

# EARNINGS REPORT

Second Quarter 2023 (2Q23)



**Monterrey, Mexico, July 26, 2023.-** Axtel, S.A.B. de C.V. (BMV: AXTELCPO) and Controladora Axtel, S.A.B. de C.V. (BMV: CTAXTEL) (jointly, "Axtel", the "Company"), a Mexican Information and Communications Technology company, announced today its unaudited results for the second quarter of 2023 ("2Q23").

## Axtel reports 2Q23 EBITDA of US \$43 million (Ps. 764 million)

### SELECTED FINANCIAL INFORMATION

(IN MILLIONS)

	2Q23	1Q23	2Q22	(% ) 2Q23 vs.		YTD'23	YTD'22	YTD
				1Q23	2Q22			Δ (%)
Revenues (Ps.)	2,631	2,746	2,544	(4)	3	5,377	5,091	6
US \$	149	147	127	1	17	296	251	18
EBITDA (Ps.) <sup>1</sup>	764	547	701	40	9	1,311	1,418	(8)
US \$	43	29	35	48	24	72	70	4
Comparable EBITDA (Ps.) <sup>2</sup>	764	736	701	4	9	1,501	1,418	6
US \$	43	40	35	9	24	83	70	18
Net Income (loss) (Ps.)	63	221	(171)	(71)	--	285	(60)	--
US \$	4	12	(9)	(67)	--	16	(3)	--
CAPEX (Ps.) <sup>3</sup>	377	349	313	8	21	726	645	13
US \$	21	19	16	14	37	40	32	26
Net Debt (US \$)	564	552	570	2	(1)			
Net Debt / Comparable EBITDA <sup>4</sup>	3.5	3.6	3.7					
Interest Coverage <sup>4</sup>	5.5	5.3	3.1					

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

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

3) Gross amount; does not include divestments.

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

### 2Q23 HIGHLIGHTS

#### LISTING CONTROLADORA AXTEL

- On May 29, Controladora Axtel S.A.B. de C.V., began trading on the Mexican Stock Exchange, concluding the spin-off process of the Alfa, S.A.B. de C.V. ("ALFA") shareholding in Axtel, that began a year ago.
  - ALFA shareholders received one Controladora Axtel share for each ALFA share they owned. The number of AXTELCPOs remains unchanged.

#### RESULTS

- Results in the three business segments continue their positive trend, with revenue growth of 5%, 18% and 2% for the enterprise, government and wholesale segments, respectively, for the first semester of 2023, compared to the same period in 2022.
- EBITDA in the second quarter and for the first semester 2023 increased 9% and 6%, respectively, compared to the same period of 2022.

#### 2024 SENIOR NOTES REFINANCING

- On July 21, Axtel refinanced all US\$314 million amount outstanding of its Senior Notes due November 2024.
  - Proceeds came from a bilateral loan and syndicated credit facility linked to sustainability indicators with nine financial institutions, both with a 5-year term.
- The average life of total debt was extended to 5 years.

#### ESG & CYBERSECURITY

- During the quarter, Axtel signed a collaboration agreement with a technology partner, through which both companies agree to share strategic information on threats related to cybersecurity and defensive measures.
  - Strengthening the Company's value proposition for its clients in terms of cyber defense and cyber resilience.
- For the 16<sup>th</sup> consecutive year, Axtel received the *Socially Responsible Company* distinction from Centro Mexicano para la Filantropía (CEMEFI), highlighting the importance of aligning the Company's strategies with the ESG criteria that govern its operations.

## MESSAGE FROM AXTEL'S CEO

*“The separation process of ALFA’s shareholding in Axtel concluded with the listing of Controladora Axtel on May 29. This spin-off represents an opportunity to deepen our organic and strategic growth agenda, while maintaining the same corporate governance and financial discipline. Additionally, members of the Board of Directors and Executive Committees remain unchanged.*”

*In the quarter, the execution of our new operating and commercial model continues to gain momentum. The results maintain a positive trend, driven by the Enterprise and Government segments and the optimization of processes and expenses. In the Enterprise and Wholesale segments, recurring revenue from new contracts increased compared to the first semester of the previous year, key to accelerating growth and profitability. The Government segment also shows positive results from the reorganization and new strategy implemented in 2022, whose revenues for the quarter and first semester reflected double-digit growth, and the renewal of existing services is 85% completed already.*

*In this context, we will continue to develop a clear specialization and differentiation, key factors in our new operating and commercial model, supported by the streamlining of processes and greater customer proximity and orientation, to accelerate profitable growth”.*

Armando de la Peña

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

## REVENUES

(IN MILLIONS)

	2Q23	1Q23	2Q22	(% ) 2Q23 vs.		YTD'23	YTD'22	YTD Δ (%)
				1Q23	2Q22			
<b>Enterprise (Ps.)</b>	<b>1,961</b>	<b>1,942</b>	<b>1,866</b>	<b>1</b>	<b>5</b>	<b>3,903</b>	<b>3,722</b>	<b>5</b>
US \$	111	104	93	7	19	215	184	17
<b>Government (Ps.)</b>	<b>208</b>	<b>358</b>	<b>188</b>	<b>(42)</b>	<b>11</b>	<b>567</b>	<b>479</b>	<b>18</b>
US \$	12	19	9	(39)	25	31	24	32
<b>Wholesale (Ps.)</b>	<b>462</b>	<b>445</b>	<b>490</b>	<b>4</b>	<b>(6)</b>	<b>907</b>	<b>890</b>	<b>2</b>
US \$	26	24	24	10	7	50	44	14
<b>TOTAL REVENUES (Ps.)</b>	<b>2,631</b>	<b>2,746</b>	<b>2,544</b>	<b>(4)</b>	<b>3</b>	<b>5,377</b>	<b>5,091</b>	<b>6</b>
US \$	149	147	127	1	17	296	251	18

Total revenues reached Ps. 2,631 million in 2Q23, a 3% increase year-over-year, due to 5% and 11% increases in Enterprise and Government segment, respectively, partially mitigated by a 6% decline in Wholesale segment.

### WHOLESALE SEGMENT (INFRASTRUCTURE) (17% of YTD revenues)

Revenues reached Ps. 462 million in 2Q23, a 6% decrease compared to the year-earlier quarter, mainly due to a decline in wholesale connectivity revenues as a result of access disconnections of multinational companies provided through a wholesale international customer.

### ENTERPRISE SEGMENT (73% of YTD revenues)

Enterprise segment revenues totaled Ps. 1,961 million in 2Q23, a 5% increase compared to 2Q22, due to 2% and 19% increases in *standard* and *digital transformation* services, respectively (Table 1).

**STANDARD SERVICES** revenues reached Ps. 1,225 million in 2Q23, a 2% increase year-over-year; due to a 9% increase in *data and Internet* revenues related to new and incremental services, partially mitigated by a 15% decline in *voice*.

**VALUE-ADDED SERVICES** revenues totaled Ps. 277 million in 2Q23, 1% lower compared to 2Q22.

**DIGITAL TRANSFORMATION** revenues reached Ps. 459 million in 2Q23, up 19% compared to 2Q22, driven by higher revenues in all business lines, mainly a combined 20% increase in *cloud* and *cybersecurity* solutions; and a 14% growth in *collaboration*.

## REVENUES (cont'd)

### GOVERNMENT SEGMENT (11% of YTD revenues)

Government segment revenues amounted Ps. 208 million in 2Q23, an 11% increase compared to 2Q22, mostly explained by increases in both *standard* and *value-added* services due to the positive progress in the renewal of contracts. (Table 2).

**STANDARD SERVICES** revenues reached Ps. 116 million in 2Q23, 35% higher than 2Q22, mainly explained by a strong increase in *VPN & Ethernet* solutions.

**VALUE-ADDED SERVICES** revenues reached Ps. 58 million in 2Q23, which represented a 41% growth vs 2Q22; as a result of an increase in both *managed services* and *systems integration*.

**DIGITAL TRANSFORMATION** revenues reached Ps. 34 million in 2Q23, 44% lower than 2Q22, mostly due to pending renewals already in the process of being formalized.

## GROSS PROFIT

Gross profit is defined as revenues minus cost of revenues. For 2Q23, gross profit was Ps. 1,918 million, a 4% increase compared to 2Q22, mainly due to a growth in the Enterprise segment.

**ENTERPRISE** gross profit amounted Ps. 1,432 million in 2Q23, a 7% increase compared to the year-earlier quarter, in line with the growth in revenues.

**GOVERNMENT** gross profit amounted Ps. 105 million in 2Q23, 4% higher compared to the year-earlier quarter, mainly explained by higher standard services revenues, mitigated by the decline in *digital transformation* revenues.

**WHOLESALE** gross profit amounted to Ps. 381 million in 2Q23, a 6% decrease, in line with the decline in revenues.

## OPERATING AND COMMERCIAL EXPENSES

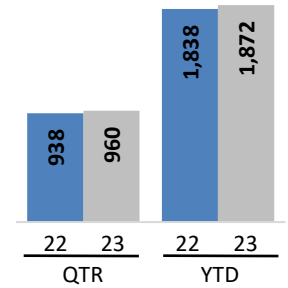
Starting 2023, expenses are broken down in operating and commercial expenses, which are directly related to the Enterprise, Government and Wholesale segments; and general corporate expenses, which consist of central business areas such as finance, human resources and legal departments.

Operating and commercial expenses reached Ps. 959 million in 2Q23, a 6% increase compared to the year-earlier quarter, mainly due to increases in tower lease expenses, in line with inflation, and in bad debt provisions resulting from an extraordinary collection in the Government segment recorded in the 2Q22.

## CONTRIBUTION TO EBITDA (BEFORE GENERAL EXPENSES)

Business segments' contribution to EBITDA reached Ps. 960 million in 2Q23, a 2% increase compared to 2Q22, as the 4% growth in gross profit was mitigated by the 6% increase in commercial and operating expenses.

(in Million Ps.)



## GENERAL EXPENSES AND OTHER INCOME (EXPENSES)

General expenses (consisting of central business areas) reached Ps. 250 million in 2Q23, a 4% growth representing less than the inflation pressure prevailing on personnel, rents and maintenance expenses. This increase below inflation, reflects the benefits from a leaner new organization.

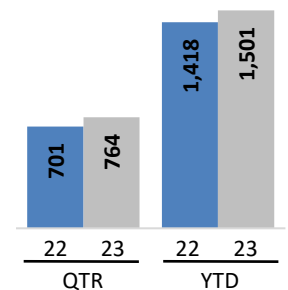
Other income reached Ps. 55 million during 2Q23 compared to Ps. 4 million recorded in 2Q22.

## EBITDA

EBITDA reached Ps. 764 million in 2Q23, 9% higher compared to 2Q22, mainly due to the increase in contribution to EBITDA previously described, and a benefit in other income.

EBITDA margin increased slightly from 28% in 2Q22 to 29% in 2Q23.

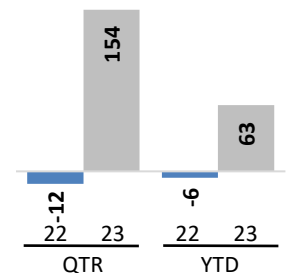
(in Million Ps.)



## OPERATING INCOME (LOSS)

Operating income in 2Q23 reached Ps. 154 million, compared to an operating loss of Ps. 12 million a year ago, due to the 9% EBITDA growth, as well as a lower depreciation and amortization.

(in Million Ps.)



## COMPREHENSIVE FINANCING RESULT

The comprehensive financing result reached a benefit of Ps. 98 million in 2Q23, compared to a comprehensive financing cost of Ps. 254 million in 2Q22. Explained by a Ps. 340 million FX gain during 2Q23 resulting from an appreciation of the Mexican peso against the US dollar, compared to a Ps. 9 million FX loss in 2Q22. Net interest expenses decreased marginally 1% from 2Q22 to 2Q23.

## NET DEBT

As of June 30, 2023, net debt was US \$564 million, down 1% or US \$7 million in comparison with 2Q22; comprised of a US \$89 million decrease in debt, a US \$31 million non-cash increase in debt caused by a 17% appreciation of the Mexican peso year-over-year and a US \$52 million decrease in cash.

Total debt reduction of US \$89 million year-over-year is explained by i) a US \$126 million decrease related to the tender and open market repurchases of the 2024 Senior Notes; ii) a US \$40 million increase related to a new 5-year bank loan; iii) a US \$9 million increase in committed loans; iv) a US \$9 million decrease in other loans and financial leases; and v) a US \$3 million decrease due to the amortization of the long-term facility.

As of 2Q23, cash balance totaled US \$35 million (Ps. 598 million), compared to US \$87 million (Ps. 1,730 million) in 2Q22, a 60% decrease, related to the repayment of debt.

Financial ratios for 2Q23 were: Net Debt to Comparable EBITDA of 3.5 times and Interest Coverage of 5.5 times (Table 6).

## CAPITAL EXPENDITURES (CAPEX)

Capital investments totaled US \$21 million in 2Q23, compared to US \$16 million in 2Q22.

Capex as a percentage of total revenues was 14% in 2Q23 in comparison with 12% in 2Q22.

## OTHER INFORMATION

- This report presents unaudited financial information based on International Financial Reporting Standards (IFRS). Figures are presented in Mexican Pesos (Ps.) or US Dollars (US \$), as indicated. Where applicable, Peso amounts were translated into US Dollars using the average exchange rate of the months during which the operations were recorded.
- This report may contain forward-looking information based on numerous variables and assumptions that are inherently uncertain. They involve judgments with respect to, among other things, future economic, competitive and financial market conditions and future business decisions and financial performance of the company, all of which are difficult or impossible to predict accurately. These statements reflect management's current views, which are subject to different risks. Accordingly, results could vary from those set forth in this release. The company disclaims any obligation to update statements in this release based on new information available.
- Net Debt / Comparable EBITDA ratio: means net debt translated into US Dollars using the end-of-period exchange rate divided by LTM Comparable EBITDA translated into US Dollars using the average exchange rate for each month during which the operations were recorded. Net debt means total debt (including accrued interests) minus cash (including restricted cash).
- Interest Coverage ratio: means the ratio of LTM Comparable EBITDA to interest expense (net of interest income), both translated into US Dollars using the average exchange rate for each month during which the operations were recorded.
- To reduce exchange rate risk exposure, as of June 30, 2023, Axtel maintained forward transactions for an outstanding amount of US \$140 million @ 18.97 MXN/USD, where Axtel buys USD and sells MXN, hedging its USD obligations up to January 2024.
- Subject to market conditions, the Company's liquidity position and its contractual obligations, from time to time, the Company may acquire or divest its own shares (AxtelCPOs).

## ABOUT CONTROLADORA AXTEL

Company resulting from Alfa, S.A.B. de C.V.'s (BMV: ALFAA, "ALFA") spin-off of its entire ownership stake in Axtel, approved by ALFA's shareholders on July 12, 2022. As a result of the transaction, ALFA's shareholders received one share of Controladora Axtel for each of their ALFA shares. Controladora Axtel began trading on the Mexican Stock Exchange ("BMV") on May 29, 2023. The number of shares and Ordinary Participation Certificates ("CPO") of Axtel remains unchanged; each CPO represents seven Axtel shares.

Controladora Axtel's website: [controladoraaxtel.mx](http://controladoraaxtel.mx)

## ABOUT AXTEL

Axtel is a Mexican Information and Communication Technology company that serves the enterprise and government segments with its brand Alestra, and the wholesale segment through its brand Axtel Networks (Axnet). Axtel adhered to the UN Global Compact in 2011 the world's largest social responsibility initiative. It has received recognition from CEMEFI as a Socially Responsible Company since 2008. Axtel shares, represented by Ordinary Participation Certificates, or CPOs, trade on the Mexican Stock Market under the symbol "AXTELCPO" since 2005.

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

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

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

## Appendix A – Tables

**TABLE 1 | REVENUES - ENTERPRISE SEGMENT**

(IN MILLIONS)

	2Q23	1Q23	2Q22	(% ) 2Q23 vs.		YTD'23	YTD'22	YTD Δ (%)
				1Q23	2Q22			
STANDARD SERVICES (Ps.)	1,225	1,233	1,198	(1)	2	2,458	2,412	2
VALUE ADDED (Ps.)	277	250	281	11	(1)	527	522	1
DIGITAL TRANSFORMATION (Ps.)	459	459	387	(0)	19	918	788	16
<b>TOTAL ENTERPRISE (Ps.)</b>	<b>1,961</b>	<b>1,942</b>	<b>1,866</b>	<b>1</b>	<b>5</b>	<b>3,903</b>	<b>3,722</b>	<b>5</b>
<i>US \$</i>	111	104	93	7	19	215	184	17

**TABLE 2 | REVENUES - GOVERNMENT SEGMENT**

(IN MILLIONS)

	2Q23	1Q23	2Q22	(% ) 2Q23 vs.		YTD'23	YTD'22	YTD Δ (%)
				1Q23	2Q22			
STANDARD SERVICES (Ps.)	116	97	86	19	35	213	210	1
VALUE ADDED (Ps.)	58	205	41	(71)	41	263	126	108
DIGITAL TRANSFORMATION (Ps.)	34	56	61	(39)	(44)	91	142	(36)
<b>TOTAL GOVERNMENT (Ps.)</b>	<b>208</b>	<b>358</b>	<b>188</b>	<b>(42)</b>	<b>11</b>	<b>567</b>	<b>479</b>	<b>18</b>
<i>US \$</i>	12	19	9	(39)	25	31	24	32

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

(IN MILLIONS)

	2Q23	1Q23	2Q22	(% ) 2Q23 vs.		YTD'23	YTD'22	YTD Δ (%)
				1Q23	2Q22			
<b>TOTAL WHOLESALE (Ps.)</b>	<b>462</b>	<b>445</b>	<b>490</b>	<b>4</b>	<b>(6)</b>	<b>907</b>	<b>890</b>	<b>2</b>
<i>US \$</i>	26	24	24	10	7	50	44	14

**TABLE 4 | OPERATING INCOME AND EBITDA**

(IN MILLIONS)

	2Q23	1Q23	2Q22	(% ) 2Q23 vs.		YTD'23	YTD'22	YTD Δ (%)
				1Q23	2Q22			
Operating Income (Ps.)	154	(91)	(12)	--	--	63	(6)	--
<i>US \$</i>	9	(5)	(1)	--	--	4	(0)	--
<b>Segment Contribution to EBITDA</b>	<b>960</b>	<b>912</b>	<b>938</b>	<b>5</b>	<b>2</b>	<b>1,872</b>	<b>1,838</b>	<b>2</b>
<i>US \$</i>	54	49	47	11	16	103	91	14
<b>EBITDA (Ps.)</b>	<b>764</b>	<b>547</b>	<b>701</b>	<b>40</b>	<b>9</b>	<b>1,311</b>	<b>1,418</b>	<b>(8)</b>
<i>US \$</i>	43	29	35	48	24	72	70	4
Adjustments (Ps.)*	0	189	0	--	--	189	0	--
<i>US \$</i>	0	10	0	--	--	10	0	--
<b>Comparable EBITDA (Ps.)</b>	<b>764</b>	<b>736</b>	<b>701</b>	<b>4</b>	<b>9</b>	<b>1,501</b>	<b>1,418</b>	<b>6</b>
<i>US \$</i>	43	40	35	9	24	83	70	18

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



## Appendix A – Tables

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

	2Q23	1Q23	2Q22	(% ) 2Q23 vs.		YTD'23	YTD'22	YTD Δ (%)
				1Q23	2Q22			
Net interest expense	(242)	(33)	(244)	(627)	1	(275)	(482)	42.9
FX gain (loss), net	340	434	(9)	(22)	--	773	261	196
Ch. FV of Fin. Instruments	0	0	0	--	--	0	0	--
<b>Total (Ps.)</b>	<b>98</b>	<b>400</b>	<b>(254)</b>	<b>(76)</b>	<b>--</b>	<b>498</b>	<b>(221)</b>	<b>--</b>
<i>US \$</i>	6	21	(13)	(73)	--	27	(11)	--

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

	2Q23	1Q23	2Q22	(% ) 2Q23 vs.	
				1Q23	2Q22
Senior Notes 2024	314	314	440	(0)	(29)
Long-term bank loan	177	167	155	6	14
Bilateral Loan	40	40	0	0	--
Bank loans	40	41	30	(1)	37
Other loans + leases	19	21	27	(10)	(31)
Accrued interests	9	14	5	(37)	64
<b>Total Debt</b>	<b>599</b>	<b>596</b>	<b>657</b>	<b>0</b>	<b>(9)</b>
<i>% US \$ denominated debt</i>	64%	64%	72%		
(-) Cash and cash eq.	(35)	(44)	(87)	21	60
<b>Net Debt</b>	<b>564</b>	<b>552</b>	<b>570</b>	<b>2</b>	<b>(1)</b>
Net Debt / Comparable EBITDA*	3.5	3.6	3.7		
Interest Coverage*	5.5	5.3	3.1		

\* Times. See page 7 for calculation details.

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

	2Q23	1Q23	2Q22	(% ) 2Q23 vs.		YTD'23	YTD'22	YTD Δ (%)
				1Q23	2Q22			
EBITDA	43	29	35	48	24	72	70	4
Net Working Capital	(3)	(10)	16	75	--	(12)	2	--
Capex & Acquisitions	(21)	(19)	(16)	(14)	(37)	(40)	(32)	(26)
Financial expenses	(14)	(14)	(13)	(0)	(8)	(27)	(24)	(11)
Taxes	(0)	(0)	(0)	--	(210)	(0)	(0)	(116)
Other Sources (Uses)	(18)	(2)	(8)	(657)	(129)	(20)	(12)	(65)
Decrease (increase) Net Debt	(12)	(15)	15	22	--	(27)	4	--

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

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

	1Q22	2Q22	3Q22	4Q22	2022	1Q23	2Q23	2023
Gross Profit (Ps.)	1,804	1,845	2,059	1,979	7,687	1,891	1,918	3,809
Enterprise	1,374	1,338	1,384	1,430	5,526	1,415	1,432	2,847
Government	117	101	174	172	564	106	105	211
Wholesale	312	406	501	378	1,597	370	381	751
Commercial & Operating Expenses (Ps.)	(904)	(907)	(1,048)	(1,032)	(3,891)	(978)	(959)	(1,937)
<b>Segment Contribution to EBITDA (Ps.)</b>	<b>900</b>	<b>938</b>	<b>1,011</b>	<b>947</b>	<b>3,796</b>	<b>912</b>	<b>960</b>	<b>1,872</b>
General expenses & Other income (expenses) (Ps.)	(183)	(237)	(221)	(144)	(785)	(176)	(195)	(371)
<b>EBITDA (Ps.)</b>	<b>717</b>	<b>701</b>	<b>790</b>	<b>803</b>	<b>3,011</b>	<b>547</b>	<b>764</b>	<b>1,311</b>
US \$	35	35	39	41	150	29	43	72
Adjustments (Ps.)*	0	0	0	0	0	189	0	189
<b>Comparable EBITDA (Ps.)</b>	<b>717</b>	<b>701</b>	<b>790</b>	<b>803</b>	<b>3,011</b>	<b>736</b>	<b>764</b>	<b>1,501</b>

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

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

	1Q22	2Q22	3Q22	4Q22	2022	1Q23	2Q23	2023
<b>EBITDA (Ps.)</b>	<b>717</b>	<b>701</b>	<b>790</b>	<b>803</b>	<b>3,011</b>	<b>547</b>	<b>764</b>	<b>1,311</b>
US \$	35	35	39	41	150	29	43	72
Adjustments (Ps.)*	0	0	0	0	0	189	0	189
US \$	0	0	0	0	0	10	0	10
<b>Comparable EBITDA (Ps.)</b>	<b>717</b>	<b>701</b>	<b>790</b>	<b>803</b>	<b>3,011</b>	<b>736</b>	<b>764</b>	<b>1,501</b>
US \$	35	35	39	41	150	40	43	83
Services Unit (Ps.)	396	375	380	444	1,595	387	379	766
Infrastructure Unit (Ps.)	322	326	409	359	1,416	350	385	735

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

## Appendix C – Financial Statements

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

Unaudited Consolidated Balance Sheet  
(IN MILLION PESOS)

	2023	1Q23	(%) 2Q23 vs. 1Q23
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and equivalents	598	799	(25)
Restricted cash	-	-	--
Accounts receivable	1,564	1,590	(2)
Related parties	22	24	(11)
Refundable taxes and other acc. rec.	450	637	(29)
Advances to suppliers	769	758	1
Inventories	169	192	(12)
Financial Instruments	-	(0)	--
<b>Total current assets</b>	<b>3,571</b>	<b>3,999</b>	<b>(11)</b>
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment, net	9,282	9,423	(2)
Long-term accounts receivable	-	-	--
Intangible assets, net	5,572	5,612	(1)
Deferred income taxes	2,673	2,888	(7)
Investment shares associated co.	1	1	0
Other assets	418	423	(1)
<b>Total non current assets</b>	<b>17,946</b>	<b>18,347</b>	<b>(2)</b>
<b>TOTAL ASSETS</b>	<b>21,518</b>	<b>22,346</b>	<b>(4)</b>
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Account payable & Accrued expenses	1,956	2,078	(6)
Accrued Interest	146	246	(40)
Short-term debt	-	-	--
Current portion of long-term debt	938	297	216
Taxes payable	-	-	--
Financial Instruments	222	156	43
Deferred Revenue	77	53	46
Provisions	13	15	(10)
Other accounts payable	406	637	(36)
<b>Total current liabilities</b>	<b>3,758</b>	<b>3,481</b>	<b>8</b>
<b>LONG-TERM LIABILITIES</b>			
Long-term debt	9,093	10,199	(11)
Employee Benefits	940	905	4
Derivative Financial Instruments	-	-	--
Other LT liabilities	745	792	(6)
<b>Total long-term debt</b>	<b>10,778</b>	<b>11,896</b>	<b>(9)</b>
<b>TOTAL LIABILITIES</b>	<b>14,537</b>	<b>15,377</b>	<b>(5)</b>
<b>STOCKHOLDERS' EQUITY</b>			
Capital stock	15	15	-
Cumulative earnings (losses)	4,793	4,787	0
<b>Total controlling interest</b>	<b>4,808</b>	<b>4,802</b>	<b>0</b>
Non-controlling interest	2,173	2,167	0
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>6,981</b>	<b>6,969</b>	<b>0</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>21,518</b>	<b>22,346</b>	<b>(4)</b>

## Appendix C – Financial Statements

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

Unaudited Consolidated Income Statement  
(IN MILLION PESOS)

	2Q23	1Q23	(%) 2Q23 vs. 1Q23	YTD'23
Total Revenues	2,631	2,746	(4)	5,377
Cost of sales and services	(713)	(855)	17	(1,568)
<b>Gross Profit</b>	<b>1,918</b>	<b>1,891</b>	<b>1</b>	<b>3,809</b>
Operating expenses	(1,209)	(1,217)	1	(2,426)
Other income (expenses), net	55	(127)	--	(72)
Depr., amort. & impairment assets	(586)	(622)	6	(1,207)
<b>Operating income</b>	<b>179</b>	<b>(74)</b>	<b>--</b>	<b>104</b>
Comprehensive financing result, net	98	400	(76)	498
Equity in results of associated company	(0)	(0)	--	(0)
<b>Income (loss) before income taxes</b>	<b>276</b>	<b>326</b>	<b>(15)</b>	<b>602</b>
Income taxes	(195)	(93)	(109)	(288)
<b>Net Income (Loss)</b>	<b>81</b>	<b>233</b>	<b>(65)</b>	<b>314</b>

## Appendix D – Financial Statements

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

Unaudited Consolidated Balance Sheet  
(IN MILLION PESOS)

	2Q23	1Q23	2Q22	(% 2Q23 vs.)	
				1Q23	2Q22
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and equivalents	598	799	1,730	(25)	(65)
Restricted cash	-	-	-	--	--
Accounts receivable	1,564	1,590	1,606	(2)	(3)
Related parties	22	24	17	(11)	27
Refundable taxes and other acc. rec.	450	637	687	(29)	(35)
Advances to suppliers	769	758	741	1	4
Inventories	169	192	107	(12)	58
Financial Instruments	-	(0)	4	--	--
<b>Total current assets</b>	<b>3,571</b>	<b>3,999</b>	<b>4,892</b>	<b>(11)</b>	<b>(27)</b>
<b>NON CURRENT ASSETS</b>					
Property, plant and equipment, net	8,668	8,834	9,541	(2)	(9)
Long-term accounts receivable	-	-	20	--	--
Intangible assets, net	1,438	1,478	1,664	(3)	(14)
Deferred income taxes	2,673	2,888	3,013	(7)	(11)
Investment shares associated co.	1	1	1	0	(0)
Other assets	418	423	450	(1)	(7)
<b>Total non current assets</b>	<b>13,198</b>	<b>13,624</b>	<b>14,689</b>	<b>(3)</b>	<b>(10)</b>
<b>TOTAL ASSETS</b>	<b>16,770</b>	<b>17,623</b>	<b>19,581</b>	<b>(5)</b>	<b>(14)</b>
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Account payable & Accrued expenses	1,956	2,078	2,091	(6)	(6)
Accrued Interest	146	246	104	(40)	40
Short-term debt	-	-	-	--	--
Current portion of long-term debt	938	297	480	216	96
Taxes payable	-	-	-	--	--
Financial Instruments	222	156	0	43	>1,000
Deferred Revenue	77	53	57	46	35
Provisions	13	15	25	(10)	(48)
Other accounts payable	406	637	685	(36)	(41)
<b>Total current liabilities</b>	<b>3,758</b>	<b>3,481</b>	<b>3,443</b>	<b>8</b>	<b>9</b>
<b>LONG-TERM LIABILITIES</b>					
Long-term debt	9,093	10,199	12,472	(11)	(27)
Employee Benefits	940	905	831	4	13
Derivative Financial Instruments	-	-	-	--	--
Other LT liabilities	1	55	1	(99)	(50)
<b>Total long-term debt</b>	<b>10,034</b>	<b>11,160</b>	<b>13,305</b>	<b>(10)</b>	<b>(25)</b>
<b>TOTAL LIABILITIES</b>	<b>13,793</b>	<b>14,641</b>	<b>16,748</b>	<b>(6)</b>	<b>(18)</b>
<b>STOCKHOLDERS' EQUITY</b>					
Capital stock	455	455	455	-	-
Reserve for repurchase of shares	96	100	200	(4)	(52)
Cumulative earnings (losses)	2,426	2,428	2,178	(0)	11
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>2,977</b>	<b>2,983</b>	<b>2,833</b>	<b>(0)</b>	<b>5</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>16,770</b>	<b>17,623</b>	<b>19,581</b>	<b>(5)</b>	<b>(14)</b>

## Appendix D – Financial Statements

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

Unaudited Consolidated Income Statement  
(IN MILLION PESOS)

	2Q23	1Q23	2Q22	(% 2Q23 vs.		YTD'23	YTD'22	YTD Δ (%)
				1Q23	2Q22			
Total Revenues	2,631	2,746	2,544	(4)	3	5,377	5,091	6
Cost of sales and services	(713)	(855)	(699)	17	(2)	(1,568)	(1,442)	(9)
<b>Gross Profit</b>	<b>1,918</b>	<b>1,891</b>	<b>1,845</b>	<b>1</b>	<b>4</b>	<b>3,809</b>	<b>3,649</b>	<b>4</b>
Operating expenses	(1,209)	(1,217)	(1,148)	1	(5)	(2,426)	(2,240)	(8)
Other income (expenses), net	55	(127)	4	--	>1,000	(72)	10	--
Depr., amort. & impairment assets	(611)	(638)	(713)	4	14	(1,248)	(1,424)	12
<b>Operating income</b>	<b>154</b>	<b>(91)</b>	<b>(12)</b>	<b>--</b>	<b>--</b>	<b>63</b>	<b>(6)</b>	<b>--</b>
Comprehensive financing result, net	98	400	(254)	(76)	--	498	(221)	--
Equity in results of associated company	(0)	(0)	0	--	--	(0)	0	--
<b>Income (loss) before income taxes</b>	<b>251</b>	<b>310</b>	<b>(266)</b>	<b>(19)</b>	<b>--</b>	<b>561</b>	<b>(226)</b>	<b>--</b>
Income taxes	(188)	(88)	95	(112)	--	(276)	166	--
<b>Net Income (Loss)</b>	<b>63</b>	<b>221</b>	<b>(171)</b>	<b>(71)</b>	<b>--</b>	<b>285</b>	<b>(60)</b>	<b>--</b>