

EARNINGS REPORT

Third Quarter 2023 (2Q23)



Monterrey, Mexico, October 19, 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 third quarter of 2023 ("3Q23").

Axtel reports 3Q23 EBITDA of Ps. \$801 million

SELECTED FINANCIAL INFORMATION

(IN MILLIONS)

	3Q23	2Q23	3Q22	(%) 3Q23 vs.		YTD'23	YTD'22	YTD
				2Q23	3Q22			Δ (%)
Revenues (Ps.)	2,782	2,631	2,736	6	2	8,158	7,827	4
US \$	163	149	135	10	21	459	386	19
EBITDA (Ps.) ¹	801	764	790	5	1	2,112	2,208	(4)
US \$	47	43	39	9	20	119	109	10
Comparable EBITDA (Ps.) ²	801	764	790	5	1	2,301	2,208	4
US \$	47	43	39	9	20	130	109	19
Net Income (loss) (Ps.)	(258)	63	(116)	--	(123)	27	(176)	--
US \$	(15)	4	(6)	--	(164)	1	(9)	--
CAPEX (Ps.) ³	346	377	285	(8)	21	1,072	930	15
US \$	20	21	14	(5)	44	60	46	31
Net Debt (US \$)	570	564	566	1	1			
Net Debt / Comparable EBITDA ⁴	3.3	3.5	3.8					
Interest Coverage ⁴	3.7	5.4	3.3					

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.

3Q23 HIGHLIGHTS

RESULTS

- Third quarter Enterprise and Government segment results continued their positive trend, with revenue growth of 6% and 17%, respectively, year-over-year.
- Year-to-date, new contracts' net recurrent revenues accumulated Ps. 171 million for the Enterprise segment, more than double the amount compared to last year. Likewise, the Government segment pipeline of opportunities is two times larger than last year.
- Comparable EBITDA increased 1% year-over-year and 5% sequentially, supporting a decline in net leverage ratio to 3.3x at the end of the quarter.

NETWORK & CERTIFICATIONS

- Axtel completed the certification tests for new generation coherent optical technology and is now able to achieve speeds of up to 400 Gbps over its data network.
- In addition, the Company strengthened its optical network platforms and capabilities to meet current demand driven by e-commerce, connection to clouds, data centers, supply chains, among others, achieving optical transmission channels for up to 1.2 Tbps in its transport network.
- Axtel obtained the recertification of ISO 27001, transitioning to the 2022 revision of the standard, validating the effectiveness and integrity of its information security management systems.

MESSAGE FROM AXTEL'S CEO

“Positive performance in Enterprise and Government segments supported quarterly growth in revenues and EBITDA, and also compensated for weaker contribution from capacity and dark-fiber contracts in the Wholesale segment. The Enterprise segment should continue posting good results as new contracts’ recurrent revenues are more than double the amount registered in the nine-month period ending in September 2022. Similarly, the Government segment pipeline of new business opportunities is two times larger than last year.”

The progress in the implementation of our new operating and commercial transformation strategy is producing a solid base for profitable and consistent growth in Axtel. We continue adjusting our organization to become more agile, creating specialized solutions for specific industries, capitalizing on our infrastructure, expertise and solid customer base, with the aim of becoming the best, competitive and most reliable partner for our customers in their digital transformation.”

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)

	3Q23	2Q23	3Q22	(% 3Q23 vs.)		YTD'23	YTD'22	YTD Δ (%)
				2Q23	3Q22			
Enterprise (Ps.)	2,016	1,961	1,902	3	6	5,919	5,625	5
US \$	118	111	94	7	26	333	278	20
Government (Ps.)	291	208	248	39	17	857	727	18
US \$	17	12	12	44	39	48	36	34
Wholesale (Ps.)	475	462	586	3	(19)	1,382	1,476	(6)
US \$	28	26	29	7	(4)	78	73	7
TOTAL REVENUES (Ps.)	2,782	2,631	2,736	6	2	8,158	7,827	4
US \$	163	149	135	10	21	459	386	19

Total revenues reached Ps. 2,782 million in 3Q23, a 2% increase year-over-year, due to 6% and 17% increases in Enterprise and Government segments, respectively, partially mitigated by a 19% decline in the Wholesale segment.

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

Revenues reached Ps. 475 million in 3Q23, 19% lower compared to the year-earlier quarter, mainly due to an extraordinary high level of dark fiber contracts during the year-earlier quarter and a small decline in wholesale connectivity revenues with multinational operators.

ENTERPRISE SEGMENT (73% of YTD revenues)

Enterprise segment revenues totaled Ps. 2,016 million in 3Q23, a 6% increase compared to 3Q22, due to 24% and 11% increases in *value added* and *digital transformation* services, respectively (Table 1).

STANDARD SERVICES revenues reached Ps. 1,223 million in 3Q23, which remained flat year-over-year, due to increases in *connectivity* and *hosting* revenues related to new services with existing and new customers; mitigated by the continued decline in *voice* services.

VALUE-ADDED SERVICES revenues totaled Ps. 302 million in 3Q23; a 24% increase compared to 3Q22, mainly due to a strong increase in *managed services* associated with one-time sales recorded during the quarter.

DIGITAL TRANSFORMATION revenues reached Ps. 491 million in 3Q23, up 11% compared to 3Q22, driven by a combined 20% increase in *cloud* and *cybersecurity* solutions as a result of increased services with existing clients; *collaboration* and *mobile* solutions also posted year-over-year growths.



REVENUES (cont'd)

GOVERNMENT SEGMENT (11% of YTD revenues)

Government segment revenues amounted Ps. 291 million in 3Q23, a 17% increase compared to 3Q22 due to a positive progress in contracts renewals. All business lines posted increases: *standard*, *value-added* and *digital transformation* (Table 2).

STANDARD SERVICES revenues reached Ps. 119 million in 3Q23, 30% higher than 3Q22, mainly explained by a strong increase in *VPN & Ethernet* solutions.

VALUE-ADDED SERVICES revenues reached Ps. 112 million in 3Q23, which represented an 8% growth vs 3Q22; driven by increases in both *system integration* and *managed services* revenues.

DIGITAL TRANSFORMATION revenues reached Ps. 59 million in 3Q23, 12% higher than 3Q22, mostly due to increases in *cybersecurity* and *collaboration*, partially mitigated by declines in *managed applications*.

GROSS PROFIT

Gross profit is defined as revenues minus cost of revenues. For 3Q23, gross profit was Ps. 2,009 million, a 2% decrease compared to 3Q22, mainly affected by declines in the Wholesale and Government segments.

ENTERPRISE gross profit amounted Ps. 1,465 million in 3Q23, a 6% increase compared to the year-earlier quarter, in line with the growth in revenues.

GOVERNMENT gross profit reached Ps. 145 million in 3Q23. Despite the increase in revenues, gross profit declined 17% compared to 3Q22, due to cancelations of excess cost provisions during the year-earlier quarter.

WHOLESALE gross profit amounted to Ps. 400 million in 3Q23, a 20% decrease, in line with the decline in revenues.

OPERATING AND COMMERCIAL EXPENSES

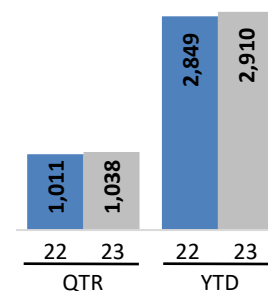
Starting 2023, expenses are broken down in operating and commercial expenses, which are directly related to the Enterprise, Government and Wholesale segments; and general corporate expenses, which consist of central business areas such as finance, human resources and legal departments.

Operating and commercial expenses reached Ps. 972 million in 3Q23, a 7% decrease compared to the year-earlier quarter, mainly due to a decline in bad debt provisions recorded in 3Q22 associated with a mobile wholesale operator customer.

CONTRIBUTION TO EBITDA (BEFORE GENERAL EXPENSES)

Business segments' contribution to EBITDA reached Ps. 1,038 million in 3Q23, a 3% increase compared to 3Q22, as the 2% decline in gross profit was mitigated by a 7% decrease in operating and commercial expenses, particularly in the Wholesale segment.

(in Million Ps.)



GENERAL EXPENSES AND OTHER INCOME (EXPENSES)

General expenses (consisting of central business areas) reached Ps. 274 million in 3Q23, a 4% growth, less than inflation due to a leaner organizational structure.

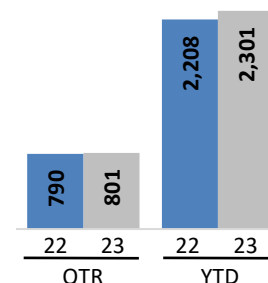
Other income reached Ps. 37 million during 3Q23 compared to Ps. 42 million recorded in 3Q22.

EBITDA

EBITDA reached Ps. 801 million in 3Q23, 1% higher compared to 3Q22, mainly due to the increase in contribution to EBITDA previously described.

EBITDA margin remained flat at 29% in both 3Q22 and 3Q23.

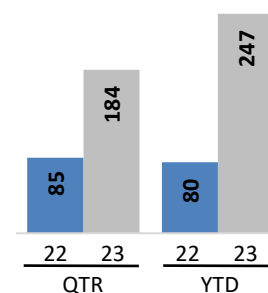
(in Million Ps.)



OPERATING INCOME (LOSS)

Operating income in 3Q23 reached Ps. 184 million, compared to Ps. 85 million a year ago, mainly explained by lower depreciation and amortization, as well as the increase in EBITDA.

(in Million Ps.)



COMPREHENSIVE FINANCING RESULT

The comprehensive financing cost reached Ps. 700 million in 3Q23, compared to a cost of Ps. 308 million in 3Q22. This is explained by a Ps. 297 million FX loss during 3Q23 resulting from a depreciation of the Mexican peso against the US dollar, compared to a Ps. 144 million FX loss in 3Q22. Interest expense increased 55% from 3Q22 to 3Q23 mainly explained by the 2024 Senior Notes refinancing, including the full redemption premium in July, higher interest and debt-issuance costs. Also, the non-recurrent benefit of open market Senior Notes repurchases at discount in 3Q22 explained the reduction in interest income in 3Q23.

NET DEBT

As of September 30, 2023, net debt was US \$570 million, an increase of 1% or US \$5 million in comparison with 3Q22; comprised of a US \$70 million decrease in debt, a US \$35 million non-cash increase in debt caused by a 15% appreciation of the Mexican peso year-over-year and a US \$40 million decrease in cash.

Total debt reduction of US \$70 million year-over-year is explained by i) a US \$423 million decrease related to the 2024 Senior Notes; ii) a US \$258 million increase related to the new 5-year syndicated bank loan with nine financial institutions; iii) a US \$100 million increase related to the 5-year bilateral loan with an export credit agency; iv) a US \$1 million increase in other loans and financial leases; v) a US \$2 million decrease due to the amortization of the long-term facility; and (vi) a US \$4 million decrease in accrued interests.

As of 3Q23, cash balance totaled US \$34 million (Ps. 595 million), compared to US \$74 million (Ps. 1,499 million) in 3Q22, a 54% decrease mainly related to the repayment of debt.

Financial ratios for 3Q23 were: Net Debt to Comparable EBITDA of 3.3 times and Interest Coverage of 3.7 times (Table 6).

CAPITAL EXPENDITURES (CAPEX)

Capital investments totaled US \$20 million in 3Q23, compared to US \$14 million in 3Q22.

Capex as a percentage of total revenues was 12% in 3Q23 in comparison with 10% in 3Q22.

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 September 30, 2023, Axtel maintained forward transactions for an outstanding amount of US \$50 million @ 19.78 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

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

Alestra's website: alestra.mx

Axtel Networks' website: axtelnetworks.mx

Appendix A – Tables

TABLE 1 | REVENUES - ENTERPRISE SEGMENT

(IN MILLIONS)

	3Q23	2Q23	3Q22	(%) 3Q23 vs.		YTD'23	YTD'22	YTD Δ (%)
				2Q23	3Q22			
STANDARD SERVICES (Ps.)	1,223	1,225	1,218	(0)	0	3,681	3,630	1
VALUE ADDED (Ps.)	302	277	243	9	24	829	765	8
DIGITAL TRANSFORMATION (Ps.)	491	459	441	7	11	1,409	1,229	15
TOTAL ENTERPRISE (Ps.)	2,016	1,961	1,902	3	6	5,919	5,625	5
<i>US \$</i>	118	111	94	7	26	333	278	20

TABLE 2 | REVENUES - GOVERNMENT SEGMENT

(IN MILLIONS)

	3Q23	2Q23	3Q22	(%) 3Q23 vs.		YTD'23	YTD'22	YTD Δ (%)
				2Q23	3Q22			
STANDARD SERVICES (Ps.)	119	116	92	3	30	332	302	10
VALUE ADDED (Ps.)	112	58	104	92	8	375	230	63
DIGITAL TRANSFORMATION (Ps.)	59	34	53	73	12	150	195	(23)
TOTAL GOVERNMENT (Ps.)	291	208	248	39	17	857	727	18
<i>US \$</i>	17	12	12	44	39	48	36	34

TABLE 3 | REVENUES - WHOLESALE (INFRASTRUCTURE) SEGMENT

(IN MILLIONS)

	3Q23	2Q23	3Q22	(%) 3Q23 vs.		YTD'23	YTD'22	YTD Δ (%)
				2Q23	3Q22			
TOTAL WHOLESALE (Ps.)	475	462	586	3	(19)	1,382	1,476	(6)
<i>US \$</i>	28	26	29	7	(4)	78	73	7

TABLE 4 | OPERATING INCOME AND EBITDA

(IN MILLIONS)

	3Q23	2Q23	3Q22	(%) 3Q23 vs.		YTD'23	YTD'22	YTD Δ (%)
				2Q23	3Q22			
Operating Income (Ps.)	184	154	85	20	116	247	80	211
<i>US \$</i>	11	9	4	23	154	15	4	270
Segment Contribution to EBITDA	1,038	960	1,011	8	3	2,910	2,849	2
<i>US \$</i>	61	54	50	12	22	164	141	17
EBITDA (Ps.)	801	764	790	5	1	2,112	2,208	(4)
<i>US \$</i>	47	43	39	9	20	119	109	10
Adjustments (Ps.)*	0	0	0	--	--	189	0	--
<i>US \$</i>	0	0	0	--	--	10	0	--
Comparable EBITDA (Ps.)	801	764	790	5	1	2,301	2,208	4
<i>US \$</i>	47	43	39	9	20	130	109	19

*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)

	3Q23	2Q23	3Q22	(%) 3Q23 vs.		YTD'23	YTD'22	YTD Δ (%)
				2Q23	3Q22			
Net interest expense	(403)	(242)	(164)	(66)	(145)	(678)	(646)	(5)
FX gain (loss), net	(297)	340	(144)	--	(106)	476	117	306
Ch. FV of Fin. Instruments	0	0	0	--	--	0	0	--
Total (Ps.)	(700)	98	(308)	--	(127)	(202)	(529)	62
<i>US \$</i>	<i>(41)</i>	<i>6</i>	<i>(15)</i>	<i>--</i>	<i>(171)</i>	<i>(14)</i>	<i>(26)</i>	<i>48</i>

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

	3Q23	2Q23	3Q22	(%) 3Q23 vs.	
				2Q23	3Q22
Senior Notes 2024	0	314	423	--	--
Syndicated Loan	265	0	0	--	--
Long-term bank loan	172	177	151	(3)	14
Bilateral Loan	100	40	0	150	--
Other loans + leases	58	59	53	(3)	8
Accrued interests	10	9	12	14	(22)
Total Debt	604	599	640	1	(6)
<i>% US \$ denominated debt</i>	<i>57%</i>	<i>64%</i>	<i>71%</i>		
(-) Cash and cash eq.	(34)	(35)	(74)	4	54
Net Debt	570	564	566	1	1
Net Debt / Comparable EBITDA*	3.3	3.5	3.8		
Interest Coverage*	3.7	5.4	3.3		

* Times. See page 7 for calculation details.

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

	3Q23	2Q23	3Q22	(%) 3Q23 vs.		YTD'23	YTD'22	YTD Δ (%)
				2Q23	3Q22			
EBITDA	47	43	39	9	20	119	109	10
Net Working Capital	(6)	(3)	(14)	(132)	58	(18)	(12)	(53)
Capex & Acquisitions	(20)	(21)	(14)	5	(44)	(60)	(46)	(32)
Financial expenses	(16)	(14)	(12)	(22)	(33)	(44)	(37)	(18)
Taxes	0	(0)	(0)	--	--	(0)	(0)	(44)
Other Sources (Uses)	(11)	(18)	6	37	--	(31)	(6)	(398)
Decrease (increase) Net Debt	(7)	(12)	4	43	--	(34)	8	--

Appendix B – SEGMENT CONTRIBUTION TO EBITDA (New)

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

	1Q22	2Q22	3Q22	4Q22	2022	1Q23	2Q23	3Q23	2023
Gross Profit (Ps.)	1,804	1,845	2,059	1,979	7,687	1,891	1,918	2,009	5,818
Enterprise	1,374	1,338	1,384	1,430	5,526	1,415	1,432	1,465	4,312
Government	117	101	174	172	564	106	105	145	356
Wholesale	312	406	501	378	1,597	370	381	400	1,151
Commercial & Operating Expenses (Ps.)	(904)	(907)	(1,048)	(1,032)	(3,891)	(978)	(959)	(972)	(2,909)
Segment Contribution to EBITDA (Ps.)	900	938	1,011	947	3,796	912	960	1,038	2,910
General expenses & Other income (expenses) (Ps.)	(183)	(237)	(221)	(144)	(785)	(176)	(195)	(237)	(608)
EBITDA (Ps.)	717	701	790	803	3,011	547	764	801	2,112
US \$	35	35	39	41	150	29	43	47	119
Adjustments (Ps.)*	0	0	0	0	0	189	0	0	189
Comparable EBITDA (Ps.)	717	701	790	803	3,011	736	764	801	2,301
US \$	35	35	39	41	150	40	43	47	130

*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	3Q23	2023
EBITDA (Ps.)	717	701	790	803	3,011	547	764	801	2,112
US \$	35	35	39	41	150	29	43	47	119
Adjustments (Ps.)*	0	0	0	0	0	189	0	0	189
US \$	0	0	0	0	0	10	0	0	10
Comparable EBITDA (Ps.)	717	701	790	803	3,011	736	764	801	2,301
US \$	35	35	39	41	150	40	43	47	130
Services Unit (Ps.)	396	375	380	444	1,595	387	379	401	1,167
Infrastructure Unit (Ps.)	322	326	409	359	1,416	350	385	400	1,135

*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)

	3Q23	2Q23	(%) 3Q23 vs. 2Q23
ASSETS			
CURRENT ASSETS			
Cash and equivalents	595	598	(1)
Accounts receivable	1,868	1,564	19
Related parties	20	22	(6)
Refundable taxes and other acc. rec.	412	450	(8)
Advances to suppliers	666	769	(13)
Inventories	115	169	(32)
Total current assets	3,677	3,571	3
NON CURRENT ASSETS			
Property, plant and equipment, net	9,133	9,282	(2)
Intangible assets, net	5,541	5,572	(1)
Deferred income taxes	2,897	2,673	8
Investment shares associated co.	1	1	(0)
Other assets	423	418	1
Total non current assets	17,995	17,946	0
TOTAL ASSETS	21,672	21,518	1
LIABILITIES & STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Account payable & Accrued expenses	1,887	1,956	(3)
Accrued Interest	172	146	17
Current portion of long-term debt	859	938	(8)
Financial Instruments	107	222	(52)
Deferred Revenue	68	77	(12)
Provisions	13	13	(1)
Other accounts payable	440	406	8
Total current liabilities	3,545	3,758	(6)
LONG-TERM LIABILITIES			
Long-term debt	9,540	9,093	5
Employee Benefits	1,004	940	7
Other LT liabilities	755	745	1
Total long-term debt	11,299	10,778	5
TOTAL LIABILITIES	14,845	14,537	2
STOCKHOLDERS' EQUITY			
Capital stock	15	15	-
Cumulative earnings (losses)	4,710	4,793	(2)
Total controlling interest	4,725	4,808	(2)
Non-controlling interest	2,102	2,173	(3)
TOTAL STOCKHOLDERS' EQUITY	6,827	6,981	(2)
TOTAL LIABILITIES AND EQUITY	21,672	21,518	1

Appendix C – Financial Statements

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

Unaudited Consolidated Income Statement
(IN MILLION PESOS)

	3Q23	2Q23	(%) 3Q23 vs. 2Q23	YTD'23
Total Revenues	2,782	2,631	6	8,158
Cost of sales and services	(772)	(713)	(8)	(2,340)
Gross Profit	2,009	1,918	5	5,818
Operating expenses	(1,246)	(1,209)	(3)	(3,672)
Other income (expenses), net	37	55	(32)	(35)
Depr., amort. & impairment assets	(617)	(611)	(1)	(1,865)
Operating income	184	154	20	247
Comprehensive financing result, net	(700)	98	--	(202)
Equity in results of associated company	(0)	(0)	--	(0)
Income (loss) before income taxes	(515)	251	--	45
Income taxes	258	(188)	--	(18)
Net Income (Loss)	(258)	63	--	27

Appendix D – Financial Statements

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

Unaudited Consolidated Balance Sheet
(IN MILLION PESOS)

	3Q23	2Q23	3Q22	(%) 3Q23 vs.	
				2Q23	3Q22
ASSETS					
CURRENT ASSETS					
Cash and equivalents	595	598	1,499	(1)	(60)
Accounts receivable	1,868	1,564	1,740	19	7
Related parties	20	22	19	(6)	6
Refundable taxes and other acc. rec.	412	450	708	(8)	(42)
Advances to suppliers	666	769	780	(13)	(15)
Inventories	115	169	101	(32)	15
Financial Instruments	-	-	4	--	--
Total current assets	3,677	3,571	4,850	3	(24)
NON CURRENT ASSETS					
Property, plant and equipment, net	8,483	8,668	9,203	(2)	(8)
Intangible assets, net	1,407	1,438	1,595	(2)	(12)
Deferred income taxes	2,897	2,673	3,123	8	(7)
Investment shares associated co.	1	1	23	(0)	(96)
Other assets	423	418	434	1	(3)
Total non current assets	13,211	13,198	14,379	0	(8)
TOTAL ASSETS	16,888	16,770	19,229	1	(12)
LIABILITIES & STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES					
Account payable & Accrued expenses	1,887	1,956	1,901	(3)	(1)
Accrued Interest	172	146	254	17	(32)
Current portion of long-term debt	859	938	487	(8)	76
Financial Instruments	107	222	1	(52)	>1,000
Deferred Revenue	68	77	51	(12)	33
Provisions	13	13	25	(1)	(48)
Other accounts payable	440	406	746	8	(41)
Total current liabilities	3,545	3,758	3,465	(6)	2
LONG-TERM LIABILITIES					
Long-term debt	9,540	9,093	12,186	5	(22)
Employee Benefits	1,004	940	860	7	17
Other LT liabilities	1	1	1	(16)	(60)
Total long-term debt	10,545	10,034	13,047	5	(19)
TOTAL LIABILITIES	14,090	13,793	16,512	2	(15)
STOCKHOLDERS' EQUITY					
Capital stock	455	455	455	-	-
Reserve for repurchase of shares	96	96	200	0	(52)
Cumulative earnings (losses)	2,247	2,426	2,062	(7)	9
TOTAL STOCKHOLDERS' EQUITY	2,798	2,977	2,716	(6)	3
TOTAL LIABILITIES AND EQUITY	16,888	16,770	19,229	1	(12)

Appendix D – Financial Statements

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

Unaudited Consolidated Income Statement
(IN MILLION PESOS)

	3Q23	2Q23	3Q22	(% 3Q23 vs.)		YTD'23	YTD'22	YTD Δ (%)
				2Q23	3Q22			
Total Revenues	2,782	2,631	2,736	6	2	8,158	7,827	4
Cost of sales and services	(772)	(713)	(677)	(8)	(14)	(2,340)	(2,120)	(10)
Gross Profit	2,009	1,918	2,059	5	(2)	5,818	5,707	2
Operating expenses	(1,246)	(1,209)	(1,311)	(3)	5	(3,672)	(3,551)	(3)
Other income (expenses), net	37	55	42	(32)	(11)	(35)	52	--
Depr., amort. & impairment assets	(617)	(611)	(704)	(1)	12	(1,865)	(2,129)	12
Operating income	184	154	85	20	116	247	80	211
Comprehensive financing result, net	(700)	98	(308)	--	(127)	(202)	(529)	62
Equity in results of associated company	(0)	(0)	(0)	--	--	(0)	(0)	--
Income (loss) before income taxes	(515)	251	(223)	--	(131)	45	(449)	--
Income taxes	258	(188)	108	--	140	(18)	274	--
Net Income (Loss)	(258)	63	(116)	--	(123)	27	(176)	--