethics, as well as to identify and assess potential ESG risks.

This program involves sending assessments to our critical suppliers, focusing on governance, health and safety, as well as social and environmental aspects. The evaluation covers various topics, such as defined targets for reducing greenhouse gas emissions, controls related to occupational health and safety, and guidelines for preventing workplace harassment, among others.

Through this process, we gain greater visibility into our suppliers' performance and the alignment of their business practices with our expectations, which supports risk mitigation and strengthens our supply chain.

These assessments are conducted every **24 months,** with the next round scheduled for **2026.**

In 2023, we sent ESG assessments to 83% of our critical suppliers, of which 42% responded. This allowed us to evaluate the sustainability practices of 5 of our critical suppliers.

For the upcoming assessment, our goal is to evaluate the sustainability practices of 9 critical suppliers, representing 90%, thereby improving our coverage compared to the 5 suppliers assessed in 2023.

The evaluation under the **Supplier ESG Program** facilitates the monitoring of our suppliers' progress on ESG matters and validates their alignment with the expectations we have established. This ensures consistency with ESG aspects that are relevant to Axtel and our stakeholders.

Supplier Evaluation	2023
Total number of suppliers evaluated through documentary evaluations.	5
% of significant (critical) suppliers evaluated.	41.7%
Number of suppliers assessed as having actual or potential substantial negative impacts.	0
% of suppliers with actual or potential material adverse impacts that have an agreed-upon corrective action or improvement plan.	0%
Number of suppliers with actual or potential material adverse impacts whose contracts have been terminated.	0

*Information is presented for **2023,** since the evaluation was sent in that year and is carried out **every 24 months,** with the next one scheduled for **2026.**

Result of the first assessment through the Supplier ESG Program

Parameter	From our evaluated suppliers
Sustainability-related governance controls	100%
Main issues addressed in sustainability policies	Energy use, Biodiversity, Emissions, Diversity and equality, Human rights, Health and safety at work
Alignment with international standards or commitments	80% aligned with SDGs 20% adhered to the Global Compact 60% Other
Established environmental governance	100%
They have defined targets for reducing greenhouse gas emissions	80%
They currently use renewable energy sources in their operations in a significant way	60%
Controls related to occupational health and safety	100%
Governance controls related to labor rights	100%
Guidelines for preventing workplace harassment	100%
Have procedures in place to address workplace harassment	60%

AS A RESULT OF THIS EVALUATION, WE DID NOT IDENTIFY ANY SUPPLIERS AT RISK OF PRESENTING SITUATIONS OF RISK OR NON-COMPLIANCE WITH OUR SUPPLIER CODE OF ETHICS, ESPECIALLY IN CASES OF HUMAN RIGHTS, ENVIRONMENTAL AND SOCIAL ISSUES WITHIN OUR VALUE CHAIN.

Supply chain management

During the selection processes, we inform all our suppliers about our Supplier Selection Policy, as well as our Anti-corruption Policy and procedure, and the Supplier Code of Ethics.

Number of suppliers to whom we communicate anti-corruption policies and procedures by region

Origin	Northern Region		Western Region		Central Region		Southern Region	
	SME	Large	SME	Large	SME	Large	SME	Large
Nationals	43	146	4	34	27	217	5	25
Foreigners	55	NA	NA	NA	NA	NA	NA	NA
Total	98	146	4	34	27	217	5	25

Percentage of suppliers to whom we communicate anti-corruption policies and procedures by region.

Origen	Northern Region		Western Region		Central Region		Southern Region	
	SME	Large	SME	Large	SME	Large	SME	Large
Nationals	8%	26%	1%	6%	5%	39%	1%	4%
Foreigners	10%	NA	NA	NA	NA	NA	NA	NA

Category	2023	2024
Tier 1 Suppliers	586	556
Tier 1 Critical Suppliers	12	10
% of total spending on critical Tier 1 suppliers	26%	26.5%
Total number of Critical non Tier 1 suppliers	0	0
Total number of critical suppliers (Tier 1 and non Tier 1)	**12**	**10**

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GRI 3-3, 413-1

Social Inclusion

At Axtel, we strengthen our organizational culture and build strong relationships with our workforce and communities through various social inclusion initiatives.

Our approach seeks to **improve people's quality of life** and support high-impact causes, in line with our commitment to social responsibility.

Our commitment to the community

To consolidate these efforts, we have established the **Corporate Philanthropy Guideline[26],** a document published in 2022 that defines our primary support focus on the families of our workforce, as well as on communities and institutions dedicated to health, education, and the environment.

Boosting youth talent

As part of our commitment to educational development, we participate in the **Líderes en Movimiento (LeM)** initiative, promoted by the **Mexican Business Council (CMN) and El Colegio de México.** Through This program, we offer our employees' sons, daughters, and family members the opportunity to access a high-level extracurricular academic program designed to identify and empower young people with outstanding intellectual talent, leadership, and social commitment.

Scope of the program

The LeM program is an initiative for the community of the Mexican Business Council (CMN) and its 60 member companies. It is aimed at students of:

- Upper secondary education (of any high school subsystem).
- University, especially in undergraduate and engineering programs.

This effort is part of our strategy to continue having a positive impact on the education of future generations and to strengthen the bond between Axtel, its employees and society.

[26]https://www.axtelcorp.mx/repositorio/vinculacion-social/Directriz-Filantropia-Corporativa_2022.pdf

Promoting social inclusion

At Axtel, workplace inclusion is a core principle. Through the donation of our services, we support the creation, administration, and maintenance of the Movimiento Congruencia initiative, a nonprofit organization that works to facilitate the social and workplace inclusion of people with disabilities. This effort is carried out in collaboration with educational institutions and civil society organizations, promoting equity, the appreciation of talent, and access to employment opportunities.

Social Support Campaigns

Each year, we promote altruism among our team through donation campaigns aimed at institutions that serve various social causes. Among the most relevant efforts of the year, the following stand out:

- **Christmas Campaign:** For 26 consecutive years, this initiative has been a success thanks to the effort and commitment of our community. This year we were able to raise Ps. $37,200 and 200 new toys to support those who need them most.
- **Donations:** Delivery of 15 wheelchairs to DIF Tlalnepantla, furniture for 2 schools and sponsorship of 35 children at Instituto Nuevo Amanecer and Cuidad de los Niños.
- **Volunteering in Education:** Improvements in school infrastructure, including painting ,maintenance and cleaning, with the support of 33 volunteer collaborators.

Through these initiatives, we reinforce our commitment to social welfare and the generation of opportunities for those who need them most.

GRI 203-2

The following significant indirect economic impacts were identified during 2024 derived from the operations:

- **Greater organizational agility** through the adoption of information technologies.
- **Community development** enabled by access to telecommunications services that enhance global connectivity.
- **Economic growth in more connected areas,** promoting technology availability and strengthening the local economy.
- **Improved community skills** driven by the development of local suppliers and access to internet and telecommunications infrastructure.

These impacts are aligned with the federal government's development agenda and the interests of stakeholders. To date, no significant negative indirect economic impacts have been identified in this context.

Promoting Education and University Engagement

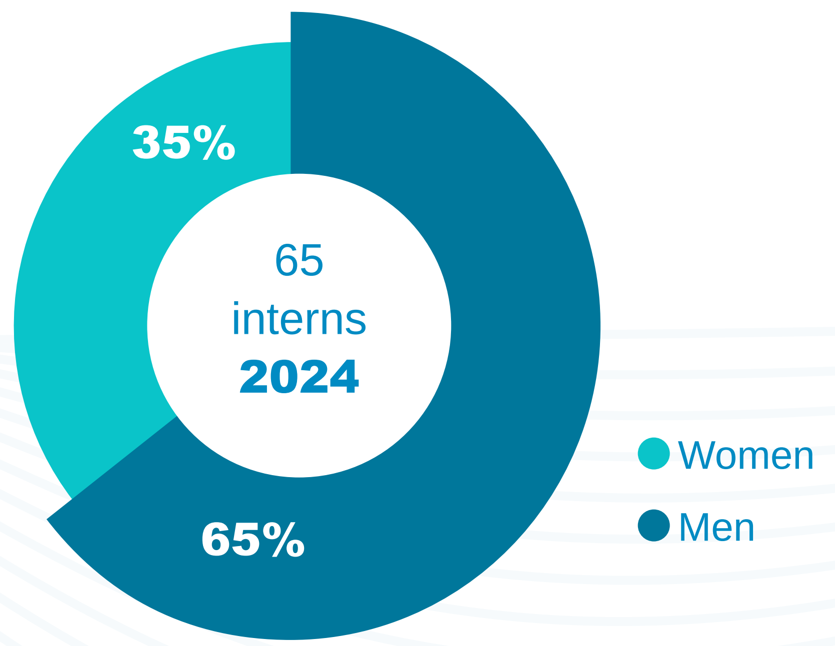
At Axtel, we reaffirm our commitment to academic training and the professional development of young talent through strategic partnerships with universities. In 2024, we expanded our collaboration opportunities and strengthened our internship programs.

University Agreements and Internships

We have established more than 12 agreements with universities, enabling 65 students to complete their professional internships at Axtel.

Students who completed internships

Centro Universitario de Ciencias Exactas e Ingenierías	1
Instituto Politécnico Nacional	2
Instituto Tecnológico y De Estudios Superiores de Monterrey	1
Otro	1
Tecnológico de Estudios Superiores de Ecatepec	1
Universidad Autónoma de Nuevo León	45
Universidad Autónoma Metropolitana Azcapotzalco	1
Universidad de Monterrey	5
Universidad del Valle de México	1
Universidad Metropolitana de Monterrey	2
Universidad Tecmilenio	4
Universidad Tecnológica Cadereyta	1



Distribution of Interns by Area

Human Capital	**11**
Business Development	**4**
Legal and Regulatory Affairs	**2**
Infrastructure and Systems	**29**
Business Services	**20**

Infrastructure Modernization: Reducing Visual Pollution

At Axtel, we work in collaboration with federal, state, and municipal governments to optimize telecommunications infrastructure across the country. Throughout the year, we carried out projects to relocate and remove aerial fiber optic cabling, with the aim of:

- Removing unused cables and organizing existing infrastructure.
- Standardizing cable height to improve safety and reduce overcrowding on utility poles.
- Redirecting Axtel's infrastructure underground, contributing to the reduction of visual pollution.

Conversion of Aerial Fiber Optic to Underground Infrastructure

In 2024, the following projects were carried out, with a total investment exceeding **Ps.19 million.**

Region	Number of Projects	Distance (Meters)	Invested Amount (MXN)
Occident	27	20596	$ 6,984,059
South	22	14292	$ 3,381,595
Central	21	13183	$ 4,876,225
North	19	12037	$ 3,830,328
Grand	**89**	**60108**	**$ 19,072,209**

Through these initiatives, we reinforce our commitment to the modernization of the country, ensuring a more efficient, safe and sustainable infrastructure.

Participation in Major Projects in 2024

As part of our contribution to the modernization of infrastructure in Mexico, in 2024 we participated in high-impact strategic projects across various regions of the country. These projects included infrastructure modernization, highway expansion, and public works construction, strengthening connectivity and urban development.

Participation in Major Projects in 2024

Region	Project Name	Description
CDMX	New U.S. Embassy	Modernization Project
MTY	Metro Line 6 Santa Catarina	Public Works Construction
MTY	Vasconcelos Avenue	Modernization Project
MTY	Centrito Valle	Modernization Project for centrito valle
EDOMEX	Felipe Ángeles Airport (AIFA)	Public Works Construction
EDOMEX	Santa Lucia Suburban Train	Public Works Construction
CANCÚN	Maya Train	Public Works Construction
GDL	Light Rail Line 4	Public Works Construction
MÉRIDA	Merida Historic Center	Modernization Project
CANCÚN	Blvd. Colosio	Modernization Project
PACHUCA	Highway 85D Mexico–Pachuca	Lane Expansion
QRO	Av. Paseo 5 de Febrero	Modernization Project
CAMPECHE	Campeche Light Rail	Modernization Project

Financial Statements

Axtel, S. A. B. de C. V. and subsidiaries
(Subsidiary of Controladora Axtel, S. A. B. de C. V.)

Consolidated Financial Statements as of and for the Years Ended December 31, 2024, 2023 and 2022, and Independent Auditors' Report Dated January 31, 2025

Axtel,

S. A. B. de C. V. and subsidiaries

(Subsidiary of Controladora Axtel, S. A. B. de C. V.)
Independent Auditors' Report and Consolidated Financial Statements as of and for the years ended December 31, 2024, 2023 and 2022

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Independent Auditors' Report to the Board of Directors and Stockholders of Axtel, S. A. B. de C. V. and Subsidiaries

Opinion

We have audited the consolidated financial statements of Axtel, S. A. B. de C. V. and Subsidiaries (the "Company" or the "Group"), which comprise the consolidated statements of financial position as of December 31, 2024, 2023 and 2022, the consolidated statements of income, the consolidated statements of comprehensive income (loss), the consolidated statements of changes in stockholders' equity and the consolidated statements of cash flows for the years then ended, and the explanatory notes to the consolidated financial statements, that include information on material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Axtel, S. A. B. de C. V. and Subsidiaries, as of December 31, 2024, 2023 and 2022, and their consolidated financial performance and their consolidated cash flows for the years then ended, in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audits in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the Code of Ethics issued by the Mexican Institute of Public Accountants (IMCP Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and with the IMCP Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

The accompanying consolidated financial statements have been translated from Spanish to English for the convenience of readers.
This matter has not changed our opinion.

Key Audit Matter

The key audit matter is the matter that, in our professional judgment, is of most significance in our audit of the 2024 consolidated financial statements. This matter was addressed in the context of our audit of the consolidated financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. We have determined that the matter described below is the key audit matter that should be communicated in our report.

Assessment of Impairment of Long-lived Assets

As described in Note 3 and 5 to the consolidated financial statements, the Company performs impairment tests to the long-lived assets.

We have identified management's assessment of impairment of long-lived assets with definite useful life and goodwill as a key audit matter, mainly due to the fact that impairment tests involve the application of judgments and significant estimates by the Company's management in determining the assumptions, premises, cash flows, budgeted income, and the selection of discount rates used to estimate the recoverable value of the cash generating unit (“CGU”), besides the relevance of the balance for the consolidated financial statements of the Company, which is made up of property, plant and equipment for $7,502,607 thousand pesos, goodwill of $322,782 thousand pesos, and intangible assets with a definite useful life of $660,973 thousand pesos. This requires a high level of judgement, an important level of audit effort and the incorporation of our expert valuation specialists.

We performed, among others, the following audit procedures on the following significant assumptions that the Company considered when estimating future projections to evaluate the recovery value of long-lived assets, among others; projections of income and expenses, expected gross and operating profit margins, discount rate, the industry growth rate, comparison of the expected gross profit margin, projected flows. As follows:

- We tested the design and implementation of the controls on the determination of the recovery value and the assumptions used.

- We evaluated with the assistance of our valuation specialists, the reasonableness of the i) methodology for determining the recovery value of intangible assets with definite useful lives and goodwill and ii) we challenge the financial projections, comparing them with the performance and historical trends of the business and corroborating the explanations of the variations with the administration. Likewise, we evaluated internal processes and management's ability to accurately carry out projections, including the approval of these by the Board of Directors.

- We analyzed the projection assumptions used in the impairment model, specifically including the projections of cash flow, operating margins, gross margin, profit margin before financial result, taxes, depreciation and amortization (“EBITDA”) and long-term growth. We test the mathematical accuracy, completeness, and accuracy of the impairment model. The valuation specialists performed a sensitivity analysis for the CGU, independent calculations of the recovery value to assess whether the assumptions used would need to be modified and the probability that such modifications would occur.

- We independently evaluated the applicable discount rates, comparing them with the discount rates used by management.

The results of our procedures were satisfactory.

Information other than the Consolidated Financial Statements and Auditors' Report thereon

The Company's management is responsible for the additional information presented. Additional information includes: i) the Annual Stock Exchange Filing, ii) the information to be incorporated into the Annual Report that the Company is required to prepare in accordance with Article 33, section I, subsection b) of Title Four, Chapter One of the General Provisions Applicable to Issuers and other Participants of the Stock Market in Mexico and the Instructions that accompany these provisions (the "Provisions"). It is expected that the Annual Stock Exchange Filing and the Annual Report to be available for our reading after the date of this audit report; and iii) other additional information, which corresponds to measures that are not required by IFRS, and have been incorporated for the purpose of providing additional explanation to its investors and main readers of its consolidated financial statements to evaluate the performance of each of the operating segments and other indicators on the ability to meet obligations regarding the Earnings before interest, taxes, depreciation, amortization and asset impairment ("adjusted EBITDA") and the Business Unit Contribution ("BUC") of the Company, this information is presented in Note 28.

Our opinion of the consolidated financial statements will not cover the additional information and we will not express any form of assurance about it.

In connection to our audit of the consolidated financial statements, our responsibility will be to read the additional information, when available, and in doing so, consider whether the financial information contained therein is materially inconsistent with the consolidated financial statements or with our knowledge obtained during the audit, or otherwise appears to contain a material error. When we read the Annual Report, we will issue the declaration on its reading, required in Article 33, Section I, subsection b), number 1.2. of the Provisions. Additionally, and in relation to our audit of the consolidated financial statements, our responsibility is to read and recalculate the additional information, which in this case are the measures not required by IFRS and in doing so, consider whether the other information contained therein is inconsistent in material form with the consolidated financial statements or with our knowledge obtained during the audit, or that seems to contain a material error. If based on the work we have performed, we conclude that there is a material error in the additional information, we are required to communicate the matter. As of the date of this report, we have nothing to inform in this regard.

Responsibilities of Management and those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those responsible with governance are responsible for overseeing the Company's consolidated financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the evasion of internal control.

- Obtain knowledge of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision, and review of the work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and have communicated to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the current period and are, therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Galaz, Yamazaki, Ruiz Urquiza, S. C.
Affiliated member firm of Deloitte Touche Tohmatsu Limited

C. P. C. Efraín Omar Fernández Mendoza
Monterrey, Nuevo León México
January 31, 2025

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

(Subsidiary of Controladora Axtel, S. A. B. de C. V.)

Consolidated Statements of Financial Position

As of December 31, 2024, 2023 and 2022

Thousands of Mexican pesos

1

Assets	Note	2024	2023	2022
Current assets:				
Cash and cash equivalents	6	$ 1,255,690	$ 1,207,174	$ 1,542,831
Trade and other accounts receivable, net	7	2,474,803	1,814,136	1,928,725
Inventories	8	36,490	62,856	169,838
Derivative financial instruments	4	32,743	-	4,696
Prepayments	3.i	752,952	603,818	739,229
Total current assets		4,552,678	3,687,984	4,385,319
Non-current assets:				
Property, plant and equipment, net	9	7,502,607	8,253,618	9,044,067
Right-of-use asset, net	10	306,021	312,698	364,711
Goodwill and intangible assets, net	11	983,755	1,064,179	1,163,740
Deferred income taxes	19	3,363,046	2,961,659	2,957,955
Other non-current assets	12	528,139	429,015	435,605
Total non-current assets		12,683,568	13,021,169	13,966,078
Total assets		**$17,236,246**	**$16,709,153**	**$18,351,397**
Liabilities and Stockholders' Equity				
Current liabilities:				
Debt	16	$ 277,754	$ 214,351	$ 375,506
Lease liability	17	109,080	107,755	220,968
Trade and other accounts payable	13	2,350,940	1,798,753	2,582,573
Provisions	14	11,844	98,176	25,316
Deferred income	15	103,592	66,791	45,208
Derivative financial instruments	4	-	31,987	-
Total current liabilities		2,853,210	2,317,813	3,249,571
Non-current liabilities:				
Debt	16	10,709,965	10,155,319	11,184,614
Lease liability	17	164,915	153,109	99,990
Employee benefits	18	1,157,430	965,673	891,255
Deferred income taxes	19	36	404	75,560
Total non-current liabilities		12,032,346	11,274,505	12,251,419
Total liabilities		**14,885,556**	**13,592,318**	**15,500,990**
Stockholders' equity:				
Capital stock	20	454,620	454,621	454,621
Retained earnings		1,974,637	2,726,588	2,416,317
Other comprehensive loss		(78,567)	(64,374)	(20,531)
Total controlling interest		2,350,690	3,116,835	2,850,407
Non-controlling interest		-	-	-
Total stockholders' equity		2,350,690	3,116,835	2,850,407
Total liabilities and stockholders' equity		$17,236,246	$16,709,153	$18,351,397

The accompanying notes are an integral part of these consolidated financial statements.

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

(Subsidiary of Controladora Axtel, S. A. B. de C. V.)

Consolidated Statements of Income

For the years ended December 31, 2024, 2023 and 2022

Thousands of Mexican pesos, except for earnings per share amounts

2

	Note	2024	2023	2022
Revenues	21	$11,556,488	$10,955,886	$10,479,596
Cost of sales	22	(5,391,829)	(5,269,308)	(5,164,025)
Gross profit		6,164,659	5,686,578	5,315,571
Administration and selling expenses	22	(4,821,971)	(5,105,107)	(5,218,193)
Other (expenses) income, net	23	(8,340)	(5,730)	76,494
Operating income		1,334,348	575,741	173,872
Financial income	24	71,034	256,720	286,179
Financial expenses	24	(1,277,969)	(1,234,589)	(1,058,354)
Exchange fluctuation (loss) gain, net	24	(1,212,810)	655,391	511,257
Financial result, net		(2,419,745)	(322,478)	(260,918)
(Loss) income before income taxes		(1,085,397)	253,263	(87,046)
Income taxes	19	394,204	61,043	48,232
Net consolidated (loss) income		**$ (691,193)**	**$ 314,306**	**$ (38,814)**
(Loss) income attributable to:				
Controlling interest		(691,193)	314,306	(38,814)
Non-controlling interest		-	-	-
		$ (691,193)	$ 314,306	$ (38,814)
(Loss) income per basic and diluted share		$ (0.035)	$ 0.016	$(0.002)
Weighted average common outstanding shares (thousands of shares)		19,694,527	19,809,648	19,824,236

The accompanying notes are an integral part of these consolidated financial statements.

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

(Subsidiary of Controladora Axtel, S. A. B. de C. V.)

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2024, 2023 and 2022

Thousands of Mexican pesos

3

	Note	2024	2023	2022
Net consolidated (loss) income		$ (691,193)	$ 314,306	$ (38,814)
Other comprehensive income (loss) for the year:				
Items that will be reclassified to the consolidated statement of income:				
Effect of currency translation	19	3,514	(2,881)	(1,446)
Fair value of derivative financial instruments, net of taxes		34,094	(25,964)	24,284
Items that will not be reclassified to the *Consolidated statement of income:*				
Remeasurements of employee benefits, net of taxes	19	(18,129)	(14,998)	(3,473)
Total other comprehensive income (loss) for the year		19,479	(43,843)	19,365
Total comprehensive (loss) income of the year		**$ (671,714)**	**$ 270,463**	**$ (19,449)**
Attributable to:				
Controlling interest		$ (671,714)	$ 270,463	$ (19,449)
Non-controlling interest		-	-	-
Comprehensive (loss) income of the year		$ (671,714)	$ 270,463	$ (19,449)

The accompanying notes are an integral part of these consolidated financial statements.

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

(Subsidiary of Controladora Axtel, S. A. B. de C. V.)

Consolidated Statements of Changes in Stockholders' Equity

For the years ended December 31, 2024, 2023 and 2022

Thousands of Mexican pesos

4

	Capital stock	Retained earnings	Other comprehensive income	Total controlling interest	Non-controlling interest	Total stockholders' equity
Balances as of January 1, 2022	$464,368	$ 2,445,384	$ (39,896)	$2,869,856	$ -	$ 2,869,856
Transactions with stockholders:						
Cancellation of shares	(9,747)	9,747	-	-	-	-
Total transactions with stockholders	(9,747)	9,747	-	-	-	-
Net consolidated loss	-	(38,814)	-	(38,814)	-	(38,814)
Total other comprehensive income for the year	-	-	19,365	19,365	-	19,365
Comprehensive loss	-	(38,814)	19,365	(19,449)	-	(19,449)
Balances as of December 31, 2022	454,621	2,416,317	(20,531)	2,850,407	-	2,850,407
Transactions with stockholders:						
Repurchase of shares	-	(4,035)	-	(4,035)	-	(4,035)
Total transactions with stockholders	-	(4,035)	-	(4,035)	-	(4,035)
Net consolidated income	-	314,306	-	314,306	-	314,306
Total other comprehensive loss for the year	-	-	(43,843)	(43,843)	-	(43,843)
Comprehensive income	-	314,306	(43,843)	270,463	-	270,463
Balances as of December 31, 2023	454,621	2,726,588	(64,374)	3,116,835	-	3,116,835
Transactions with stockholders:						
Repurchase of shares	-	(60,759)	-	(60,759)	-	(60,759)
Cancellation of shares	(1)	1	-	-	-	-
Adjustment to employee benefits	-	-	(33,672)	(33,672)	-	(33,672)
Total transactions with stockholders	(1)	(60,758)	(33,672)	(94,431)	-	(94,431)
Net consolidated loss	-	(691,193)	-	(691,193)	-	(691,193)
Total other comprehensive income for the year	-	-	19,479	19,479	-	19,479
Comprehensive loss	-	(691,193)	19,479	(671,714)	-	(671,714)
Balances as of December 31, 2024	**$454,620**	**$ 1,974,637**	**$ (78,567)**	**$2,350,690**	**$ -**	**$ 2,350,690**

The accompanying notes are an integral part of these consolidated financial statements.

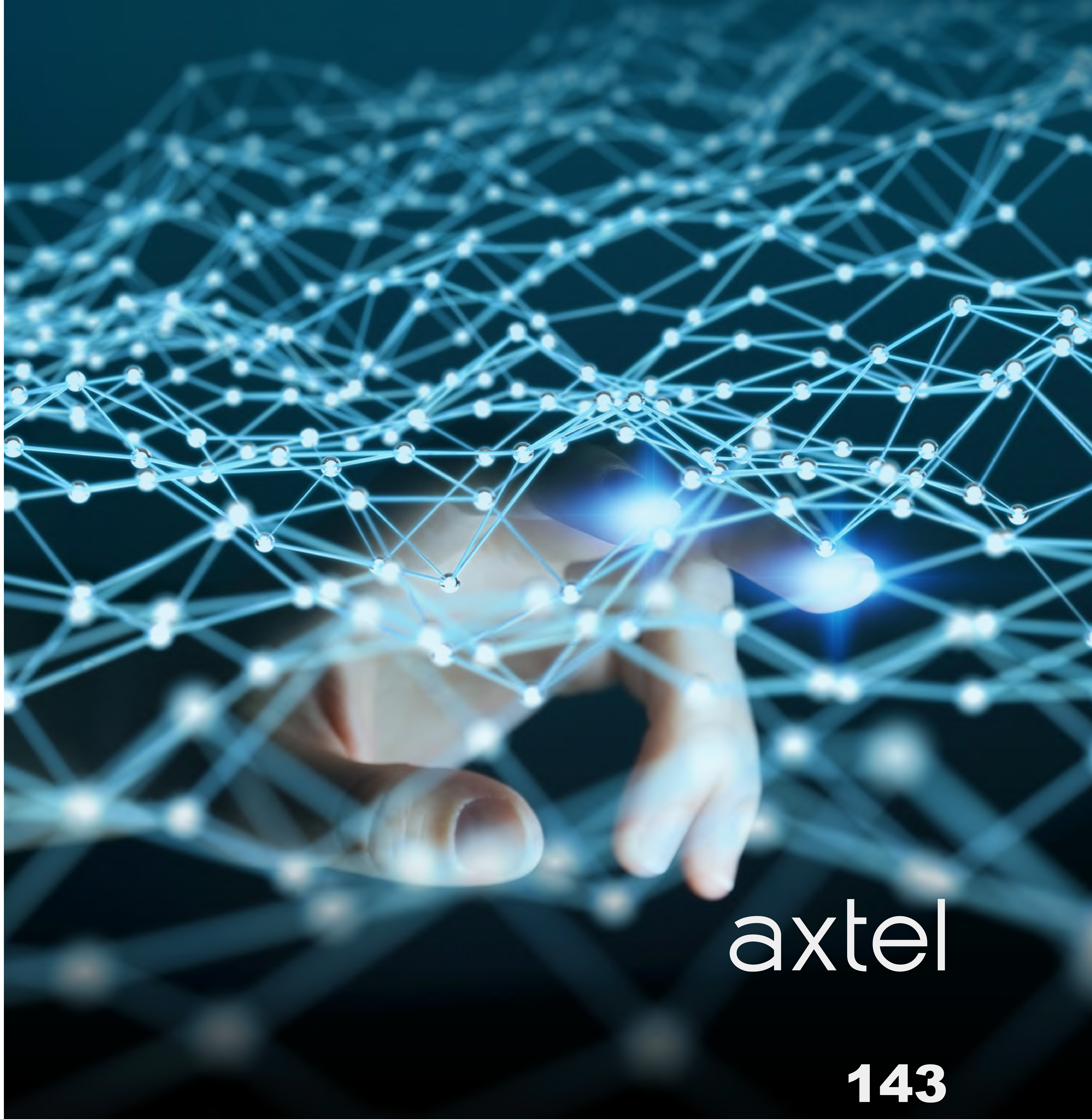
Axtel, S. A. B. de C. V. and subsidiaries
(Subsidiary of Controladora Axtel, S. A. B. de C. V.)

Consolidated Statements of Cash Flows

For the years ended December 31, 2024, 2023 and 2022
Thousands of Mexican pesos

	2024	2023	2022
Cash flows from operating activities			
(Loss) income before income taxes	$(1,085,397)	$ 253,263	$ (87,046)
Depreciation and amortization	2,275,177	2,450,587	2,806,263
Exchange fluctuation loss (gain), net	1,212,810	(655,391)	(511,257)
Allowance for doubtful accounts	(188,114)	179,824	346,861
Loss (gain) from sale of property, plant and equipment	3,160	(78,417)	(25,449)
Interest income	(71,034)	(256,720)	(286,179)
Interest expense	1,277,969	1,234,589	1,058,354
Employee profit sharing	(3,013)	9,968	10,545
Impairment of investments	-	-	22,844
Others	46,210	(28,763)	6,318
Changes in working capital:			
Trade and other accounts receivable, net	(642,925)	(287,175)	145,531
Inventories	18,884	108,874	(81,592)
Trade accounts payable and other accounts payable	291,672	(186,088)	(268,569)
Employee benefits	117,756	52,992	119,794
Paid PTU	(3,284)	(4,830)	(5,411)
Deferred income	36,801	21,583	(40,844)
Subtotal	3,286,672	2,814,296	3,210,163
Income taxes paid	(2,288)	(4,428)	(2,312)
Net cash flows generated by operating activities	3,284,384	2,809,868	3,207,851
Cash flows from investing activities			
Acquisitions of property, plant and equipment	(1,276,578)	(1,311,101)	(1,306,677)
Disposal of property, plant and equipment	73,000	-	40,209
Acquisition of intangible assets	(24,931)	(29,306)	(24,784)
Interest received	70,793	29,637	83,945
Notes receivable	(2,931)	(25)	-
Net cash flows used in investing activities	(1,160,647)	(1,310,795)	(1,207,307)
Cash flows from financing activities			
Proceeds of current and non-current debt	-	7,992,451	-
Payments of current and non-current debt	(743,078)	(8,060,864)	(776,735)
Lease payments	(188,891)	(218,498)	(276,453)
Repurchase of shares	(60,759)	(4,035)	-
Interest paid and other financial expenses	(1,198,754)	(1,440,072)	(987,103)
Net cash flows used in financing activities	(2,191,482)	(1,731,018)	(2,040,291)
Net decrease of cash and cash equivalents	(67,745)	(231,945)	(39,747)
Effect of changes in exchange rates	116,261	(103,712)	(31,119)
Cash and cash equivalents at the beginning of the year	1,207,174	1,542,831	1,613,697
Cash and cash equivalents at the end of the year	$ 1,255,690	$1,207,174	$1,542,831
Non-cash investing activities	$ -	$ -	$ 36,769

The accompanying notes are an integral part of these consolidated financial statements.



1. General information

Axtel, S. A. B. de C. V. and subsidiaries ("Axtel" or the "Company") was incorporated in Mexico as a capital stock company. Axtel's corporate offices are located at Avenida Munich No. 175 Colonia Cuauhtémoc, 66450 San Nicolás de los Garza, Nuevo León, Mexico.

Axtel is a publicly owned corporation, whose shares are registered at the National Securities Registry and are traded at the Mexican Stock Exchange ("Bolsa Mexicana de Valores" in Spanish) through Certificates of Participation ("CPOs") issued under the Trust whose trustee is Nacional Financiera, Sociedad Nacional de Crédito, Development Finance Institution. The Company is a subsidiary of Controladora Axtel, S. A. B. de C. V. ("Controladora Axtel") as of May 29, 2023, due to the fact that, on that date, the conditions precedent defined in the Extraordinary General Meeting of Alfa S.A.B. de C.V. ("ALFA") held on July 12, 2022, with retroactive effect to that date (Note 2.f and 2.i).

The Company is an Information and Communication Technology company that serves the enterprise, government and wholesale markets, through its business units. The business and government portfolios include advanced solutions for managed networks, collaboration and information technology (IT) such as systems integration, cloud services, cybersecurity, among others. On the other hand, the connectivity solutions of the wholesale unit for wholesale clients or operators include last-mile access, IP transit, spectrum, fiber to the tower and fiber to the data center, among others. Concessions are required to provide these services and conducting the Company's business activities. See Note 11.

Axtel conducts its activities through subsidiary companies of which it is the owner or of which it controls directly most of the common shares representing their capital stock. See Note 3.c.

When reference is made to the controlling entity Axtel, S. A. B. of C. V. as an individual legal entity, it will be referred to as "Axtel SAB".

In the following notes to the consolidated financial statements, references to pesos or "$" mean thousands of Mexican pesos; additionally, reference to dollars or "US$" mean thousands of U.S. dollars, unless otherwise indicated for both cases.

2. Relevant events

2024

a. Debt

On December 16, 2024, Axtel announced the partial prepayment of a US$34 million bank loan, paid from the cash flow generated by the Company. This loan, obtained from nine institutions, was reduced by 13% to US$224 million, equally in dollars and pesos, while the Company's total debt decreased by 6%.

Derived from this transaction, the corresponding debt issuance costs, related to the aforementioned bank loan, recognized by the Company in the consolidated statements of income was $4,248.

2023

b. Purchase of Senior Notes

On January 17, 2023, the Company announced that it had initiated a tender offer to buy back up to $75 million of its 6.375% Senior Notes due 2024 (the "Notes"). On January 31, 2023, the results of the tender offer were announced, and the Notes tendered by the holders and accepted by the Company totaled US$77.7 million. Given this, the Company increased the tender offer from US$75 million to US$120 million, and extended the tender offer date to February 13, 2023, the expiration date of said offer. As of February 13, 2023, the Notes tendered by the holders and accepted for purchase by Axtel totaled US$88.6 million, leaving a balance of US$313.6 million for the Notes, which were then repurchased during the year (Note 2.g).

Derived from this transaction, the corresponding debt issuance costs, related to the aforementioned Senior Notes due 2024, recognized by the Company in the consolidated statements of income was $8,711.

c. Debt

On January 26, 2023, the Company entered into a loan credit agreement with Export Development Canada for an aggregate amount of US $100 million, of which US$40 million was drawn down on February 13, 2023, with maturities from January 2027 to January 2028, and a one-month term SOFR plus an applicable margin of 3.55%. On July 19, 2023, the remaining US$60 million was drawn down with the same maturity and rate.

On January 27, 2023, the Company drew down $200 million pesos from its revolving committed line with BBVA México, due in July 2024 and with a 28-day TIIE + 1.75 percentage points variable interest rate. This credit was settled on April 26, 2023.

The cash resources obtained from these loans were used to repurchase the Senior Notes mentioned in the previous event.

On May 25, 2023, the Company drew down $180 million pesos from its Export Development Canada credit line, due on June 25, 2024, and with a TIIE plus 1.75% variable interest rate.

On April 27, 2023, the Company entered into a syndicated loan agreement for US$210 million and $971.5 million to refinance all Senior Notes due 2024. The loan redemption became effective on July 21, 2023. The new agreement has quarterly payments of the principal amounts starting in July 2025 and until maturity in April 2028, has a TIIE plus 3.25% interest rate for the peso portion and a SOFR plus 3.25% interest rate for the dollar portion.

Derived from this transaction, the corresponding debt issuance costs, related to the aforementioned Senior Notes due 2024, recognized by the Company in the consolidated statements of income was $25,219.

d. Merger of subsidiary companies

At the Extraordinary General Stockholders' Meeting held on March 7, 2023, the merger by incorporation of Alestra Innovación Digital, S. de R.L. de C.V., Estrategias en Tecnología Corporativa, S.A. de C.V. and Allied Inmuebles, S.A. de C.V. (merged companies) in Axtel S.A.B. de C.V. was approved; which will subsist with the same corporate name as a merging company and will take charge of the rights and obligations of the merged companies. In addition, it was resolved that the merger takes full effect between parties and third parties as of April 1, 2023. This merger has no impact on the Company's consolidated operations.

e. Reserve for the repurchase of shares

At the Ordinary General Stockholders' Meeting held on March 7, 2023, a reserve of $100 million pesos was approved and created for share repurchases. Additionally, it was resolved that said maximum amount of resources remain in place during the following fiscal years, unless an Ordinary Stockholders' Meeting resolves to allocate a different amount to the purchase of own shares.

As of December 31, 2023, 28,938,371 shares were repurchased.

As of December 31, 2023, the balance of the reserve for share repurchase is $95,965.

f. Spin-off of ALFA's equity participation in Axtel and creation of Controladora Axtel

On May 19, 2023, the Company announced that Controladora Axtel, S.A.B. de C.V. ("Controladora Axtel"), a company resulting from the spin-off of Alfa, S.A.B. de C.V., received authorization from the National Banking and Securities Commission ("CNBV" for its acronym in Spanish) for the registration of its shares in the National Securities Registry.

The distribution of Controladora Axtel shares represents the end of the spin-off process approved by ALFA stockholders on July 12, 2022, with retroactive effect to that date. As a result of the transaction, ALFA stockholders received one share of Controladora Axtel for each ALFA share they owned.

The number of shares of the Company remained unchanged. Controladora Axtel began trading on the Stock Exchange on May 29, 2023, date from which the Company is now a subsidiary of Controladora Axtel due to the fact that, on said date, the suspensive conditions defined at the Alfa Shareholders' Meeting were met. Controladora Axtel, the latest holding company of the Group, exercises control and is the owner of 53.9% of the shares representing the Company's capital stock.

g. Prepayment of Senior Notes

On June 16, 2023, Axtel announced that it decided to prepay the entire principal amount totaling US$313.6 million of its 6.375% Senior Notes due 2024 (Note 2.b). The prepayment occurred on July 21, 2023, at a price equal to 101.594% of the total principal, plus accrued interest. Axtel financed the prepayment of the Notes with existing bank loans announced on May 9, 2023, including a 5-year loan with development banks, as well as a bank loan with nine financial institutions for a 5-year term. Once the prepayment is made, the Company extended the average life of its debt by approximately 3 to 5 years.

h. Debt

On December 6, 2023, Axtel entered into a US$60 million loan with the International Finance Corporation ("IFC"), a member of the World Bank Group, due on November 15, 2030, linked to commitments in environmental and social matters. The long-term loan will allow Axtel to finance the strategic deployment of its fiber optic network to telecommunications towers and data centers, promoting the development of digital infrastructure in Mexico, as well as extending the maturity profile of its debt.

2022

i. Approval of the spin-off of ALFA's equity participation in Axtel and creation of Controladora Axtel

On July 12, 2022, Alfa SAB Stockholders approved the spin-off of its entire ownership interest in Axtel. Alfa SAB carried out the process as a spinnor company and a variable capital stock corporation was incorporated as the spinnee company ("Controladora Axtel"), has been listed on the Mexican Stock Exchange.

The process was subject to certain conditions precedent, among which is the registration of Controladora Axtel as an issuer listed on the Mexican Stock Exchange, which as of December 31, 2022, had not been completed.

j. Appointment of new CEO

The Company announced Armando de la Peña González as its Chief Executive Officer (“CEO”) as of May 1, 2022.

On April 26, Axtel's Board of Directors unanimously approved this appointment. Eduardo Escalante Castillo, Axtel's Acting CEO since January 22, 2021, returned full-time to his duties as Alfa's Finance Director.

k. Impairment in investment in shares and accounts receivable from Altán Redes S.A.P.I. de C.V. (“Altán”)

The Company had a share ownership of 0.42% in Altán's capital stock as of December 31, 2022. Likewise, Axtel is a supplier of telecommunications and IT services for Altán.

On November 12, 2021, Altán was declared in “concurso mercantil”, or bankruptcy, and from the day of publication of the judgment in the Official Federal Gazette, Altán has an initial conciliation period of 185 calendar days that may be extended for two more periods of 90 calendar days.

In November 2022, Altán announced that, on October 28, 2022, the First District Court for Commercial Bankruptcy agreed to approve the bankruptcy agreement as an enforceable judgment, thus concluding its “concurso mercantil” process.

As a result of the foregoing, Management recognized an impairment of $21,966 in 2022 for the value of its investment (See Note 23). As of December 31, 2024, 2023 and 2022, the net balance receivable from Altán amounts to $336,734, $25,736 and $31,262, respectively, before considering value added tax.

l. Repurchase of Senior Notes

During fiscal year 2022, the Company repurchased a principal amount of $754,318 (US$37,777) of its 6.375% Senior Notes due 2024. As of December 31, 2024, the Senior Notes due in 2024 were prepaid, leaving no outstanding balance as of that date.

Derived from this transaction, the corresponding debt issuance costs, related to the aforementioned Senior Notes, recognized by the Company in the consolidated statements of income was $4,505.

3. Summary of material accounting policies

The following are the most material accounting policies followed by Axtel and its subsidiaries, which have been consistently applied in the preparation of their financial information in the years presented, unless otherwise indicated:

a. Basis of preparation

The consolidated financial statements of Axtel have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). IFRS include International Accounting Standards ("IAS") in force and all related interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), including those previously issued by the Standard Interpretations Committee ("SIC").

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are measured at fair value.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. Additionally, it requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, as well as the areas where judgments and estimates are significant to the consolidated financial statements, are disclosed in Note 5.

b. Changes in accounting policies and disclosures

i. New standards and modifications adopted by the Company

In the current year, the Company has applied a series of modifications to IFRS issued by the IASB that are mandatorily effective for an accounting period that begins on or after January 1, 2024. The conclusions related to their adoption are described as follows:

Amendments to IFRS 16 – LeaseLiability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16, adding subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

These amendments do not affect the gain or loss recognized by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognized a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of these amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15 is a lease liability.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

The Company evaluated the amendments to IFRS 16 and determined that the implementation of these amendments had no effect on its financial information, since it does not have any sale and leaseback transactions.

Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements

In May 2023, the IASB issued amendments to IAS 7 and IFRS 7 to clarify the characteristics of supplier financing arrangements and require additional disclosures about such arrangements.

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity’s liabilities and cash flows. In addition, IFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity’s exposure to concentration of liquidity risk.

The amendments contain specific transition provisions for the first annual reporting period in which the Company applies the amendments.

The Company applied these amendments to disclose the impact on its liabilities and cash flows, specifically addressing liquidity risk and associated risk management in Note 4 to its consolidated financial statements.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

In January 2020 and November 2022, the IASB issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current and the classification of debt with covenants.

The amendments affect the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of assets, liabilities, income or expenses, or the information disclosed about those items.

The amendments seeks to clarify that liabilities are classified as current or non-current based on rights that exists at the end of the reporting period and that classification is unaffected by the entity’s expectations to defer settlement of a liability, explains that rights exist if covenants are met at the end of the reporting period, and introduces a definition of ‘settlement’ to clarify that it refers to the transfer of cash, equity instruments, or other assets or services to the counterparty.

The amendments also specify that only covenants that an entity must meet at or after the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and should be considered in assessing the liability's classification as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed after the reporting date.

The Company evaluated the amendments to IAS 1 and reviewed the classification of its liabilities as necessary to reclassify between current and non-current and did not identify that these amendments to IAS 1 affected its current accounting policies applicable to its financial information, since it already classifies its liabilities according to contractual terms, without considering future refinancing plans defined in its liquidity financial risk management strategy.

Amendments to IAS 1 - Non-current Liabilities with Covenants

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity is only required to comply with the covenant after the reporting date. However, if the entity's right to defer payment of a liability is subject to compliance with covenants within twelve months after the reporting date, it should disclose information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of the related liabilities, and the facts and circumstances, if any, that indicate that the entity may have problems complying with the covenants.

The Company evaluated the amendments to IAS 1 and classifies liabilities as current or non-current based on what is expected to occur at the end of the period and discloses information about its covenants in Note 16 to its consolidated financial statements.

ii. New, revised and issued IFRS, but not yet effective

As of December 31, 2024, the Company has not applied the following amendments to IFRS that have been issued, but are not yet effective, and the adoption of these amendments is not expected to have a material impact on the consolidated financial statements in future periods, considering that they are not of significant applicability. The amendments to the IFRS are included below:

- Amendments to IAS 21 – Lack of exchangeability (1)
- Amendments to IFRS 7 and IFRS 9 – Classification and Measurement of Financial Instruments (2)
- IFRS 7 and IFRS 9 – Nature-dependent Electricity Contracts (2
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures (3)

(1) Effective for annual reporting periods beginning on January 1, 2025
(2) Effective for annual reporting periods beginning on January 1, 2026
(3) Effective for annual reporting periods beginning on January 1, 2027

IFRS 18 – Presentation and Disclosure in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33.

IFRS 18 introduces new requirements to:

- Present specified categories and defined subtotals in the statement of profit or loss
- Provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- Improve aggregation and disaggregation

The IFRS 18 is effective for annual periods beginning on or after 1 January 2027. Early adoption is permitted. The amendments to IAS 7, IAS 33, IAS 8 and IFRS 7 are effective when an entity first adopts IFRS 18. An entity is required to apply IFRS 18 retrospectively by applying the temporary specific terms.

The Company is conducting an analysis to determine the applicable amendments to the presentation of the consolidated income statement and the consolidated statement of cash flows, and to identify the MPMs to be disclosed within its consolidated financial statements.

c. Consolidation

i. Subsidiaries

The subsidiaries are all the entities over which the Company has control. The Company controls an entity when it is exposed or has the right to variable returns from its interest in the entity and it is capable of affecting the returns through its power over the entity. When the Company's interest in subsidiaries is less than 100%, the interest attributed to external stockholders is recorded as non-controlling interest. Subsidiaries are fully consolidated in the date on which control is transferred to the Company and up to the date it loses such control.

The accounting method used by the Company for business combinations is the acquisition method. The Company defines a business combination as a transaction in which it gains control of a business, and through which it is able to direct and manage the relevant activities of the set of assets and liabilities of such business with the purpose of providing a return in the form of dividends, smaller costs or other economic benefits directly to stockholders.

The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred, and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable acquired assets and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values at the acquisition date. The Company recognizes any non-controlling interest in the acquire based on the share of the non-controlling interest in the net identifiable assets of the acquired entity.

The Company accounts for business combinations using the predecessor method in a jointly controlled entity. The predecessor method involves the incorporation of the carrying amounts of the acquired entity, which includes the goodwill recognized at the consolidated level with respect to the acquiree. Any difference between the transferred consideration and the carrying amount of the net assets acquired at the level of the subsidiary are recognized in equity.

The acquisition-related costs are recognized as expenses when incurred.

Goodwill is initially measured as excess of the sum of the consideration transferred and the fair value of the non-controlling interest in the subsidiary acquired over the net identifiable assets and liabilities assured. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the consolidated statements of income.

If the business combination is achieved in stages, the book value at the acquisition date of the interest previously held by the Company in the acquired entity is remeasured at its fair value at the acquisition date. Any loss or gain resulting from such remeasurement is recognized in the consolidated statements of income for the year.

Transactions and intercompany balances, as well as unrealized gains on transactions between Axtel companies are eliminated in preparing the consolidated financial statements. In order to ensure consistency with the policies adopted by the Company, the amounts reported by subsidiaries have been modified where it was deemed necessary.

As of December 31, 2024, 2023 and 2022, the main subsidiary companies of Axtel were as follows:

	Country	Stockholding interest (%) 2024	2023	2022	Functional currency
Axtel, S. A. B. de C. V. (Holding company) (2) (5)	México				Mexican Peso
Alestra Innovacion Digital, S. de R. L. de C. V. (2) (5)	México	-	-	100	Mexican Peso
Alestra USA, Inc. (1)	USA	100	100	100	U.S. dollar
S&C Constructores de Sistemas, S. A. de C. V. ("S&C")	México	100	100	100	Mexican peso
Estrategias en Tecnología Corporativa, S. A. de C. V. ("Estratel") (2) (5)	México	-	-	100	Mexican peso
Servicios Alestra TI, S. A. de C. V. (2)	México	100	100	100	Mexican peso
Alestra Procesamiento de Pagos, S. A. de C. V. (2) (3)	México	100	100	100	Mexican Peso
Alestra Servicios Móviles, S. A. de C. V. (2)	México	100	100	100	Mexican Peso
Fomento de Educación Tecnológica, S.C. (3)	México	100	100	100	Mexican Peso
Axtel Networks, S. A. de C. V.	México	100	100	100	Mexican Peso
AXE Redes e Infraestructura S. A. de C. V.	México	100	100	100	Mexican Peso
Allied Inmuebles, S.A. de C.V. (4) (5)	México	-	-	100	Mexican Peso

The accompanying notes are an integral part of the consolidated financial statements.

(1) Leasing of telecommunications and infrastructure equipment.
(2) Provider of telecommunication services.
(3) Training and development services.
(4) Real estate administration. Acquired in March 2022.
(5) At the Extraordinary General Stockholders' Meeting held on March 7, 2023, the merger by incorporation of Alestra Innovación Digital, S. de R.L. de C.V., Estrategias en Tecnología Corporativa, S.A. de C.V. and Allied Inmuebles, S.A. of C.V. (merged companies) into Axtel S.A.B. of C.V. was approved; these will subsist with the same corporate name as a merging company and will take charge of the rights and obligations of the merged companies. In addition, it was resolved that the merger takes full effect between parties and third parties as of April 1, 2023; this merger has no impact on the Company's consolidated operations.

As of December 31, 2024, 2023 and 2022, there are no significant restrictions for the investment in shares of the subsidiary companies mentioned above.

ii. Absorption (dilution) of control in subsidiaries

The effect of absorption (dilution) of control in subsidiaries, that is, an increase or decrease in the percentage of control, is recorded in stockholders' equity, directly in retained earnings, in the period in which the transactions that cause such effects occur. The effect of absorption (dilution) of control is determined by comparing the book value of the investment in shares before the event of dilution or absorption against the book value after the relevant event. In the case of loss of control, the dilution effect is recognized in income.

When the Company issues a call option on certain non-controlling interests in a consolidated subsidiary and the non-controlling stockholders retain the risks and benefits over such interests in the consolidated subsidiary, these are recognized as financial liabilities at the present value of the amount to be reimbursed from the options, initially recorded with the corresponding reduction in equity and subsequently accruing through financial charges in results during the contractual period.

iii. Sale or disposal of subsidiaries

When the Company ceases to have control, any retained interest in the entity is remeasured at fair value, and the change in the carrying amount is recognized in the consolidated statement of income. The fair value is the initial carrying amount for accounting purposes for any subsequent retained interest in the associate, joint venture or financial asset. Any amount previously recognized in comprehensive (loss) income in respect of that entity is accounted for as if the Company had directly disposed of the related assets and liabilities. This results in the amounts previously recognized in comprehensive (loss) income being reclassified to income for the year.

d. Foreign currency translation

i. Functional and presentation currency

The amounts included in the financial statements of each of the Company's subsidiaries should be measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Mexican pesos, which is the Company's presentation currency. Note 3.c. describes the functional currency of the Company and its subsidiaries.

When there is a change in the functional currency of one of the subsidiaries, according to the International Accounting Standard 21 – Effects of Changes in Foreign Currency Exchange Rates ("IAS 21"), this change is accounted for prospectively, translating at the date of the functional currency change, all assets, liabilities, equity and income items at the exchange rate on that date.

ii. Transactions and balances

Transactions in foreign currencies are translated into the functional currency using the foreign exchange rates prevailing at the transaction date or valuation date when the amounts are remeasured. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing exchange rates are recognized as foreign exchange gain or loss in the consolidated statement of income, except for those which are deferred in comprehensive (loss) income and qualify as cash flow hedges.

The exchange differences in monetary assets classified as financial instruments at fair value with changes through profit or loss are recognized in the consolidated statement of income as part of the gain or loss in fair value.

Translation of subsidiaries with recording currency other than the functional currency

The financial statements of foreign subsidiaries, having a recording currency different from their functional currency were translated into the functional currency in accordance with the following procedure:

a. The balances of monetary assets and liabilities denominated in the recording currency were translated at the closing exchange rate.
b. To the historical balances of monetary assets and liabilities and stockholders' equity translated into the functional currency the movements that occurred during the period were added, which were translated at historical exchange rates. In the case of the movements of non-monetary items recognized at fair value, which occurred during the period stated in the recording currency, these were translated using the historical exchange rates in effect on the date when the fair value was determined.
c. Revenues, costs, and expenses of the periods, expressed in the recording currency, were translated at the historical exchange rates of the date they were accrued and recognized in the consolidated statement of income, except when they arose from non-monetary items, in which case the historical exchange rate of the non-monetary items was used.
d. The exchange differences arising in the translation are recognized in the consolidated statement of income in the period they arose.

The primary exchange rates in the different translation procedures are listed below:

		Local currency to Mexican pesos					
		Closing exchange rate as of December 31,			Average annual exchange rate		
Country	**Local currency**	**2024**	**2023**	**2022**	**2024**	**2023**	**2022**
United States	U.S. dollar	20.27	16.89	19.36	18.52	17.61	20.06

e. Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits available for operations and other short-term investments of high credit-quality and liquidity with original maturities of three months or less, all of which are subject to insignificant risk of changes in value.

f. Financial instruments

Financial assets

The Company classifies and measures its financial assets based on the Company's business model to manage financial assets, and on the characteristics of the contractual cash flows of such assets. This way financial assets can be classified at amortized cost, at fair value through other comprehensive (loss) income, and at fair value through profit or loss. Management determines the classification of its financial assets upon initial recognition. Purchases and sales of financial assets are recognized at settlement date.

Financial assets are entirely written off when the right to receive the related cash flows expires or is transferred, and the Company has also substantially transferred all the risks and rewards of its ownership, as well as the control of the financial asset.

Classes of financial assets

i. Financial assets at amortized cost

Financial assets at amortized cost are financial assets that i) are held within a business model whose objective is to hold said assets in order to collect contractual cash flows and ii) the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the amount of outstanding principal.

ii. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss, in addition to those described in point i in this section, are financial assets that do not meet the characteristics to be measured at amortized cost or fair value through other comprehensive (loss) income, since i) they have a business model different to those that seek to collect contractual cash flows, or collect contractual cash flows and sell the financial assets, or otherwise ii) the generated cash flows are not solely payments of principal and interest on the amount of outstanding principal.

Impairment of financial assets

The Company uses a new impairment model based on expected credit losses rather than losses incurred, applicable to financial assets subject to such assessment (i.e., financial assets measured at amortized cost and at fair value through other comprehensive (loss) income), as well as lease receivables, contract assets, certain written loan commitments, and financial guarantee contracts. The expected credit losses on these financial assets are estimated from the initial recognition of the asset at each reporting date, using as a reference the past experience of the Company's credit losses, adjusted for factors that are specific to the debtors or groups of debtors, the general economic conditions and an assessment of both, the current management and the forecast of future conditions.

a) Trade accounts receivable

The Company adopted a simplified expected loss calculation model, through which expected credit losses during the accounts payable's lifetime are recognized.

The Company carries out an analysis of its portfolio of accounts receivable from clients, in order to determine if there are significant clients for whom it requires an individual evaluation; on the other hand, customers with similar characteristics that share credit risks (participation in the portfolio of accounts receivable, market type, sector, geographic area, etc.), are grouped to be evaluated collectively.

In its impairment assessment, the Company may include indications that the debtors or a group of debtors are experiencing significant financial difficulties, as well as observable data indicating that there is a significant decrease in the estimate of the cash flows to be received, including delays.

For purposes of the previous estimate, the Company considers that the following constitutes an event of default, since historical experience indicates that financial assets are not recoverable when they meet any of the following criteria:

- The debtor incompletes the financial agreements; or
- The information developed internally or obtained from external sources indicates that it is unlikely that the debtor will pay its creditors, including the Company, completely (without considering any guarantee held by the Company).

The Company set a default threshold, defined as the period from which the recovery of the account receivable subject to analysis is marginal; in this case, 120 days for the business clients, 150 days for the government clients, and 120 days for the wholesale segment, which is in line with the management of internal risks.

Other financial instruments

The Company recognizes credit losses expected during the asset's lifetime of all financial instruments for which credit risk has significantly increased since its initial recognition (assessed on a collective or individual basis), considering all the reasonable and sustainable information, including the one referring to the future. If at the presentation date, the credit risk a financial instrument has not significantly increased since its initial recognition, the Company calculates the loss allowance for that financial instrument as the amount of expected credit losses in the following 12 months.

In both cases, the Company recognizes in profit or loss of the period the decrease or increase in the expected credit loss allowance at the end of the period, as an impairment gain or loss.

Management assesses the impairment model and the inputs used therein at least once every year, in order to ensure that they remain in effect based on the current situation of the portfolio.

Financial liabilities

Financial liabilities that are not derivatives are initially recognized at fair value and subsequently valued at amortized cost using the effective interest rate method. Liabilities in this category are classified as current liabilities if they are expected to be settled within the following 12 months; otherwise, they are classified as non-current liabilities.

Trade accounts payable are obligations to pay for goods or services that have been purchased or received from suppliers in the ordinary course of business. Loans are initially recognized at fair value, net of transaction costs incurred. Loans are subsequently recognized at amortized cost; any difference between the resources received (net of transaction costs) and the settlement value is recognized in the consolidated statement of income during the loan's term using the effective interest method.

Derecognition of financial liabilities

The Company derecognizes financial liabilities if, and only if, the obligations of the Company are met, canceled or have expired. The difference between the carrying value of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Additionally, when the Company carries out a refinancing transaction and the previous liability qualifies to be derecognized, the costs incurred in the refinancing are recognized immediately in results as of the date of termination of the previous financial liability.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle them on a net basis or to realize the asset and settle the liability simultaneously.

g. Derivative financial instruments and hedging activities

All derivative financial instruments are identified and classified as fair value hedges or cash flow hedges, for trading or hedging of market risk, are recognized in the consolidated statement of financial position as assets and/or liabilities at fair value and subsequently measured at fair value. Fair value is determined based on recognized market prices and when non-quoted in an observable market, it is determined using valuation techniques accepted in the financial sector.

Fair value of hedging derivatives is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months.

Derivative financial instruments classified as hedges are contracted for risk hedging purposes and meet all hedging requirements; their designation at the beginning of the hedging operation is documented, describing the objective, primary position, risks to be hedged and the effectiveness of the hedging relationship, characteristics, accounting recognition and how the effectiveness will be measured, applicable to that operation.

Cash flow hedges

The changes in the fair value of derivative instruments associated to cash flow hedges are recorded in stockholders' equity. The effective portion is temporarily recorded in comprehensive (loss) income, within stockholders' equity and is reclassified to profit or loss when the hedged position is affected; the ineffective portion is immediately recorded in profit or loss.

Suspension of hedge accounting

The Company suspends hedge accounting when the derivative financial instrument or the non-derivative financial instrument has expired, is cancelled or exercised, when the derivative or non-derivative financial instrument is not highly effective to offset the changes in the fair value or cash flows of the hedged item. The substitution or successive renewal of a hedge instrument by another is not an expiration or resolution if said replacement or renewal is part of the Company's documented risk management objective and is consistent with it.

On suspending hedge accounting, in the case of fair value hedges, the adjustment to the carrying amount of a hedged amount for which the effective interest rate method is used, is amortized to profit or loss over the maturity period. In the case of cash flow hedges, the amounts accumulated in equity as part of comprehensive (loss) income remain in equity until the time when the effects of the forecasted transaction affect profit or loss. In the event the forecasted transaction is not likely to occur, the gain or loss accumulated in comprehensive (loss) income are immediately recognized in profit or loss. When the hedge of a forecasted transaction is satisfactory and subsequently does not meet the effectiveness test, the cumulative effects in comprehensive (loss) income in stockholders' equity are proportionally transferred to profit or loss, to the extent the forecasted transaction impacts it.

Fair value of derivative financial instruments reflected in the Company’s consolidated financial statements, is a mathematical approximation of their fair value. It is computed using proprietary models of independent third parties using assumptions based on past and present market conditions and future expectations at closing date.

h. Inventories

Inventories are shown at the lesser of its cost and net realization value. The cost is determined using the weighted average cost method. The cost of inventories corresponding to materials and consumables, includes equipment installation costs, other direct costs and indirect expenses. Excludes borrowing costs. The net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

i. Prepayments

Prepayments mainly comprise insurance and prepayments to service providers. The amounts are recorded on the basis of contractual values and are recorded monthly in the consolidated statement of income every month over the lifetime of the corresponding prepayment: the amount corresponding to the proportion to be considered over the following 12 months is shown under current assets and the remaining amount is shown under non-current assets.

j. Property, plant and equipment

Items of property, plant and equipment are recorded at cost less accumulated depreciation and any accrued impairment losses. Costs include expenses directly attributable to the asset acquisition.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be reliably measured. The carrying amount of the replaced part is derecognized. Repairs and maintenance are recognized in the consolidated statement of income during the year they are incurred. Major improvements are depreciated over the remaining useful life of the related asset.

Depreciation is calculated using the straight-line method, considering separately each of the asset's components, except for land, which is not subject to depreciation. The estimated useful lives of the assets classes indicated below:

	Years
Buildings	40 – 60
Computers	3 – 5
Vehicles	4
Office equipment	10
Telecommunications network	3 a 28

Spare parts to be used after one year and attributable to specific machinery are classified as property, plant and equipment in other fixed assets.

Borrowing costs related to financing of property, plant and equipment whose acquisition or construction relates to qualifying assets, that require a substantial period of time to be ready for their use or sale, are capitalized as part of the cost of acquiring such qualifying assets, up to the moment when they are suitable for their intended use or sale.

Assets classified as property, plant and equipment are subject to impairment tests whenever events or circumstances occur indicating that the carrying amount of the assets may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount in the consolidated statement of income in other expenses, net. The recoverable amount is the higher of its fair value less costs to sell and its value in use.

Residual value, useful lives and depreciation method of assets are reviewed at least at the end of each reporting period and, if expectations differ from previous estimates, the changes are accounted for as a change in accounting estimate.

Gains and losses on disposal of assets are determined by comparing the sale value with the carrying amount and are recognized in other expenses, net, in the consolidated statement of income.

k. Leases

The Company as lessee

The Company evaluates whether a contract is or contains a lease agreement at inception of a contract. A lease is defined as an agreement or part of an agreement that conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. The Company recognizes a right-of-use asset and the corresponding lease liability, for all lease agreements in which it acts as lessee, except in the following cases: short-term leases (defined as leases with a lease term of less than 12 months); leases of low-value assets (defined as leases of assets with an individual market value of less than US$5,000 (five thousand dollars)); and, lease agreements whose payments are variable (without any contractually defined fixed payment). For these agreements, which exempt the recognition of a right-of-use asset and a lease liability, the Company recognizes the rent payments as an operating expense in a straight-line method over the lease period.

The right-of-use asset comprises all lease payments discounted at present value; the direct costs to obtain a lease; the advance lease payments; and the obligations of dismantling or removal of assets. The Company depreciates the right-of-use asset over the shorter of the lease term and the useful life of the underlying asset; in this sense, when the lessee will exercise a purchase option, the lessee shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Depreciation begins on the lease commencement date.

The lease liability is initially measured at the present value of the future minimum lease payments that are not paid at that date, using a discount rate that reflects the cost of obtaining funds for an amount similar to the value of the lease payments, for the acquisition of the underlying asset, in the same currency and for a similar period to the corresponding contract (incremental borrowing rate). When lease payments contain non-lease components (services), the Company has chosen, for some class of assets, not to separate them and measure all payments as a single lease component; however, for the rest of the class of assets, the Company measures the lease liability only considering lease payments, while all of the services implicit in the payments, are recognized directly in the consolidated statement of income as operating expenses.

To determine the lease term, the Company considers the non-cancellable period, including the probability to exercise any right to extend and/or terminate the lease term.
Subsequently, the lease liability is measured increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and reducing the carrying amount to reflect the lease payments made.

When there is a modification in future lease payments resulting from changes in an index or a rate used to determine those payments, the Company remeasures the lease liability when the adjustment to the lease payments takes effect, without reassessing the discount rate. However, if the modifications are related to the lease term or exercising a purchase option, the Company reassesses the discount rate during the liability's remeasurement. Any increase or decrease in the value of the lease liability subsequent to this remeasurement is recognized as an adjustment to the right-of-use asset to the same extent.

Finally, the lease liability is derecognized when the Company fulfills all lease payments. When the Company determines that it is probable that it will exercise an early termination of the contract that leads to a cash disbursement, such disbursement is accounted as part of the liability's remeasurement mentioned in the previous paragraph; however, in cases in which the early termination does not involve a cash disbursement, the Company cancels the lease liability and the corresponding right-of-use asset, recognizing the difference immediately in the consolidated statement of income.

l. Intangible assets

Intangible assets are recognized when they meet the following conditions: they are identifiable, they provide future economic benefits, and the Company has control over such benefits.

Intangible assets are classified as follows:

i. Finite useful life

These assets are recognized at cost less accumulated amortization and accrued impairment losses. They are amortized on a straight-line basis over their estimated useful life, determined based on the expectation of generating future economic benefits, and are subject to impairment tests when triggering events of impairment are identified.

The estimated useful lives of intangible assets with finite useful lives are summarized as follows:

	Years
Software and licenses	3 a 7
Concessions	20 a 30
Capacity of communications network	13
Other	4
To do and not to do obligations	3
Trademarks	5
Relationships with customers	15

a. Trademarks
Trademarks acquired in a separate transaction are recorded at acquisition cost. Trademarks acquired in a business combination are recognized at fair value at the acquisition date.

Trademarks are amortized according to their useful life based on the Company's evaluation; if in this evaluation the useful life proves to be indefinite, then trademarks are not amortized but subject to annual impairment tests.

b. Licenses
Licenses acquired in a separate transaction are recorded at acquisition cost. Licenses acquired in a business combination are recognized at fair value at acquisition date.

Licenses that have a definite useful life are presented at cost less accumulated amortization. Amortization is recorded on a straight-line basis over its estimated useful life.

The acquisition of software licenses is capitalized based on the costs incurred to acquire and use the specific software.

ii. Indefinite useful life
These intangible assets are not amortized and are subject to annual impairment assessment. As of December 31, 2024, 2023 and 2022, intangible assets with an indefinite life corresponds to goodwill.

m. Goodwill
Goodwill represents the excess of the acquisition cost of a subsidiary over the Company's interest in the fair value of the identifiable net assets acquired, determined at the date of acquisition, and is not subject to amortization. Goodwill is shown under goodwill and intangible assets and is recognized at cost less accumulated impairment losses, which are not reversed. Gains or losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

n. Impairment of non-financial assets
Assets that have an indefinite useful life, for example goodwill, are not depreciable or amortizable and are subject to annual impairment tests. Assets that are subject to amortization are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels at which separately identifiable cash flows exist (cash generating units). Non-financial long-term assets other than goodwill that have suffered impairment are reviewed for a possible reversal of the impairment at each reporting date.

o. Income tax
The amount of income taxes in the consolidated statement of income represents the sum of current and deferred income taxes.

The amount of income taxes included in the consolidated statement of income represents the current tax of the year and the effects of deferred income tax determined in each subsidiary by the assets and liabilities method, applying the rate established by the legislation enacted or substantially enacted at the statement of financial position date, wherever the Company operates, and generates taxable income on the total temporary differences resulting from comparing the accounting and tax bases of assets and liabilities, and that are expected to be applied when the deferred tax asset is realized or the deferred tax liability is expected to be settled, considering, when applicable, any tax-loss carryforwards, prior to the recovery analysis. The effect of a change in current tax rates is recognized in profit or loss of the period in which the rate change is determined.

Management periodically evaluates positions taken in tax returns with respect to situations in which the applicable law is subject to interpretation. Provisions are recognized when appropriate based on the amounts expected to be paid to the tax authorities.

Deferred tax assets are recognized only when it is probable that future taxable profits will exist against which the deductions for temporary differences can be taken.

Deferred income tax on temporary differences arising from investments in subsidiaries, associates and joint agreements is recognized, unless the period of reversal of temporary differences is controlled by Axtel and it is probable that the temporary differences will not revert in the foreseeable future.

Deferred tax assets and liabilities are offset when a legal right exists and when taxes are levied by the same tax authority.

p. Employee benefits

i. Pension plans

Defined contribution plans:
A defined contribution plan is a pension plan under which the Company pays fixed contributions to a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to their service in the current and past periods. The contributions are recognized as employee benefit expense on the date that the contribution is required.

Defined benefit plans:
A defined benefit plan is a plan, which specifies the amount of the pension an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the consolidated statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the consolidated statement of financial position date less the fair value of plan assets. As of December 2024, 2023, and 2022, the Company does not have plan assets. The defined benefit obligation is calculated annually by independent third parties using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using discount rates in conformity with IAS 19 – Employee Benefits, which are denominated in the currency in which the benefits will be paid and have maturities that approximate the terms of the pension liability.

Actuarial remeasurements arising from adjustments and changes in actuarial assumptions are recognized directly in other items of the comprehensive (loss) income in the year as they occur, and there will be no reclassified to profit or loss of the period.

The Company determines the net finance expense (income) by applying the discount rate to the liability (asset) from net defined benefits.

Past-service costs are recognized immediately in the consolidated statement of income.

ii. Post-employment medical benefits

The Company provides medical benefits to retired employees after termination of employment. Eligibility for these benefits usually depends on the employee having worked up to the retirement age and having completed a minimum number of years of service. The expected costs of these benefits are accrued over the period of employment using the same criteria as those described for defined benefit pension plans.

iii. Termination benefits

Termination benefits are payable when the Company terminates the employment contract before the normal retirement date or when the employee accepts voluntary severance in exchange for these benefits. The Company recognizes benefits on the following dates, whichever occurs first: (a) when the Company can no longer withdraw the offer of these benefits, and (b) when the Company recognizes the costs from restructuring within the scope of the IAS 37 and it involves the payment of termination benefits. If there is an offer that promotes the termination of the employment relationship voluntarily by employees, termination benefits are valued based on the number of employees expected to accept the offer. Benefits that will be paid in the long term are discounted at their present value.

As of December 31, 2024, 2023 and 2022, the Company recognized a termination expense in the consolidated statement of income for $17,344, $387,553 and $24,600, respectively.

iv. Short-term benefits

The Company provides benefits to employees in the short term, which may include wages, salaries, annual compensation and bonuses payable within 12 months. The Company recognizes an undiscounted provision when it is contractually obligated or when past practice has created an obligation.

v. Statutory employee profit sharing (PTU in Spanish) and bonuses

The Company recognizes a liability and an expense for bonuses and statutory employee profit sharing when it has a legal or assumed obligation to pay these benefits and determines the amount to be recognized based on the tax profit for the year after certain adjustments.

q. Stockholders' equity

Axtel's common shares are classified as capital stock within stockholders' equity. Incremental costs directly attributable to the issuance of new shares are included in equity as a reduction from the consideration received, net of tax.

Upon the occurrence of a repurchase of its own shares, they become treasury shares, and the amount is presented as a reduction to stockholders' equity at the purchase price. These amounts are stated at their historical value.

r. Revenue recognition

Revenues comprise the fair value of the consideration received or for the sale of goods and services in the ordinary course of the transactions, and are presented in the consolidated statement of income, net of the amount of variable considerations, which comprise the estimated amount of returns from customers, rebates and similar discounts and payments made to customers for the purpose of accommodating goods in attractive and favorable spaces at their facilities.

To recognize revenues from contracts with customers, the comprehensive model for revenue accounting is used, which is based on a five-step approach consisting of the following: (1) identify the contract; (2) identify performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to each performance obligation in the contract; and (5) recognize the revenue when the company satisfies a performance obligation.

The Company maintains managed service agreements with customers from the government and business portfolios, which may include multiple deliverables mainly consisting of the delivery of equipment and provision of telecommunications services and information technologies. The Company evaluates certain agreements, in which it identifies more than one separable performance obligation, which consists of the equipment used to provide the service and that is installed in the facilities of the customers. In addition to the equipment, telecommunications and information technologies are identified as another separable performance obligation.

Where the equipment delivered to the customer is a separable performance obligation of the service, the Company assigns the price of managed service agreements to the performance obligations identified and described in the preceding paragraph according to independent market values and related discounts.

The Company recognizes the revenue derived from managed services agreements, as follows:
- Revenues from equipment installed in the facilities of customers is recognized upon transfer of control or right to use them, i.e., at some point in time. This performance obligation has a financial component; therefore, revenues are recognized in accordance with the effective interest rate method over the term of the agreement.

- Revenues from services are recognized as they are provided, i.e. as the customer consumes them in relation to services of voice, data and general telecommunications.

Dividend income from investments is recognized once the rights of stockholders to receive this payment have been established (when it is probable that the economic benefits will flow to the Company and that the revenue can be reliably measured).

Interest income is recognized when it is likely that the economic benefits will flow to the entity and the amount of revenue can be reliably measured by applying the effective interest rate.

Costs of acquiring new contracts are recognized as contractual assets and are amortized over the period of those contracts in profit or loss, which is when they will generate economic benefits.

s. Earnings per share

Earnings per share are calculated by dividing the profit attributable to the stockholders by the weighted average number of common shares outstanding during the year.

4. Financial instruments and financial risk management

The Company's activities expose it to various financial risks: market risk (including exchange rate risks, interest rate risk on cash flows and interest rate risk on fair values), credit risk and liquidity risk. The Company has a general risk management program focused on the unpredictability of financial markets and seeks to minimize the potential adverse effects on its financial performance.

The objective of the risk management program is to protect the financial health of the businesses, taking into account the volatility associated with foreign exchange and interest rates. Sometimes, regarding market risks, the Company uses derivative financial instruments to hedge certain exposures to risks.

Axtel has an Executive Committee, comprised of the Co-Chairmans of the Board, the Chief Executive Officer and Chief Financial Officer. The Executive Committee reviews derivative transactions proposed by the Company, in which a potential loss analysis surpasses US$1 million.

All derivative transactions, which the Company proposes to enter into, as well as the renewal or cancellation of derivative arrangements, must be approved by Axtel's Chief Executive Officer, in accordance with the following schedule of authorizations:

	Maximum Possible Loss US$1 million Annual cumulative
Executive Committee	0 – 100
Board of Directors	>100

The proposed transactions must meet certain criteria, including that the hedges are lower than established risk parameters, and that they are the result of a detailed analysis and are properly documented. Sensitivity analysis and other risk analyses should be performed before the transactions are conducted.

Capital management

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns to stockholders and benefits to other stakeholders, as well as maintaining an optimal capital structure to reduce the cost of capital.

To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to stockholders, return equity to stockholders, issue new shares or sell assets to reduce debt.

Axtel monitors capital based on a leverage ratio. This percentage is calculated by dividing total liabilities by total equity.

The financial ratio of total liabilities/total equity is 6.33, 4.36 and 5.44 times as of December 31, 2024, 2023 and 2022, respectively, resulting on a leverage ratio that meets the Company's management and risk policies.

Financial instruments per category

Below are the Company's financial instruments by category:

	As of December 31, 2024	2023	2022
Cash and cash equivalents	$ 1,255,690	$ 1,207,174	$ 1,542,831
Financial assets at amortized cost:			
Trade and other accounts receivable	2,357,209	1,698,833	1,854,465
Financial assets measured at fair value through profit or loss:			
Derivative financial instruments	32,743	-	4,696
	$ 3,645,642	$ 2,906,007	$ 3,401,992
Financial liabilities at amortized cost:			
Current debt	$ 277,754	$ 214,351	$ 375,506
Lease liability	273,995	260,864	320,958
Trade accounts payable and related parties	1,953,445	1,375,315	1,844,234
Non-current debt	10,709,965	10,155,319	11,184,614
Financial liabilities measured at fair value through profit or loss:			
Derivative financial instruments (1)	-	31,987	-
	$13,215,159	$12,037,836	$13,725,312

(1) The Company designated the derivative financial instruments that comprise this balance, as hedges for accounting purposes, in accordance with what is described

Fair value of financial assets and liabilities valued at amortized cost

The amount of cash and cash equivalents, trade and other accounts receivable, other current assets, trade and other accounts payable, current debt, current provisions and other current liabilities approximate their fair value since their maturity date is less than 12 months. The net carrying amount of these accounts represents the expected cash flow as of December 31, 2024, 2023 and 2022.

The carrying amount and estimated fair value of financial assets and liabilities valued at amortized cost is presented below:

	As of December 31, 2024		As of December 31, 2023		As of December 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities:						
Debt (1)	$10,880,967	$11,162,946	$10,290,217	$10,784,708	$11,508,447	$10,226,268

(1) The carrying amount of debt, for purposes of calculating its fair value, is presented gross of interest payable and issuance costs

Market risk

(i). Exchange rate risk

The Company is exposed to the exchange risk arising from exposure of its currency, mainly with respect to the U.S. dollar. Axtel's indebtedness, and part of its accounts payable, are stated in U.S. dollars, which means that it is exposed to the risk of variations in the exchange rate.

The Company's interest expense on the dollar debt, stated in Mexican pesos in the Axtel consolidated financial statements, varies with the movements in the exchange rate. Depreciation of the peso gives rise to increases in the interest expense recorded in pesos.

The Company records exchange gains or losses when the Mexican peso appreciates or depreciates against the U.S. dollar. Due to the fact that the Company's monetary liabilities denominated in dollars have exceeded (and are expected to continue exceeding) Axtel's monetary assets stated in that same currency, depreciation of the Mexican peso to the U.S. dollar will give rise to exchange losses.

The Company has the following assets and liabilities in foreign currency in relation to the functional currency of its subsidiaries, translated to thousands of Mexican pesos at the closing exchange rate as of December 31, 2024, 2023 and 2022.

	USD (converted to thousands of MXN) 2024	2023	2022
Financial assets	$ 651,423	$ 1,289,533	$ 1,160,810
Financial liabilities	(8,024,900)	(7,194,222)	(9,519,008)
Foreign exchange monetary position	$ (7,373,477)	$(5,904,689)	$(8,358,198)

During 2024, 2023 and 2022, Axtel contracted several derivative financial instruments, mainly forward contracts, to hedge this risk. These derivatives have been designated at fair value with changes through profit or loss for accounting purposes as explained in the next section of this note.

Based on the financial positions in foreign currency maintained by the Company, a hypothetical variation of 10% in the MXN/USD exchange rate and keeping all other variables constant, would result in an effect of $737,348 on the consolidated statement of income and consequently on the stockholders' equity.

Financial instruments and derivative financial instruments

Financial instruments

According to the contracts, in case of deciding for payment in cash, the amount to be settled will be calculated as per the following formula: Number of options per option right per (reference price – exercise price).

Where:

Number of options = defined in the contract

Right of option = defined as 1 "share" per option, defining "share" as Bloomberg Code AxtelCPO MM.

Reference price = "The price per share that GBM receives upon settling the position of the hedges thereof, under commercially reasonable terms, discounting commissions and taxes".

Exercise price = 0.000001 pesos

The Company determined the classification and measurement of these contracts as financial assets at fair value with changes through profit or loss.

Derivative financial instruments

As of December 31, 2024, 2023 and 2022, the Company does not have interest rate swaps due to their natural maturities.

a. Forward contracts to hedge risks related to the USD/MXN exchange rate variability.

As of December 31, 2024, 2023 and 2022, the Company uses forward contracts (USD/MXN) to hedge capital expenditures (Capex) made in a foreign currency other than its functional currency. Likewise, as of December 31, 2024, the Company uses forward contracts (USD/MXN) to hedge future interest payments related to diverse loans in U.S. dollars. As of December 31, 2022, the Company uses two forward contracts (USD/MXN) to hedge the coupon interest payments of the 6.375% Senior Notes due 2024 (the "Notes"), hence, a highly probable forecast transaction has been designated as a hedged item related to the Capex and interest payments incurred in U.S. dollars. The Company prepaid the principal amount outstanding of the Notes on July 21, 2023 (Note 2.g.).

For accounting purposes, the Company has designated these forwards as cash flow hedge relationships to hedge the items mentioned above, and formally documented these relationships, establishing the objectives, the management strategy to hedge the risk, the identification of the hedging instruments, the hedged items, the nature of the risk to be hedged and the effectiveness evaluation methodology.

The conditions of the derivative financial instruments and the considerations of their valuation as hedging instruments are mentioned below:

Forwards Characteristics	Interest USD/MXN **2024**	Capex USD/MXN **2024**	Capex USD/MXN **2022**
Currency	USD	USD	USD
Notional (thousands)	$7,260	$27,940	$11,200
Strike (average)	19.5742	20.3990	19.8775
Maturity	March 24, 2025	March 24, 2025	January 24, 2024
Book value	$15,054	$17,689	$(31,987)
Change in the fair value to measure ineffectiveness	$10,877	$1,372	$(32,189)
Reclassification from OCI to income	$16,024	-	-
Recognized in OCI, net of reclassifications	$(970)	$17,689	$(31,987)
Change in the fair value of the hedged item to measure ineffectiveness	$(8,212)	$5,275	$33,553

Forwards Characteristics	Capex USD/MXN **2022**	Bonus interest USD/MXN **2022**
Currency	USD	USD
Notional (thousands)	$77,400	$12,900
Strike (average)	19.8950	19.7180
Maturity	August 24, 2023	May 11, 2023
Book value	$1,532	$3,163
Change in the fair value to measure ineffectiveness	$(9,522)	$1,318
Reclassification from OCI to income	-	$(409)
Recognized in OCI, net of reclassifications	$1,533	$3,572
Change in the fair value of the hedged item to measure ineffectiveness	$13,111	$1,557

As of December 31, 2024, 2023 and 2022, the Company uses USD/MXN forward contracts to hedge against risk arising from a rise in the exchange rate. The Company determined that the hedging relationships are highly effective according to the characteristics and modeling of both hedged items, resulting in an effectiveness for the hedged Capex of 99%, 98% and 98% in 2024, 2023 and 2022, respectively. For the hedged interest payments on debt, a 98% effectiveness was obtained in 2024. Likewise, an effectiveness of 98% was obtained for the hedged coupons related to the Notes in 2022.

In accordance with the reference amounts described and the way in which the cash flows of the derivatives are exchanged, the average USD/MXN hedge ratio for Capex is 75%, 87% and 100% in 2024, 2023 and 2022, respectively, whereas the average USD/MXN hedge ratio for the hedged interest payments on debt is 100% in 2024 and 100% for the hedged coupons related to the Notes in 2022. If necessary, a rebalancing will be carried out to maintain this relationship for the strategy. As of December 31, 2024, there was no ineffectiveness recognized in the consolidated statements of income.

(ii). Interest rate and cash flow risk

The Company's interest rate risk arises from long-term loans. Loans at variable rates expose the Company to interest rate risks in cash flows that are partially offset by cash held at variable rates. Loans at fixed rates expose the Company to interest rate risk at fair value.

As of December 31, 2024, 4% of Axtel's total debt is at fixed interest rates, while the remaining 96% is at variable interest rates.

The Company analyzes its exposure to interest rate risk on a dynamic basis. Several scenarios are simulated, taking into account the refinancing, renewal of existing positions, financing and alternative coverage. Based on these scenarios, the Company calculates the impact on the annual result of a change in the interest rate defined for each simulation, using the same change in the interest rate for all currencies. The scenarios are produced only for liabilities that represent the main positions that generate the highest interest.

Axtel's results and cash flows can be impacted if additional financing is required in the future when interest rates are high in relation to the Company's current conditions.

As of December 31, 2024, if the interest rates on variable rate loans were increased or decreased by 100 basis points, the interest expense would affect the revenue and stockholders' equity by $107,995 and $(107,995), respectively.

Credit risk

Credit risk represents the risk of financial loss for the Company, if a customer or counterpart of a financial instrument defaults on its contractual obligations, mainly in connection with accounts receivable from customers, as well as from investment instruments.

Accounts receivable

The Company evaluates and aggregates groups of clients that share a credit risk profile, in accordance with the service channel in which they operate, in line with business management and internal risk management.

The Company is responsible for managing and analyzing the credit risk for each of its new customers prior to establishing the terms and conditions of payment to offer. Credit risk arises from exposure of credit to customers, including accounts receivable. If there is no independent rating in place, the Company evaluates the credit risk pertaining to its customers, taking into account the financial position, past experience and other factors such as historical lows, net recoveries and an analysis of accounts receivable balances aging with reserves that are usually increased to the extent the accounts receivable increases in age. The credit risk concentration is moderate due to the number of unrelated clients.

Axtel determines its allowance for impairment of accounts receivable taking into account the probability of recovery, based on past experiences, as well as current collection trends and overall economic factors. Accounts receivable are entirely reserved when there are specific collection problems; based on past experience. Moreover, collection problems such as bankruptcy or catastrophes are also taken into account.

Accounts receivable are analyzed monthly, and the allowance for impairment of accounts receivable is adjusted in profit or loss.

Additionally, the Company performs a qualitative evaluation of economic projections, in order to determine the possible impact on probabilities of default and the recovery rate assigned to its customers. Finally, in the evaluation of the derecognition of an account receivable, the Company evaluates whether there is any current expectation of recovery of the asset, before proceeding to execute the corresponding derecognition.

During the year ended December 31, 2024, there have been no changes in estimation techniques or assumptions.

Axtel conducts an economic evaluation of the efforts necessary to initiate legal proceedings for the recovery of past-due balances.

Other than Companies A and B, which are the Company's main customers, the Company has no significant exposure to credit risk involving a single customer or group of customers with similar characteristics. A group of customers is considered to have similar characteristics when they are related parties. The credit risk concentration of companies A and B must not exceed 20% of the gross amount of financial assets at any given moment during the year. The credit risk concentration of any other customer must not exceed 5% of the gross amount of monetary assets at any given moment during the year.

Company A accounts for 17%, 7% and 7% of the Company's total accounts receivable as of December 31, 2024, 2023 and 2022, respectively. Additionally, revenues associated to Company A for the years ended December 31, 2024, 2023 and 2022 was 4%, 4% and 3%, respectively.

Company B accounts for 9%, 4%, and 1% of the Company's total accounts receivable as of December 31, 2024, 2023 and 2022, respectively. Additionally, revenues related to Company B for the years ended December 31, 2024, 2023 and 2022 was 2%, 2% and 1%, respectively.

As of December 31, 2024, 2023 and 2022, the allowance for impairment totaled $457,541, $755,239 and $614,108, respectively. Axtel considers this allowance to be sufficient to cover for the probable loss of accounts receivable; however, it cannot ensure that it will not need to be increased.

Investments

The Company's policies for managing cash and temporary cash investments are conservative, which allows for minimizing risk in this type of financial asset, taking into account also that operations are only conducted with financial institutions with high credit ratings.

The Company's maximum exposure to credit risk is equivalent to the total carrying amount of its financial assets.

Liquidity risk

The Company's finance department continuously monitors the cash flows' projections and the Company's liquidity requirements, ensuring that cash and investments in marketable securities are sufficient to meet operating needs.

The Company regularly monitors and makes its decisions based on not violating its limits or covenants established in its debt contracts. Projections consider the Company's financing plans, compliance with covenants, compliance with minimum internal liquidity ratios and legal or regulatory requirements.

Management's responsibility with respect to liquidity risk corresponds to the Company's board of directors, which has established a general framework for proper handling of liquidity risk in the short, medium and long term. The Company manages liquidity risks, maintaining a proper level of reserves, use of credit lines from banks, and is vigilant of real and projected cash flows.

The following table includes the Company's derivative and non-derivative financial liabilities grouped according to maturity from the reporting date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are required to understand the terms of the Company's cash flows.
The figures shown in the chart are the non-discounted contractual cash flows.

December 31, 2024	Less than 1 year	Between 1 and 5 years	More than 5 years
Current debt	$ 277,754	$ -	$ -
Trade accounts payable and related parties	1,953,445	-	-
Non-current debt	-	8,380,703	2,395,531
Lease liability	109,080	148,684	16,231
Non-accrued interest payable	1,039,059	2,255,079	508,025
December 31, 2023			
Current debt	$ 214,351	$ -	$ -
Trade accounts payable and related parties	1,375,315	-	-
Derivative financial instruments	31,987	-	-
Non-current debt	-	7,418,750	2,829,571
Lease liability	107,755	131,295	21,814
Non-accrued interest payable	1,111,695	2,994,078	790,646
December 31, 2022			
Current debt	$ 375,506	$ -	$ -
Trade accounts payable and related parties	1,844,234	-	-
Non-current debt	-	10,332,507	904,888
Lease liability	220,968	89,980	10,010
Non-accrued interest payable	903,990	1,551,225	49,999

The Company expects to meet its obligations with the cash flows provided by operations and/or cash flows provided by its main stockholders. Furthermore, the Company has access to credit lines as mentioned in Note 16.

As of December 31, 2024, Axtel has committed credit lines for US$50 million, of which 100% is available.

Supplier Finance Arrangements

The Company operates the following types of supplier finance arrangements:

In order to ensure easy access to credit for its suppliers and facilitate early settlement, the Company has supplier finance arrangements that permit the suppliers to obtain payment from the banks for the amounts billed up to 7 days before the invoice's due date, subject to a variable interest rate discount between TIIE + 7 and SOFR + 7. The arrangements permit the banks to settle their invoices early, for up to the total amount published. The discount represents less than the discount for early repayment commonly used in the market. The Company repays the full invoice amount to the banks on the scheduled payment date, as required by the invoice. As the arrangements do not permit the Company to extend finance from the banks by paying them later than the Company would have paid its suppliers, the Company considers amounts payable to the banks should be presented as part of trade and other accounts payables.

As of December 31, 2024, 10% of the trade accounts payable were the amounts owed under these arrangements.

The following is a detailed account of supplier finance arrangements and their presentation within the consolidated statements of financial position:

	As of December 31, 2024	2023
Presented as part of "Trade and other accounts payable":	235,628	214,348
Trade accounts payable for which suppliers have already received payment from the finance provider	186,197	-

As of December 31, 2024, a breakdown of the payment due dates of supplier finance arrangements is as follows:

	Days
For liabilities presented as “Trade and other accounts payable”:	
Liabilities that are part of supplier finance arrangements	83
Comparable trade accounts payable that are not part of supplier finance arrangements	90

Changes in liabilities that are subject to supplier finance arrangements are primarily attributable to additions resulting from purchases of goods and services and subsequent cash settlements. There were no material non-cash changes in these liabilities.

The Company does not face a significant liquidity risk as a result of its supplier finance arrangements given the limited amount of liabilities subject to supplier finance arrangements and the Company’s access to other sources of finance on similar terms.

Fair value hierarchy

The following is an analysis of financial instruments measured in accordance with the fair value hierarchy. Three different levels are used as presented below:

– Level 1: Quoted prices for identical instruments in active markets.
– Level 2: Other valuations including quoted prices for similar instruments in active markets, which are directly or indirectly observable.
– Level 3: Valuations made through techniques where one or more of their significant data inputs are unobservable.

The following table presents the Company’s assets and liabilities that are measured at fair value as of December 31, 2024, 2023 and 2022:

	As of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Financial assets (liabilities):				
Forwards	$ -	$ 32,743	$ -	$ 32,743
	$ -	$ 32,743	$ -	$ 32,743

	As of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Financial assets (liabilities):				
Forwards	$ -	$ (31,987)	$ -	$ (31,987)
	$ -	$ (31,987)	$ -	$ (31,987)

	As of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Financial assets (liabilities):				
Forwards	$ -	$ 4,696	$ -	$ 4,696
	$ -	$ 4,696	$ -	$ 4,696

There were no transfers between Level 1 and 2 or between Level 2 and 3 during the period.

The specific valuation techniques used to value financial instruments include:

- Market quotations or quotations for similar instruments.

- The fair value of forward exchange agreements is determined using exchange rates at the closing balance date, with the resulting value discounted at present value.

- Other techniques such as the analysis of discounted cash flows, which are used to determine fair value of the remaining financial instruments.

5. Critical accounting estimates and significant judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

a. Impairment and useful lives of long-lived assets

The Company reviews depreciable and amortizable assets on an annual basis for signs of impairment, or when certain events or circumstances indicate that the book value may not be recovered during the remaining useful life of the assets. For intangible assets with an indefinite useful life, the Company performs impairment tests annually and at any time that there is an indication that the asset may be impaired.

To test for impairment, the Company uses projected cash flows, which consider the estimates of future transactions, including estimates of revenues, costs, operating expenses, capital expenditures and debt service. In accordance with IFRS, discounted future cash flows associated with an asset or CGU are compared to the book value of the asset or CGU being tested to determine if impairment exists whenever the aforementioned discounted future cash flows are less than its book value. In such case, the carrying amount of the asset or group of assets is reduced to its value in use, unless its fair value is higher.

The Company estimates the useful lives of long-lived assets in order to determine the depreciation and amortization expenses to be recorded during the reporting period. The useful life of an asset is calculated when the asset is acquired and is based on past experience with similar assets, considering anticipated technological changes or any other type of changes. Were technological changes to occur faster than estimated, or differently than anticipated, the useful lives assigned to these assets could have to be reduced. This would lead to the recognition of a greater depreciation and amortization expense in future periods. Alternatively, these types of technological changes could result in the recognition of a charge for impairment to reflect the reduction in the expected future economic benefits associated with the assets.

b. Estimated impairment of goodwill and intangible assets with indefinite useful lives

The Company conducts annual tests to determine whether goodwill and intangibles assets with indefinite useful lives have suffered any impairment (Note 11). For impairment testing, goodwill and intangibles assets with indefinite lives is allocated with those cash generating units (CGUs) of which the Company has considered that economic and operational synergies of the business combinations are generated. The recoverable amounts of the groups of CGUs were determined based on the calculations of their value in use, which require the use of estimates, within which the most significant are the following:

- Estimation of future gross and operating margins according to the historical performance and expectations of the industry for each CGU group.
- Discount rate based on the weighted cost of capital (WACC) of each CGU or CGU group.
- Long-term growth rates.

c. Recoverability of deferred tax assets

The Company has applicable tax-loss carryforwards, which can be used in the following years until maturity expires (See Note 19). Based on the projections of income and taxable income that the Company will generate in the following years through a structured and robust business plan, management has considered that current tax losses will be used before they expire and, therefore, it was considered appropriate to recognize a deferred tax asset for such losses.

d. Commitments and contingencies

The Company exercises its judgment in measuring and recognizing provisions and the exposures to contingent liabilities related to pending litigation or other pending claims subject to negotiation for liquidation, mediation, arbitrage or government regulation, as well as other contingent liabilities. The Company applies its judgment to evaluate the probability that a pending claim is effective, or results in recognition of a liability, and to quantify the possible range of the liquidation. Due to the uncertainty inherent to this evaluation process, actual losses could differ from the provision originally estimated.

Contingencies are recorded as provisions when a liability has probably been incurred and the amount of the loss can be reasonably estimated. It is not practical to conduct an estimate regarding the sensitivity to potential losses, of all other assumptions have been made to record these provisions, due to the number of underlying assumptions and to the range of reasonable results possible, in connection with the potential actions of third parties, such as regulators, both in terms of probability of loss and estimates of said loss.

e. Default probability and recovery rate to apply the expected credit losses model in the impairment measurement of financial assets

The Company assigns to customers with whom it has an account receivable at each reporting date, either individually or as a group, an allowance for the probability of default in the account receivable and the estimated recovery rate, in order to reflect the cash flows expected to be received from the outstanding balances as of that date.

f. Estimation of the discount rate to calculate the present value of future minimum lease payments

The Company estimates the discount rate to use in the determination of the lease liability, based on the incremental borrowing rate ("IBR").

The Company uses a three-tier model, with which it determines the three elements that comprises the discount rate: (i) reference rate, (ii) credit risk component and (iii) adjustment for characteristics of the underlying asset. In this model, management also considers its policies and practices to obtain financing, distinguishing between the one obtained at the corporate level (that is, the holding company), or at the level of each subsidiary. Finally, for real estate leases, or in which there is significant and observable evidence of their residual value, the Company estimates and evaluates an adjustment for characteristics of the underlying asset, based on the possibility that said asset is granted as collateral or guarantee against the risk of default.

g. Estimation of the lease term

The Company defines the lease term as the period for which there is a contractual payment commitment, considering the non-cancelable period of the contract, as well as the renewal and early termination options that are probable to be exercised. The Company participates in lease contracts that do not have a defined non-cancellable term, a defined renewal period (in case it contains a renewal clause), or automatic annual renewals, so, to measure the lease liability, it estimates the contracts term considering their contractual rights and limitations, their business plan, as well as management's intentions for the use of the underlying asset.

Additionally, the Company considers the clauses of early termination of its contracts and the probability of exercising them, as part of its estimate of the lease term.

6. Cash and cash equivalents

Cash and cash equivalents presented in the consolidated statement of financial position consist of the following:

	2024	2023	2022
Cash on hand and in banks	$ 347,089	$ 147,285	$1,152,126
Short-term investments	908,601	1,059,889	390,705
Total cash and cash equivalents	$1,255,690	$1,207,174	$1,542,831

7. Trade and other accounts receivable, net

Trade and other accounts receivable are comprised as follows:

Current:	2024	2023	2022
Trade accounts receivable	$2,721,002	$2,145,872	$1,808,514
Allowance for impairment of accounts receivable (1)	(457,541)	(755,239)	(614,108)
Trade accounts receivable, net	2,263,461	1,390,633	1,194,406
Recoverable taxes	117,594	115,303	74,260
Notes and other accounts receivable	51,138	286,278	644,901
Related parties	42,610	21,922	15,158
	$2,474,803	$1,814,136	$1,928,725

(1) Movements of the allowance for impairment of accounts receivable are as follows:

	2024	2023	2022
Initial balance	$ 755,239	$614,108	$304,637
Allowance for doubtful accounts for the year (2)	(188,114)	179,824	346,789
Write-off of doubtful accounts	(109,584)	(38,693)	(37,318)
Ending balance	$ 457,541	$755,239	$614,108

(2) The net variance in the allowance for doubtful accounts in 2024, 2023 and 2022 are mainly due to the increase in the probability of default assigned to certain customers with respect to the beginning of the year. In addition, they consider the reversals of impairment that arise when an account receivable, which had previously been impaired, becomes recoverable.

The following describes the probability of default ranges and the severity of loss allocated to the main customer groups with which the company has balances receivable in its different businesses:

As of December 31, 2024

Clients or group of clients	Probability of default range	Severity of loss
Carriers (Wholesale)	10.0% - 100.0%	46.98%
Business	7.5% - 100.0%	54.80%
Government	10.0% - 100.0%	89.39%

As of December 31, 2023

Clients or group of clients	Probability of default range	Severity of loss
Carriers (Wholesale)	10.0% - 100.0%	26.14%
Business	7.5% - 100.0%	41.24%
Government	10.0% - 100.0%	88.36%

As of December 31, 2022

Clients or group of clients	Probability of default range	Severity of loss
Carriers (Wholesale)	10.0% - 100.0%	47.10%
Business	7.5% - 100.0%	71.80%
Government	10.0% - 100.0%	29.20%

8. Inventories

As of December 31, 2024, 2023 and 2022, inventories of $36,490, $62,856, and $169,838, respectively, were composed by materials and consumables.

The cost of inventories recognized as an expense and included in the cost of sales amounted to $133,021, $132,924, and $136,060, for 2024, 2023 and 2022, respectively. As of December 31, 2024, 2023 and 2022, there were no inventories pledged as collateral.

9. Property, plant and equipment, net

	Buildings	Telecommunications network	Office equipment	Computers	Vehicles	Leasehold improvements	Land	Investments in process	Total
	Deprecible assets					Non-depreciable assets			
For the year ended December 31, 2022									
Net opening balance	$ 220,454	$ 8,684,492	$ 53,577	$ 83,782	$ -	$ 37,579	$ 461,349	$ 591,715	$ 10,132,948
Translation effect	-	(868)	-	-	-	-	-	-	(868)
Additions	45,420	10,649	12	323	-	1,705	2,117	1,263,278	1,323,504
Transfers	488	1,227,126	227	4,814	80	2,049	-	(1,234,784)	-
Disposals, net	-	(17,237)	(240)	(99)	-	-	-	(8,015)	(25,591)
Depreciation charges recognized in the year	(12,499)	(2,297,935)	(26,686)	(34,793)	(2)	(14,011)	-	-	(2,385,926)
Ending balance as of December 31, 2022	$ 253,863	$ 7,606,227	$ 26,890	$ 54,027	$ 78	$ 27,322	$ 463,466	$ 612,194	$ 9,044,067
As of December 31, 2022									
Cost	$ 643,501	$ 42,418,147	$ 328,455	$ 3,346,644	$ 95,185	$ 504,570	$ 463,466	$ 612,194	$ 48,412,162
Accumulated depreciation	(389,638)	(34,811,920)	(301,565)	(3,292,617)	(95,107)	(477,248)	-	-	(39,368,095)
Net carrying amount as of December 31, 2022	$ 253,863	$ 7,606,227	$ 26,890	$ 54,027	$ 78	$ 27,322	$ 463,466	$ 612,194	$ 9,044,067
For the year ended December 31, 2023									
Net opening balance	$ 253,863	$ 7,606,227	$ 26,890	$ 54,027	$ 78	$ 27,322	$ 463,466	$ 612,194	$ 9,044,067
Translation effect	-	(1,835)	-	-	-	-	-	-	(1,835)
Additions	-	8,206	-	-	-	-	-	1,328,746	1,336,952
Transfers	1,705	1,270,488	3,735	3,399	-	1,563	-	(1,280,890)	-
Disposals, net	(3,350)	(10,502)	-	(90)	-	(2,539)	(7,821)	(11,900)	(36,202)
Depreciation charges recognized in the year	(12,943)	(2,034,719)	(7,275)	(23,359)	(20)	(11,048)	-	-	(2,089,364)
Ending balance as of December 31, 2023	$ 239,275	$ 6,837,865	$ 23,350	$ 33,977	$ 58	$ 15,298	$ 455,645	$ 648,150	$ 8,253,618
As of December 31, 2023									
Cost	$ 632,105	$ 43,056,308	$ 322,871	$3,326,249	$ 83,302	$ 437,034	$ 455,645	$ 648,150	$ 48,961,664
Accumulated depreciation	(392,830)	(36,218,443)	(299,521)	(3,292,272)	(83,244)	(421,736)	-	-	(40,708,046)
Net carrying amount as of December 31, 2023	$ 239,275	$ 6,837,865	$ 23,350	$ 33,977	$ 58	$ 15,298	$ 455,645	$ 648,150	$ 8,253,618
For the year ended December 31, 2024									
Net opening balance	$ 239,275	$ 6,837,865	$ 23,350	$ 33,977	$ 58	$ 15,298	$ 455,645	$ 648,150	$ 8,253,618
Translation effect	-	2,351	-	-	-	-	-	-	2,351
Additions	-	38,564	-	302	-	-	-	1,226,167	1,265,033
Transfers	(5,967)	1,275,349	2,004	5,521	207	11,755	(11,344)	(1,277,525)	-
Disposals, net	-	(21,053)	(32)	(18)	(51)	-	-	(3,389)	(24,543)
Impairment recognized in the year	(23,197)	-	-	-	-	-	-	-	(23,197)
Depreciation charges recognized in the year	(8,543)	(1,929,059)	(6,019)	(18,390)	(33)	(8,611)	-	-	(1,970,655)
Ending balance as of December 31, 2024	$ 201,568	$ 6,204,017	$ 19,303	$ 21,392	$ 181	$ 18,442	$ 444,301	$ 593,403	$ 7,502,607
As of December 31, 2024									
Cost	$ 584,698	$ 44,082,111	$ 322,218	$3,330,106	$ 68,676	$ 448,409	$ 444,301	$ 593,403	$ 49,873,922
Accumulated depreciation	(383,130)	(37,878,094)	(302,915)	(3,308,714)	(68,495)	(429,967)	-	-	(42,371,315)
Net carrying amount as of December 31, 2024	$ 201,568	$ 6,204,017	$ 19,303	$ 21,392	$ 181	$ 18,442	$ 444,301	$ 593,403	$ 7,502,607

Of the total depreciation expense, $1,942,646, $2,055,752 and $2,324,046 were charged to cost of sales, $28,009, $33,612 and $61,880 to selling and administrative expenses for 2024, 2023 and 2022, respectively.

Projects in process mainly include telecommunications network equipment to extend the Company's infrastructure and the capitalization period is approximately twelve months.

For the years ended December 31, 2024, 2023 and 2022, the Company capitalized $18,072, $18,307 and $11,086, respectively, of borrowing costs related to qualifying assets of $425,320, $458,243 and $368,205, respectively. These amounts were capitalized based on an interest rate of 9.69%, 9.19%, and 7.10%, respectively.

10. Right of use asset, net

The Company leases a different set of fixed assets including, buildings, telecommunications network, office equipment, computer equipment and vehicles. The average term of the lease contracts is 4 years.

a) The right of use recognized in the consolidated statement of financial position as of December 31, 2024, 2023 and 2022, is as follows:

Net book value	Land & buildings	Telecommunications equipment and networks	Furniture and office equipment	Computer equipment	Vehicles	Total
Balances as of December 31, 2022	$ 231,306	$101,460	$ 356	$ 12,227	$ 19,362	$ 364,711
Balances as of December 31, 2023	$ 171,261	$ 79,004	$ 288	$ 13,847	$ 48,298	$ 312,698
Balances as of December 31, 2024	$ 155,665	$ 58,033	$ 220	$ 21,151	$ 70,952	$ 306,021
Accumulated depreciation 2022	$(155,427)	$(24,683)	$ (79)	$ (22,311)	$ (13,336)	$(215,836)
Accumulated depreciation 2023	$(139,219)	$(22,435)	$ (68)	$ (11,195)	$ (16,995)	$(189,912)
Accumulated depreciation 2024	$(113,458)	$(20,821)	$ (68)	$ (4,745)	$ (20,672)	$(159,764)

Additions to the net book value of the right of use asset as of December 31, 2024, 2023 and 2022 amounted to $153,994, $137,981, and $82,973, respectively.

b) Expenses recognized in the consolidated statement of income for the year ended December 31, 2024, 2023 and 2022, are as follows.

	2024	2023	2022
Rent expenses from short-term leases	$ 1,084,339	$ 1,007,233	$ 948,345

The Company has not signed lease contracts, which at the date of the consolidated financial statements have not started.

During the year, the Company did not realize significant extensions to the term of its lease contracts.

11. Goodwill and intangible assets, net

				Definite life	Indefinite life			
	Concessions	Trademarks	Relationships with customers	Non-compete agreements	Software and licenses	Other	Goodwill	Total
As of January 1, 2022	$ 414,984	$ -	$ 78,615	$ -	$ 207,608	$ 276,215	$ 322,782	$ 1,300,204
Additions	-	-	-	-	57,316	10,721	-	68,037
Disposals	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Impairment recognized in the year	-	-	-	-	-	-	-	-
Amortization charges recognized in the year	(22,509)	-	(16,397)	-	(123,686)	(41,909)	-	(204,501)
Ending balance as of December 31, 2022	$ 392,475	$ -	$ 62,218	$ -	$ 141,238	$ 245,027	$ 322,782	$ 1,163,740
Cost	$ 468,838	$ 3,594	$ 190,739	$ -	$ 1,576,674	$ 577,249	$ 322,782	$ 3,139,876
Accumulated amortization	(76,363)	(3,594)	(128,521)	-	(1,435,436)	(332,222)	-	(1,976,136)
Ending balance as of December 31, 2022	$ 392,475	$ -	$ 62,218	$ -	$ 141,238	$ 245,027	$ 322,782	$ 1,163,740
As of January 1, 2023	$ 392,475	$ -	$ 62,218	$ -	$ 141,238	$ 245,027	$ 322,782	$ 1,163,740
Additions	-	-	-	-	67,350	4,400	-	71,750
Disposals	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Impairment recognized in the year	-	-	-	-	-	-	-	-
Amortization charges recognized in the year	(22,508)	-	(12,371)	-	(95,399)	(41,033)	-	(171,311)
Ending balance as of December 31, 2023	$ 369,967	$ -	$ 49,847	$ -	$ 113,189	$ 208,394	$ 322,782	$ 1,064,179
Cost	$ 468,838	$ 3,594	$ 190,739	$ -	$ 1,571,998	$ 581,649	$ 322,782	$ 3,139,600
Accumulated amortization	(98,871)	(3,594)	(140,892)	-	(1,458,809)	(373,255)	-	(2,075,421)
Ending balance as of December 31, 2023	$ 369,967	$ -	$ 49,847	$ -	$ 113,189	$ 208,394	$ 322,782	$ 1,064,179
As of January 1, 2024	$ 369,967	$ -	$ 49,847	$ -	$ 113,189	$ 208,394	$ 322,782	$ 1,064,179
Additions	-	-	-	-	62,125	2,209	-	64,334
Disposals	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Impairment recognized in the year	-	-	-	-	-	-	-	-
Amortization charges recognized in the year	(22,508)	-	(9,494)	-	(71,160)	(41,596)	-	(144,758)
Ending balance as of December 31, 2024	$ 347,459	$ -	$ 40,353	$ -	$ 104,154	$ 169,007	$ 322,782	$ 983,755
Cost	$ 468,838	$ 3,594	$ 190,739	$ -	$ 1,634,122	$ 583,858	$ 322,782	$ 3,203,933
Accumulated amortization	(121,379)	(3,594)	(150,386)	-	(1,529,968)	(414,851)	-	(2,220,178)
Ending balance as of December 31, 2024	$ 347,459	$ -	$ 40,353	$ -	$ 104,154	$ 169,007	$ 322,782	$ 983,755

The intangible assets with indefinite life of the Company include only goodwill. The rest of the intangible assets are of definite life.

Of the total amortization expense, $22,508, $22,508 and $22,508 were charged to cost of sales and $122,250, $148,803 and $181,993 to selling and administrative expenses in 2024, 2023 and 2022, respectively.

Company concessions

Axtel, as a group, has 3 (three) single concessions for commercial use granted by the Federal Telecommunications Institute ("IFT" for its acronym in Spanish), one in favor of Axtel S.A.B. de C.V., another one given to Alestra Servicios Móviles, S.A. de C.V., and another one in favor of Axe Redes e Infraestructura, S.A. de C.V, under which the Company is duly authorized to provide any telecommunications and/or broadcasting service, including, but not limited to the services of local fixed and mobile telephony; national and international long distance, SMS (short message service), purchase or rental of network capacity for the generation, transmission or reception of data, signals, writings, images, voice, sounds and other information of any nature; rental of digital circuits, etc.
In addition, Axtel S.A.B. de C.V. has concessions to use, take advantage of, and exploit frequency bands for specific use in the frequencies of 7 GHz. (2 concessions), 10 GHz. (17 concessions), 15 GHz. (4 concessions), 23 GHz. (6 concessions) and 38 GHz. (5 concessions).

The concession of Axtel S.A.B de C.V. is currently used to provide fixed services to the business, government and wholesale market. Alestra Servicios Móviles uses its only concession to provide mobile services in both the MVNE and MVNO modalities and the Axe Redes concession is used to provide residential services.

The Company's main concessions are as follows:

Service	Use	Period	Expiration
Single concession for commercial use of Axtel (1)	Comercial	30 years	2046
Single concession for commercial use of Alestra Servicios Moviles (2)	Comercial	30 years	2048
Single concession for commercial use of Axe Redes (3)	Comercial	30 years	2060
Various radio spectrum frequencies for the provision of point-to-point and point-to-multipoint microwave links (4)	Comercial	20 years	2038

(1) Concession valid for 30 years and renewable for up to equal terms, provided that the Company is in compliance with all of its obligations under the concession, as well as those contained in the legal, regulatory and administrative provisions.
(2) Concession valid for 30 years and renewable up to equal terms, provided that the Company is in compliance with all its obligations of the concession, as well as those contained in the legal, regulatory and administrative provisions.
(3) In 2024, the AXE REDES concession was extended for a period of 30 additional years starting on November 9, 2030. Until the new concession comes into effect, AXE REDES operates under the conditions of the Concession that expires in 2030.
(4) The radio spectrum concessions are to operate services in the following Radio Frequency Bands: 7 GHz, 10 GHz, 15 GHz, 23 GHz and 38 GHz.

Impairment testing of goodwill

At the date of issuance of the consolidated financial statements there was no impairment.

The following describes the discount rates and long-term growth rates used for the years ended December 31, 2024, 2023 and 2022:

	2024	2023	2022
Discount rate, after tax	12.7%	12.5%	12.1%
Long-term growth rate	3.8%	3.8%	3.0%

12. Other non-current assets	2024	2023	2022
Investments of shares	$ 825	$ 825	$ 825
Prepaid connection leases	4,313	7,820	10,815
Guarantee deposits	48,551	47,435	49,665
Prepaid maintenance	293,458	244,969	274,276
Other	180,992	127,966	100,024
Total other non-current assets	$528,139	$429,015	$435,605

13. Trade and other accounts payable

Trade and other accounts payable are analyzed as follows:

	2024	2023	2022
Current:			
Trade accounts payable	$1,937,529	$1,360,792	$1,833,222
Related parties	15,916	14,523	11,012
Value added tax and other federal and local	222,315	190,586	498,962
taxes	80,102	147,875	115,544
payable	95,078	84,977	123,833
Accrued expenses payable	$2,350,940	$1,798,753	$2,582,573

14. Provisions

	Litigation	Restructuring(1)	Total
As of January 1, 2022	$ 29,484	$ -	$ 29,484
Additions	-	-	-
Payments	(4,168)	-	(4,168)
As of December 31, 2022	$ 25,316	$ -	$ 25,316
Additions	-	387,553	387,553
Payments	(11,573)	(303,120)	(314,693)
As of December 31, 2023	$ 13,743	$ 84,433	$ 98,176
Additions	928	-	928
Payments	(2,827)	(84,433)	(87,260)
As of December 31, 2024	$ 11,844	$ -	$ 11,844

(1) Provisions due to restructuring include indemnities due to personnel changes.

Provisions as of December 31, 2024, 2023 and 2022 are short-term.

15. Deferred income

Deferred income movements during the year are shown as follows:

	2024	2023	2022
Beginning balance	$ 66,791	$ 45,208	$ 86,052
Increases	549,629	216,028	313,079
Recognized income of the year	(512,828)	(194,445)	(353,923)
Ending balance	$103,592	$ 66,791	$ 45,208

16. Debt

	2024	2023	2022
Banco Nacional de Comercio Exterior, S.N.C (Bancomext)	$ 3,026,182	$ 3,026,182	$ 3,026,182
Syndicated loan	4,530,375	4,519,180	-
Senior Notes	-	-	7,787,641
Export Development Canada (EDC)	2,026,830	1,689,350	572,761
International Finance Corporation (IFC)	1,216,098	1,013,610	-
Other loans	81,482	41,894	121,863
Accrued interest payable	173,020	172,456	104,453
Issuance costs	(66,268)	(93,002)	(52,780)
Total debt	10,987,719	10,369,670	11,560,120
Current portion of debt	(277,754)	(214,351)	(375,506)
Non-current debt	$10,709,965	$10,155,319	$11,184,614

The terms, conditions and carrying amounts of debt are as follows:

			Interest rate				Interest rate		
	Country	Currency	Contractual	Effective	Maturity date	Interest payment periodicity	2024	2023	2022
Bancomext	Mexico	MXN	TIIE + 2.10%	12.73%	05/01/2033	Quarterly	$ 3,026,182	$ 3,026,182	$ 3,026,182
Syndicated loan	International	MXN	TIIE + 3.00%	13.21%	15/04/2028	Monthly	841,545	971,545	-
Syndicated loan	International	USD	SOFR + 3.00%	7.28%	15/04/2028	Monthly	3,688,830	3,547,635	-
Senior Notes	International	USD	6.375%	6.72%	14/11/2024	Semi-annually	-	-	7,787,641
EDC	Canada	MXN	TIIE + 1.75%	12.51%	25/06/2024	Monthly	-	-	50,000
EDC	Canada	USD	SOFR + 3.05%	7.38%	26/01/2028	Monthly	2,026,830	1,689,350	-
EDC	Canada	USD	SOFR + 2.11%	6.47%	25/06/2024	Monthly	-	-	522,761
IFC	USA	USD	SOFR + 3.15%	7.46%	15/11/2030	Quarterly	1,216,098	1,013,610	-
Other loans	Mexico	MXN	Various	Various	Various	Quarterly	81,482	41,894	121,863
Total bank loans							10,880,967	10,290,216	11,508,447
Debt issuance costs							(66,268)	(93,002)	(52,780)
Accrued interest payable							173,020	172,456	104,453
Total debt							$10,987,719	$10,369,670	$11,560,120

As of December 31, 2024, annual maturities of non-current debt are as follows:

	2026	2027	2028	2029 onwards	Total(¹)
Bank loans	$1,524,826	$4,144,158	$2,124,886	$2,914,830	$10,708,700
Senior Notes	-	-	-	-	-
Other loans	16,111	18,609	21,493	11,321	67,534
	$1,540,937	$4,162,767	$2,146,379	$2,926,151	$10,776,234

(¹) The total is presented gross of debt issuance costs.

Debt issuance costs are directly attributable to issuance of the Company's debt and is amortized according to the effective interest rate over the lifetime of the debt.

Fair value of non-current debt is disclosed in Note 4. Estimated fair values as of December 31, 2024, 2023 and 2022 were determined using rates that reflect a similar credit risk depending on the currency, maturity period and country where the debt was acquired, regarding financial liabilities with financial institutions, finance leases, other liabilities and related parties. In the case of Senior Notes placed in international markets, the Company uses the market price of such Notes at the date of the consolidated financial statements. Measurement at fair value of such financial liabilities valued at amortized cost is deemed within Level 1 and 2 of the fair value hierarchy.

Covenants:

Loan agreements currently in effect contain restrictions for the Company, mainly to comply with certain financial ratios, delivery of financial information, keeping accounting records, compliance with applicable laws, rules and provisions. Failure to comply with these requirements within a specific term to the satisfaction of the creditors could be considered a cause for early termination.

Financial ratios to be fulfilled include the following:

a. Interest coverage ratio: which is defined as adjusted EBITDA (See Note 28) divided by financial expenses, net, for the last four quarters of the period analyzed. As of December 31, 2024, this ratio cannot be less than 2.75 times.

b. Net leverage ratio: which is defined as net consolidated debt (current and non-current debt, net of debt issuance costs, less unrestricted cash and cash equivalents) divided by adjusted EBITDA (See Note 28) for the last four quarters of the analyzed period. As of December 31, 2024, this ratio cannot be greater than 3.75 times.

Covenants contained in credit agreements establish certain obligations, conditions and exceptions that require or limit the capacity of the Company to:

- Grant liens on assets;
- Enter into transactions with affiliates;
- Conduct a merger in which the Company is dissolved;
- Unfavorable sale of assets;
- Change of control; and
- Pay dividends

As of December 31, 2024, and as of the date of issuance of these consolidated financial statements, the Company and its subsidiaries complied satisfactorily with the covenants established in the credit agreements.

17. Lease liability

	As of December 31,		
	2024	2023	2022
Current portion:			
USD:	$ 32,180	$ 29,532	$ 51,359
MXN:	76,900	78,223	169,609
Current lease liability	$109,080	$107,755	$220,968
USD:	$ 55,177	$ 69,728	$ 79,136
MXN:	218,818	191,136	241,822
	273,995	260,864	320,958
Less; Current portion of lease liability	109,080	107,755	220,968
Non-current lease liability	$164,915	$153,109	$ 99,990

	As of December 31,		
	2024	2023	2022
Beginning balance	$260,864	$320,958	$484,254
Additions/New contracts	153,994	137,981	82,973
Write-offs	(221)	(766)	(1,284)
Interest expense from lease liability	36,475	29,927	37,695
Lease payments	(188,891)	(218,498)	(276,453)
Foreign exchange gain (loss)	11,774	(8,738)	(6,227)
Ending balance	$273,995	$260,864	$320,958

The maturity of the lease liability is analyzed as follows:

	As of December 31,		
	2024	2023	2022
Less than 1 year	$135,076	$114,318	$223,962
Over 1 year and less than 5 years	181,895	139,699	94,631
Over 5 years	22,157	21,814	6,016
Total	$339,128	$275,831	$324,609

18. Employee benefits

Defined contributions plans:

The Company has a defined contribution plan. According to the structure of this plan, the reduction on labor liabilities is reflected progressively. The Company has established irrevocable trust funds for payment of the defined contribution plan. Due to the changes made in the 2014 tax reform, the Company interrupted the deposits to the trust; however, it has maintained this benefit and recognized labor obligations of $559,291, $502,661 and $421,430 as of December 31, 2024, 2023 and 2022, respectively.

Defined benefit plans:

The valuation of employee benefits for retirement plans is based primarily on their years of service, current age and estimated salary at retirement date.

Following is a summary of the primary financial data of these employee benefits:

	2024	2023	2022
Obligations in the consolidated statement of financial position:			
Pension benefits	$ 587,092	$ 451,731	$ 462,485
Post-employment medical benefits	11,047	11,281	7,340
Defined contribution additional liability	559,291	502,661	421,430
Liability recognized in the consolidated statement of financial position	$1,157,430	$ 965,673	$ 891,255
Charge in the consolidated statement of income for:	$ 64,520	$ 69,977	$ 59,284
Pension benefits	1,014	806	419
Medical benefits to retirement	$ 65,534	$ 70,783	$ 59,703
Remeasurements for accrued employee benefit	$ 25,898	$ 21,426	$ 4,961

Pension and post-employment medical benefits

The Company manages defined benefit pension plans based on employees' pensionable remuneration and length of service. Most of the plans are externally funded. The Company operates post-employment medical benefit plans. The accounting method, assumptions and frequency of the valuations are similar to those used for defined benefits in pension schemes. These plans are not fully funded.

The movement in the defined benefit obligation during the year was as follows:

	2024	2023	2022
As of January 1,	$463,012	$469,824	$416,336
Current service cost	26,201	28,979	27,532
Financial cost	39,333	41,804	32,171
Actuarial remeasurements	74,001	21,426	4,961
Benefits paid	(4,746)	(9,083)	(3,453)
Reductions	338	(89,938)	(7,723)
As of December 31,	$598,139	$463,012	$469,824

The primary actuarial assumptions were as follows:

	2024	2023	2022
Discount rate	10.50%	9.75%	9.25%
Future wage increase	6.00%	5.50%	5.00%
Medical inflation rate	7.00%	7.00%	7.00%

The sensitivity analysis of the main assumptions for defined benefit obligations were as follows:

	Impact on defined benefit obligations		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	$(38,359)	$43,213
Medical inflation rate	1%	$(13,126)	$9,398

The sensitivity analyses mentioned above are based on a change in an assumption, while all other assumptions remain constant. In practice, this is not likely to happen, and there may be changes in other correlated assumptions. When calculating the sensitivity of pension plans to principal actuarial assumptions, the same method has been used as if it involved calculation of liabilities pertaining to pension benefit plans recorded in the consolidated statement of financial position. The methods and type of assumptions used in preparing the sensitivity analysis suffered no changes with respect to the prior period.

19. Income taxes

a) Income taxes recognized in the consolidated statement of income:

	2024	2023	2022
Current income tax	$ -	$ -	$ (561)
Deferred income tax charge	394,204	61,194	48,887
Prior years' adjustment	-	(151)	(94)
Income tax expense	$ 394,204	$ 61,043	$ 48,232

b)

	2024	2023	2022
(Loss) income before taxes	$(1,085,398)	$ 253,262	$ (87,046)
Statutory rate	30%	30%	30%
Benefit (expense) at statutory rate	325,619	(75,979)	26,114
(Plus) less tax effect on:			
Tax effects of inflation	(101,735)	(115,018)	(248,144)
Non-deductibles	(30,748)	(33,892)	(26,150)
Other differences, net	201,068	285,932	296,412
Total income tax benefit recognized in income	$ 394,204	$ 61,043	$ 48,232
statement	(36)%	24%	(55)%

c) The detail of deferred income tax asset (liability) is as follows:

	2024	2023	2022
Tax loss carryforwards	$1,408,114	$1,102,946	$1,060,135
Allowance for doubtful accounts	262,382	387,590	410,395
Property, plant and equipment	1,457,913	1,346,101	1,458,128
Provisions and other	180,624	134,683	18,052
Intangible assets and other	54,013	(9,661)	11,245
Deferred tax asset	$3,363,046	$2,961,659	$2,957,955
Property, plant and equipment	$ (1,141)	$ (2,007)	$ (126,602)
Intangible assets and other	1,105	1,603	(18,347)
Tax loss carryforwards	-	-	69,389
Deferred tax liability	$ (36)	$ (404)	$ (75,560)

Deferred income tax assets are recognized over tax loss carryforwards to the extent the realization of the related tax benefit through future tax income is likely. Tax losses as of December 31, 2024, for which a tax asset was recognized amount to $4,693,715.

Tax losses as of December 31, 2024, expire in the following years:

Year of expiration	Amount
2026	$ 3,131,105
2029 onwards	1,562,610
	$4,693,715

d) The tax charge/(credit) related to other comprehensive (loss) income is as follows:

	2024 Before taxes	2024 Tax charged/ (credited)	2024 After taxes	2023 Before taxes	2023 Tax charged/ (credited)	2023 After taxes	2022 Before taxes	2022 Tax charged/ (credited)	2022 After taxes
Effect of currency translation	$ 3,514	$ -	$ 3,514	$ (2,881)	$ -	$ (2,881)	$(1,446)	$ -	$(1,446)
Fair value of derivative financial instruments	48,706	(14,612)	34,094	(37,091)	11,127	(25,964)	34,691	(10,407)	24,284
Remeasurements of employee benefits	(25,899)	7,770	(18,129)	(21,426)	6,428	(14,998)	(4,961)	1,488	(3,473)
	$26,321	$(6,842)	$19,479	$(61,398)	$17,555	$(43,843)	$28,284	$(8,919)	$19,365

20. Stockholders' equity

At the Extraordinary General Stockholders' Meeting held on March 8, 2024, a reserve for share repurchase of $100 million pesos was approved. For the year ended December 31, 2024, 334,879,853 shares were repurchased.

At the Extraordinary General Stockholders' Meeting held on March 8, 2024, the cancellation of 45,000 Class "I", Series "B" shares was approved, and, as consequence of the foregoing, a reduction of the fixed capital stock in the amount of $1.

At the Extraordinary General Stockholders' Meeting held on March 7, 2023, a reserve for share repurchase of $100 million pesos was approved. For the year ended December 31, 2023, 28,938,371 shares were repurchased.

At the Ordinary General Stockholders' Meeting held on March 7, 2022, the Company approved the cancellation of 424,991,364 Class "I", Series "B" common nominative shares representing the Company's capital stock, equivalent to 60,713,052 Ordinary Certificates, from the acquisition of own shares program that were in the Company's treasury.

As a consequence of the foregoing, a reduction of the fixed capital stock in the amount of $9,747, an amount that is equal to the theoretical value of the canceled shares.

At the Ordinary General Stockholders' Meeting held on March 7, 2022, a reserve for the repurchase of shares of $200 million pesos was approved. Additionally, a maximum amount of resources remain in force during the following fiscal years, unless an Ordinary Stockholders' Meeting resolves to allocate a different amount to the purchase of treasury shares.

As of December 31, 2024, 2023 and 2022, the balance of the reserve for the repurchase of share is $39,242, $95,965 and $200,000, respectively.

Following the aforementioned events, the Company's share capital, as of December 31, 2024, is $454,620 and is comprised of 19,460,417,893 Class "I", Series "B" common nominative shares, with no par value, entirely subscribed and paid in. As of that date, all series "B" shares issued by the Company were placed in a trust (CPO Trust).

Movements on the number of common shares of the Company during the year was as follows:

	Number of shares
Shares as of January 1, 2022	19,824,236,117
Repurchase of shares	-
Shares as of December 31, 2022	19,824,236,117
Repurchase of shares	28,938,371
Shares as of December 31, 2023	19,795,297,746
Repurchase of shares	334,879,853
Shares as of December 31, 2024	19,460,417,893

Net income for the year is subject to the legal provision requiring at least 5% of the profit for each period to be set aside to increase the legal reserve until it reaches an amount equivalent to one fifth of the capital stock.

Dividends paid are not subject to income tax if paid from the Net Tax Profit Account ("CUFIN" for its acronym in Spanish). Dividends exceeding CUFIN will generate income tax at the applicable rate of the period in which they are paid. This tax incurred is payable by the Company and may be credited against income tax in the same year or the following two years. Dividends paid from previously taxed profits are not subject to tax withholding or additional tax payments. As of December 31, 2024, the tax value of the CUFIN and tax value of the Capital Contribution Account ("CUCA" for its acronym in Spanish) amounted to $1,265,262 and $9,266,062, respectively.

In case of capital reduction, the procedures established by the Income Tax Law provide that any surplus of stockholders' equity be given over the balances of the fiscal accounts of the capital contributed, the same tax treatment applicable to dividends.

21. Revenues

a. Income for services:

	2024	2023	2022
Voice	$ 841,967	$ 842,326	$ 914,829
Managed networks	2,911,409	3,328,828	3,251,309
Internet data	4,808,632	4,233,654	4,192,632
Administrative applications	173,839	180,352	190,701
Hosting	351,390	343,124	273,832
System integration	919,750	829,230	652,537
Security	918,089	613,723	493,251
Cloud services	541,228	495,706	425,026
Other services	90,184	88,943	85,479
Total	$11,556,488	$10,955,886	$10,479,596

b. Income by geographical areas:

	2024	2023	2022
Mexico	$11,556,488	$10,949,069	$10,468,216
Outside Mexico	-	6,817	11,380
Total	$11,556,488	$10,955,886	$10,479,596

22. Expenses classified by their nature

Total cost of sales and selling and administrative expenses, classified by nature of the expense, were as follows:

	2024	2023	2022
Service cost (1)	$ 3,405,812	$ 3,168,613	$ 2,792,788
Employee benefit expenses (Note 25)	2,515,314	2,425,943	2,335,222
Maintenance	505,658	544,803	544,282
Depreciation and amortization	2,275,177	2,450,587	2,806,263
Advertising expenses	36,788	18,686	19,787
Energy and fuel consumption	242,130	261,981	277,250
Travel expenses	31,095	28,884	22,422
Lease expenses	1,084,339	1,007,233	948,345
Technical assistance, professional fees and administrative services	191,683	188,494	185,866
Other	(74,196)	279,191	449,993
Total	$10,213,800	$10,374,415	$10,382,218

(1) Service cost consists mainly of interconnection costs and costs related to implementation of IT solutions, including:

- Charges related to leased lines, normally paid on a per-circuit basis per month to Telmex and to other suppliers of last-mile access.

- Interconnection costs, including charges for local and resale access, paid on a per-minute basis mainly to Telmex.

- International payments to foreign operators on a per-minute basis to complete international calls originating in Mexico.

23. Other income (expenses), net

	2024	2023	2022
Impairment of non-current assets	$ (42,259)	$ (16,011)	$ (8,038)
Impairment of investments	-	-	(22,844)
(Loss) gain on sale of property, plant and equipment	(3,160)	78,417	25,449
Other income (expenses), net (1)	37,079	(68,136)	81,927
Total other (expenses) income, net	$ (8,340)	$ (5,730)	$ 76,494

(1) Reorganization expenses of $17,344 and $387,553 for the years ended 2024 and 2023, respectively.

24. Financial result, net

	2024	2023	2022
Financial income:			
Interest income on short-term bank deposits	$ 70,793	$ 43,301	$ 81,622
Other financial income	241	213,419	204,557
Total financial income	$ 71,034	$ 256,720	$ 286,179

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	2024	2023	2022
Financial expenses:			
Interest expense on bank loans	$(1,192,907)	$ (787,193)	$ (355,636)
Interest expense on senior notes	-	(259,753)	(611,410)
Interest expense on leases	(36,475)	(29,927)	(37,695)
Financial expenses related to employee benefits	(39,333)	(41,804)	(32,171)
Other financial expenses	(9,254)	(115,912)	(21,442)
Total financial expenses	$(1,277,969)	$(1,234,589)	$(1,058,354)
Exchange fluctuation gain (loss), net:			
Gain on exchange fluctuation	$ 3,500,838	$ 5,080,696	$ 5,229,662
Loss on exchange fluctuation	(4,713,648)	(4,425,305)	(4,718,405)
Exchange fluctuation gain (loss), net	$(1,212,810)	$ 655,391	$ 511,257

25. Employee benefit expenses

	2024	2023	2022
Salaries, wages and benefits	$2,017,290	$1,965,226	$1,906,718
Social security fees	384,648	356,125	329,048
Employee benefits	26,201	28,979	27,532
Other fees	87,175	75,613	71,924
Total	$2,515,314	$2,425,943	$2,335,222

Labor Reform Related to Vacations

On December 27, 2022, a decree was published by means of which articles 76 and 78 of the Federal Labor Law ("LFT" for its acronym in Spanish) for Mexico were reformed, which became effective on January 1, 2023. The main changes resulting from this labor reform considers the increase in the minimum annual vacation period for workers with more than one year of service.

The Company evaluated the accounting impacts generated by this labor reform and determined that the increases in the vacation and vacation premium provision, as a result of the increase in vacation days, were not significant as of December 31, 2024.

26. Transactions with related parties

Balances with related parties as of December 31, 2024, 2023 and 2022, were as follows:

	December 31, 2024	
	Accounts receivable	Accounts payable
Affiliates	$ 42,610	$ 15,916
Total	$ 42,610	$ 15,916

	December 31, 2023	
	Accounts receivable	Accounts payable
Affiliates	$ 21,922	$ 14,523
Total	$ 21,922	$ 14,523

	December 31, 2022	
	Accounts receivable	Accounts payable
Affiliates	$ 15,158	$ 11,012
Total	$ 15,158	$ 11,012

Transactions with related parties for the years ended December 31, 2024, 2023 and 2022, which were carried out in terms similar to those of arm's-length transactions with independent third parties, were as follows:

	Income	Year ended December 31, 2024	
	Telecommunication services	Interests	Other
Affiliates	$ 176,056	$ -	$ 47,662
Total	$ 176,056	$ -	$ 47,662

	Income	Costs and expenses	
	Telecommunication services	Interests	Other
Affiliates	$ 160,637	$ -	$ 45,933
Total	$ 160,637	$ -	$ 45,933

	Income	Year ended December 31, 2022	
	Telecommunication services	Interests	Other
Affiliates	$ 166,096	$ -	$ 38,884
Total	$ 166,096	$ -	$ 38,884

For the years ended December 31, 2024, 2023 and 2022, compensation and benefits paid to the Company's main officers totaled $109,376, $95,565 and $67,357, respectively, comprised of base salary and benefits required by law, complemented by a program of variable compensation basically based on the Company's results and the market value of Axtel's shares.

27. Contingencies and commitments

As of December 31, 2024, there are the following commitments and contingencies with respect to Axtel and subsidiaries:

I. I. Contingencies of Axtel S.A.B. de C.V.
a) Radiomovil Dipsa, S. A. de C. V. (Telcel). 2019 rates

2019 rates

i. An amparo lawsuit, regarding ITX and virtual mobile networks, where Axtel is recognized as an interested third party.

ii. January 2019: The Company received a notice of judgment filed by Telcel against the rates determined by the Federal Telecommunications Institute (“IFT”, for its acronym in Spanish), in terms of ITX and as Axtel's Virtual Mobile Operator (“OMV”, for its acronym in Spanish), for the period of 2019.

iii. Current status: Case closed in August 2024 in favor of Axtel.

2020 rates

i. An amparo lawsuit, regarding ITX and virtual mobile networks, where Axtel is recognized as an interested third party.

ii. January 2020: The Company received a notice of judgment filed by Telcel against the rates determined by the IFT, in terms of ITX and as Axtel’s OMV, for the year 2020.

iii. Current status: In second instance, given the precedents resolved by the SCJN, the outlook is favorable.

2021 rates

i. An amparo lawsuit regarding ITX and virtual mobile networks, where Axtel is recognized as an interested third party.

ii. January 2021: The Company received a notice of judgment filed by Telcel against the rates determined by the IFT, in terms of ITX and as Axtel's OMV, for the year 2021.

iii. Current status: First instance, appeal denied to Telcel (2023), review in progress, an adhesion contract was presented, the outlook is favorable given the precedents of the SCJN.

2022 rates

i. An amparo lawsuit in matters of ITX and virtual mobile networks, where Alestra Servicios Moviles (ASM) is recognized as an interested third party.

ii. January 2022: The Company received a notice of judgment filed by Telcel against the rates determined by the IFT, in terms of ITX and ASM's OMV, for the year 2022.

iii. Current status: First instance favorable, second instance in progress. Given the precedents of the SCJN, the outlook is favorable.

2023 rates

i. An amparo lawsuit, regarding ITX, where Axtel is recognized as an interested third party.

ii. January 2023: The Company received a notice of judgment filed by Telcel against the rates determined by the IFT, in terms of ITX, for the year 2023.

iii. Current status: First instance denied the appeal requested by Telcel, review in progress, an adhesion contract was presented, the outlook is favorable given the precedents of the SCJN.

2024 rates

i. An amparo lawsuit regarding ITX, where Axtel is recognized as an interested third party.

ii. December 2023: The Company received a notice of judgment filed by Telcel against the rates determined by the IFT, in terms of ITX, for the year 2024.

iii. Current status: In first instance, given the precedents resolved by the SCJN, the outlook is favorable.

As of the date of issuance, the Company and its advisers consider that the rates will prevail based on the resolutions obtained before the IFT, especially since the precedents resolved by the SJCN are favorable to Axtel's interests, therefore, it is estimated that there is no longer an adverse scenario.

As of the date of issuance, Axtel has recognized and paid the cost based on the rates determined by the IFT, and there are no provisions associated with this contingency.

b. Grupo Telefónica.

2018 rates

i. Two amparo lawsuits, regarding ITX and virtual mobile networks, where Axtel is recognized as an interested third party.

ii. January 2018: The Company received two notices of judgment filed by Telefonica against the rates for the 2018 period determined by the IFT.

iii. June 2018: the Company was notified of an amparo lawsuit filed by Telefonica against OMV's ITX rates for the period of 2018, determined by the IFT.

iv. Current status: Both cases closed in April 2024 in favor of Axtel.

2019 rates

i. An amparo lawsuit, regarding ITX and virtual mobile networks, where Axtel is an interested third party.

ii. June 2019: the Company was notified of a lawsuit filed by Telefonica against the rates for the period of 2019, determined by the IFT.

iii. Current status: Case closed in May 2024 in favor of Axtel.

2020 rates

i. Two amparo lawsuits, regarding ITX and virtual mobile networks, where Axtel is an interested third party.

ii. June 2020: the Company was notified of a lawsuit filed by Telefonica against the rates for the year 2020, determined by the IFT.

iii. Current status: Case closed in February 2024 in favor of Axtel.

As of the date of issuance, the Company and its advisers consider that the rates will prevail based on the resolutions obtained before the IFT, especially since they have precedent in the Máximo Tribunal, therefore, it's estimated that an adverse scenario no longer exists.

As of the date of issuance, the Company has recognized and paid the cost based on the rates determined by the IFT, and there are no provisions associated with this contingency.

c. Telmex & Telnor.

2024 rates

i. A lawsuit regarding ITX / OMV, Axtel is recognized as an interested third party.

ii. December 2023: The Company was notified of an amparo lawsuit against the rates for the year 2024, determined by the IFT.

iii. Current status: Trial in first instance, given the precedents resolved by the SCJN, the outlook is favorable.

As of December 31, 2024, the Company and its advisers consider that the rates will prevail based on the resolutions obtained before the IFT, especially since there are favorable precedents in the Máximo Tribunal and a series of litigation precedents favorable to Axtel, therefore, it is estimated that an adverse scenario no longer exists.

As of the date of issuance, Axtel has recognized and paid the cost based on the rates determined by the IFT, and there are no provisions associated with this contingency.

II. Commitments of Alestra Servicios Moviles.

a. Radiomovil Dipsa, S. A. de C. V. (Telcel).

2022 rates

i. An amparo lawsuit in matters of ITX and virtual mobile networks, where Alestra Servicios Moviles (ASM) is recognized as an interested third party.

ii. January 2022: The Company received a notice of judgment filed by Telcel against the rates determined by the IFT, in terms of ITX and ASM's OMV, for the year 2022.

iii. Current status: First instance favorable, second instance in progress. Given the precedents of the SCJN, the outlook is favorable.

2023 rates

i. An amparo lawsuit, in matters of ITX and virtual mobile networks, Alestra Servicios Moviles (ASM) is recognized as an interested third party.

ii. January 2023: The Company received a notice of judgment filed by Telcel against the rates determined by the IFT, in terms of ITX and ASM's OMV, for the year 2023.

iii. Current status: First instance favorable, second instance in progress. Given the precedents of the SCJN, the outlook is favorable.

2024 rates

i. An amparo lawsuit in matters of ITX and virtual mobile networks, where Alestra Servicios Moviles (ASM) is recognized as an interested third party.

ii. December 2023: The Company received a notice of judgment filed by Telcel against the rates determined by the IFT, in terms of ITX and ASM's OMV, for the year 2024.

iii. Current status: In first instance, given the precedents resolved by the SCJN, the outlook is favorable.

As of the date of issuance, the Company and its advisers consider that the rates will prevail based on the resolutions obtained before the IFT, especially since the precedents resolved by the SJCN are favorable to ASM's interests, therefore, it is estimated that there is no longer an adverse scenario.

As of the date of issuance, Axtel has recognized and paid the cost based on the rates determined by the IFT, and there are no provisions associated with this contingency.

III. Strategic Commercial Litigation

a. Litigation between Axtel and Integradores y Operadores del Norte S. A. de C. V.

In 2007, Axtel hired Integradores y Operadores del Norte S.A. de C.V. (ION).

In 2017, ION filed a lawsuit asking for Axtel to pay $113,000 for services, interest, damages and costs.

In October 2020, ION obtained a favorable protection, managing to modify the sentence in his favor to collect $12,199. The Company has made the corresponding reserve to face this contingency.

In 2022, the Company obtained an amparo ruling in its favor, modifying the sentence against it.

In December 2024, a new judgment was issued in compliance with an injunction granted to ION condemning Axtel. Resolutions of new appeals against said judgment filed by the Company will remain pending; considering that the effects of the contested judgment are contradictory and reiterate aspects already judged that favored the Company, a suspension has been granted with the purpose of not executing the established sentence.

b. Compensatory Procedures in the Federal Superior Auditors (“ASF” for its acronym in Spanish)

In May 2019, the ASF determined a compensation liability of $34.1 million against S&C Constructores de Sistemas, S.A. de C.V., which was disputed by the TFJA.

With respect to the aforementioned, in March 2023, the Tax Administration Service (“SAT” for its acronym in Spanish) calculated an updated amount and surcharges of $45.2 million, a determination that was challenged by an administrative lawsuit, which is currently suspended. The tax credit is guaranteed.

In this regard, the Company and its advisors consider a big possibility of obtaining a highly favorable outlook for both litigations given the ruling issued by the SCJN.

c. Litigation between Axtel and Secretariat of Welfare

In 2022, Axtel filed an annulment lawsuit before the Federal Court of Administrative Justice, against the Secretariat of Welfare, in which a payment of $24.3 million is claimed for the provision of services in the year 2020, in addition to financial expenses.

The matter concluded favorably in the first and second instance for Axtel; a review is currently being processed to improve the scope of the ruling.

In this sense, the Company and its advisers consider the possibility of obtaining a result with favorable prospects for said trial.

IV. Other contingencies and notes:

The Company is involved in various lawsuits and claims, derived from the normal course of its operations, which are expected not to have a significant effect on its financial position and future results, and provisions, were recorded in the books associated with these contingencies.

28. Segment information

Starting in 2023, the information used by the Chief Executive Officer, who is the highest authority in making operational decisions, allocation of resources and evaluation of performance, is presented through its business units: business, government and wholesale. Therefore, derived from the new approach of evaluating the business, the segment information of 2022 has been restructured for comparative purposes.

The service segment portfolio for the business and government clients includes advanced solutions for managed networks, collaboration and information technology (IT) such as systems integration, cloud services, cybersecurity, among others. On the other hand, the connectivity solutions of the wholesale unit for wholesale clients or operators (including the services unit) include last-mile access, IP transit, spectrum, fiber to the tower and fiber to the data center, among others.

Axtel has the second largest fiber network in Mexico, with an infrastructure of approximately 53,600 kilometers of fiber (including 14,300 kilometers of capacity).

In addition to the three operating segments focused on the client, the remaining operations of the Company are included in the "Unallocated expenses" category to be included in the consolidated statements of income of the Company. This category includes expenses associated with centralized functions, including procurement, supply chain and the Company's senior management.
These operating segments are managed separately since the products and services offered and the markets in which they are focused are different. The resources are allocated to the operational segments considering the strategies defined by the Company's Management. Transactions between the operating segments are carried out at market values.

The performance of the operating segments is measured based on the Business Unit Contribution (BUC), defined as the operating profit of each segment, including sales, costs per segment and direct segment expenses, as included in internal financial reports reviewed by the Chief Executive Officer.

The Company defines Adjusted EBITDA as the result of adding to the operating profit (loss), depreciation and amortization and the impairment of non-current assets; it is considered a useful measure of the operational performance of the business since it provides a significant analysis of commercial performance by excluding specific items reported separately due to their nature or incidence. Income or interest expenses are not allocated to reportable segments, since this activity is handled globally by central treasury.

When projects are not directly attributed to a particular operating segment, capital expenditure is allocated to each segment based on the rate of future economic benefits estimated as a result of capital expenditure.

Below is the consolidated financial information of the information segments:

I. Financial information by segments:

	2024			
	Business	**Government**	**Wholesale**	**Total**
Sales by segment	$8,483,134	$1,310,243	$1,763,111	$ 11,556,488
Service cost	(2,304,512)	(768,201)	(333,099)	(3,405,812)
Expenses	(792,679)	(162,795)	159,698	(795,776)
Business unit contribution (BUC)	5,385,943	379,247	1,589,710	7,354,900
Unallocated expenses				(3,685,772)
Adjusted EBITDA before reorganization expenses				3,669,128
Reorganization expenses				(17,344)
Adjusted EBITDA				3,651,784
Impairment of non-current assets				(42,259)
Depreciation and amortization				(2,275,177)
Operating income				1,334,348
Financial result, net				(2,419,745)
Profit (loss) before taxes				$ (1,085,397)

2023

	Business	Government	Wholesale	Total
Sales by segment	$7,936,314	$1,229,730	$ 1,789,842	$ 10,955,886
Service cost	(2,171,388)	(694,516)	(302,709)	(3,168,613)
Expenses	(702,842)	(112,502)	(241,837)	(1,057,181)
Business unit contribution (BUC)	5,062,084	422,712	1,245,296	6,730,092
Unallocated expenses				(3,300,203)
Adjusted EBITDA before reorganization expenses				3,429,889
Reorganization expenses				(387,553)
Adjusted EBITDA				3,042,336
Impairment of non-current assets				(16,008)
Depreciation and amortization				(2,450,587)
Operating income				575,741
Financial result, net				(322,478)
Profit before taxes				$ 253,263

2022

	Business	Government	Wholesale	Total
Sales by segment	$7,539,397	$1,007,310	$1,932,889	$ 10,479,596
Service cost	(2,013,915)	(443,221)	(335,652)	(2,792,788)
Expenses	(708,748)	(9,894)	(219,182)	(937,824)
Business unit contribution (BUC)	4,816,734	554,195	1,378,055	6,748,984
Unallocated expenses				(3,737,967)
Adjusted EBITDA				3,011,017
Impairment of non-current assets				(30,882)
Depreciation and amortization				(2,806,263)
Operating income				173,872
Financial result, net				(260,918)
Loss before taxes				$ (87,046)

29. Subsequent events

In preparing the consolidated financial statements, the Company has evaluated the events and transactions for recognition or disclosure subsequent to December 31, 2024, and through January 31, 2025, (issuance date of the consolidated financial statements), has not identified any relevant events.

30. Authorization to issue the consolidated financial statements

On January 31, 2025, the issuance of the accompanying consolidated financial statements was authorized by Armando de la Peña González, Chief Executive Officer, Adrián de los Santos Escobedo, Chief Financial Officer, and José Salvador Martín Padilla, Corporate Controller.

These consolidated financial statements are subject to the approval of the Company's ordinary stockholders' meeting.

About This Report

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Axtel's 2024 Integrated Annual Report offers a comprehensive overview of the company's operational results, covering labor, social, environmental, financial, and governance aspects. This document provides a detailed account of our performance in Mexico, excluding the activities of associated entities or subsidiaries.

Axtel is an Information and Communication Technologies company with 28 years of experience that, through its commercial brands Alestra and Axnet, offers advanced and reliable technology solutions in Mexico.

This report has been prepared with reference to the GRI Standards, using data corresponding to the period from January 1 to December 31, 2024. It also includes financial results for the fiscal year ending December 31, 2024. The boundaries for environmental data disclosure have been aligned with those of financial reporting to ensure consistency in presenting results.

Additionally, this report incorporates the applicable requirements of the Sustainability Accounting Standards Board (SASB) for our sector—telecommunications, software, and information technology—and includes the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), focusing on climate-related risks and opportunities. It also considers the suggestions of the Climate Disclosure Standards Board (CDSB) and Disclosure Insight Action (CDP), reinforcing our commitment to sustainability. Between 75% and 100% of our revenue is covered by our sustainability disclosure.

Responsibility for the review and approval of this report lies with Axtel's Executive Directors, who also share their perspectives on the most relevant topics and key events of the year.

Aware of the importance of providing reliable and verifiable information to our stakeholders, Axtel has worked to ensure data accuracy. To this end, the 2024 Integrated Annual Report was verified by e3 Consultora, an independent technical verifier authorized by the company's highest governing body and executive management. This verification process, limited to a selection of the report's content, reinforces our commitment to integrity and corporate responsibility.

This effort highlights Axtel's dedication to transparency, demonstrating our adherence to best governance practices and reinforcing our mission to generate a positive impact on society and the environment.

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TC-TL-520a.2	Average actual sustained download speed for (1) owned and commercially associated content and (2) non-associated content	"201 At Axtel, we guarantee symmetrical upload and download speeds, which depend on the bandwidth contracted by the customer."
TC-TL-520a.3	Description of risks and opportunities associated with net neutrality, paid prioritization, zero-rating, and related practices	
TC-TL-550a.1	(1) System average interruption frequency and (2) customer average interruption duration	75, 80
TC-TL-550a.2	Discussion of systems to provide unimpeded service during service interruptions	80

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TC-SI-130a.2	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with high or extremely high baseline water stress	123
TC-SI-130a.3	Discussion of the integration of environmental considerations into strategic planning for data center needs	No se reporta.
TC-SI-220a.1	Description of policies and practices relating to behavioral advertising and user privacy	75
TC-SI-220a.2	Number of users whose information is used for secondary purposes	75
TC-SI-220a.3	Total amount of monetary losses as a result of legal proceedings associated with user privacy	75
TC-SI-220a.4	(1) Number of law enforcement requests for user data, (2) number of users whose information was requested, (3) percentage resulting in disclosure	"75 In 2024, we did not register any requests of this kind."
TC-SI-220a.5	List of countries where core products or services are subject to government monitoring, blocking, content filtering, or censorship	"202 Not applicable, as none of the organization's products or services are subject to oversight, blocking, filtering, or censorship."
TC-SI-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of users affected	75
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TC-SI-330a.1	Percentage of employees who are (1) foreign nationals and (2) located outside the home country	90
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TC-SI-330a.3	Percentage of gender and racial/ethnic group representation in (1) management, (2) technical staff, and (3) all other employees	90
TC-SI-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	84
TC-SI-550a.1	Number of (1) performance issues, (2) service disruptions, (3) total customer downtime	75, 80
TC-SI-550a.2	Description of operational continuity risks related to disruptions	80
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TC-SI-000.B	(1) Data processing capacity, (2) percentage outsourced	75
TC-SI-000.C	(1) Data storage capacity, (2) percentage outsourced	75

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TCFD

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Verification Letter

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Public Verification Letter 2024

Mexico City, April 2025

To whom it may concern:

e3 Consultora, a firm specialized in corporate sustainability services, issues this **Independent Verification Letter** regarding the **2024 Integrated Annual Report of Axtel, S.A.B. de C.V.**

Purpose of the verification

The objective of the verification was to assess the methodological consistency, narrative integrity, and traceability of the information disclosed in **Axtel's 2024 Integrated Annual Report**. This assessment covered both economic and operational aspects, as well as environmental, social, and governance (ESG) factors, referencing international corporate reporting frameworks.

Scope of the verification

The scope of this limited technical verification included the review of the structure of the 2024 Integrated Annual Report, its governance model, disclosure mechanisms, and the evaluation of economic, operational, and ESG performance indicators. It also included the traceability of data in relation to the material topics identified.

This verification did not involve a financial audit nor the independent validation of quantitative methodologies. It was conducted through documentary and narrative review, applying criteria of reasonableness and consistency. The analysis referenced international frameworks such as the GRI Standards 2021, SASB (telecommunications sector), TCFD, GHG Protocol, the SDGs, and national criteria under Mexico's RENE program.

General verification results

The technical review found that Axtel's 2024 Integrated Annual Report:

- Demonstrates a structured and progressive approach to the disclosure of operational and sustainability results.
- Maintains narrative consistency across the reported material topics and strategic management areas.
- Shows relevant progress in corporate governance, environmental performance, and social management, in line with international ESG reporting trends.

No material inconsistencies were identified that would contravene the fundamental principles of transparency, balance, clarity, comparability, and traceability as established in the applied frameworks.

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The following table summarizes the observed maturity assessment by thematic dimension:

Dimension Evaluated	General Observation
Corporate Governance and Ethics	Consolidated and well-documented practices.
Environmental Performance	Significant progress with areas for improvement.
Social and Labor Performance	Structured initiatives in a consolidation phase.
Sustainable Supply Chain	In development, with potential for enhancement.
Stakeholder Engagement	Active mechanisms, with opportunity for greater traceability.

Table 1. Evaluated dimensions in the verification

Conclusions

Based on the review performed, **e3 Consultora concludes** that Axtel's 2024 Integrated Annual Report **constitutes a robust exercise** in organizational transparency, with significant progress in the disclosure of strategic and operational results under international frameworks.

The gradual adoption of the improvement opportunities identified will enable further strengthening of the report's depth, traceability, and comparability in future cycles, aligning it with leading international corporate sustainability practices.

Sincerely,

Lead Verifier	**Verification Team**	**Verification Team**
Chief Operating Officer	Operational Coordinator	Technical Specialist
David Romero Parra	Gerardo Ríos Aguila	Illiana Arias Hernández

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