

# alfa

ALFA, S.A.B. de C.V. (BMV: ALFAA)

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# EARNINGS REPORT

First Quarter 2021 (1Q21)

Monterrey, N.L., Mexico, April 20, 2021.

ALFA, S.A.B. de C.V. (BMV: ALFAA) (ALFA), a company that has developed a diversified portfolio of leading businesses with global operations, announced today its unaudited results for the first quarter of 2021 ("1Q21"). All figures have been prepared in accordance with International Financial Reporting Standards ("IFRS").

## Important note on changes to ALFA's Consolidated Financial Statements

On August 17, 2020, ALFA's shareholders approved to spin-off ALFA's share ownership of Nematik into a new, listed entity: Controladora Nematik, S.A.B. de C.V. ("Controladora Nematik"). The shares of "Controladora Nematik" were distributed to ALFA shareholders and began trading on the Mexican Bolsa on December 14, 2020. In accordance with International Financial Reporting Standards (IFRS), Nematik meets the definition of a "Discontinued Operation" for purposes of ALFA's Consolidated Financial Statements. "Discontinued Operations" are the net results of an entity that is either being held for disposal or which has already been disposed of.

The changes in ALFA's Consolidated Financial Statements are as follows:

- The Consolidated Statement of Financial Position presents all items related to Nematik as follows:
  - o At the close of 3Q20, as "Current assets from discontinued operations" and "Current liabilities from discontinued operations"
  - o At the close of 4Q20, all items are eliminated
  - o At the close of 1Q21, no figures shown related to Nematik
  - o Prior periods are not restated
  
- The Consolidated Statement of Income presents Nematik's net revenues and expenses as a single line item "Profit (loss) from discontinued operations" as follows:
  - o 4Q20 accumulated figures for the two months and 14 days ended December 14, 2020
  - o 1Q20 accumulated figures from the complete quarter
  - o 1Q21 no figures shown related to Nematik
  
- The Change in Net Debt presents Nematik's net inflows and outflows as a single line item "Decrease (Increase) in Net Debt from Discontinued Operations" for the nine months ended September 30, 2020.
  
- The Change in Net Debt also presents Nematik's Net Debt balance as "Net Debt from Discontinued Operations" at the close of 3Q20. Prior periods are not restated.

## ALFA reports 1Q21 EBITDA of US \$535 million; second highest quarterly figure in our history

### 1Q21 HIGHLIGHTS

ALFA	<ul style="list-style-type: none"> <li>• 2021 EBITDA Guidance revised up 13% to US \$1.637 billion due to stronger Alpek outlook</li> <li>• Obtained approval to expand ALFA's foreign neutral investment trust from 50% to 75%. New limit expected to be enacted shortly as other required approvals are underway</li> <li>• Leverage ratio (Net Debt / EBITDA) of 2.9x; below 3.0x for the first time since the beginning of the pandemic</li> </ul>
Sigma	<ul style="list-style-type: none"> <li>• EBITDA up 7% y-o-y driven by growth in Europe (+51%), Latam (+13%) and Mexico (+3%)</li> <li>• Foodservice channel recovery trend accelerated in March amid increased mobility</li> <li>• Launched second generation call-out to startups via "Tastech" program. Invested in a minority stake in Latam startup selected among first generation participants</li> </ul>
Alpek	<ul style="list-style-type: none"> <li>• 1Q21 Comparable EBITDA of US \$203 million (+38% y-o-y), driven primarily by strong volume and higher than expected reference margins</li> <li>• 2021 EBITDA Guidance revised up 34% to US \$750 million based on strong 1Q21 results and improved outlook</li> <li>• Announced JV to develop CO<sub>2</sub> capture &amp; liquefaction facility in Mexico; first carbon negative asset</li> </ul>
Axtel	<ul style="list-style-type: none"> <li>• Actively engaging with potential buyers who have shown interest for its Infrastructure unit</li> <li>• 1Q21 EBITDA on track with full-year guidance</li> </ul>

### SELECTED FINANCIAL INFORMATION (US \$ MILLIONS)

	1Q21	4Q20	1Q20	Ch. % vs. 4Q20	Ch. % vs. 1Q20
<b>ALFA &amp; Subs with Nemark as Discontinued Operations</b>					
<b>ALFA Revenues</b>	<b>3,388</b>	<b>3,218</b>	<b>3,261</b>	<b>5</b>	<b>4</b>
Alpek	1,614	1,392	1,433	16	13
Sigma	1,613	1,662	1,637	(3)	(1)
Axtel	140	150	157	(7)	(11)
<b>ALFA EBITDA<sup>1</sup></b>	<b>535</b>	<b>419</b>	<b>415</b>	<b>28</b>	<b>29</b>
Alpek	324	201	111	61	193
Sigma	181	178	169	2	7
Axtel	45	51	156	(12)	(71)
<b>Majority Net Income<sup>2</sup></b>	<b>154</b>	<b>(63)</b>	<b>170</b>	<b>346</b>	<b>(10)</b>
<b>CAPEX &amp; Acquisitions<sup>3</sup></b>	<b>79</b>	<b>165</b>	<b>82</b>	<b>(52)</b>	<b>(4)</b>
<b>Net Debt<sup>4</sup></b>	<b>4,864</b>	<b>4,699</b>	<b>6,323</b>	<b>4</b>	<b>(23)</b>
Net Debt/LTM EBITDA <sup>5</sup>	2.9	3.1	3.0		
LTM Interest Coverage <sup>6</sup>	4.3	4.4	4.7		

1 EBITDA = Operating Income + depreciation and amortization + impairment of assets.

2 Majority Net Income includes Majority Net Income from Discontinued Operations (Nemark).

3 Gross amount; excludes divestments and Capex from Discontinued Operations (Nemark).

4 Net Debt adjusted for Discontinued Operations (excluding Nemark) at the close of 3Q20; previous periods unchanged. As reference, 1Q20 Net Debt includes US \$1.210 billion from Nemark.

5 Times. LTM = Last 12 months. Ratio calculated with Discontinued Operations for all periods.

6 Times. LTM = Last 12 months. Interest Coverage = EBITDA/Net Financial Expenses with Discontinued Operations.

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## Message from ALFA's President

"We hope that you and your families are staying safe and healthy. 1Q21 results reflect a strong start for the year, extending the positive momentum from previous quarters as the global economy continues to recover. ALFA achieved better-than-expected Revenue and EBITDA driven primarily by outstanding performance at Alpek. 1Q21 Consolidated EBITDA of US \$535 million is the second highest quarterly figure in our history.

Sigma is on track with its full-year target supported by a 51% year on year increase in EBITDA from Europe and a steeper Foodservice channel recovery trend observed in March. Axtel's results are also in line with its 2021 EBITDA Guidance. Whereas, Alpek exceeded expectations by capitalizing on strong volume, higher reference polyester and polypropylene margins, a favorable rise in oil and feedstock prices, and temporary disruptions caused by the polar vortex affecting the U.S. Gulf Coast.

As a result, full-year EBITDA Guidance for Alpek and ALFA has been revised up to reflect a more positive view on certain key variables for the remainder of the year. ALFA's new 2021 EBITDA guidance is US \$1.637 billion.

The first quarter was also marked by progress on top Corporate priorities, including: i) expanding the "Nafinsa Trust" to allow for higher foreign ownership of ALFA shares and ii) our Unlocking Value strategy.

We recently obtained the required approval to expand ALFA's foreign neutral investment trust, which is also known as the "Nafinsa Trust". The Foreign Investment Directorship of the Mexican Ministry of Economy authorized to increase the maximum threshold of the "Nafinsa Trust" from 50% to 75% of ALFA's total shares. The next steps include an amendment to the Trust and certain authorizations from the National Banking and Securities Commission (CNBV). We expect to enact the new 75% limit shortly.

In addition, we reaffirmed our commitment with shareholders at our recent Annual Meeting to continue moving forward with our gradual and orderly transformational process towards fully independent businesses to unlock ALFA's high value potential, based on three key implementation directives: 1) Reduce debt, 2) Focus on core businesses, and 3) Enhance business independence.

- 1. Reduce debt.** Deleveraging is imperative as we go through the transformation process. Our goal is to reach a 2.5x Net Debt/EBITDA target through strategic initiatives and organic cash flow generation. We remain committed to reducing debt through the potential sale of Axtel or other strategic alternatives. Axtel is actively engaged with potential buyers who have shown interest for its Infrastructure unit. Better than expected 1Q21 EBITDA is also important for this key implementation directive. This is the first time since the onset of the pandemic that Alfa's consolidated leverage was below 3.0 times, supported by Alpek at 1.6x and Sigma at 2.6x.

- 2. Focus on core businesses.** Supporting growth and business-enhancing initiatives at Sigma, Alpek and Axtel is important to boost underlying value amid ALFA's transformation process. **Sigma** is diligently implementing a comprehensive plan to achieve the full potential of its European operations; targeting a double-digit EBITDA margin by 2025. The Company expects to achieve this through portfolio optimization, ongoing operational efficiencies and pursuing high-growth opportunities.

As part of its innovation pipeline, Sigma recently launched its second-generation call-out of "Tastech", challenging startups and other smaller companies in three areas: i) Future food, ii) Green tech, and iii) Power connections. We are excited by the prospects of this initiative after Sigma received more than 120 submissions from the first generation, and invested during 1Q21 in a minority stake in The Live Green Co., a LATAM startup that blends plant nutrition, biotech and machine learning to develop plant-based foods of the future.

**Alpek** announced a JV with ContourGlobal to develop a 70,000-ton CO<sub>2</sub> recovery & liquefaction facility in Mexico to meet the increasing demand for food-grade CO<sub>2</sub> while at the same time reducing the Company's carbon footprint. On the financial front, Alpek successfully issued a 10-year US \$600 million bond at a record-low 3.25% coupon. The average maturity of Alpek's debt was extended from 4.4 to 7.2 years as proceeds were used to refinance shorter term debt.

- 3. Enhance business independence.** Nemark was our first business to become fully independent, and we had the opportunity to celebrate this milestone with our shareholders at the Annual Meeting. Going forward, the focus is for individual businesses to achieve service-related independence from ALFA while we reach our target leverage ratio. A joint analysis between ALFA and each of its businesses is underway to determine the most appropriate allocation and effective transition of shared service capabilities.

Our capital allocation strategy includes a comprehensive approach to balance deleveraging, growth and returning value to our shareholders. During our recent Annual Meeting, shareholders approved a cash dividend of US \$98 million, which was paid on April 7, 2021. This was in addition to the US \$25 million dividend paid in January 2021. Shareholders also approved a maximum amount of Ps \$5,800 million (approximately US \$280 million) for share buybacks. Buybacks have been another means through which we have provided value to our shareholders as we believe the current share price does not adequately reflect the fundamentals and long-term growth prospects of the business. Lastly, shareholders approved the cancellation of all ALFA shares held at Treasury (145.9 million shares) - ALFA effectively transferred a benefit to shareholders that was equivalent to 2.9% of total shares.

The strong start for 2021 reinforces our positive view on the prospects of the ongoing recovery. We look forward to continue building upon the positive momentum of recent operational results and consistent progress with our strategic initiatives amid better than expected macro conditions."

Keep well/Stay safe,

**Álvaro Fernández**



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## ALFA (BMV: ALFAA) Consolidated Financial Results

### INCOME STATEMENT (US \$ Millions)

	1Q21	4Q20	1Q20	(% 1Q21 vs.)	
				4Q20	1Q20
Total Revenues	3,388	3,218	3,261	5	4
Gross Profit	878	733	642	20	37
Operating expenses and others	(498)	(504)	(397)	1	(25)
Operating income (loss)	380	229	244	66	55
Financial cost, net	(167)	(58)	(220)	(187)	24
Share of losses of associates	0	6	1	(105)	(131)
Income Tax	(16)	(554)	156	97	(110)
Profit (loss) from Continuing Operations	197	(376)	182	152	8
Profit (loss) from Discontinued Operations <sup>1</sup>	0	496	(7)	(100)	100
Consolidated net income (loss)	197	120	175	64	12
Controlling Interest	154	(63)	170	346	(10)
<i>EBITDA</i>	<i>535</i>	<i>419</i>	<i>415</i>	<i>28</i>	<i>29</i>
<i>EBITDA/Revenues (%)</i>	<i>15.8</i>	<i>13.0</i>	<i>12.7</i>		

<sup>1</sup> Breakdown of Profit (loss) from Discontinued Operations shown on Table 10.

**Total Revenues** in 1Q21 were US \$3.388 billion, up 4% when compared to 1Q20 driven by Alpek. Higher average consolidated prices and volume growth at Alpek were partially offset by lower sales in Axtel and Sigma (see table 2).

**EBITDA** was US \$535 million, up 29% year-on-year and 28% quarter on quarter. 1Q21 EBITDA includes a US \$121 million net gain from extraordinary items related to Alpek, comprised of a US \$63 million non-cash inventory gain and a US \$58 million positive carry-forward effect. Alpek's carry-forward effect reflects the estimated impact from feedstock price swings between the time of purchase and consumption. Hence, it is considered as an extraordinary item for ALFA's Comparable EBITDA calculations beginning 1Q21. In this report, Comparable EBITDA figures from previous quarters include the carry-forward effect.

Adjusting for extraordinary items in all periods, Comparable ALFA EBITDA was US \$414 million, US \$364 million and US \$344 million in 1Q21, 4Q20 and 1Q20, respectively. Comparable ALFA EBITDA was up 20% year-on-year, boosted by 38% and 7% growth at Alpek and Sigma, respectively (see tables 3, 4 and 5).

**Operating Income** was US \$380 million, up from US \$244 million in 1Q20 reflecting the increase in EBITDA explained above (see table 3).



**Comprehensive Financing Expense (CFE)** of US \$167 million was down from US \$220 million in 1Q20, primarily due to lower foreign exchange losses resulting from a more moderate depreciation of the Mexican peso in 1Q21 versus 1Q20. CFE also includes US \$42 million in non-recurring costs associated with the partial prepayment of Alpek's 2022 bond and the issuance of its new bond in 1Q21 (see table 6).

**Controlling Interest Net Income** was US \$154 million in 1Q21 compared to US \$170 million in 1Q20. Higher Operating Income and lower Comprehensive Financing Expense in 1Q21 were more than offset by higher Income Tax year on year. 1Q20 Income Tax includes a US \$233 million gain in Deferred Tax associated mainly with the depreciation of the Mexican peso, compared with a US \$54 million Deferred Tax gain in 1Q21 (see table 7).

### CHANGE IN NET DEBT (US \$ Millions)

	1Q21	4Q20	1Q20	(% ) 1Q21 vs.	
				4Q20	1Q20
EBITDA	535	419	415	28	29
Net Working Capital	(275)	165	(53)	(267)	(419)
Capital expenditures & Acquisitions	(79)	(165)	(82)	52	4
Net Financial Expenses	(131)	(77)	(95)	(70)	(37)
Taxes	(159)	(51)	(189)	(210)	16
Dividends	(48)	(15)	(133)	(220)	64
Other Sources / Uses	(8)	(81)	91	90	(109)
Decrease (Increase) in Net Debt from Discontinued Operations <sup>1</sup>	0	0	0	-	-
Net Debt from Discontinued Operations – Nemark	0	0	0	-	-
<b>Decrease (Increase) in Net Debt</b>	<b>(165)</b>	<b>195</b>	<b>(46)</b>	<b>(184)</b>	<b>(256)</b>

<sup>1</sup> Breakdown of Decrease (Increase) in Net Debt from Discontinued Operations shown on Table 11.

**Net Debt** was US \$4.864 billion at the close of 1Q21. Adjusting for discontinued operations in previous periods, 1Q21 Net Debt was down 5% and up 4% versus 1Q20 and 4Q20, respectively. On an absolute basis, consolidated ALFA Net Debt increased US \$165 million versus year-end 2020 due primarily to investment in Net Working Capital.

As of March 31, 2021, Cash totaled US \$1.396 billion, down US \$232 million quarter-on-quarter, approaching pre-pandemic levels as macro conditions continue to normalize and subsidiaries reduce debt. At the close of 1Q21, ALFA had US \$2.944 billion in available Credit Lines. Financial ratios at the close of 1Q21 were: Net Debt to EBITDA of 2.9 times and Interest Coverage 4.3 times, compared with 3.0 and 4.7 times in 1Q20, respectively, after adjusting for Discontinued Operations (see table 8).

**Net Working Capital** was US \$275 million during 1Q21, as Alpek increased US \$192 million due to the effect of higher feedstock prices.

**Capital Expenditures (CAPEX) & Acquisitions** was US \$79 million in 1Q21, down 4% versus 1Q20. Sigma and Alpek account for 82% of total Capex during the quarter. Most of these funds were used for maintenance and minor asset replacements.

**Dividends** of US \$48 million in 1Q21 correspond to the US \$25 million dividend paid to ALFA shareholders on January 5, 2021 as approved by ALFA's Board of Directors at the end of 2020, plus dividends paid to minority shareholders at the subsidiary level.

### RECENT DEVELOPMENTS - ALFA

<p>2021 Guidance</p>	<ul style="list-style-type: none"> <li>2021 EBITDA Guidance revised up driven by better than expected Alpek results and outlook</li> </ul> <table border="1"> <thead> <tr> <th colspan="2">(US \$ Millions)</th> <th>Revised 2021</th> <th>Previous 2021</th> </tr> </thead> <tbody> <tr> <td rowspan="4">EBITDA</td> <td>ALFA<sup>1</sup></td> <td>1,637</td> <td>1,448</td> </tr> <tr> <td>Alpek<sup>2</sup></td> <td>750</td> <td>561</td> </tr> <tr> <td>Sigma</td> <td>725</td> <td>725</td> </tr> <tr> <td>Axtel</td> <td>209</td> <td>209</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th colspan="2">(US \$ / Barrel)</th> <th>Revised 2021</th> <th>Previous 2021</th> </tr> </thead> <tbody> <tr> <td>Assumptions</td> <td>Brent Oil Avg.</td> <td>63</td> <td>48</td> </tr> </tbody> </table> <p>1 - Includes US \$75 million inventory gains and carryforward effect from Alpek (ALFA Comparable EBITDA: US \$1,562 million)                  2 - Includes US \$75 million inventory gains and carryforward effect (Alpek Comparable EBITDA: US \$675 million)</p>	(US \$ Millions)		Revised 2021	Previous 2021	EBITDA	ALFA <sup>1</sup>	1,637	1,448	Alpek <sup>2</sup>	750	561	Sigma	725	725	Axtel	209	209	(US \$ / Barrel)		Revised 2021	Previous 2021	Assumptions	Brent Oil Avg.	63	48
(US \$ Millions)		Revised 2021	Previous 2021																							
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<p>Unlocking Value</p>	<ul style="list-style-type: none"> <li>Transformational initiative to maximize valuation – eliminate conglomerate discount</li> <li>Gradual and orderly transition to full business independence (vs conglomerate)</li> <li>Transfer absolute autonomy to ALFA shareholders</li> <li>Commitment to maintain strong credit profile throughout transformation</li> <li>Emphasis on three key implementation directives:                         <ul style="list-style-type: none"> <li>Reduce debt</li> <li>Focus on core businesses</li> <li>Enhance business independence</li> </ul> </li> </ul>																									
<p>NAFINSA Trust (“NT”)</p>	<ul style="list-style-type: none"> <li>ALFA foreign shareholders can only acquire shares via the NT, in place since 1991</li> <li>NT reached its limit in 2020 (50% of total shares outstanding)</li> <li>The Foreign Investment Directorship of the Mexican Ministry of Economy approved expansion of the NT from 50% to 75% of total shares</li> <li>Next steps include an amendment to the Trust and certain regulatory approvals</li> <li>Shareholders approved at Annual Meeting an adjustment to ALFA’s bylaws to expand foreign ownership</li> <li>ALFA expects to enact the new NT limit of 75% shortly</li> </ul>																									

ALFA Shareholders' Meetings	<ul style="list-style-type: none"><li>• Shareholders approved:<ul style="list-style-type: none"><li>○ Cash dividend of 2 cents (US \$) per share equivalent to US \$98 million, paid in April 2021</li><li>○ Cancellation of 145.9 million shares (2.9% of total shares)</li><li>○ Maximum amount of Ps \$5,800 million (US \$280 million) for share buybacks</li></ul></li><li>• Adrián G. Sada Cueva joins ALFA's Board replacing Adrián Sada González. Other members of the Board were ratified by shareholders</li></ul>
Published 2020 ESG report	<ul style="list-style-type: none"><li>• 2020 ESG report integrated in ALFA's Annual Report</li><li>• Focus on continuous ESG improvement and how ESG is embedded in ALFA's business</li><li>• Highlights:<ul style="list-style-type: none"><li>○ In 2020, ALFA increased its S&amp;P Global CSA rating from 23 to 32, above average for conglomerates.</li><li>○ Also, the CDP assessment rating increased from "D" to "C", higher than the region average and in line with the industry</li><li>○ Since 2006, ALFA has been a signatory of the United Nations Global Compact, which promotes social development, economic welfare and universal values<ul style="list-style-type: none"><li>▪ Alpek also joined this initiative as an individual signatory in 2020</li></ul></li><li>○ Sigma continued to work on its sustainability commitments, which are aligned with the U.N. Sustainable Development Goals</li><li>○ Axtel began identifying and compiling the information needed to comply with the Sustainability Accounting Standards Board (SASB) criteria for the software, ICT and telecommunications industry</li><li>○ During 2020, ALFA invested 26% more in environmental initiatives compared to the previous year, thus reducing emissions by 9%, compared to 2019</li><li>○ The Company continued to promote the use of clean energy sources and recycling:<ul style="list-style-type: none"><li>▪ 56% of the power consumed by Sigma comes from clean sources</li><li>▪ Alpek consolidated its position as the leading producer of recycled PET (rPET) in the Americas</li></ul></li></ul></li><li>• ALFA and its companies are committed to build upon their progress on ESG to benefit employees, the community, shareholders and its entire value chain</li></ul>

## Results by Business

### Sigma – FOOD PRODUCTS



48% of ALFA's Revenues in 1Q21

#### QUARTERLY HIGHLIGHTS

- Consolidated volume decreased 5% YoY versus high comparable, including pantry loading effect in 1Q20
- Highest 1Q EBITDA margin since 2016; YoY margin expansion in Mexico, Europe, and Latam
- Steeper Foodservice recovery in March 2021 due to increased mobility; +21% in Revenues YoY, for the same month
- Positive results in Growth initiatives, tapping into the entrepreneurial network and driving sustained growth in E-commerce, as well as its Snacking and Plant-Based business units
- Lower Net Debt YoY supported by cash-maximizing initiatives and operating performance
- Paid US \$50 million dividend during 1Q21

#### SELECTED FINANCIAL INFORMATION (US \$ Millions)

	1Q21	4Q20	1Q20	(% 1Q21 vs.)	
				4Q20	1Q20
<b>Volume (ktons)</b>	<b>419</b>	<b>418</b>	<b>441</b>	-	<b>(5)</b>
Mexico	201	204	216	(1)	(7)
Europe	113	117	121	(3)	(7)
United States	81	73	79	11	3
Latam	24	25	25	(5)	(7)
<b>Revenues</b>	<b>1,613</b>	<b>1,662</b>	<b>1,637</b>	<b>(3)</b>	<b>(1)</b>
Mexico	637	644	679	(1)	(6)
Europe	576	634	572	(9)	1
United States	289	269	268	8	8
Latam	110	116	118	(4)	(6)
<b>EBITDA</b>	<b>181</b>	<b>178</b>	<b>169</b>	<b>2</b>	<b>7</b>
Mexico	93	89	90	4	3
Europe	38	43	25	(11)	51
United States	38	33	42	13	(11)
Latam	12	12	11	(2)	13
<b>CAPEX &amp; Acquisitions<sup>1</sup></b>	<b>34</b>	<b>38</b>	<b>23</b>	<b>(11)</b>	<b>48</b>
<b>Net Debt</b>	<b>1,781</b>	<b>1,756</b>	<b>2,037</b>	<b>1</b>	<b>(13)</b>
Net Debt / LTM EBITDA <sup>*</sup>	2.6	2.6	2.9		
LTM Interest Coverage <sup>2*</sup>	5.8	5.5	5.9		

\* Times. LTM = Last 12 months

1 Gross amount; does not include divestments

2 Interest Coverage = EBITDA/Net Financial Expenses

### INCOME STATEMENT (US \$ Millions)

	1Q21	4Q20	1Q20	(% ) 1Q21 vs.	
				4Q20	1Q20
Total Revenues	1,613	1,662	1,637	(3)	(1)
Gross Profit	472	469	451	1	5
Operating expenses and others	(345)	(383)	(337)	10	(2)
Operating income (loss)	127	86	114	47	11
Financial cost, net	(30)	(86)	(2)	65	-
Share of losses of associates	0	0	0	-	100
Income Tax	(15)	(28)	29	47	(151)
Consolidated net income (loss)	81	(28)	141	394	(42)
<i>EBITDA</i>	<i>181</i>	<i>178</i>	<i>169</i>	<i>2</i>	<i>7</i>
<i>EBITDA/Revenues (%)</i>	<i>11.2</i>	<i>10.7</i>	<i>10.3</i>		

**Revenues** were US \$1.613 billion, down 1% year over year as the Company was comparing against a higher-than-usual 1Q20 volume level due to a high pre-pandemic base in January and February, in addition to a pantry loading effect during March 2020.

On a positive note, increased mobility resulted in a steeper foodservice channel recovery trend in March 2021 with revenue increasing 40% month-to-month and 21% year on year. Excluding Foodservice results, revenues during 1Q21 were 2% higher year-on-year and flat when adjusting for exchange rate fluctuations, given a strong euro appreciation when compared to 2020 (see table 13).

First quarter revenues in line with Sigma's guidance, which considers a gradual recovery for 2021.

**EBITDA** during the quarter reached US \$181 million, a 7% improvement year-on-year mainly driven by strong results in Europe (+51%), Mexico (+3%), and Latam (+13%). Sigma's EBITDA margin increased to 11.2%, 94 basis points more versus 1Q20, reaching its highest first quarter margin since 2016 driven by a lower raw material cost, revenue management efforts and cost-savings initiatives. In local currency, and excluding Foodservice results, EBITDA also grew 7% year-on-year (see table 14).

**Operating Income** was US \$127 million, increasing 11% from US \$114 million in 1Q20 reflecting the increase in EBITDA explained above (see table 14).

**Comprehensive Financing Expense (CFE)** of US \$30 million, up from US \$2 million in 1Q20. The change is mainly explained by a US \$32 million gain in 1Q20, amid the depreciation of the Mexican peso, compared to a US \$1 million exchange rate loss in 1Q21 (see table 15).

**Net Income** was US \$81 million in 1Q21 versus US \$141 million in 1Q20, mainly due to a higher CFE and higher income tax year-on-year. 1Q20 income tax includes a larger gain in deferred taxes associated mainly with the depreciation of the Mexican peso, versus 1Q21.

### CHANGE IN NET DEBT (US \$ Millions)

	1Q21	4Q20	1Q20	(% 1Q21 vs.)	
				4Q20	1Q20
EBITDA	181	178	169	2	7
Net Working Capital	(52)	152	(107)	(134)	51
Capital expenditures & Acquisitions	(34)	(38)	(23)	11	(48)
Net Financial Expenses	(29)	(25)	(33)	(16)	12
Taxes	(41)	(26)	(94)	(58)	56
Dividends	(50)	0	0	(100)	(100)
Other Sources / Uses	0	(66)	46	100	(100)
<b>Decrease (Increase) in Net Debt</b>	<b>(25)</b>	<b>174</b>	<b>(43)</b>	<b>(114)</b>	<b>42</b>

**Net Debt** was US \$1.781 billion, 13% below 1Q20 and 1% above 4Q20. On an absolute basis, Net Debt decreased US \$256 million versus the first quarter of 2020 due a solid operating performance and cash-maximizing initiatives.

Cash totaled US \$749 million at the end of the first quarter, increasing US \$31 million year-on-year and decreased US \$71 million when compared to year end 2020. Financial ratios at the end of the quarter were: Net Debt to EBITDA of 2.6 times and Interest Coverage of 5.8 times (see table 16).

**Net Working Capital** was US \$53 million during 1Q21, reflecting primarily the seasonal investment in inventories.

**Capital expenditures (CAPEX)** totaled US \$34 million during 1Q21, a 47% increase year-on-year, following the 2020 cash-preservation initiatives amid the pandemic implemented at that time. Close to 75% of CAPEX was used for maintenance, while the rest was invested in expansion and optimization projects.

**Dividends** paid during the first quarter of 2021 were US \$50 million.



## INDUSTRY COMMENTS - SIGMA

### Consumer confidence and food retail sales

During 1Q21, Sigma displayed strong operational results despite external challenges. As the vaccination roll-out continues, economic growth and consumer confidence have improved.

In Mexico, the average consumer confidence reported by INEGI<sup>1</sup> increased sequentially, but remains below confidence levels observed in 1Q20. Same-store-sales reported by ANTAD<sup>2</sup> also reversed from a decrease of 8.2% in January to an increase of 1.5% YoY during February, amid lower restrictions.

The consumer confidence index<sup>3</sup> in the U.S., decreased 24% year-on-year in 1Q21. Meanwhile, food retail sales reported by the U.S. Census Bureau decreased 2.3% when compared to 1Q20.

In Europe, the average consumer confidence index reported by the European Commission increased from negative 15.6 during the 4Q20 to negative 13.7 in 1Q21. Food retail sales measured by Eurostat also show signs of improvement reaching the highest level since April 2020.

### Exchange Rate

The average exchange rate for the Mexican peso versus the U.S. dollar depreciated 2% year-on-year in 1Q21. In contrast, the average euro-dollar exchange rate appreciated 9% year-on-year. Sigma's currency mix versus the U.S. dollar in Latam had a net appreciation of 4% year-on-year in 1Q21.

### Raw Materials

During 1Q21, pork ham prices in the U.S. increased 3% on a sequential basis and 11% year-on-year, while pork prices in Europe remained below 2020 levels with shoulder, ham and lean hog prices 21%, 21% and 27% below 1Q20, respectively. It is important to note that pork prices posted an upward trend in both regions during the quarter due to higher demand and a long production cycle which limits supply increases.

Higher demand as well as disruptions in supply caused by the polar vortex in February increased pressure on poultry prices. Turkey thigh and other poultry meat prices increased between 8% and 11% sequentially and posted an upward trend during the first quarter.

<sup>1</sup> Instituto Nacional de Estadística y Geografía – National Institute for Statistics and Geography

<sup>2</sup> Asociación Nacional de Tiendas de Autoservicio y Departamentales - National Association of Supermarkets and Department Stores

<sup>3</sup> Source: The Conference Board

### RESULTS BY REGION - SIGMA

During 1Q21, revenues in Mexico accounted for 40% of the total, while Europe represented 37%, the U.S. 17%, and Latam 7%.

**Mexico:** 1Q21 revenues, in local currency, decreased 3% year-on-year. The change is explained by a high pre-pandemic comparable base in addition to a pantry loading effect in March of 2020, as well as lower volume in the Foodservice and Convenience channels during this quarter. Meanwhile, EBITDA, in local currency, increased 6%, benefiting from revenue management efforts and cost-saving initiatives. Excluding Foodservice results, Revenues and EBITDA increased 2% and 6% versus 1Q20, respectively.

**Europe:** During the quarter, revenues in euros decreased 7% when compared to 1Q20, mainly due to a higher comparable base resulting from stronger-than-normal demand amid pantry loading in March 2020. In contrast, 1Q21 EBITDA increased a noteworthy 40% year on year, mainly due to lower raw material costs. This represents a margin improvement of 221 basis points versus 1Q20. In U.S. dollars, revenues and EBITDA increased 1% and 51% YoY, respectively.

**United States:** Revenues were up 8% in 1Q21 when compared to the same period of 2020, driven by both price and volume growth. During the first quarter, EBITDA was US \$38 million, down 11% year over year mainly as a result of one-off events such as disruptions caused by the polar vortex in February, and a technology substitution project at one of the Company's production facilities.

**Latam:** Revenues in local currencies were down 3% year-on-year due to a high comparable base in 1Q20. In contrast, EBITDA increased 18% driven by continued cost and expense reduction initiatives that drove margin expansion of 190+ basis points. Excluding Foodservice results, Revenues and EBITDA increased 2% and 30% YoY, respectively.

## RECENT DEVELOPMENTS - SIGMA

Europe Turnaround	<ul style="list-style-type: none"> <li>• Comprehensive plan to reach double-digit EBITDA Margin by 2025</li> <li>• Dedicated taskforces focused on:             <ul style="list-style-type: none"> <li>- Portfolio optimization</li> <li>- Ongoing operational efficiencies</li> <li>- Pursuing high-growth opportunities</li> </ul> </li> </ul>
Growth	<p>Sigma established the role of Chief Growth Officer to lead efforts on new sources of revenue, including:</p> <ul style="list-style-type: none"> <li>– Snacking and Plant-Based units</li> <li>– High Potential Opportunities: Initiatives aiming to increase market share in underdeveloped categories where Sigma participates</li> <li>– New Business Models: Leveraging existing capabilities through an agile approach to identify, pilot, and scale business opportunities</li> </ul> <ul style="list-style-type: none"> <li>• Limited partnership investment in Blue Horizon Ventures, a food technology venture capital fund focused on Plant-based proteins and cellular agriculture</li> <li>• Invested in a minority stake in The Live Green Co., a Latam startup and first-generation participant of “Tastech by Sigma”, that combines plant nutrition with biotech and machine learning to develop plant-based foods and clean-label products</li> <li>• Grillhouse, a premium service app focused on consumers who love the grill, expanded its coverage from Monterrey into Mexico City and Guadalajara</li> </ul>
Tastech by Sigma	<ul style="list-style-type: none"> <li>• Strong presence from Tastech by Sigma in the food startup ecosystem</li> <li>• Second generation call-out open until April 26, 2021. So far, 250+ startups and scaleups from 23 countries have applied, exceeding the 123 applications and 19 countries from the first generation</li> </ul>
Innovation	<ul style="list-style-type: none"> <li>• 120+ new products launched during 1Q21</li> <li>• New products represented 10% of 1Q21 Revenues</li> </ul>
Sustainability	<ul style="list-style-type: none"> <li>• Signed a Power Purchase Agreement to ensure clean energy in 100% of the Company’s facilities in Peru</li> <li>• Sigma joined the CDP Supply Chain member program to evaluate global suppliers on climate change and deforestation</li> <li>• Participation in the Responsible Sourcing Assessment Program from BSD Elevate to evaluate the sustainability criteria from raw material suppliers in Mexico and Latam</li> <li>• 400+ employees recognized as change agents in our Women’s Day initiatives</li> <li>• Visit Sigma’s sustainability <a href="#">web page</a> for more information</li> </ul>

Liquidity Management	<ul style="list-style-type: none"><li>• Strong cash position of US \$749 million (+4% vs. 1Q20); approximately 80% is held in hard currency (e.g. US dollars and euros)</li><li>• +US \$780 million in available committed credit lines</li><li>• Next long-term maturity in 2024; no liability management is considered in the short term</li></ul>
Financial Hedges	<ul style="list-style-type: none"><li>• As of March 2021, Sigma's currency forward hedges amounted to US \$635 million with an average exchange rate of \$21.30 MXN/USD, enough to cover its remaining 2021 U.S. dollar needs</li></ul>
Credit Ratings	<ul style="list-style-type: none"><li>• Fitch Ratings affirmed Sigma's Issuer Default Ratings (IDR), its senior unsecured notes at 'BBB', and its National scale rating at 'AAA (mex)' with stable outlooks.</li></ul>

*(See "Financial Statements" for Sigma's 1Q21 Balance Sheet and Income Statement)*

### Alpek (BMV: ALPEKA) – PETROCHEMICALS

48% of ALFA's revenues in 1Q21



#### SELECTED FINANCIAL INFORMATION (US \$ Millions)

	1Q21	4Q20	1Q20	(% ) 1Q21 vs.	
				4Q20	1Q20
<b>Volume (ktons)</b>	<b>1,230</b>	<b>1,248</b>	<b>1,184</b>	<b>(1)</b>	<b>4</b>
Polyester	996	992	967	-	3
Plastic & Chemicals	234	256	217	(9)	8
<b>Revenues</b>	<b>1,614</b>	<b>1,392</b>	<b>1,433</b>	<b>16</b>	<b>13</b>
Polyester	1,069	967	1,094	11	(2)
Plastic & Chemicals	471	374	300	26	57
<b>EBITDA</b>	<b>324</b>	<b>201</b>	<b>111</b>	<b>61</b>	<b>193</b>
Polyester	184	124	58	48	216
Plastic & Chemicals	123	73	49	69	153
Others	17	4	3	337	385
<b>CAPEX &amp; Acquisitions<sup>1</sup></b>	<b>30</b>	<b>97</b>	<b>15</b>	<b>(69)</b>	<b>107</b>
<b>Net Debt</b>	<b>1,219</b>	<b>1,185</b>	<b>1,436</b>	<b>3</b>	<b>(15)</b>
Net Debt / LTM EBITDA*	1.6	2.1	1.7		
LTM Interest Coverage <sup>2*</sup>	5.8	6.0	7.3		

**Volume** was 1,230 ktons up 4% versus 1Q20, posting a record first quarter driven by solid demand in both business segments. Plastics & Chemicals segment volume also benefited from the recently acquired expandable styrenics business in the U.S.

**Revenues** totaled US \$1.614 billion in 1Q21, up 13% year-on-year, as a result of higher volume and average prices which reflect the rise in oil and feedstock prices.

**EBITDA** was US \$324 million, up 193% from 1Q20, including a non-cash inventory gain of US \$63 million, as well as a positive carry-forward effect of US \$58 million. Alpek's carry-forward effect reflects the estimated impact from feedstock price swings between the time of purchase and consumption. Hence, it is considered as an extraordinary item for Alpek's Comparable EBITDA calculations beginning 1Q21. In this report, Comparable EBITDA figures from previous quarters include the carry-forward effect which had been disclosed separately until now.

Adjusting for extraordinary items, Alpek's Comparable 1Q21 EBITDA was US \$203 million, up 38% year-on-year, boosted by the rise in reference polyester margins, temporary benefits to polypropylene margins and the Company's commercialization of natural gas inventories to third-parties amid shortages caused by the polar vortex.

**Capital expenditures (CAPEX) & Acquisitions** were US \$30 million in 1Q21, compared to US \$15 million in 1Q20. During the quarter, maintenance and minor asset replacements accounted for the majority of the capital investments.

**Net Debt** was US \$1.219 billion, down 15% and up 3% when compared with 1Q20 and 4Q20, respectively. On an absolute basis, Net Debt increased US \$34 million versus year-end 2020 as investment in Net Working Capital and non-recurring financial expenses related to the bond prepayment were partially offset by strong EBITDA. Cash totaled US \$495 million at the end of the first quarter, down 3% versus 4Q20, moving towards historical averages. Financial ratios at the end of 1Q21 were Net Debt to EBITDA of 1.6 times and Interest Coverage of 5.8 times.

## RECENT DEVELOPMENTS - ALPEK

<p>Revised 2021 Guidance</p>	<ul style="list-style-type: none"> <li>• Alpek’s 2021 EBITDA Guidance revised up based on improved industry margins and strong 1Q21 results</li> <li>• Revised 2021 Guidance:             <ul style="list-style-type: none"> <li>• Assumptions                 <ul style="list-style-type: none"> <li>○ Average Brent oil reference price: US \$63 per barrel (previous US \$48 per barrel)</li> <li>○ Asian Integrated PET reference margin: US \$285 per ton (previous US \$245 per ton)</li> </ul> </li> <li>• EBITDA Guidance                 <ul style="list-style-type: none"> <li>○ Reported EBITDA: US \$750 million (previous US \$561 million)</li> <li>○ Comparable EBITDA: US \$675 million (previous US \$561 million)</li> </ul> </li> </ul> </li> </ul>
<p>Bond Issuance</p>	<ul style="list-style-type: none"> <li>• Alpek successfully issued a US \$600 million bond in the international market with a 10-year maturity</li> <li>• The notes had a 3.25% annual coupon, setting a record as the lowest in Alpek’s history</li> <li>• Transaction was oversubscribed by 9.0 times</li> <li>• Strong participation from high-quality investors with geographic diversity and ESG-dedicated funds</li> <li>• Net proceeds were used in a concurrent tender offer with Alpek’s 2022 bond</li> <li>• As a result of the transaction, Alpek’s average debt maturity increased from 4.4 to 7.2 years</li> </ul>
<p>Annual Shareholders’ Meeting</p>	<ul style="list-style-type: none"> <li>• Approved a dividend of US \$126 million to be paid to shareholders in 2Q21</li> <li>• Shareholders ratified all members of Alpek’s Board of Directors</li> <li>• Approved a maximum amount of Ps. \$2,000 million for share repurchases, same amount approved in the previous year</li> </ul>



<p>JV with ContourGlobal</p>	<ul style="list-style-type: none"> <li>• Alpek formed a JV with ContourGlobal to develop a 70,000-ton CO<sub>2</sub> capture &amp; liquefaction facility in Altamira, Mexico</li> <li>• The facility will serve the rising demand of food-grade CO<sub>2</sub> from Mexico’s food &amp; beverage industry</li> <li>• First carbon negative asset</li> <li>• Project well aligned with Alpek’s long-term strategic plan, supporting its path towards carbon neutrality and growth into more ESG-friendly markets</li> <li>• Next step: expected to finalize detailed engineering analyses to reach a final investment decision by the end of 3Q21</li> </ul>
<p>Corpus Christi Polymers (CCP) Update</p>	<ul style="list-style-type: none"> <li>• Alpek and its JV partners unanimously agreed to extend pre-construction phase through the end of 2021</li> <li>• Sharp increase in PET demand over past year has driven site attractiveness</li> <li>• Focus on exploring various alternatives to minimize CAPEX required for the project</li> </ul>

*(See “Appendix – 1Q21 Reports of Listed Businesses” for Alpek’s complete 1Q21 Earnings Report)*

### Axtel (BMV: AXTELCPO) – IT & TELECOM

4% of ALFA's Revenues in 1Q21

axtel



#### SELECTED FINANCIAL INFORMATION (US \$ Millions)

	1Q21	4Q20	1Q20	(% 1Q21 vs.)	
				4Q20	1Q20
<b>Revenues</b>	<b>140</b>	<b>150</b>	<b>157</b>	<b>(7)</b>	<b>(11)</b>
Services - Enterprise	93	94	102	(1)	(9)
Services - Government	17	26	27	(37)	(38)
Infrastructure	60	59	59	2	2
Eliminations	(30)	(30)	(31)	(1)	3
<b>EBITDA</b>	<b>45</b>	<b>51</b>	<b>156</b>	<b>(12)</b>	<b>(71)</b>
<b>CAPEX &amp; Acquisitions<sup>1</sup></b>	<b>13</b>	<b>32</b>	<b>36</b>	<b>(58)</b>	<b>(62)</b>
<b>Net Debt</b>	<b>627</b>	<b>602</b>	<b>586</b>	<b>4</b>	<b>7</b>
Net Debt / LTM EBITDA*	3.2	2.0	1.8		
LTM Interest Coverage <sup>2*</sup>	3.2	4.9	5.3		

\* Times. LTM = Last 12 months

1 Gross amount; does not include divestments

2 Interest Coverage = EBITDA/Net Financial Expenses

**Revenues** totaled US \$140 million, down 11% year-on-year due to a 15% decrease in the Services unit that was partially offset by a 2% increase in the Infrastructure unit. Lower Services unit Revenues reflect a 38% decline in its Government segment, resulting primarily from the termination of contracts and a reduction in value-added and digital transformation projects with government entities.

**EBITDA** was US \$45 million, down 71% year-on-year. Adjusting for the US \$107 million one-time gain associated with the Data Center sale in 1Q20, EBITDA was 7% lower year-on-year mainly due to the decline in the Service unit contribution. On a currency neutral basis and adjusting for the one-time gain, 1Q21 EBITDA was down 4% versus 1Q20.

**Capital expenditures (CAPEX) & Acquisitions** totaled US \$13 million in 1Q21, compared to US \$36 million in 1Q20 which included an extraordinary investment of US \$19 million for the renewal of spectrum frequencies.

**Net Debt** was US \$627 million at the close of 1Q21, up 7% and 4% when compared to 1Q20 and 4Q20, respectively. On an absolute basis, Net Debt increased US \$26 million versus year-end mainly due to investment in Net Working Capital. Cash totaled US \$69 million at the end of the first quarter, down from US \$100 million at year-end 2020 as the Company deployed US \$63 million to reduce its 2024 Senior Notes plus US \$15 million to pay short-term loans. Financial ratios at the close of 1Q21 were: Net Debt to EBITDA of 3.2 times and Interest Coverage of 3.2 times.

## RECENT DEVELOPMENTS - AXTEL

Strategic Sale Process	<ul style="list-style-type: none"> <li>Actively engaging with potential buyers who have shown interest for its Infrastructure unit</li> </ul>
Annual Shareholders' Meeting	<ul style="list-style-type: none"> <li>Shareholders approved a maximum amount of Ps. \$200 million for share buybacks</li> <li>Shareholders ratified all members of the Board of Directors</li> </ul>
"Frecuencia Alestra" virtual event	<ul style="list-style-type: none"> <li>Virtual event hosted in March to showcase innovations in IT and Digital Transformation solutions</li> <li>Complement to the "Alestra Fest" in-person event which is currently on hold due to the pandemic</li> <li>Over 2,300 participants</li> </ul>
NAVE	<ul style="list-style-type: none"> <li>Business acceleration program launched in 2016</li> <li>26 scale-ups and 21 startups accelerated through NAVE over the last 5 years                             <ul style="list-style-type: none"> <li>18 pilot tests</li> <li>7 product launches</li> </ul> </li> </ul>
2024 Senior Notes prepayment	<ul style="list-style-type: none"> <li>Axtel redeemed an aggregate principal amount of US \$60 million of its Senior Notes due 2024 at a redemption price of 104.781%</li> <li>The aggregate principal amount outstanding after the redemption is US \$440 million</li> <li>Fitch upgraded the ratings of Axtel's 2024 Senior Notes from BB- to BB and revised the Company's outlook to Stable</li> </ul>

*(See "Appendix - 1Q21 Reports of Listed Businesses" for Axtel's complete 1Q21 Earnings Report)*

## Newpek – OIL & GAS



Following ALFA's decision to exit the oil and gas business and the subsequent sale of the Eagle Ford and Edwards Shale formations, Newpek has become a significantly smaller part of ALFA.

As a result, Newpek's financial results will no longer be shown as separate line items. However, additional information related to the remaining operations of Newpek are available in Tables 17, 18 and 19 (pg. 36).

**Nemak (BMV: NEMAKA) – ALUMINUM AUTOPARTS**



In accordance with International Financial Reporting Standards (IFRS), ALFA's Consolidated Results account for Nemak as Discontinued Operations due to the spin-off of this business.

Additional details related to the effects of discontinued operations on ALFA's consolidated results are available in Tables 9, 10 and 11.

It is important to note that accounting for Nemak as a Discontinued Operation in ALFA's financial statements ended on December 14, 2020.

Please refer to Nemak's 1Q21 Earnings Report for the full analysis of operating figures.

## 1Q21 EARNINGS CALL INFORMATION

Date: Wednesday, April 21, 2021

Time: 1:00 p.m. EDT (NY) / 12:00 p.m. CDT (CDMX)

By Phone: United States: +1-877-451-6152  
International: +1-201-389-0879  
Mexico: 800-522-0034

Conference ID: 13718399

Webcast: <http://public.viavid.com/index.php?id=144229>

Replay: <https://www.alfa.com.mx/RI/conference.htm>

### About ALFA

ALFA a company that has developed a diversified portfolio of leading businesses with global operations: Sigma, a leading multinational food company, focused on the production, marketing and distribution of quality foods through recognized brands in Mexico, Europe, United States and Latin America. Alpek, one of the world's largest producers of polyester (PTA, PET and fibers), and the leader in the Mexican market for polypropylene, expandable polystyrene (EPS) and caprolactam. Axtel, a provider of Information Technology and Communication services for the enterprise and government segments in Mexico. Newpek, an oil and gas exploration and production company with operations in Mexico. In 2020, ALFA reported revenues of Ps. 263,867 million (US \$12.3 billion), and EBITDA of Ps. 32,597 million (US \$1.5 billion). ALFA's shares are quoted on the Mexican Stock Exchange and on Latibex, the market for Latin American shares of the Madrid Stock Exchange. For more information, please visit [www.alfa.com.mx](http://www.alfa.com.mx)

### Disclaimer

This release 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, all of which are difficult or impossible to predict accurately. These uncertainties include, but are not limited to, risks related to the impact of the COVID-19 global pandemic, such as the scope and duration of the outbreak, government actions and restrictive measures implemented in response, availability of workers and contractors due to illness and stay at home orders, supply chain disruptions and other impacts to the business, or on the Company's ability to execute business continuity plans, as a result thereof. Accordingly, results could vary from those set forth in this release. The report presents unaudited financial information. Figures are presented in Mexican Pesos or US Dollars, 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. Financial ratios are calculated in US Dollars. Due to the rounding up of figures, small differences may occur when calculating percent changes from one period to the other.



## Tables

### ALFA

Table 1 | VOLUME AND PRICE CHANGES (%)

	1Q21 vs.	
	4Q20	1Q20
Total Volume	(0.5)	1.5
Domestic Volume	(0.2)	3.7
Foreign Volume	(1.0)	(1.5)
Avg. Ps. Prices	4.4	4.7
Avg. US \$ Prices	5.8	2.4

Table 2 | REVENUES

	1Q21	4Q20	1Q20	(% 4Q20 vs.)	
				4Q20	1Q20
<b>Total Revenues</b>					
Ps. Millions	68,918	66,329	64,854	4	6
US \$ Millions	3,388	3,218	3,261	5	4
<b>Domestic Revenues</b>					
Ps. Millions	27,952	25,761	24,930	9	12
US \$ Millions	1,375	1,251	1,260	10	9
<b>Foreign Revenues</b>					
Ps. Millions	40,966	40,568	39,925	1	3
US \$ Millions	2,013	1,967	2,001	2	1
Foreign / Total (%)	59	61	61		

Table 3 | OPERATING INCOME AND EBITDA

	1Q21	4Q20	1Q20	(% 4Q20 vs.)	
				4Q20	1Q20
<b>Operating Income</b>					
Ps. Millions	7,736	4,729	4,789	64	62
US \$ Millions	380	229	244	66	55
<b>EBITDA</b>					
Ps. Millions	10,886	8,626	8,163	26	33
US \$ Millions	535	419	415	28	29
<b>EBITDA/Revenues (%)*</b>	15.8	13.0	12.7		

\*US Dollar denominated EBITDA margin

Table 4 | EXTRAORDINARY ITEMS (US \$ Millions)

Company	Extraordinary item	1Q21	4Q20	1Q20	YTD' 21	YTD' 20
Alpek	Inventory gain (loss)	63	9	(17)	63	(17)
	Carry-forward gain (loss)	58	9	(20)	58	(20)
	Gain on business combination (Wilton)	-	35	-	-	-
	Legal fees/expenses & others	-	(2)	-	-	-
	<b>Total Alpek (previous)</b>	-	<b>41</b>	<b>(17)</b>	-	<b>(17)</b>
	<b>Total Alpek (with carry-forward)<sup>1</sup></b>	<b>121</b>	<b>50</b>	<b>(36)</b>	<b>121</b>	<b>(36)</b>
Axtel	Data Center sale gain	-	-	107	-	107
	<b>Total Axtel</b>	-	-	<b>107</b>	-	<b>107</b>
Newpek	Mexico expense recovery provision	-	4	-	-	-
	<b>Total Newpek</b>	-	<b>4</b>	-	-	-
<b>ALFA</b>	<b>Total effect on EBITDA (previous)</b>	-	<b>46</b>	<b>91</b>	-	<b>91</b>
	<b>Total effect on EBITDA (with carry forward)<sup>1</sup></b>	<b>121</b>	<b>55</b>	<b>71</b>	<b>121</b>	<b>71</b>

1 Extraordinary items include "Carry-forward gain (loss)" beginning 1Q21. Total figures from previous quarters include the carry-forward effect for comparability purposes.

Table 5 | COMPARABLE EBITDA (US \$ Millions)

Company	1Q21	4Q20	1Q20	(% 1Q21 vs.)	
				4Q20	1Q20
<b>ALFA</b>	<b>414</b>	<b>364</b>	<b>344</b>	<b>14</b>	<b>20</b>
Alpek	203	151	147	35	38
Sigma	181	178	169	2	7
Axtel	45	51	48	(12)	(7)
Newpek	(3)	1	(6)	(373)	45
ALFA EBITDA/Revenues (%)	12.2	11.3	10.6		

Table 6 | COMPREHENSIVE FINANCING INCOME / EXPENSE (US \$ Millions)

	1Q21	4Q20	1Q20	(% 1Q21 vs.)	
				4Q20	1Q20
Financial Expenses	(136)	(85)	(106)	(60)	(29)
Financial Income	7	5	13	64	(41)
Net Financial Expenses	(129)	(81)	(93)	(60)	(38)
Exchange Rate Gains (Losses)	(39)	22	(127)	(273)	70
Capitalized Comp. Fin. Expense	0	0	0	47	7
Comprehensive Financing Expense	(167)	(58)	(220)	(187)	24
Avg. Cost of Borrowed Funds (%)	7.7	4.8	5.9		

# Earnings Report

## First Quarter 2021 (1Q21)



Table 7 | NET INCOME (US \$ Millions)

	1Q21	4Q20	1Q20	(% 1Q21 vs.)	
				4Q20	1Q20
Consolidated Net Income (Loss)	197	120	175	64	12
Minority Interest	43	183	5	(77)	734
Majority Interest	154	(63)	170	346	(10)
Per Share (US Dollars)	0.03	(0.01)	0.03	(344)	(8)
Avg. Outstanding Shares (Millions)	4,909	4,909	5,010		

Table 8 | STATEMENT OF FINANCIAL POSITION & FINANCIAL RATIOS (US \$ Millions)

	1Q21	4Q20	1Q20	(% 1Q21 vs.)	
				4Q20	1Q20
<b>Assets</b>					
Cash and cash equivalents	1,393	1,611	2,252	(14)	(38)
Trade accounts receivable	1,027	870	1,177	18	(13)
Inventories	1,771	1,658	2,376	7	(25)
Other current assets	0	0	0	-	-
Current assets from discontinued operations <sup>1</sup>	790	773	842	2	(6)
<b>Total current assets</b>	<b>4,981</b>	<b>4,913</b>	<b>6,646</b>	<b>1</b>	<b>(25)</b>
Investment in associates and others	450	444	471	(20)	(23)
Property, plant and equipment, net	4,255	4,395	6,669	(3)	(36)
Goodwill and intangible assets, net	2,201	2,279	2,886	(3)	(24)
Other non-current assets	847	810	1,481	5	(44)
<b>Total assets</b>	<b>12,734</b>	<b>12,841</b>	<b>18,153</b>	<b>(1)</b>	<b>(30)</b>
<b>Liabilities &amp; stockholders' equity</b>					
Debt	188	166	1,054	432	(4)
Suppliers	2,064	1,971	2,937	5	(30)
Other current liabilities	0	0	0	-	-
Current liabilities from discontinued operations <sup>1</sup>	1,054	1,102	1,437	(11)	(5)
<b>Total current liabilities</b>	<b>3,306</b>	<b>3,239</b>	<b>5,428</b>	<b>17</b>	<b>(40)</b>
Debt (include debt issuance cost)	5,728	5,815	7,095	6	7
Employees' benefits	225	237	257	(5)	(12)
Other long-term liabilities	826	876	1,031	(33)	(39)
<b>Total liabilities</b>	<b>10,086</b>	<b>10,166</b>	<b>13,811</b>	<b>(1)</b>	<b>(27)</b>
<b>Total stockholders' equity</b>	<b>2,648</b>	<b>2,674</b>	<b>4,342</b>	<b>(1)</b>	<b>(39)</b>
<b>Total liabilities &amp; stockholders' equity</b>	<b>12,734</b>	<b>12,841</b>	<b>18,153</b>	<b>(1)</b>	<b>(30)</b>
Net Debt	4,864	4,699	6,323	4	(23)
Net Debt/EBITDA*	2.9	3.1	3.0		
Interest Coverage*	4.3	4.4	4.7		

\* Times. LTM=Last 12 months

<sup>1</sup> Breakdown of Balance Sheet line items from Discontinued Operations shown on Table 9



Table 9 | STATEMENT OF FINANCIAL POSITION DISCONTINUED OPERATIONS – NEMAK (US \$ MILLIONS)

	3Q20
Current assets	1,719
Non-Current assets	3,336
<b>Total assets</b>	<b>5,055</b>
Current liabilities	1,500
Non-Current liabilities	1,833
<b>Total liabilities</b>	<b>3,333</b>

Table 10 | INCOME STATEMENT DISCONTINUED OPERATIONS – NEMAK (US \$ MILLIONS)

	1Q21	4Q20	1Q20	(%) 1Q21 vs.	
				4Q20	1Q20
Total Revenues	0	794	907	(100)	(100)
Gross Profit	0	117	138	(100)	(100)
Operating expenses and others	0	(55)	(67)	100	100
EBITDA	0	136	142	(100)	(100)
<b>Operating income (loss)</b>	<b>0</b>	<b>62</b>	<b>71</b>	<b>(100)</b>	<b>(100)</b>
Financial cost, net	0	(17)	(71)	100	100
Share of losses of associates	0	0	1	(100)	(100)
Income Tax	0	(7)	(7)	100	100
<b>Profit (loss) from discontinued operations (Nemak)</b>	<b>0</b>	<b>38</b>	<b>(7)</b>	<b>(100)</b>	<b>100</b>
Other effects associated to the Nemak spin-off (ALFA)	0	458	0	(100)	-
<b>Profit (loss) from discontinued operations (ALFA)</b>	<b>0</b>	<b>496</b>	<b>(7)</b>	<b>(100)</b>	<b>100</b>

Table 11 | CHANGE IN NET DEBT DISCONTINUED OPERATIONS – NEMAK (US \$ MILLIONS)

	1Q21	4Q20	1Q20	(%) 1Q21 vs.	
				4Q20	1Q20
EBITDA	0	0	142	(100)	(100)
Net Working Capital	0	0	(26)	(100)	100
Capital expenditures & Acquisitions	0	0	(97)	(100)	100
Net Financial Expenses	0	0	(18)	(100)	100
Taxes	0	0	(14)	(100)	100
Dividends	0	0	0	(100)	-
Other Sources / Uses	0	0	13	(100)	(100)
<b>Decrease (Increase) in Net Debt</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(100)</b>	<b>-</b>

### Sigma

Table 12 | SIGMA - VOLUME AND PRICE CHANGES (%)

	1Q21 vs.	
	4Q20	1Q20
Total Volume	0.0	(5.2)
Avg. Ps. Prices	(4.3)	6.3
Avg. US \$ Prices	(3.0)	3.9

Table 13 | SIGMA - REVENUES

	1Q21	4Q20	1Q20	(% ) 1Q21 vs.	
				4Q20	1Q20
<b>Total Revenues</b>					
Ps. Millions	32,811	34,271	32,569	(4)	1
US \$ Millions	1,613	1,662	1,637	(3)	(1)
Foreign / Total (%)	61	61	59		

Table 14 | SIGMA - OPERATING INCOME AND EBITDA

	1Q21	4Q20	1Q20	(% ) 1Q21 vs.	
				4Q20	1Q20
<b>Operating Income</b>					
Ps. Millions	2,578	1,807	2,282	43	13
US \$ Millions	127	86	114	47	11
<b>EBITDA</b>					
Ps. Millions	3,689	3,675	3,375	-	9
US \$ Millions	181	178	169	2	7

Table 15 | SIGMA - COMPREHENSIVE FINANCING INCOME / EXPENSE (US \$ Millions)

	1Q21	4Q20	1Q20	(% 1Q21 vs.)	
				4Q20	1Q20
Financial Expenses	(31)	(28)	(36)	(11)	13
Financial Income	3	3	2	(3)	16
Net Financial Expenses	(29)	(25)	(33)	(12)	15
Exchange Rate Gains (Losses)	(1)	(60)	32	98	(105)
Capitalized Comp. Fin. Expense	0	0	0	-	-
Comprehensive Financing Expense	(30)	(86)	(2)	65	-
Avg. Cost of Borrowed Funds (%)	4.4	4.4	4.5		

Table 16 | SIGMA - STATEMENT OF FINANCIAL POSITION & FINANCIAL RATIOS (US \$ Millions)

	1Q21	4Q20	1Q20	(% 1Q21 vs.)	
				4Q20	1Q20
<b>Assets</b>					
Cash and cash equivalents	746	817	715	(9)	4
Trade accounts receivable	210	192	258	9	(19)
Inventories	782	764	879	2	(11)
Other current assets	217	218	212	0	2
<b>Total current assets</b>	<b>1,956</b>	<b>1,992</b>	<b>2,064</b>	<b>(2)</b>	<b>(5)</b>
Investment in associates and others	7	7	5	2	29
Property, plant and equipment, net	1,613	1,672	1,560	(4)	3
Goodwill and intangible assets, net	1,543	1,595	1,479	(3)	4
Other non-current assets	244	243	280	1	(13)
<b>Total assets</b>	<b>5,363</b>	<b>5,508</b>	<b>5,388</b>	<b>(3)</b>	<b>-</b>
<b>Liabilities &amp; stockholders' equity</b>					
Debt	57	67	356	(15)	(84)
Suppliers	1,023	1,020	1,107	0	(8)
Other current liabilities	367	416	313	(12)	17
<b>Total current liabilities</b>	<b>1,448</b>	<b>1,503</b>	<b>1,775</b>	<b>(4)</b>	<b>(18)</b>
Debt (include debt issuance cost)	2,461	2,495	2,385	(1)	3
Employees' benefits	87	91	73	(4)	19
Other long-term liabilities	222	250	206	(12)	8
<b>Total liabilities</b>	<b>4,217</b>	<b>4,339</b>	<b>4,439</b>	<b>(3)</b>	<b>(5)</b>
<b>Total stockholders' equity</b>	<b>1,146</b>	<b>1,168</b>	<b>949</b>	<b>(2)</b>	<b>21</b>
<b>Total liabilities &amp; stockholders' equity</b>	<b>5,363</b>	<b>5,508</b>	<b>5,388</b>	<b>(3)</b>	<b>-</b>
Net Debt	1,781	1,756	2,037	1	(13)
Net Debt/EBITDA*	2.6	2.6	2.9		
Interest Coverage*	5.8	5.5	5.9		

\* Times. LTM=Last 12 months

### NEWPEK

Table 17 | NEWPEK – REVENUES (US \$ Millions)

	1Q21	4Q20	1Q20	(% 1Q21 vs.)	
				4Q20	1Q20
<b>Volume (MBOEPD)<sup>1</sup></b>	1.4	1.3	6.3	11	(77)
<b>Total Revenues</b>					
Ps. Millions	51	(42)	317	220	(84)
US \$ Millions	3	(2)	16	237	(85)
<b>Domestic Revenues</b>					
Ps. Millions	49	(45)	154	209	(68)
US \$ Millions	2	(2)	8	223	(70)
<b>Foreign Revenues</b>					
Ps. Millions	2	2	163	13	(99)
US \$ Millions	-	-	8	14	(99)
Foreign / Total (%)	5	-	51		

<sup>1</sup> Thousands of Barrels of Oil Equivalent Per Day

Table 18 | NEWPEK - OPERATING INCOME AND EBITDA (US \$ Millions)

	1Q21	4Q20	1Q20	(% 1Q21 vs.)	
				4Q20	1Q20
<b>Operating Income</b>					
Ps. Millions	(65)	105	(153)	(162)	58
US \$ Millions	(3)	5	(8)	(166)	57
<b>EBITDA</b>					
Ps. Millions	(60)	119	(112)	(151)	46
US \$ Millions	(3)	6	(6)	(154)	46
<b>CAPEX</b>					
US \$ Millions	(1)	(1)	(6)	(119)	76

Table 19 | NEWPEK - SELECTED BALANCE SHEET INFORMATION & FINANCIAL RATIOS (US \$ Millions)

	1Q21	4Q20	1Q20
Assets	553	567	560
Liabilities	214	222	314
Stockholders' Equity	340	345	246
Net Debt	(16)	(9)	(6)
Net Debt/EBITDA*	(0.4)	(0.2)	0.1
Interest Coverage*	(3.8)	(3.4)	7.4

\* Times. LTM= Last 12 months



## Financial Statements

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

### BALANCE SHEET

Information in millions of Nominal Mexican Pesos

	Mzo 21	Dec 20	Mzo 20	(% Mzo 21 vs.)	
				Dec 20	Mzo 20
<b>ASSETS</b>					
<b>CURRENT ASSETS:</b>					
Cash and cash equivalents	28,699	32,144	52,945	(11)	(46)
Trade accounts receivable	21,159	17,356	27,671	22	(24)
Other accounts and notes receivable	6,001	5,957	7,156	1	(16)
Inventories	36,489	33,084	55,854	10	(35)
Other current assets	10,284	9,466	12,645	9	(19)
Current assets from discontinued operations	0	0	0	-	-
<b>Total current assets</b>	<b>102,632</b>	<b>98,007</b>	<b>156,271</b>	<b>5</b>	<b>(34)</b>
Investments in associates and joint ventures	9,265	8,866	11,071	4	(16)
Property, Plant and equipment	87,679	87,670	156,807	-	(44)
Intangible assets	45,346	45,461	67,845	-	(33)
Other non-current assets	17,454	16,152	34,818	8	(50)
<b>Total assets</b>	<b>262,376</b>	<b>256,156</b>	<b>426,812</b>	<b>2</b>	<b>(39)</b>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>					
<b>CURRENT LIABILITIES:</b>					
Current portion of long-term debt	3,048	2,872	4,028	6	(24)
Bank loans and notes payable	829	430	20,758	93	(96)
Suppliers	42,527	39,321	69,055	8	(38)
Other current liabilities	21,724	21,981	33,788	(1)	(36)
Current liabilities from discontinued operations	0	0	0	-	-
<b>Total current liabilities</b>	<b>68,127</b>	<b>64,605</b>	<b>127,629</b>	<b>5</b>	<b>(47)</b>
<b>LONG-TERM LIABILITIES:</b>					
Long-term debt	118,028	115,997	166,828	2	(29)
Deferred income taxes	9,953	9,529	13,670	4	(27)
Other liabilities	7,065	7,940	10,567	(11)	(33)
Estimated liabilities for seniority premiums and pension plans	4,641	4,733	6,034	(2)	(23)
<b>Total liabilities</b>	<b>207,815</b>	<b>202,804</b>	<b>324,728</b>	<b>2</b>	<b>(36)</b>
<b>STOCKHOLDERS' EQUITY:</b>					
<b>Controlling interest:</b>					
Capital stock	170	169	207	1	(18)
Earned surplus	39,281	38,330	76,861	2	(49)
<b>Total controlling interest</b>	<b>39,451</b>	<b>38,499</b>	<b>77,068</b>	<b>2</b>	<b>(49)</b>
<b>Total Non-controlling interest</b>	<b>15,110</b>	<b>14,853</b>	<b>25,016</b>	<b>2</b>	<b>(40)</b>
<b>Total stockholders' equity</b>	<b>54,562</b>	<b>53,352</b>	<b>102,084</b>	<b>2</b>	<b>(47)</b>
<b>Total liabilities and stockholders' equity</b>	<b>262,377</b>	<b>256,156</b>	<b>426,813</b>	<b>2</b>	<b>(39)</b>
Current ratio	1.5	1.5	1.2		
Debt to equity	3.8	3.8	3.2		

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

#### INCOME STATEMENT

Information in millions of Nominal Mexican Pesos

	1Q21	4Q20	1Q20	1Q21 vs. (%)	
				4Q20	1Q20
Net sales	68,918	66,329	64,854	4	6
Domestic	27,952	25,761	24,930	9	12
Export	40,966	40,568	39,925	1	3
Cost of sales	(51,065)	(51,205)	(52,083)	-	2
<b>Gross profit</b>	<b>17,853</b>	<b>15,124</b>	<b>12,772</b>	<b>18</b>	<b>40</b>
Operating expenses and others	(10,117)	(10,395)	(7,983)	3	(27)
Operating income	7,736	4,729	4,789	64	62
Comprehensive financing expense, net	(3,406)	(1,185)	(4,591)	(187)	26
Equity in income (loss) of associates	(6)	131	27	(105)	(122)
Income before the following provision	4,323	3,676	225	18	-
Provisions for:					
Income tax	(328)	(11,185)	3,379	97	(110)
Profit (loss) from continuing operations	3,996	(7,510)	3,605	153	11
Profit (loss) from discontinued operations	0	9,985	(179)	(100)	100
<b>Consolidated net income</b>	<b>3,996</b>	<b>2,475</b>	<b>3,426</b>	<b>61</b>	<b>17</b>
<b>Income (loss) corresponding to minority interest</b>	<b>869</b>	<b>3,699</b>	<b>(50)</b>	<b>(77)</b>	<b>-</b>
<b>Net income (loss) corresponding to majority interest</b>	<b>3,127</b>	<b>(1,223)</b>	<b>3,476</b>	<b>356</b>	<b>(10)</b>
<b>EBITDA</b>	<b>10,886</b>	<b>8,626</b>	<b>8,163</b>	<b>26</b>	<b>33</b>
Interest coverage*	4.2	4.3	4.7		

\* Times. LTM=Last Twelve Months

# Earnings Report

## First Quarter 2021 (1Q21)



### Sigma Alimentos, S.A. de C.V. and Subsidiaries

#### BALANCE SHEET

Information in millions of Nominal Mexican Pesos

(%) Mar 21 vs.

Assets	Mar 21	Dec 20	Mar 20	Dec 20	Mar 20
<b>CURRENT ASSETS:</b>					
Cash and cash equivalents	15,380	16,301	16,801	(6)	(8)
Restricted cash	25	24	14	3	75
Customers, net	4,335	3,833	6,071	13	(29)
Income tax recoverable	900	741	490	21	84
Inventories	16,119	15,248	20,664	6	(22)
Other current assets	3,547	3,585	4,487	(1)	(21)
<b>Total current assets</b>	<b>40,306</b>	<b>39,732</b>	<b>48,527</b>	<b>1</b>	<b>(17)</b>
Property, plant and equipment, net	33,233	33,346	36,681	-	(9)
Intangible assets, net	17,143	17,179	18,961	-	(10)
Goodwill	14,641	14,638	15,802	-	(7)
Deferred income tax	4,119	4,125	4,173	-	(1)
Investments in associates and joint ventures	139	132	123	5	13
Other non-current assets	917	719	2,417	27	(62)
<b>Total non-current assets</b>	<b>70,193</b>	<b>70,140</b>	<b>78,157</b>	<b>-</b>	<b>(10)</b>
<b>Total assets</b>	<b>110,499</b>	<b>109,872</b>	<b>126,684</b>	<b>1</b>	<b>(13)</b>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>					
<b>CURRENT LIABILITIES:</b>					
Current debt	458	649	7,640	(29)	(94)
Notes payables	720	558	728	29	(1)
Suppliers	21,080	20,352	26,020	4	(19)
Income tax payable	594	461	506	29	17
Provisions	126	182	121	(31)	4
Other current liabilities	6,812	7,748	6,722	(12)	1
<b>Total current liabilities</b>	<b>29,789</b>	<b>29,949</b>	<b>41,738</b>	<b>(1)</b>	<b>(29)</b>
<b>NON-CURRENT LIABILITIES:</b>					
Non-current debt	48,632	47,746	53,848	2	(10)
Notes payables	2,067	2,030	2,227	2	(7)
Deferred income taxes	3,865	3,934	4,375	(2)	(12)
Employees benefits	1,793	1,807	1,717	(1)	4
Provisions	87	90	94	(4)	(8)
Income tax payable	616	974	370	(37)	66
Other non-current liabilities	35	37	4	(4)	823
<b>Total non-current liabilities</b>	<b>57,095</b>	<b>56,618</b>	<b>62,634</b>	<b>1</b>	<b>(9)</b>
<b>Total liabilities</b>	<b>86,885</b>	<b>86,567</b>	<b>104,372</b>	<b>-</b>	<b>(17)</b>
<b>STOCKHOLDERS' EQUITY:</b>					
Total controlling interest:	23,614	23,304	22,312	1	6
Total non-controlling interest:	0	0	0	-	-
<b>Total stockholders' equity</b>	<b>23,614</b>	<b>23,304</b>	<b>22,312</b>	<b>1</b>	<b>6</b>
<b>Total liabilities and stockholders' equity</b>	<b>110,499</b>	<b>109,871</b>	<b>126,684</b>	<b>1</b>	<b>(13)</b>



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### Sigma Alimentos, S.A. de C.V. and Subsidiaries

#### INCOME STATEMENT

	1Q21	4Q20	1Q20	1Q21 vs. (%)	
				4Q20	1Q20
Revenue	32,811	34,271	32,569	(4)	1
Cost of sales	(23,219)	(24,603)	(23,596)	(6)	(2)
<b>Gross profit</b>	<b>9,591</b>	<b>9,668</b>	<b>8,974</b>	<b>(1)</b>	<b>7</b>
Selling expenses	(5,319)	(5,325)	(5,259)	-	1
Administrative expenses	(1,656)	(1,739)	(1,473)	(5)	12
Other income (expenses), net	(39)	(797)	40	(95)	(196)
Operating profit	2,578	1,807	2,282	43	13
Comprehensive financial expenses, net	(610)	(1,774)	35	(66)	-
Equity in income (loss) of associates	0	0	0	-	(100)
Profit before income tax	1,968	32	2,317	-	(15)
Provisions for:					
Income tax	(309)	(598)	677	(48)	(146)
<b>Net consolidated profit</b>	<b>1,659</b>	<b>(566)</b>	<b>2,994</b>	<b>(393)</b>	<b>(45)</b>
<b>Non-controlling interest</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>
<b>Controlling interest</b>	<b>1,659</b>	<b>(566)</b>	<b>2,994</b>	<b>(393)</b>	<b>(45)</b>

## **Appendix - Listed Business 1Q21 Reports**

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**Alpek** (BMV: ALPEKAA) – Petrochemicals

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**Axtel** (BMV: AXTELCPO) – IT & Telecom

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FIRST QUARTER **2021 RESULTS**

## Alpek Posts U.S. \$203M in Comparable EBITDA (U.S. \$324M in Reported EBITDA) *Guidance Raised to U.S. \$675M due to Record Volume & Higher-than-Expected Margins*

Monterrey, Mexico – April 20<sup>th</sup>, 2021 – Alpek, S.A.B. de C.V. (BMV: ALPEK), a leading petrochemical company in the Americas, announced today its first quarter 2021 results (1Q21).

### QUARTERLY HIGHLIGHTS

- Record high first quarter volume, reaching 1.2 million tons (+4% YoY) and on track with Guidance estimates
- Comparable EBITDA of U.S. \$203 million (+38% YoY) due to record volume & higher-than-expected margins
- Successfully issued a 10-year U.S. \$600 million bond with a record low annual coupon (3.25%) and spread (200bps)
- Joint venture for development of CO<sub>2</sub> capture facility to supply Mexican beverage market & lower carbon footprint
- Dividend payment of U.S. \$126 million approved at Annual Shareholders' Meeting; payable in 2Q21
- Leverage improved to 1.6x as Net Debt remained at U.S. \$1,219 million as LTM EBITDA increased
- Comparable EBITDA Guidance raised to U.S. \$675 million (+20%) due to strong 1Q21 & improved industry margins

### 1Q21 KEY METRICS

(in U.S.\$ million, except for volume and production figures)

	1Q21	4Q20	1Q20	QoQ (%)	YoY (%)
<b>Volume<sup>1</sup> (ktons)</b>	<b>1,230</b>	<b>1,248</b>	<b>1,184</b>	<b>(1)</b>	<b>4</b>
Polyester	996	992	967	-	3
Plastics & Chemicals	234	256	217	(9)	8
<b>Production (ktons)</b>	<b>1,621</b>	<b>1,612</b>	<b>1,583</b>	<b>1</b>	<b>2</b>
Polyester	1,346	1,343	1,318	-	2
Plastics & Chemicals	274	269	265	2	3
<b>Revenues</b>	<b>1,614</b>	<b>1,392</b>	<b>1,433</b>	<b>16</b>	<b>13</b>
Polyester	1,069	967	1,094	11	(2)
Plastics & Chemicals	471	374	300	26	57
<b>EBITDA</b>	<b>324</b>	<b>201</b>	<b>111</b>	<b>61</b>	<b>193</b>
Polyester	184	124	58	48	216
Plastics & Chemicals	123	73	49	69	153
Others	17	4	3	337	385
<b>Comparable EBITDA<sup>2</sup></b>	<b>203</b>	<b>151</b>	<b>147</b>	<b>35</b>	<b>38</b>
Polyester	89	81	94	10	(5)
Plastics & Chemicals	97	66	50	48	95
Others	17	4	3	337	385
<b>Net Income (Controlling Interest)</b>	<b>121</b>	<b>99</b>	<b>(19)</b>	<b>23</b>	<b>722</b>
<b>CAPEX</b>	<b>30</b>	<b>97</b>	<b>15</b>	<b>(69)</b>	<b>107</b>
<b>Net Debt</b>	<b>1,219</b>	<b>1,185</b>	<b>1,436</b>	<b>3</b>	<b>(15)</b>
<b>Net Debt / EBITDA<sup>3</sup></b>	<b>1.6</b>	<b>2.1</b>	<b>1.7</b>		

(1) Excludes intracompany sales (2) Excludes carry forward effect (3) Times: last 12 months



## MESSAGE FROM OUR CEO

*“I am pleased to report Alpek has kicked off 2021 on an extraordinarily strong note. During the first quarter, in addition to an outstanding performance, we made important strides in terms of our liability management and our long-term strategic growth plan.*

*Results were supported by the continued recovery of the global economy, which increased demand for several products, including PET. This in turn improved Asian Integrated Polyester margins which benefited our business. Moreover, the U.S. Gulf Coast was impacted by a polar vortex, creating a shortage of Polypropylene and natural gas, which Alpek was able not only to navigate, but to capitalize on. Finally, and as we expected, Alpek’s volume reached record highs for the first quarter. Based on our strong results to date, as well as a vastly improved competitive landscape, we have raised our EBITDA Guidance for the year.*

*Of note, Alpek successfully issued a U.S. \$600 million bond at the lowest coupon in the Company’s history, which significantly improved our debt profile. This bond issuance was oversubscribed by more than 9.0 times and enjoyed participation from several ESG-dedicated funds. Finally, the creation of a joint venture with ContourGlobal, facilitates our ability to develop a CO<sub>2</sub> capture and liquefaction facility, which is vital to our efforts to reduce Alpek’s carbon footprint while serving the unmet demand for food-grade CO<sub>2</sub> in Mexico.”*

### Overview

We witnessed global economies continue to recover throughout the first quarter of 2021, as COVID-19 vaccines were further distributed and overall demand for refined products continued to rise. Average spot Brent crude oil price rose to U.S. \$61 per barrel, 36% higher than that of 4Q20, closing the quarter at U.S. \$62 per barrel. Correspondingly, U.S. reference paraxylene (“Px”) prices also increased by 30% versus last quarter.

As a result of strong worldwide demand for petrochemical products, driven largely by China, Asian integrated Polyester reference margins increased to an average of U.S. \$330 dollars per ton in 1Q21 (+36% QoQ), much higher than Alpek’s original Guidance figure of U.S. \$245 dollars per ton, which was based on the supply/demand balance prevalent at the end of 4Q20.



José de Jesús Valdez

**CEO**



## **U.S. Gulf Coast Polar Vortex**

During February, the U.S. Gulf Coast was hit by an unprecedented polar vortex, which led to interruptions in the supply of natural gas, power, and petrochemical feedstocks. While a large portion of the industry was adversely affected by this meteorological phenomenon, Alpek's operations continued uninterrupted for several reasons. First, our facilities are not located in the affected area; second, we have a business unit specifically dedicated to commercializing natural gas from the U.S. into Mexico, and finally, we have worked to develop alternative sources for our raw material supply.

The most significant impact of the polar vortex to Alpek's results came from a decrease in the industry-wide inventory levels of Polypropylene and natural gas. As a result of this diminished supply, natural gas and Propylene prices soared to over U.S. \$400.00 per MMBtu and 125cpp respectively at one point, as average Polypropylene margins for the quarter increased to 32cpp (+43% QoQ). Alpek was able to not only overcome, but capitalize on all these effects, particularly by commercializing some of its natural gas inventories to third-party buyers, which contributed U.S. \$17 million to the Company's EBITDA in 1Q21.

## **Bond Issuance**

On February 18<sup>th</sup>, Alpek successfully issued a U.S. \$600 million bond in the international market with a 10-year maturity. The notes also established a record-low 3.25% annual coupon for Alpek. Perhaps most notably, the transaction was oversubscribed by 9.0 times, due to the Company's high volume and strong cash flow generation throughout 2020, despite the COVID-19 pandemic environment. Additionally, high-quality investor accounts with geographic diversity amply participated in the issuance, including ESG-dedicated funds, the latter of which reflects Alpek's continued progress on the matter.

The net proceeds from the bond were used in a concurrent tender offer with Alpek's 2022 bond. As a result, the Company's debt profile strongly improved, as the average debt life increased from 4.4 to 7.2 years.

## **CO<sub>2</sub> Carbon Capture & Liquefaction JV**

On March 29<sup>th</sup>, Alpek announced it had formed a joint venture with ContourGlobal plc to develop a 70,000-ton CO<sub>2</sub> capture and liquefaction facility, to be integrated into their existing cogeneration plant in Altamira, Mexico. The facility aims to help meet the unmet demand of food-grade CO<sub>2</sub> from Mexico's food & beverage industry, where it is used in the carbonation of soft drinks, beer, and sparkling water, among other products.

This venture is well aligned with Alpek's long-term strategic growth plan as it represents a carbon negative asset for the Company, supporting it on its path towards carbon neutrality. This joint venture also seeks to diversify the Company's current portfolio actively into profitable, growing, and more ESG-friendly markets. Our goal is to reach a final investment decision by the end of 3Q21, following detailed engineering analyses.

## Corpus Christi Polymers (“CCP”) Update

Alpek and its joint venture partners are committed to maximizing value from their investment in CCP. As such, during 1Q21, the group unanimously agreed to extend CCP’s pre-construction phase through the end of 2021. The sharp increase in PET demand over the past year has further driven the attractiveness of the completion of this site, as the partners remain focused on exploring various alternatives to minimizing CAPEX requirements for the project.

## Revised Guidance & Outlook

Alpek originally provided 2021 Guidance figures based on the market conditions prevalent at the beginning of the year. Having observed the stronger-than-expected PET demand and margins, as well as the one-time benefits generated in 1Q21 results by the polar vortex, the Company is providing updated guidance figures and key assumptions.

In the Polyester segment, we expect the continuation of improved demand and strong Asian integrated margins throughout 2021, which could normalize over the second half of the year. In the Plastics & Chemicals segment, the positive effect on Polypropylene margins created by the polar vortex is also expected to carry over into the second quarter, with a decline in the second half of the year, but a stronger finish in 2021 than originally expected. Figures for volume for both segments as well as CAPEX will remain the same as original Guidance. Accordingly, we maintain a positive outlook for the remainder of 2021.

The new Guidance figures are based on the following key assumptions:

- Average Brent crude oil reference price of U.S. \$63 per barrel (up from U.S. \$48 per barrel)
- Asian Integrated PET Reference Margins of U.S. \$285 per ton (up from U.S. \$245 per ton)

	Revised 2021 Guidance (US\$M)	Change (% vs. '20)	Previous 2021 Guidance (US\$M)	Change (% vs. '20)
<b>Reported EBITDA</b>	<b>U.S. \$750M</b>	<b>33</b>	U.S. \$561M	(1)
<b>Comparable EBITDA</b>	<b>U.S. \$675M</b>	<b>12</b>	U.S. \$561M	(7)

Alpek will discuss its Guidance in further detail during its 1Q21 Webcast.

## FINANCIAL RESULTS

### EBITDA

(in U.S.\$ million)

	1Q21	4Q20	1Q20	QoQ (%)	YoY (%)
<b>Reported EBITDA</b>	<b>324</b>	<b>201</b>	<b>111</b>	<b>61</b>	<b>193</b>
Inventory Adjustment	(63)	(9)	17	(626)	(479)
Carry-forward effect	(58)	(9)	20	(561)	(393)
Others	-	(33)	-	100	-
<b>Comparable EBITDA</b>	<b>203</b>	<b>151</b>	<b>147</b>	<b>35</b>	<b>38</b>

**Comparable EBITDA** was U.S. \$203 million, 38% higher than 1Q20, as a result of the increase in polyester margins, solid EPS performance, and one-time benefits to PP margins and commercialization of natural gas from the polar vortex impact.

**Reported EBITDA** was U.S. \$324 million, a 193% increase versus 1Q20 figures, largely due to a positive inventory effect of U.S \$63 million and carry-forward effect of U.S \$58 million during the quarter.

### INCOME STATEMENT

(in U.S.\$ million)

	1Q21	4Q20	1Q20	QoQ (%)	YoY (%)
<b>Total Revenues</b>	<b>1,614</b>	<b>1,392</b>	<b>1,433</b>	<b>16</b>	<b>13</b>
Gross Profit	334	183	118	82	183
Operating expenses and others	(61)	(31)	(60)	(98)	(1)
<b>Operating Income</b>	<b>273</b>	<b>152</b>	<b>57</b>	<b>79</b>	<b>374</b>
Financial cost, net	(74)	1	(88)	(5,444)	16
Share of losses of associates	-	(2)	3	112	(90)
Income tax	(46)	(33)	12	(38)	(494)
<b>Consolidated Net Income</b>	<b>152</b>	<b>118</b>	<b>(16)</b>	<b>29</b>	<b>1,033</b>
Controlling interest	121	99	(19)	23	722

**Revenues** for the first quarter totaled U.S. \$1,614 million, 13% higher than 1Q20, due to higher average consolidated prices and strong consolidated volume in 1Q21.

**Net Income attributable to Controlling Interest** for the first quarter of 2021 was U.S. \$121 million, compared to the loss of U.S. \$19 million in 1Q20. This improvement was due to a higher operating income.

## CASH FLOW

(in U.S.\$ million)

	1Q21	4Q20	1Q20	QoQ (%)	YoY (%)
EBITDA	324	201	111	61	193
Net Working Capital & Others	(192)	(16)	100	(1,119)	(292)
CAPEX	(30)	(97)	(15)	69	(107)
Financial Expenses	(67)	(23)	(26)	(194)	(154)
Income Tax	(44)	(24)	(64)	(80)	31
Dividends	(23)	(15)	(163)	(52)	86
Other Sources / Uses	(2)	22	(49)	(109)	96
<b>Decrease (Increase) in Net Debt</b>	<b>(34)</b>	<b>49</b>	<b>(106)</b>	<b>(168)</b>	<b>68</b>

**Net Working Capital (NWC)** totaled U.S. -\$192 million due to higher feedstock prices during 1Q20, resulting from the rise in crude oil prices and its impact on Px, as well the effects of the polar vortex, specifically for Propylene.

**CAPEX** totaled U.S. \$30 million during the quarter with most of these funds being used for maintenance and minor asset replacements.

**Financial expenses** were U.S. \$67 million in 1Q21, which include U.S. \$42 million in expenses related to the bond issuance and the subsequent tender for Alpek's 2022 bond.

**Income Tax** during 1Q21 was U.S. \$44 million, which already includes a portion of Alpek's payment for the fiscal year.

**Dividends** were U.S. \$23 million in 1Q21, paid out entirely to minority shareholders. The Company approved a U.S. \$126-million Dividend during its Annual Shareholders' Meeting, which will be paid out in 2Q21.

## NET DEBT & LEVERAGE

(in U.S.\$ million)

	1Q21	4Q20	1Q20	QoQ (%)	YoY (%)
<b>Net Debt</b>	<b>1,219</b>	<b>1,185</b>	<b>1,436</b>	<b>3</b>	<b>(15)</b>
EBITDA (LTM)	778	565	821	38	(5)
Net Debt / EBITDA (LTM)	1.6	2.1	1.7		

**Consolidated Net Debt** as of March 31, 2021 was U.S. \$1.219 billion, up 3% QoQ but down 15% YoY. Net Debt increased by U.S. \$34 million during 1Q21 as investment in net working capital rose, as well as financial expenses related to the bond issuance and subsequent tender. Gross Debt reached U.S. \$1.714 billion, and Cash declined to U.S. \$495 million, a slight decrease more in line with historical averages. Financial ratios as of quarter-end improved to: Net Debt to EBITDA of 1.6x and Interest Coverage of 5.8x, with Leverage decreasing as a result of higher LTM EBITDA, while net debt remained at similar levels.

## RESULTS BY BUSINESS SEGMENT: POLYESTER

(Purified Terephthalic Acid (PTA), Polyethylene Terephthalate (PET), rPET, Polyester fibers – 72% of Alpek's Net Sales)

### QUARTERLY HIGHLIGHTS

- Record Polyester volume during a first quarter of 996 thousand tons (+3% YoY)
- Integrated Asian polyester reference margins increased sharply due to strong demand (+36% QoQ)
- Polyester Comparable EBITDA of U.S. \$89 million (10% QoQ) mainly as a result of higher margins
- Polyester Reported EBITDA of U.S. \$184 million (+48% QoQ), including positive inventory adjustment (U.S. \$50 million) and Carry-forward effect (U.S. \$45 million)

KEY METRICS - POLYESTER (in U.S.\$ million, except volume and production)	1Q21	4Q20	1Q20	QoQ (%)	YoY (%)
Volume (ktons)	996	992	967	-	3
Production (ktons)	1,346	1,343	1,318	-	2
Revenues	1,069	967	1,094	11	(2)
<b>Reported EBITDA</b>	<b>184</b>	<b>124</b>	<b>58</b>	<b>48</b>	<b>216</b>
Inventories	(50)	(1)	16	(4,756)	(419)
Carry-forward effect	(45)	(9)	20	(410)	(326)
Others	-	(33)	-	100	-
<b>Comparable EBITDA</b>	<b>89</b>	<b>81</b>	<b>94</b>	<b>10</b>	<b>(5)</b>

**Polyester Volume** posted a new first quarter record of 996 thousand tons, 3% higher YoY. The higher volume was largely due to consistently strong post-COVID-19 demand.

**Polyester Comparable EBITDA** reached U.S. \$89 million during the quarter, a 10% increase QoQ. This was due to an increase in average integrated polyester margins to U.S. \$330 per ton, 36% higher QoQ, as well as strong and steady volume, which offset a negative effect of U.S. \$6 million from higher-than-expected natural gas costs during the polar vortex, mentioned previously.

As a result of the 36% increase in average Brent Crude oil price, average U.S. reference paraxylene (“Px”) prices increased accordingly by 30% QoQ. This resulted in a non-cash **inventory gain** of U.S. \$50 million and a **positive Carry-forward effect** of U.S. \$45 million in 1Q21.

**Polyester Reported EBITDA** was U.S. \$184 million for the quarter, up 48% QoQ, and reflecting inventory gains, positive carry-forward effects and others that resulted in a U.S. \$95 million **gain**, versus a U.S. \$43 million **gain** during 4Q20, mainly due to prominent feedstock price increases.

## RESULTS BY BUSINESS SEGMENT: PLASTICS & CHEMICALS (P&C)

(Polypropylene (PP), Expandable Polystyrene (EPS), Caprolactam (CPL), Other products – 25% of Alpek's Net Sales)

### QUARTERLY HIGHLIGHTS

- P&C volume increased 8% versus 1Q20 largely due to our EPS acquisition in the USA (flat if excluded)
- Strong improvement in Polypropylene margins (+43% QoQ) as a result of the polar vortex in Texas
- P&C Comparable EBITDA was U.S. \$97 million (+48% QoQ) due to higher PP margins and resilient EPS performance
- P&C Reported EBITDA of U.S. \$123 million (+69% QoQ), due to an inventory gain of U.S. \$13 million and a positive Carry-forward effect of U.S. \$13 million

KEY METRICS - P&C (in U.S.\$ million, except volume and production)	1Q21	4Q20	1Q20	QoQ (%)	YoY (%)
Volume (ktons)	234	256	217	(9)	8
Production (ktons)	274	269	265	2	3
Revenues	471	374	300	26	57
<b>Reported EBITDA</b>	<b>123</b>	<b>73</b>	<b>49</b>	<b>69</b>	<b>153</b>
Inventories	(13)	(8)	1	(69)	(1,515)
Carry-forward effect	(13)	-	-	(100)	(100)
Others	-	-	-	-	-
<b>Comparable EBITDA</b>	<b>97</b>	<b>66</b>	<b>50</b>	<b>48</b>	<b>95</b>

**P&C Volume** was 234 thousand tons, up 8% YoY and down 9% QoQ. Excluding the incremental volume from our recently acquired Expandable Styrenics business in the United States, volume was flat YoY and down by 7% QoQ.

**P&C Comparable EBITDA** was U.S. \$97 million, 48% and 95% higher compared to 4Q20 and 1Q20, respectively, mainly due to higher PP margins resulting from the polar vortex.

The polar vortex that occurred in the U.S. Gulf Coast region resulted in a decrease in PP supply as demand continued to be strong, causing a reduction in the industry's inventory levels of Polypropylene. Propylene prices also surged to U.S. \$0.73 per pound, up 77% this quarter, resulting in **an inventory gain** of U.S. \$13 million.

**P&C Reported EBITDA** was U.S. \$123 million during the quarter, up 69% QoQ and 153% YoY, reflecting strong business fundamentals, as well as the **inventory gain** and **positive carry-forward effect** mentioned previously.

## ABOUT ALPEK

Alpek is a leading petrochemical company operating two business segments: “Polyester” (PTA, PET, rPET, and polyester fibers), and “Plastics & Chemicals” (polypropylene, expandable styrenics, caprolactam, and other specialty & industrial chemicals). Alpek is a leading producer of PTA and PET worldwide, one of the largest rPET producers in the Americas, the 3<sup>rd</sup> largest expandable polystyrene manufacturer worldwide, and the only producer of polypropylene and caprolactam in Mexico.

## NOTE ON FORWARD LOOKING STATEMENTS

This release contains 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, all of which are difficult or impossible to predict accurately. Accordingly, results could vary from those set forth in this release. The report presents unaudited financial information based on International Financial Reporting Standards (IFRS). Figures are stated in nominal Mexican pesos (\$) and in current U.S. Dollars (U.S. \$), as indicated. Where applicable, peso amounts were translated into U.S. Dollars using the average exchange rate of the months during which operations were recorded. Financial ratios are calculated in U.S. Dollars. Due to the rounding up of figures, small differences may occur when calculating percent changes from one period to the other.

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**APPENDIX A – ADDITIONAL FINANCIAL INFORMATION**

TABLE 1   PRICE CHANGES (%)	QoQ (%)	YoY (%)
<b>Polyester</b>		
Avg. Ps. Prices	9	(3)
Avg. U.S. \$ Prices	10	(5)
<b>Plastics &amp; Chemicals</b>		
Avg. Ps. Prices	36	49
Avg. U.S. \$ Prices	38	45
<b>Total</b>		
Avg. Ps. Prices	16	11
Avg. U.S. \$ Prices	18	8

TABLE 2   REVENUES	1Q21	4Q20	1Q20	QoQ (%)	YoY (%)
<b>Total Revenues</b>					
Ps. Million	32,830	28,709	28,522	14	15
U.S. \$ Million	1,614	1,392	1,433	16	13
<b>Domestic Revenues</b>					
Ps. Million	11,757	9,166	8,037	28	46
U.S. \$ Million	578	445	405	30	43
<b>Foreign Revenues</b>					
Ps. Million	21,072	19,543	20,485	8	3
U.S. \$ Million	1,036	947	1,028	9	1
Foreign / Total (%)	64	68	72		

TABLE 3   OP. INCOME AND EBITDA	1Q21	4Q20	1Q20	QoQ (%)	YoY (%)
<b>Operating Income</b>					
Ps. Million	5,546	3,124	1,151	78	382
U.S. \$ Million	273	152	57	79	374
<b>EBITDA</b>					
Ps. Million	6,594	4,131	2,205	60	199
U.S. \$ Million	324	201	111	61	193



<b>TABLE 4   COMPARABLE EBITDA</b>	<b>1Q21</b>	<b>4Q20</b>	<b>1Q20</b>	<b>QoQ (%)</b>	<b>YoY (%)</b>
<b>EBITDA</b>					
Ps. Million	6,594	4,131	2,205	60	199
U.S. \$ Million	324	201	111	61	193
<b>Adjustments*</b>					
Ps. Million	(2,461)	(969)	745	(154)	(430)
U.S. \$ Million	(121)	(50)	36	(141)	(432)
<b>Comparable EBITDA</b>					
Ps. Million	4,133	3,161	2,950	31	40
U.S. \$ Million	203	151	147	35	38

\*Adjustments: Inventory, Carry-forward effect and non-operating, one-time (gains) losses

<b>TABLE 5   IFRS 16 EFFECT</b> (in U.S.\$ million)	<b>1Q21</b>
<b>Income Statement</b>	
Amortization	11
Financial Expense	2
<b>Balance Sheet</b>	
Assets- Right of use	146
Liabilities	
Short term lease	39
Long term lease	108
<b>Net Debt</b>	<b>9</b>

<b>TABLE 6   FINANCIAL COST, NET</b> (in U.S.\$ million)	<b>1Q21</b>	<b>4Q20</b>	<b>1Q20</b>	<b>QoQ (%)</b>	<b>YoY (%)</b>
Financial Expenses	(67)	(26)	(32)	(157)	(113)
Financial Income	4	2	8	151	(54)
<b>Net Financial Expenses</b>	<b>(64)</b>	<b>(25)</b>	<b>(23)</b>	<b>(158)</b>	<b>(173)</b>
Fx Gains (Losses)	(11)	26	(65)	(142)	83
<b>Financial Cost, Net</b>	<b>(74)</b>	<b>1</b>	<b>(88)</b>	<b>(5,444)</b>	<b>16</b>

<b>TABLE 7   NET INCOME</b> (in U.S.\$ million, except as noted)	<b>1Q21</b>	<b>4Q20</b>	<b>1Q20</b>	<b>QoQ (%)</b>	<b>YoY (%)</b>
Consolidated Net Income	152	118	(16)	29	1,033
Non-Controlling Interest	31	20	3	59	912
<b>Controlling Interest</b>	<b>121</b>	<b>99</b>	<b>(19)</b>	<b>23</b>	<b>722</b>
Earnings per Share (U.S. \$)	0.06	0.05	(0.01)	23	723
<b>Avg. Outstanding Shares (million)*</b>	<b>2,112</b>	<b>2,112</b>	<b>2,115</b>		

\* The same number of equivalent shares are considered in the periods presented

<b>TABLE 8   STATEMENT OF FINANCIAL POSITION &amp; FINANCIAL RATIOS</b> (in U.S.\$ million)	<b>1Q21</b>	<b>4Q20</b>	<b>1Q20</b>	<b>QoQ (%)</b>	<b>YoY (%)</b>
<b>Assets</b>					
Cash and cash equivalents	495	509	570	(3)	(13)
Trade accounts receivable	718	565	574	27	25
Inventories	965	875	898	10	7
Other current assets	369	335	314	10	18
<b>Total current assets</b>	<b>2,547</b>	<b>2,283</b>	<b>2,356</b>	<b>12</b>	<b>8</b>
Investment in associates and others	439	433	441	1	(1)
Property, plant and equipment, net	1,899	1,934	1,876	(2)	1
Goodwill and intangible assets, net	178	182	193	(2)	(8)
Other non-current assets	504	499	604	1	(17)
<b>Total assets</b>	<b>5,567</b>	<b>5,331</b>	<b>5,470</b>	<b>4</b>	<b>2</b>
<b>Liabilities &amp; stockholders' equity</b>					
Debt	29	23	189	29	(84)
Suppliers	908	811	819	12	11
Other current liabilities	366	237	487	55	(25)
<b>Total current liabilities</b>	<b>1,303</b>	<b>1,070</b>	<b>1,496</b>	<b>22</b>	<b>(13)</b>
Debt (include debt issuance costs)	1,528	1,514	1,642	1	(7)
Employees' benefits	65	66	55	(1)	19
Other long-term benefits	411	400	431	3	(5)
<b>Total liabilities</b>	<b>3,308</b>	<b>3,050</b>	<b>3,623</b>	<b>8</b>	<b>(9)</b>
Total stockholders' equity	2,259	2,281	1,847	(1)	22
Total liabilities & stockholders' equity	5,567	5,331	5,470	4	2
Net Debt	1,219	1,185	1,436	3	(15)
Net Debt / EBITDA*	1.6	2.1	1.7		
Interest Coverage*	5.8	6.0	7.3		

\* Times: last 12 months

**POLYESTER**

TABLE 9   REVENUES	1Q21	4Q20	1Q20	QoQ (%)	YoY (%)
<b>Total Revenues</b>					
Ps. Million	21,742	19,949	21,795	9	-
U.S. \$ Million	1,069	967	1,094	11	(2)
<b>Domestic Revenues</b>					
Ps. Million	4,444	4,063	4,020	9	11
U.S. \$ Million	219	197	202	11	8
<b>Foreign Revenues</b>					
Ps. Million	17,298	15,886	17,775	9	(3)
U.S. \$ Million	851	769	892	11	(5)
Foreign / Total (%)	80	80	82		

TABLE 10   OP. INCOME AND EBITDA	1Q21	4Q20	1Q20	QoQ (%)	YoY (%)
<b>Operating Income</b>					
Ps. Million	2,961	1,813	336	63	783
U.S. \$ Million	145	89	17	63	742
<b>EBITDA</b>					
Ps. Million	3,748	2,542	1,151	47	226
U.S. \$ Million	184	124	58	48	216

TABLE 11   COMPARABLE EBITDA	1Q21	4Q20	1Q20	QoQ (%)	YoY (%)
<b>EBITDA</b>					
Ps. Million	3,748	2,542	1,151	47	226
U.S. \$ Million	184	124	58	48	216
<b>Adjustments*</b>					
Ps. Million	(1,933)	(825)	732	(134)	(364)
U.S. \$ Million	(95)	(43)	36	(121)	(366)
<b>Comparable EBITDA</b>					
Ps. Million	1,815	1,717	1,883	6	(4)
U.S. \$ Million	89	81	94	10	(5)

\*Adjustments: Inventory, Carry-forward effect and non-operating, one-time (gains) losses

**PLASTICS & CHEMICALS**

<b>TABLE 12   REVENUES</b>	<b>1Q21</b>	<b>4Q20</b>	<b>1Q20</b>	<b>QoQ (%)</b>	<b>YoY (%)</b>
<b>Total Revenues</b>					
Ps. Million	9,589	7,687	5,964	25	61
U.S. \$ Million	471	374	300	26	57
<b>Domestic Revenues</b>					
Ps. Million	5,865	4,081	3,348	44	75
U.S. \$ Million	288	198	169	46	70
<b>Foreign Revenues</b>					
Ps. Million	3,724	3,606	2,616	3	42
U.S. \$ Million	183	176	131	4	40
Foreign / Total (%)	39	47	44		

<b>TABLE 13   OP. INCOME AND EBITDA</b>	<b>1Q21</b>	<b>4Q20</b>	<b>1Q20</b>	<b>QoQ (%)</b>	<b>YoY (%)</b>
<b>Operating Income</b>					
Ps. Million	2,247	1,232	748	82	200
U.S. \$ Million	111	60	37	85	200
<b>EBITDA</b>					
Ps. Million	2,509	1,509	987	66	154
U.S. \$ Million	123	73	49	69	153

<b>TABLE 14   COMPARABLE EBITDA</b>	<b>1Q21</b>	<b>4Q20</b>	<b>1Q20</b>	<b>QoQ (%)</b>	<b>YoY (%)</b>
<b>EBITDA</b>					
Ps. Million	2,509	1,509	987	66	154
U.S. \$ Million	123	73	49	69	153
<b>Adjustments*</b>					
Ps. Million	(528)	(144)	13	(267)	(4,181)
U.S. \$ Million	(26)	(7)	1	(264)	(2,966)
<b>Comparable EBITDA</b>					
Ps. Million	1,981	1,365	1,000	45	98
U.S. \$ Million	97	66	50	48	95

\*Adjustments: Inventory, Carry-forward effect and non-operating, one-time (gains) losses

**APPENDIX B – FINANCIAL STATEMENTS**
**ALPEK, S.A.B. DE C.V. and Subsidiaries**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Mar-21	Dec-20	Mar-20	QoQ (%)	YoY (%)
(in millions of Mexican Pesos)					
<b>ASSETS</b>					
<b>CURRENT ASSETS:</b>					
Cash and cash equivalents	10,180	10,144	13,197	-	(23)
Restricted cash	12	12	199	3	(94)
Trade accounts receivable	14,800	11,271	13,497	31	10
Other accounts and notes receivable	5,011	5,190	6,260	(3)	(20)
Inventories	19,882	17,447	21,107	14	(6)
Other current assets	2,598	1,485	1,128	75	130
<b>Total current assets</b>	<b>52,483</b>	<b>45,549</b>	<b>55,388</b>	<b>15</b>	<b>(5)</b>
<b>NON-CURRENT ASSETS:</b>					
Investment in associates and others	9,043	8,634	10,379	5	(13)
Property, plant and equipment, net	39,133	38,579	44,108	1	(11)
Goodwill and intangible assets	3,668	3,637	4,532	1	(19)
Other non-current assets	10,386	9,954	14,210	4	(27)
<b>Total assets</b>	<b>114,713</b>	<b>106,353</b>	<b>128,617</b>	<b>8</b>	<b>(11)</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES:</b>					
Debt	608	456	4,450	33	(86)
Suppliers	18,700	16,173	19,263	16	(3)
Other current liabilities	7,549	4,723	11,457	60	(34)
<b>Total current liabilities</b>	<b>26,857</b>	<b>21,352</b>	<b>35,170</b>	<b>26</b>	<b>(24)</b>
<b>NON-CURRENT LIABILITIES:</b>					
Debt (include debt issuance cost)	31,480	30,196	38,598	4	(18)
Deferred income taxes	4,794	4,092	4,926	17	(3)
Other non-current liabilities	3,685	3,885	5,204	(5)	(29)
Employees' benefits	1,349	1,316	1,290	3	5
<b>Total liabilities</b>	<b>68,165</b>	<b>60,841</b>	<b>85,188</b>	<b>12</b>	<b>(20)</b>
<b>STOCKHOLDERS' EQUITY:</b>					
Controlling interest:					
Capital stock	6,035	6,035	6,035	-	-
Share premium	9,021	9,025	9,025	-	-
<b>Contributed capital</b>	<b>15,056</b>	<b>15,060</b>	<b>15,060</b>	-	-
Earned surplus	26,023	25,326	23,017	3	13
<b>Total controlling interest</b>	<b>41,079</b>	<b>40,386</b>	<b>38,077</b>	<b>2</b>	<b>8</b>
Non-controlling interest	5,469	5,126	5,352	7	2
<b>Total stockholders' equity</b>	<b>46,548</b>	<b>45,512</b>	<b>43,429</b>	<b>2</b>	<b>7</b>
<b>Total liabilities and stockholders' equity</b>	<b>114,713</b>	<b>106,353</b>	<b>128,617</b>	<b>8</b>	<b>(11)</b>

**ALPEK, S.A.B. DE C.V. and Subsidiaries**  
**CONSOLIDATED STATEMENT OF INCOME**

	1Q21	4Q20	1Q20	QoQ (%)	YoY (%)
(in millions of Mexican Pesos)					
Revenues	32,830	28,709	28,522	14	15
Domestic	11,758	9,166	8,037	28	46
Export	21,072	19,543	20,485	8	3
Cost of sales	(26,042)	(24,928)	(26,175)	(4)	1
<b>Gross profit</b>	<b>6,788</b>	<b>3,781</b>	<b>2,347</b>	<b>80</b>	<b>189</b>
Operating expenses and others	(1,242)	(657)	(1,196)	(89)	(4)
<b>Operating income</b>	<b>5,546</b>	<b>3,124</b>	<b>1,151</b>	<b>78</b>	<b>382</b>
Financial result, net	(1,531)	39	(1,883)	(3,992)	19
Equity in income of associates and joint ventures	5	(43)	59	112	(92)
<b>Income before taxes</b>	<b>4,020</b>	<b>3,120</b>	<b>(673)</b>	<b>29</b>	<b>697</b>
Income taxes	(930)	(693)	270	(34)	(444)
<b>Consolidated net income</b>	<b>3,090</b>	<b>2,427</b>	<b>(403)</b>	<b>27</b>	<b>868</b>
<b>Income attributable to Controlling interest</b>	<b>2,452</b>	<b>2,020</b>	<b>(453)</b>	<b>21</b>	<b>641</b>
<b>Income attributable to Non-controlling interest</b>	<b>638</b>	<b>407</b>	<b>50</b>	<b>57</b>	<b>1,162</b>

# EARNINGS REPORT

First Quarter 2021 (1Q21)



Monterrey, Mexico, April 20, 2021. - Axtel, S.A.B. de C.V. (BMV: AXTELCPO) ("Axtel" or "the Company"), a Mexican Information and Communications Technology company, announced today its unaudited results for the first quarter of 2021 ("1Q21").

## Axtel reports 1Q21 EBITDA of US \$45 million (Ps. 916 million)

### SELECTED FINANCIAL INFORMATION

(IN MILLIONS)

	1Q21	4Q20	1Q20	(% ) 1Q21 vs.		YTD'21	YTD'20	YTD
				4Q20	1Q20			Δ (%)
Revenues (Ps.)	2,835	3,077	3,106	(8)	(9)	2,835	3,106	(9)
US \$	140	150	157	(7)	(11)	140	157	(11)
EBITDA (Ps.) <sup>1</sup>	916	1,052	2,974	(13)	(69)	916	2,974	(69)
US \$	45	51	156	(12)	(71)	45	156	(71)
Net Income (loss) (Ps.)	(286)	(207)	599	(38)	--	(286)	599	--
US \$	(14)	(11)	42	(29)	--	(14)	42	--
CAPEX (Ps.) <sup>2</sup>	274	657	686	(58)	(60)	274	686	(60)
US \$	13	32	36	(58)	(62)	13	36	(62)
Net Debt (US \$)	627	602	586	4	7			
Net Debt / LTM EBITDA*	3.2	2.0	1.8					
LTM Interest Coverage*	3.2	5.1	5.3					

\* Times. LTM = Last twelve months. See page 7 for ratio calculation details.

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

2) Gross amount; does not include divestments.

### 1Q21 HIGHLIGHTS

#### Business Units Separation

- During the quarter, conversations to attract potential investors for Business Units continued, with an emphasis on the Infrastructure Unit.
- Concurrently, the Company is working on legally separating the two business units into separate corporate entities.

#### Financial Structure

- In March, Axtel redeemed US \$60 million of its 6.375% Senior Notes due 2024 ("Notes").
  - The amount outstanding of the Notes is US \$440 million.
- In process to renew the US \$50 million committed, revolving credit facility for an additional 3 years.
- Fitch Ratings upgraded Axtel's ratings to 'BB' from 'BB-'; revised outlook to stable.

#### Annual Shareholders' Meeting

- In March, shareholders approved a share repurchase program for up to Ps. 200 million.

#### Frecuencia Alestra and NAVE

- In March, the Company hosted the first edition of its virtual event "Frecuencia Alestra" to showcase the latest innovations in Digital Transformation solutions.
  - More than 2,300 participants
- Axtel celebrated its first five years of promoting digital B2B scaleups and startups through NAVE, its business accelerator program.
  - 26 scaleups and 21 startups have been accelerated.
  - 7 product launches for Alestra's portfolio.

## MESSAGE FROM AXTEL'S CEO

*“Business prospects in 2021, particularly for our Enterprise and Infrastructure customers, are improving despite a challenging first quarter. The Enterprise segment reflected the contracted acquisition of new projects that prevailed in 2020. This quarter, new contracts’ acquisition experienced a relevant increase, an enticing trend for the rest of the year. In the Government segment, we saw a meaningful impact largely due to a slowdown in new Digital Transformation projects for the federal government. For its part, Axtel Networks’ results were in line with our positive view for the year.*

*In the quarter, we continued conversations to attract investment proposals for our Business Units, with a focus in Axtel Networks. Alongside, we are moving forward to legally separate the two business units taking into consideration all relevant legal, regulatory, operational and contractual aspects, and their corresponding implications.*

*Internally, we remained working remotely, waiting for a widely available vaccination program in Mexico to protect the well-being of all collaborators in Axtel. Until then, we will start the transition to a hybrid, in-office and remote working scheme under the “Axtel Digital” project.*

*Looking ahead, we will continue pursuing opportunities with Enterprise and Axtel Networks’ customers, amid more favorable economic expectations and will refocus on opportunities with state and local government entities. Our “Axtel Digital” project will continue to drive the reshaping of our operations and processes, producing a more streamlined and efficient operation. Finally, we will continue maximizing cashflow to improve our capital structure and pursue all strategic efforts to attract new investors to our Business Units.”*

Eduardo Escalante



## REVENUES – Business Units

	1Q21	4Q20	1Q20	(% 1Q21 vs.)		YTD'21	YTD'20	YTD
				4Q20	1Q20			Δ (%)
<b>SERVICES (Ps.)</b>	<b>2,219</b>	<b>2,473</b>	<b>2,552</b>	<b>(10)</b>	<b>(13)</b>	<b>2,219</b>	<b>2,552</b>	<b>(13)</b>
US \$	109	120	129	(9)	(15)	109	129	(15)
Enterprise (Ps.)	1,880	1,935	2,015	(3)	(7)	1,880	2,015	(7)
US \$	93	94	102	(1)	(9)	93	102	(9)
Government (Ps.)	339	538	537	(37)	(37)	339	537	(37)
US \$	17	26	27	(37)	(38)	17	27	(38)
<b>INFRASTRUCTURE (Ps.)</b>	<b>1,230</b>	<b>1,218</b>	<b>1,169</b>	<b>1</b>	<b>5</b>	<b>1,230</b>	<b>1,169</b>	<b>5</b>
US \$	60	59	59	2	2	60	59	2
<b>ELIMINATIONS (Ps.) *</b>	<b>(614)</b>	<b>(614)</b>	<b>(615)</b>	<b>0</b>	<b>0</b>	<b>(614)</b>	<b>(615)</b>	<b>0</b>
US \$	(30)	(30)	(31)	(1)	3	(30)	(31)	3
<b>TOTAL REVENUES (Ps.)</b>	<b>2,835</b>	<b>3,077</b>	<b>3,106</b>	<b>(8)</b>	<b>(9)</b>	<b>2,835</b>	<b>3,106</b>	<b>(9)</b>
US \$	140	150	157	(7)	(11)	140	157	(11)

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

Total revenues were US \$140 million in 1Q21, down 11% when compared to 1Q20. In pesos, revenues decreased 9%, due to a 13% decrease in Alestra’s revenues, partially mitigated by a 5% increase in Axtel Networks.

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

Revenues reached US \$60 million in 1Q21; up 2% compared to 1Q20. In pesos, revenues were 5% higher, driven by a strong 11% increase in revenues coming from third-party customers, mainly due to up-front payment contracts providing dark-fiber to wholesale and mobile operators.

Revenues coming from Alestra remained flat and represented 50% of total Infrastructure Unit YTD revenues.

### SERVICES BUSINESS UNIT (“ALESTRA”)

Revenues totaled US \$109 million in 1Q21, down 15% compared to 1Q20. In pesos, revenues decreased 13%, due to 7% and 37% declines in Enterprise and Government segment revenues, respectively.

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

Enterprise segment revenues totaled US \$93 million in 1Q21. In pesos, revenues were 7% lower than 1Q20, due to 9% and 12% declines in *Standard* services and *Value-added* services, respectively, partially offset by a 7% increase in *Digital Transformation* services. (Table 1).

**STANDARD SERVICES** revenues reached Ps. 1,315 million in 1Q21, down 9% year-over-year, mainly due to a 29% decrease in *voice* revenues mainly due to a one-time revenue recognition of equipment component under IFRS 15 during 1Q20, and also due to its maturing technological cycle and less voice traffic due to remote work for many clients. This decline was partially mitigated by a 6% growth in *hosting* solutions.

**VALUE-ADDED SERVICES** revenues reached Ps. 222 million in 1Q21, down 12% when compared to 1Q20, mainly due to a 20% decrease in *managed services* mainly due to fewer non-recurring wiring and equipment sales projects during 1Q21, as premises and capacity expansions are not yet a priority for clients; partially mitigated by a 9% increase in *system integration* solutions.

**DIGITAL TRANSFORMATION** revenues reached Ps. 342 million in 1Q21, up 7% compared to 1Q20, mainly due to a 21% increase in *cybersecurity* and a combined 8% increase in *cloud* and *collaboration* solutions, due to both new customers and incremental services with existing customers.

## REVENUES – Business Units

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

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

Government segment revenues amounted US \$17 million in 1Q21. In pesos, revenues declined 37% compared to 1Q20, due to termination of contracts mainly with federal government and contraction in non-recurrent revenues, which declined 80% this quarter (Table 2). The Company is emphasizing opportunities with state and local governments to compensate for the uncertainty in *Value-added* and *Digital Transformation* projects with federal government entities.

**STANDARD SERVICES** revenues reached Ps. 160 million in 1Q21, 34% lower than 1Q20, mainly due to a 90% decrease in *hosting* services and a 24% decline in *data & internet*.

**VALUE-ADDED SERVICES** revenues reached Ps. 93 million in 1Q21, down 52% when compared to 1Q20, due to a combined decline in *system integration* solutions and *managed services*.

**DIGITAL TRANSFORMATION** revenues reached Ps. 86 million in 1Q21, a 14% decline compared to 1Q20, mainly due to declines in *managed applications* and *cybersecurity* solutions.

## GROSS PROFIT

Gross profit is defined as revenues minus cost of revenues. For 1Q21, gross profit was US \$102 million. In pesos, gross profit totaled Ps. 2,063 million, down 6% compared to 1Q20.

**SERVICES UNIT (ALESTRA)** gross profit amounted to Ps. 942 million, down 14% compared to the year-earlier quarter, mainly due to the decline in *voice* revenues for the enterprise segment and *Value-added* and *Digital Transformation* revenues in the government segment, with fairly stable margins.

**INFRASTRUCTURE UNIT (AXTEL NETWORKS)** gross profit amounted to Ps. 1,121 million, 2% higher compared to the year-earlier quarter, due to increases in revenues, marginally affected by a reclassification of certain intra-business units' costs.

## OPERATING EXPENSES AND OTHER INCOME (EXPENSES)

Operating expenses reached US \$56 million in 1Q21; in pesos, operating expenses decreased 8%.

**SERVICES UNIT (ALESTRA)** operating expenses decreased 18% compared to 1Q20, due to declines in personnel due to right-sizing, as well as declines in maintenance and lower debt-provision charge.

**INFRASTRUCTURE UNIT (AXTEL NETWORKS)** operating expenses increased 3% compared to 1Q20, due to increases in personnel and maintenance expenses reclassified from Alestra this year, partially mitigated by a decline in rents due to the downsizing in office space .

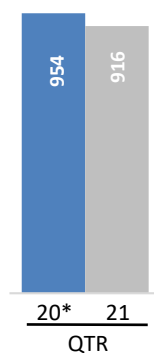
Other expenses reached Ps. 1 million during 1Q21, compared to other income of Ps. 2,028 million during 1Q20, which includes a Ps. 2,021 million (US \$107 million) gain from the divestment of the data centers.

## EBITDA

EBITDA totaled US \$45 million in 1Q21. In pesos, EBITDA reached Ps. 916 million, a 4% decrease compared to Ps. 954 million in 1Q20 adjusted for the Ps. 2,021 million gain of the data centers divestment. (Table 4).

EBITDA margin increased from 30.7% in 1Q20 to 32.3% in 1Q21, driven by a greater proportion of higher-margin Infrastructure unit EBITDA.

(in Million Ps.)

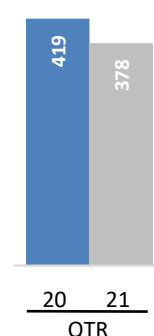


\* Adjusted for data center divestment transaction.

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

Services Business Unit EBITDA amounted to US \$19 million in 1Q21. In pesos, EBITDA reached Ps. 378 million, a 10% decrease year-over-year, due to the decline in gross profits, partially mitigated by a decline in operating expenses previously described.

(in Million Ps.)



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

Infrastructure Unit EBITDA reached US \$26 million in 1Q21. In pesos, EBITDA reached Ps. 538 million, up 1% compared to 1Q20, due to increases in gross profit mitigated by increases in operating expenses previously described.

(in Million Ps.)

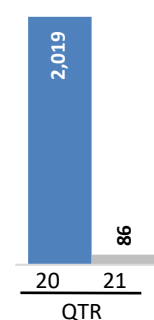


\* Adjusted for data center divestment transaction.

## OPERATING INCOME

In the 1Q21, operating income totaled US \$4 million. In pesos, operating income totaled Ps. 86 million, compared to Ps. 2,019 million in 1Q20, a Ps. 1,933 million decrease due to the extraordinary data centers divestment gain of Ps. 2,021 million in 1Q20.

(in Million Ps.)



## COMPREHENSIVE FINANCING RESULT

The comprehensive financing cost reached US \$33 million in 1Q21 or Ps. 668 million, down 72% compared to Ps. 2,355 million cost in 1Q20; mostly explained by a Ps. 307 million FX loss during 1Q21 resulting from a 3% depreciation of the Mexican peso against the US dollar, compared to a Ps. 1,993 million FX loss in 1Q20 resulting from a 20% depreciation of the peso. Interest expenses declined less than 1% notwithstanding the Ps. 60 million premium paid in March related to the US \$60 million partial redemption of the 2024 Senior Notes. (Table 5).

## NET DEBT

For 1Q21, net debt was US \$627 million, an increase of 7% or US \$42 million in comparison with 1Q20; comprised of an US \$18 million decrease in debt, a US \$25 million non-cash increase in debt caused by a 14% appreciation of the Mexican peso year-over-year and a US \$35 million decrease in cash.

Total debt reduction of US \$18 million year-over-year is explained by i) a US \$60 million decrease related to the partial redemption of the 2024 Senior Notes; ii) a US \$47 million increase in short-term loans; iii) a US \$2 million decrease in the long-term facility; and iv) a US \$3 million decrease in accrued interests.

As of 1Q21, cash balance totaled US \$69 million (Ps. 1,428 million). Cash in 1Q20 totaled US \$104 million (Ps. 2,448 million), which included US \$13 million of restricted cash and US \$60 million from remaining proceeds from the data centers transaction, which were used in March this year to partially redeem the 2024 Senior Notes.

Financial ratios for the first quarter 2021 were: Net Debt to EBITDA of 3.2 times and Interest Coverage of 3.2 times. (Table 6).

## CAPITAL EXPENDITURES (CAPEX)

Capital investments totaled US \$13 million in 1Q21, compared to US \$36 million in 1Q20.

Capex in the first quarter of 2020 includes an extraordinary investment of US \$19 million related to the renovation of spectrum frequencies, and excludes a US \$167 million benefit from the data center divestment.

## OTHER INFORMATION

- The report presents unaudited financial information based on International Financial Reporting Standards (IFRS). Figures are presented in Mexican Pesos (Ps.) or US Dollars (US \$), as indicated. Where applicable, Peso amounts were translated into US Dollars using the average exchange rate of the months during which the operations were recorded.
- This report may contain forward-looking information based on numerous variables and assumptions that are inherently uncertain. They involve judgments with respect to, among other things, future economic, competitive and financial market conditions and future business decisions and financial performance of the company, all of which are difficult or impossible to predict accurately. These statements reflect management's current views, which are subject to different risks. Accordingly, results could vary from those set forth in this release. The company disclaims any obligation to update statements in this release based on new information available.
- Net Debt / EBITDA ratio: means net debt translated into US Dollars using the end-of-period exchange rate divided by LTM EBITDA translated into US Dollars using the average exchange rate for each month during which the operations were recorded. Net debt means total debt (including accrued interests) minus cash (including restricted cash).
- Interest coverage ratio: means the ratio of LTM EBITDA to interest expense (net of interest income), both translated into US Dollars using the average exchange rate for each month during which the operations were recorded. Interest expense calculated *pro forma* for debt prepayments.
- Axtel maintains an interest rate swap ("IRS") for Ps. 3,380 million, maturing in December 2022, where Axtel pays 8.355% and receives TIIE 28d.
- Subject to market conditions, the Company's liquidity position and its contractual obligations, from time to time, the Company may acquire or divest its own shares and/or its Senior Notes, as well as enter into or unwind financial instruments whose underlying is related to the performance of its shares.

## ABOUT AXTEL

Axtel is a Mexican Information and Communication Technology company that serves the enterprise, government and wholesale segments through its business units Alestra (Services) and Axtel Networks (Infrastructure).

Axtel is a subsidiary of ALFA, which owns 52.8% of its equity.

Axtel adhered to the UN Global Compact in 2011 the world's largest social responsibility initiative. It has received recognition from CEMEFI as a Socially Responsible Company since 2008.

Axtel shares, represented by Ordinary Participation Certificates, or CPOs, trade on the Mexican Stock Market under the symbol "AXTELCPO" since 2005.

Axtel's Investor Relations Center: [axtelcorp.mx](http://axtelcorp.mx)  
Enterprise and Government services website: [alestra.mx](http://alestra.mx)

*NOTE: Axtel no longer offers services for the residential segment. In December 2018, it sold part of its residential business to Televisa (IZZI) and, in May 2019, the rest to Megacable.*

## Appendix A – Tables

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

	1Q21	4Q20	1Q20	(% 1Q21 vs.		YTD'21	YTD'20	YTD Δ (%)
				4Q20	1Q20			
STANDARD SERVICES	1,315	1,297	1,443	1	(9)	1,315	1,443	(9)
VALUE-ADDED	222	283	253	(21)	(12)	222	253	(12)
DIGITAL TRANSFORMATION	342	355	320	(4)	7	342	320	7
<b>TOTAL ENTERPRISE (Ps.)</b>	<b>1,880</b>	<b>1,935</b>	<b>2,015</b>	<b>(3)</b>	<b>(7)</b>	<b>1,880</b>	<b>2,015</b>	<b>(7)</b>
<i>US \$</i>	93	94	102	(1)	(9)	93	102	(9)
<i>Recurrent (Ps.)</i>	1,822	1,839	1,925	(1)	(5)	1,822	1,925	(5)
<i>Non recurrent (Ps.)</i>	57	96	90	(40)	(37)	57	90	(37)

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

	1Q21	4Q20	1Q20	(% 1Q21 vs.		YTD'21	YTD'20	YTD Δ (%)
				4Q20	1Q20			
STANDARD SERVICES	160	219	243	(27)	(34)	160	243	(34)
VALUE-ADDED	93	157	194	(40)	(52)	93	194	(52)
DIGITAL TRANSFORMATION	86	163	100	(47)	(14)	86	100	(14)
<b>TOTAL GOVERNMENT (Ps.)</b>	<b>339</b>	<b>538</b>	<b>537</b>	<b>(37)</b>	<b>(37)</b>	<b>339</b>	<b>537</b>	<b>(37)</b>
<i>US \$</i>	17	26	27	(37)	(38)	17	27	(38)
<i>Recurrent (Ps.)</i>	317	375	433	(16)	(27)	317	433	(27)
<i>Non recurrent (Ps.)</i>	22	163	104	(86)	(79)	22	104	(79)

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

	1Q21	4Q20	1Q20	(% 1Q21 vs.		YTD'21	YTD'20	YTD Δ (%)
				4Q20	1Q20			
<b>TOTAL INFRASTRUCTURE (Ps.)</b>	<b>1,230</b>	<b>1,218</b>	<b>1,169</b>	<b>1</b>	<b>5</b>	<b>1,230</b>	<b>1,169</b>	<b>5</b>
<i>US \$</i>	60	59	59	2	2	60	59	2
ELIMINATIONS (Ps.) *	(614)	(614)	(615)	0	0	(614)	(615)	0
<i>US \$</i>	(30)	(30)	(31)	(1)	3	(30)	(31)	3

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

## Appendix A – Tables

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

	1Q21	4Q20	1Q20	(% ) 1Q21 vs.		YTD'21	YTD'20	YTD Δ (%)
				4Q20	1Q20			
Operating Income (Ps.)	86	179	2,019	(52)	(96)	86	2,019	(96)
US \$	4	9	107	(53)	(96)	4	107	(96)
EBITDA (Ps.)	916	1,052	2,974	(13)	(69)	916	2,974	(69)
US \$	45	51	156	(12)	(71)	45	156	(71)
Adjustments* (Ps.)	0	0	(2,021)	--	--	0	(2,021)	--
US \$	0	0	(107)	--	--	0	(107)	--
Comparable EBITDA (Ps.)	916	1,052	954	(13)	(4)	916	954	(4)
US \$	45	51	48	(12)	(7)	45	48	(7)
Services Unit (Ps.)	378	512	419	(26)	(10)	378	419	(10)
Infrastructure Unit (Ps.)	538	540	535	(0)	1	538	535	1

\*Adjustments include one-time (gains) losses, such as the Data Centers divestment in 1Q20.

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

	1Q21	4Q20	1Q20	(% ) 1Q21 vs.		YTD'21	YTD'20	YTD Δ (%)
				4Q20	1Q20			
Net interest expense	(362)	(270)	(356)	(34)	(2)	(362)	(356)	(2)
FX gain (loss), net	(307)	1,125	(1,993)	--	85	(307)	(1,993)	85
Ch. FV of Fin. Instruments	0	0	(6)	--	--	0	(6)	--
<b>Total (Ps.)</b>	<b>(668)</b>	<b>855</b>	<b>(2,355)</b>	<b>--</b>	<b>72</b>	<b>(668)</b>	<b>(2,355)</b>	<b>72</b>
US \$	(33)	41	(110)	--	70	(33)	(110)	70

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

	1Q21	4Q20	1Q20	(% ) 1Q21 vs.	
				4Q20	1Q20
Senior Notes 2024	440	500	500	(12)	(12)
Long-term bank loan	156	163	139	(4)	13
Short-term bank loans	49	65	2	(24)	>1,000
Other loans + leases	39	38	35	1	10
Accrued interests	12	5	14	128	(11)
<b>Total Debt</b>	<b>697</b>	<b>771</b>	<b>690</b>	<b>(10)</b>	<b>1</b>
% US \$ denominated debt	71%	72%	74%		
(-) Cash and cash eq.	(69)	(170)	(104)	59	33
<b>Net Debt</b>	<b>627</b>	<b>602</b>	<b>586</b>	<b>4</b>	<b>7</b>
Net Debt / LTM EBITDA*	3.2	2.0	1.8		
LTM Interest Coverage*	3.2	5.1	5.3		

\* Times. LTM = Last twelve months. See page 7 for calculation details.

## Appendix B – SERVICES UNIT (ALESTRA) – New vs. Former Services Families

**TABLE 7 | 2020 and 2021 REVENUES (NEW SERVICES FAMILIES)**  
(IN MILLIONS)

	1Q20	2Q20	3Q20	4Q20	2020	1Q21
<b>SERVICES UNIT (Ps.)</b>	<b>2,552</b>	<b>2,372</b>	<b>2,427</b>	<b>2,473</b>	<b>9,824</b>	<b>2,219</b>
US \$	129	102	110	120	461	109
<b>ENTERPRISE (Ps.)</b>	<b>2,015</b>	<b>1,925</b>	<b>1,959</b>	<b>1,935</b>	<b>7,834</b>	<b>1,880</b>
STANDARD SERVICES	1,443	1,336	1,320	1,297	5,396	1,315
VALUE ADDED	253	266	295	283	1,096	222
DIGITAL TRANSFORMATION	320	324	343	355	1,342	342
<b>GOVERNMENT (Ps.)</b>	<b>537</b>	<b>447</b>	<b>468</b>	<b>538</b>	<b>1,990</b>	<b>339</b>
STANDARD SERVICES	243	257	243	219	961	160
VALUE ADDED	194	105	104	157	560	93
DIGITAL TRANSFORMATION	100	85	121	163	469	86

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

	1Q20	2Q20	3Q20	4Q20	2020	1Q21
<b>SERVICES UNIT (Ps.)</b>	<b>2,552</b>	<b>2,372</b>	<b>2,427</b>	<b>2,473</b>	<b>9,824</b>	<b>2,219</b>
US \$	129	102	110	120	461	109
<b>ENTERPRISE (Ps.)</b>	<b>2,015</b>	<b>1,925</b>	<b>1,959</b>	<b>1,935</b>	<b>7,834</b>	<b>1,880</b>
TELECOM	1,710	1,610	1,589	1,570	6,478	1,549
IT	305	316	370	366	1,356	330
<b>GOVERNMENT (Ps.)</b>	<b>537</b>	<b>447</b>	<b>468</b>	<b>538</b>	<b>1,990</b>	<b>339</b>
TELECOM	239	236	226	258	960	187
IT	298	211	242	280	1,030	152



## Appendix C – Financial Statements

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

#### Unaudited Consolidated Balance Sheet

(IN MILLION PESOS)

	1Q21	4Q20	1Q20	(% 1Q21 vs.)	
				4Q20	1Q20
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and equivalents	1,428	3,124	2,132	(54)	(33)
Restricted cash	-	262	316	--	--
Accounts receivable	1,826	1,795	2,631	2	(31)
Related parties	9	8	40	12	(77)
Refundable taxes and other acc. rec.	1,060	1,098	877	(3)	21
Advances to suppliers	741	714	626	4	18
Inventories	140	79	122	78	15
Financial Instruments	-	-	63	--	--
Financial Instruments (ZSC)	-	-	87	--	--
<b>Total current assets</b>	<b>5,204</b>	<b>7,079</b>	<b>6,894</b>	<b>(26)</b>	<b>(25)</b>
<b>NON CURRENT ASSETS</b>					
Restricted cash	-	-	-	--	--
Property, plant and equipment, net	11,134	11,578	12,493	(4)	(11)
Long-term accounts receivable	-	-	-	--	--
Intangible assets, net	1,860	1,854	1,917	0	(3)
Deferred income taxes	2,857	2,541	3,853	12	(26)
Investment shares associated co.	292	292	295	(0)	(1)
Other assets	366	361	457	1	(20)
<b>Total non current assets</b>	<b>16,509</b>	<b>16,624</b>	<b>19,014</b>	<b>(1)</b>	<b>(13)</b>
<b>TOTAL ASSETS</b>	<b>21,713</b>	<b>23,704</b>	<b>25,908</b>	<b>(8)</b>	<b>(16)</b>
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Account payable & Accrued expenses	2,359	2,376	3,394	(1)	(30)
Accrued Interest	249	106	320	135	(22)
Short-term debt	-	310	-	--	--
Current portion of long-term debt	1,520	1,488	458	2	231
Taxes payable	2	376	16	(100)	(91)
Financial Instruments	127	154	89	(18)	43
Deferred Revenue	104	116	191	(10)	(45)
Provisions	22	18	232	21	(90)
Other accounts payable	815	1,100	963	(26)	(15)
<b>Total current liabilities</b>	<b>5,198</b>	<b>6,044</b>	<b>5,663</b>	<b>(14)</b>	<b>(8)</b>
<b>LONG-TERM LIABILITIES</b>					
Long-term debt	12,492	13,367	15,302	(7)	(18)
Employee Benefits	750	743	700	1	7
Derivative Financial Instruments	28	53	97	(48)	(71)
Other LT liabilities	1	1	153	(29)	(99)
<b>Total long-term debt</b>	<b>13,270</b>	<b>14,165</b>	<b>16,253</b>	<b>(6)</b>	<b>(18)</b>
<b>TOTAL LIABILITIES</b>	<b>18,468</b>	<b>20,209</b>	<b>21,916</b>	<b>(9)</b>	<b>(16)</b>
<b>STOCKHOLDERS' EQUITY</b>					
Capital stock	464	464	464	-	-
Reserve for repurchase of shares	198	186	396	6	(50)
Cumulative earnings (losses)	2,583	2,845	3,131	(9)	(18)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>3,245</b>	<b>3,495</b>	<b>3,991</b>	<b>(7)</b>	<b>(19)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>21,713</b>	<b>23,704</b>	<b>25,908</b>	<b>(8)</b>	<b>(16)</b>

## Appendix C – Financial Statements

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

#### Unaudited Consolidated Income Statement

(IN MILLION PESOS)

	1Q21	4Q20	1Q20	(% 1Q21 vs.)		YTD'21	YTD'20	YTD
				4Q20	1Q20			Δ (%)
Total Revenues	2,835	3,077	3,106	(8)	(9)	2,835	3,106	(9)
Cost of sales and services	(773)	(861)	(910)	10	15	(773)	(910)	15
<b>Gross Profit</b>	<b>2,063</b>	<b>2,216</b>	<b>2,197</b>	<b>(7)</b>	<b>(6)</b>	<b>2,063</b>	<b>2,197</b>	<b>(6)</b>
Operating expenses	(1,146)	(1,189)	(1,250)	4	8	(1,146)	(1,250)	8
Other income (expenses), net	(1)	25	2,028	--	--	(1)	2,028	--
Depr., amort. & impairment assets	(830)	(873)	(956)	5	13	(830)	(956)	13
<b>Operating income</b>	<b>86</b>	<b>179</b>	<b>2,019</b>	<b>(52)</b>	<b>(96)</b>	<b>86</b>	<b>2,019</b>	<b>(96)</b>
Comprehensive financing result, net	(668)	855	(2,355)	--	72	(668)	(2,355)	72
Equity in results of associated company	(0)	-	-	--	--	(0)	-	--
<b>Income (loss) before income taxes</b>	<b>(583)</b>	<b>1,035</b>	<b>(337)</b>	<b>--</b>	<b>(73)</b>	<b>(583)</b>	<b>(337)</b>	<b>(73)</b>
Income taxes	297	(1,242)	936	--	(68)	297	936	(68)
<b>Net Income (Loss)</b>	<b>(286)</b>	<b>(207)</b>	<b>599</b>	<b>(38)</b>	<b>--</b>	<b>(286)</b>	<b>599</b>	<b>--</b>