



# EARNINGS REPORT

Fourth Quarter 2022 (4Q22)

**Monterrey, N.L., Mexico, February 15, 2023.**

**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 fourth quarter of 2022 ("4Q22"). All figures have been prepared in accordance with International Financial Reporting Standards ("IFRS").

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

ALFA's shareholders approved to spin-off ALFA's share ownership of Axtel into a new, listed entity called "Controladora Axtel" on July 12, 2022. In accordance with International Financial Reporting Standards (IFRS), Axtel 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 Axtel's assets as "Current assets from discontinued operations" and its liabilities as "Current liabilities from discontinued operations" at the close of 4Q22 and 3Q22. Prior periods are not restated.
- The Consolidated Statement of Income presents Axtel's net revenues and expenses as a single line item "Profit (loss) from discontinued operations" as follows:
  - o 4Q21: accumulated figures for the three months ended December 31, 2021
  - o 3Q22: accumulated figures for the three months ended September 30, 2022
  - o 4Q22: accumulated figures for the three months ended December 31, 2022
  - o 2021: accumulated figures for the twelve months ended December 31, 2021
  - o 2022: accumulated figures for the twelve months ended December 31, 2022
- The Change in Net Debt presents Axtel's net inflows and outflows as a single line item "Decrease (Increase) in Net Debt from discontinued operations" as follows:
  - o 4Q21: accumulated figures for the three months ended December 31, 2021
  - o 3Q22: accumulated figures for the three months ended September 30, 2022
  - o 4Q22: no figures presented related to Axtel
  - o 2021: accumulated figures for the twelve months ended December 31, 2021
  - o 2022: accumulated figures for the nine months ended September 30, 2022
- The Change in Net Debt also presents Axtel's Net Debt balance as "Net Debt from discontinued operations" at the close of 3Q22. Prior periods are not restated and subsequent periods (4Q22) do not present figures related to Axtel.

## ALFA reports record annual EBITDA of US \$2.1 billion with Axtel as Discontinued Operations; 4Q22 EBITDA of US \$346 million

### 4Q22 HIGHLIGHTS

<p><b>ALFA</b></p>	<ul style="list-style-type: none"> <li>▶ Record annual revenue of US \$18.1 billion driven by Alpek and Sigma</li> <li>▶ 2022 EBITDA up 13% year-over-year (y-o-y) to historical high of US \$2.1 billion; below revised Guidance due to lower-than-expected performance in 4Q22</li> <li>▶ 2022 Corporate expenses down 41% y-o-y; Corporate net debt down US \$66 million y-o-y; Dividends totaled US \$196 million; Share buybacks of US \$60 million</li> <li>▶ Process to spin-off Axtel in advanced stage following ALFA shareholder approval on July 12, 2022; Axtel figures presented as discontinued ops.</li> </ul>
<p><b>Alpek</b></p>	<ul style="list-style-type: none"> <li>▶ Record annual Revenue, EBITDA, Capex and Dividends, supported by favorable industry dynamics that were capitalized successfully</li> <li>▶ 4Q22 EBITDA and Comparable EBITDA down 31% and 10% y-o-y, respectively, as global reference margins and other conditions normalized</li> <li>▶ Began CEO succession process after remarkable 46-year tenure from José de Jesús Valdez. Alpek's Board appointed Jorge Young as CEO effective March 1, 2023; currently CEO of Alpek Polyester</li> </ul>
<p><b>Sigma</b></p>	<ul style="list-style-type: none"> <li>▶ Record annual revenue in local currencies driven by growth across all regions</li> <li>▶ 2022 EBITDA down 12% y-o-y as growth in the Americas was more than offset by a decline in Europe amid unprecedented cost pressure</li> <li>▶ Strong Foodservice channel results; annual EBITDA 34% above pre-pandemic levels</li> <li>▶ License to export fresh pork meat from Europe to China restored in December 2022</li> </ul>
<p><b>Axtel (Discontinued Operations)</b></p>	<ul style="list-style-type: none"> <li>▶ <i>3% and 4% improvement in 4Q22 EBITDA versus 4Q21 and 3Q22, respectively, driven by double-digit growth in the Service unit</i></li> <li>▶ <i>Net Debt reduction of US \$37 million versus the close of 2021 supported by more than US \$100 million in free cashflow before strategic Capex</i></li> <li>▶ <i>Successfully executed a tender offer in 1Q23 for US \$89 million principal amount of its Senior Notes due 2024</i></li> </ul>

# Earnings Report

## Fourth Quarter 2022 (4Q22)



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

	4Q22	3Q22	4Q21	Ch.% vs. 3Q22	Ch.% vs. 4Q21	2022	2021	Ch.%
<b>ALFA &amp; Subs with Axtel as Discontinued Operations</b>								
<b>ALFA Revenues</b>	<b>4,452</b>	<b>4,856</b>	<b>3,952</b>	<b>(8)</b>	<b>13</b>	<b>18,085</b>	<b>14,626</b>	<b>24</b>
Alpek	2,457	2,951	2,152	(17)	14	10,555	7,697	37
Sigma	1,964	1,879	1,768	5	11	7,425	6,817	9
<b>ALFA EBITDA<sup>1</sup></b>	<b>346</b>	<b>454</b>	<b>467</b>	<b>(24)</b>	<b>(26)</b>	<b>2,082</b>	<b>1,841</b>	<b>13</b>
Alpek	186	306	269	(39)	(31)	1,455	1,145	27
Sigma	167	151	201	10	(17)	652	741	(12)
<b>ALFA Comparable EBITDA</b>	<b>430</b>	<b>572</b>	<b>496</b>	<b>(25)</b>	<b>(13)</b>	<b>2,022</b>	<b>1,656</b>	<b>22</b>
Alpek	270	424	300	(36)	(10)	1,396	962	45
Sigma	167	151	199	10	(16)	652	739	(12)
<b>Majority Net Income<sup>2</sup></b>	<b>(17)</b>	<b>141</b>	<b>(166)</b>	<b>(112)</b>	<b>90</b>	<b>578</b>	<b>211</b>	<b>173</b>
<b>CAPEX &amp; Acquisitions<sup>3</sup></b>	<b>139</b>	<b>149</b>	<b>135</b>	<b>(7)</b>	<b>3</b>	<b>1,111</b>	<b>449</b>	<b>147</b>
<b>ALFA Net Debt<sup>4</sup></b>	<b>4,751</b>	<b>4,830</b>	<b>4,677</b>	<b>(2)</b>	<b>2</b>	<b>4,751</b>	<b>4,677</b>	<b>2</b>
Alpek	1,860	1,805	1,225	3	52	1,860	1,225	52
Sigma	1,782	1,708	1,691	4	5	1,782	1,691	5
ALFA Net Debt/EBITDA <sup>5</sup>	2.3	2.2	2.2					
ALFA Interest Coverage <sup>6</sup>	6.4	7.3	5.8					
<b>Axtel (as Discontinued Operations)</b>								
Revenues	132	133	134	(1)	(1)	514	555	(7)
EBITDA	39	38	38	3	3	145	181	(20)
CAPEX & Acquisitions	0	14	20	(100)	(100)	46	76	(39)
Net Debt	0	566	574	(100)	(100)	0	574	(100)

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

2 Majority Net Income includes Majority Net Income from Discontinued Operations (Axtel)

3 Figure includes divestments

4 Net Debt adjusted for Discontinued Operations (Axtel) at the close of 3Q22; previous periods unchanged

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 for all periods



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## Message from ALFA's President

"We hope you and your families are remaining safe and healthy. 2022 was yet another exceptional year for ALFA, even as 4Q22 results decreased following the accelerated pace in previous quarters.

ALFA's 2022 revenue and EBITDA advanced at double-digit rates, reflecting solid underlying growth at Alpek and in most of Sigma's geographies. However, consolidated fourth quarter EBITDA of US \$346 million was down 26% year over year as Alpek posted lower Reported and Comparable EBITDA.

Alpek successfully capitalized on an extended period of favorable macro trends in the global petrochemical industry until 4Q22. Those conditions changed at the close of the year as Brent oil average prices declined 22% from the peak in 2Q22; reference ocean freight rates dropped on average 52% quarter on quarter; and Asian polyester margins were below US \$400 per ton for the first time since 3Q21. Thus, Alpek's 4Q22 Comparable EBITDA was down 10% versus 4Q21.

For the full year, Alpek reported all-time high revenue, EBITDA and Capex. Also record cash dividends, which included an extraordinary payment of US \$196 million to Alpek shareholders during the fourth quarter.

Sigma's revenue closed the year on a strong note, increasing 11% year over year in 4Q22 and growing over the last seven consecutive quarters. In contrast, EBITDA was down 17% as solid performance in the Americas continued to be more than offset by the decline in European operations.

Sigma's cost structure has experienced the most strain in Europe throughout 2022, following an abrupt rise in energy prices and raw material costs. The Company is actively engaging in pricing actions and cost optimization initiatives to mitigate inflationary pressures across all regions, especially in Europe. We are confident that the favorable results of these comprehensive efforts in Mexico, the U.S. and Latam will also be reflected in the European operations.

ALFA's orderly transformational efforts continued over the year with major developments, including progress with the Axtel spin-off and further corporate expense reduction. "Controladora Axtel" is in an advanced stage of the required registration process prior to the listing and distribution of its shares to ALFA shareholders. In the meantime, we are pleased to see Axtel's sequential quarterly EBITDA improvement and recent tender offer for a portion of its Senior Notes.

There is also consistent progress in helping our Subsidiaries achieve service-related independence from ALFA through a gradual process that involves the transfer of Corporate team members to each business, among other initiatives. As a result, the Corporate headcount decreased 30% and Corporate expenses have declined 65% since 2019, which was the last year before we started these efforts.

Along with progress in the conglomerate's transformation, during 2022 ALFA transferred value to shareholders through cash dividends and share buybacks totaling US \$256 million. The aggregate benefit represents a 7.5% yield to the annual share price average. ALFA also reduced Net Debt at the Corporate level by US \$66 million when compared to 4Q21.

# Earnings Report

## Fourth Quarter 2022 (4Q22)



In addition, our businesses deployed US \$1.1 billion in Capex during the year. This is more than double the consolidated amount invested during 2021 to support growth. Even with the increase in investments, ALFA maintained a healthy Net Debt to EBITDA ratio of 2.3 times at the close of the year, supported by strong cash generation.

We are very proud of the extraordinary talent pool within the organization as the Boards of Directors of Axtel and Alpek appointed new CEOs to lead each company through internal promotions. Axtel concluded its CEO's succession process in 2Q22, and Alpek initiated it in 4Q22.

We would like to express our heartfelt gratitude to José de Jesús Valdez (Pepe), Alpek's CEO. Pepe began his professional career at ALFA in 1976 and rapidly ascended to lead its Petrochemical Division. His strategic vision transformed Alpek into a leading global player in the petrochemical industry with annual sales of US \$10.6 billion and 35 production facilities in 9 countries. Pepe's human touch and sense of excellence are also part of his legacy that shall endure at Alpek as he takes on a new role as Senior Advisor at ALFA.

We also look forward to working closely with Jorge Young Cerecedo, who was appointed by Alpek's Board of Directors as CEO effective March 01, 2023. Over his 32 years at Alpek, Jorge has served in key roles at the Polyester segment, including President of PET and Staple Fibers. His current position is President of Alpek Polyester, a business that contributes 66% of Alpek's revenues. We are confident in Jorge's leadership to build upon the many opportunities ahead.

On the Sustainability front, we strive to continuously improve upon our Environmental, Social and Governance parameters. These efforts were reflected in higher scores at S&P Global Corporate Sustainability Assessment (CSA), CDP and MSCI during 2022. ALFA also updated its ESG materiality assessment to prioritize efforts around 11 highly relevant topics, and finetune the Company's role regarding each of them while pivoting to a more independent business management model.

With respect to the Social aspect, we celebrate that "ALFA Fundación" completed its first educational cycle as 47 students from its first generation obtained college degrees in Mexico and abroad during 2022. Our program promotes social mobility through education of talented individuals from communities in Monterrey, Mexico by helping them develop their full potential through junior high, high school and college. 1,967 students were enrolled in the 2021-2022 school year and 5,221 students have benefitted since our first after-school support center opened its doors in 2013.

ALFA enters 2023 in a solid position amid lower expectations for the global economy. We have simplified our corporate structure consistently since 2020 and maintain a strong balance sheet supported by record results in the last two consecutive years. Our two large remaining businesses expect contrasting dynamics in their industries, marked by a return to normalized conditions at Alpek and a moderation of inflationary pressures for Sigma. Moreover, ALFA remains fully committed to continue transferring value to Shareholders following a balanced approach in its orderly transformation process.

A special recognition and appreciation to all our teammates for coming together to capitalize on favorable conditions, navigate a complex environment and drive our transformational efforts over this past year."

Keep well/Stay safe,

**Álvaro Fernández**

## ALFA (BMV: ALFAA) Consolidated Financial Results

### INCOME STATEMENT (US \$ MILLION)

	4Q22	3Q22	4Q21	(% ) 4Q22 vs.		2022	2021	Ch. %
				3Q22	4Q21			
Total Revenues	4,452	4,856	3,952	(8)	13	18,085	14,626	24
Gross Profit	676	811	793	(17)	(15)	3,470	3,144	10
Operating expenses and others	(475)	(472)	(579)	(1)	18	(1,863)	(1,884)	1
Operating income (loss)	201	339	214	(41)	(6)	1,608	1,259	28
Financial cost, net	(112)	(113)	(93)	1	(21)	(375)	(405)	7
Share of losses of associates	0	0	2	(345)	(115)	1	1	11
Income Tax	(85)	(38)	(243)	(124)	65	(417)	(421)	1
Profit (loss) from continuing operations	4	188	(120)	(98)	103	817	434	88
Profit (loss) from discontinued operations <sup>1</sup>	6	(6)	(31)	189	118	(6)	(58)	90
Consolidated net income (loss)	10	182	(151)	(95)	106	811	376	116
Controlling Interest	(17)	141	(166)	(112)	90	578	211	173
EBITDA	346	454	467	(24)	(26)	2,082	1,841	13
EBITDA/Revenues (%)	7.8	9.3	11.8			11.5	12.6	

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

**Total Revenues** in 4Q22 were US \$4.452 billion, up 13% year-on-year boosted by Alpek's strong Volume in its Polyester segment which benefitted from the newly incorporated PET business. Sigma's revenues increased 11% to a record quarterly high of US \$1.964 billion driven by double-digit sales growth in Mexico, the U.S. and Latam. Accumulated Revenues were US \$18.085 billion, up 24% when compared to the same period of 2021 boosted by a 37% surge in Alpek and 9% increase in Sigma (see Table 2).

**EBITDA** in 4Q22 was US \$346 million, down 26% year-on-year as a result of a 31% decline at Alpek and a 17% decrease at Sigma. Fourth quarter EBITDA includes an impact of US -\$84 million from extraordinary items related to Alpek, comprised of a US -\$57 million non-cash inventory adjustment and a US -\$27 million carry-forward effect. Accumulated EBITDA was up 13% year-on-year, reaching an all-time high of US \$2.082 billion with Axtel as discontinued operations.

Adjusting for extraordinary items in all periods, Comparable ALFA EBITDA was US \$430 million, US \$572 million and US \$496 million in 4Q22, 3Q22 and 4Q21, respectively. Comparable 4Q22 ALFA EBITDA was down 13% year-on-year resulting from reductions of 16% and 10% at Sigma and Alpek, respectively. Sigma was negatively impacted by inflationary pressures in its European operations, while Alpek was subject to margin normalization in its two business segments. Accumulated Comparable EBITDA was US \$2.022 billion, up 22% year-on-year driven by Alpek. This figure marks a record high annual Comparable EBITDA (see Tables 3, 4 and 5).



# Earnings Report

## Fourth Quarter 2022 (4Q22)



**Operating Income** was US \$201 million, down 6% versus 4Q21, reflecting the decrease in EBITDA explained above. Accumulated Operating Income was US \$1.608 billion, a 28% increase when compared with the same period of 2021 (see Table 3).

**Comprehensive Financing Expense (CFE)** was US \$112 million, up from US \$93 million in 4Q21, primarily due to higher financial expenses reflecting foreign exchange losses at Sigma. Accumulated CFE was US \$375 million, down 7% year-on-year as a result of lower foreign exchange losses when compared to the same period in 2021 (see Table 6).

**Controlling Interest Net Loss** was US \$17 million in 4Q22 compared to a loss of US \$166 million in 4Q21 which included extraordinary aggregate non-cash losses of US \$198 million from asset impairments (US \$139 million) and deferred taxes (US \$59 million) primarily related to the sale of Sigma plants in Europe and the ramp down of certain Alpek operations. Accumulated Controlling Interest Net Income was US \$578 million, versus US \$211 million in 2021, driven by higher Operating Income (see Table 7).

# Earnings Report

## Fourth Quarter 2022 (4Q22)



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

	4Q22	3Q22	4Q21	(% ) 4Q22 vs.		2022	2021	Ch.%
				3Q22	4Q21			
EBITDA	346	454	467	(24)	(26)	2,082	1,841	13
Net Working Capital	186	(100)	29	(286)	541	(486)	(474)	3
Capital Expenditures & Acquisitions	(139)	(149)	(135)	(7)	3	(1,111)	(449)	147
Net Financial Expenses	(85)	(93)	(69)	9	(24)	(330)	(323)	(2)
Taxes	(78)	(93)	(57)	16	(36)	(418)	(261)	(60)
Dividends	(82)	(34)	(59)	(141)	(40)	(383)	(248)	(54)
Other Sources (Uses)	(69)	22	(14)	(414)	393	1	(86)	(101)
Decrease (increase) in Net Debt from discontinued operations <sup>1</sup>	0	3	37	(100)	(100)	4	22	(79)
Net Debt from discontinued operations - Axtel	0	566	0	(100)	-	566	0	100
<b>Decrease (Increase) in Net Debt</b>	<b>79</b>	<b>576</b>	<b>199</b>	<b>(86)</b>	<b>(60)</b>	<b>(75)</b>	<b>22</b>	<b>(433)</b>
Net Debt	4,751	4,830	4,677	(2)	2	4,751	4,677	2
Proforma Net Debt with Axtel as discontinued operations in all periods	4,751	4,830	4,103	(2)	16	4,751	4,103	16

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

**Net Debt** was US \$4.751 billion at the close of 4Q22, with Axtel as discontinued operations. Adjusting for discontinued operations in previous periods, 4Q22 Net Debt was up 16% year-on-year and down 2% versus 3Q22. On an absolute basis, consolidated ALFA Net Debt increased US \$648 million versus US \$4.103 billion at year-end 2021 as record EBITDA was partially offset by Alpek's acquisition in 2Q22.

As of December 31, 2022, Cash totaled US \$1.157 billion. At the close of 4Q22, ALFA and its Subsidiaries had US \$2.738 billion in available Committed Credit Lines. Financial ratios at the close of 4Q22 were: Net Debt to EBITDA of 2.3 times and Interest Coverage of 6.4 times, compared with 2.2 and 5.8 times in 4Q21, respectively (see Table 8).

**Net Working Capital** had a recovery of US \$186 million during 4Q22 mainly explained by declining feedstock prices at Alpek and seasonality effects at Sigma. Accumulated Net Working Capital was US \$486 million mainly due to the effect of higher average feedstock prices in Alpek, as well as its recent acquisition.

**Capital Expenditures & Acquisitions (Capex)** was US \$139 million in 4Q22 mainly driven by investments at Sigma which accounted for 62% of the consolidated amount. Accumulated Capex was US \$1.111 billion, up 147% driven by Alpek's recent acquisition.

**Dividends** of US \$82 million in 4Q22 were paid to minority shareholders at the subsidiary level. Accumulated Dividends were US \$383 million versus US \$249 million in 2021. Accumulated Dividends to ALFA shareholders in 2022 were US \$196 million.

## RECENT DEVELOPMENTS - ALFA

<p><b>Axtel spin-off</b></p>	<ul style="list-style-type: none"> <li>▶ ALFA shareholders approved the proposal to spin-off Axtel (July 12, 2022)</li> <li>▶ ALFA will transfer all its Axtel shares to a new, listed entity: "Controladora Axtel"</li> <li>▶ ALFA Shareholders will receive one share of "Controladora Axtel" for each ALFA share they own</li> <li>▶ "Controladora Axtel" in advanced stage of required registration process prior to the listing and distribution of its shares</li> </ul>
<p><b>Unlocking Value</b></p>	<ul style="list-style-type: none"> <li>▶ Transformational initiative to address conglomerate discount</li> <li>▶ Gradual and orderly transition towards more independent business management model (vs. conglomerate)</li> <li>▶ Transfer autonomy to ALFA shareholders (e.g., Axtel and Nemark spin-offs)</li> <li>▶ Corporate structure simplification; expenses down 65% since 2019</li> <li>▶ Commitment to maintain strong credit profile at ALFA and Subsidiaries throughout transformation process</li> <li>▶ Steady progress on transformational plan; focused on three key directives: <ul style="list-style-type: none"> <li>- <b>Reinforce financial position</b> – 2.3x Net debt/EBITDA at the close of 4Q22</li> <li>- <b>Strengthen the businesses</b> – Sigma and Alpek</li> <li>- <b>Enhance independence</b> – Axtel spin-off underway</li> </ul> </li> </ul>
<p><b>NAFINSA Trust ("NT")</b></p>	<ul style="list-style-type: none"> <li>▶ Based on figures provided by Nacional Financiera, S.N.C., the number of ALFA shares held by foreign investors on December 31, 2022 were 2,537,927,687. This is equivalent to 52.67% of ALFA shares outstanding</li> <li>▶ The maximum authorized NT threshold is 75% of the representative shares of ALFA's capital stock</li> </ul>
<p><b>Share Repurchase Program</b></p>	<ul style="list-style-type: none"> <li>▶ No shares repurchased during 4Q22</li> <li>▶ 86.9 million shares repurchased in 2022 (~US \$60 million)</li> <li>▶ 90.4 million total shares repurchased and held at the Treasury since 4Q21 (~US \$63 million)</li> </ul>
<p><b>Quiet Period</b></p>	<ul style="list-style-type: none"> <li>▶ ALFA enters into a Quiet Period seven days prior to the close of each quarter</li> <li>▶ 1Q23 Quiet Period will begin on March 23, 2023</li> </ul>

# Earnings Report

## Fourth Quarter 2022 (4Q22)



<b>2022 Guidance</b>	<b>(US \$ Millions)</b>				
		<b>2022</b>	<b>Guidance</b>	<b>Ch. %</b>	
	<b>Reported EBITDA</b>	<b>ALFA<sup>1</sup></b>	<b>2,082</b>	<b>2,280</b>	<b>(9)</b>
		Alpek <sup>2</sup>	1,456	1,600	(9)
		Sigma	652	700	(7)
	<b>(US \$ Millions)</b>				
	<b>2022</b>	<b>Guidance</b>	<b>Ch. %</b>		
<b>Comparable EBITDA</b>	<b>ALFA</b>	<b>2,022</b>	<b>2,155</b>	<b>(6)</b>	
	Alpek	1,396	1,475	(5)	
	Sigma	652	700	(7)	
<p>1 - Guidance includes US \$125 million extraordinary items from Alpek                  2 - Guidance includes US \$125 million extraordinary items</p>					
<b>2023 Guidance</b>	<p>▼ To be released on February 16, 2023 before the market opens</p>				



## Results by Business

### Sigma – FOOD PRODUCTS

44% of ALFA's Revenues in 4Q22



#### 4Q22 HIGHLIGHTS

<b>Sigma Consolidated</b>	<ul style="list-style-type: none"> <li>▶ Record quarterly and annual Revenue driven by double-digit growth in Mexico, the U.S. and Latam</li> <li>▶ 4Q22 EBITDA down 17% year-on-year primarily impacted by lower results in European operations</li> </ul>
<b>Mexico</b>	<ul style="list-style-type: none"> <li>▶ Quarterly Revenue up 21% year-on-year, driven by efficient price management and volume growth</li> <li>▶ Fourth quarter EBITDA decreased 1% versus 4Q21 figures amid inflationary cost pressures</li> <li>▶ Record quarterly and annual Foodservice Revenue and EBITDA</li> </ul>
<b>Europe</b>	<ul style="list-style-type: none"> <li>▶ Euro-denominated 4Q22 Revenue up 9% year-on-year</li> <li>▶ 4Q22 EBITDA down 73% as pricing adjustments and cost optimization initiatives have yet to offset inflationary pressures</li> <li>▶ License to export fresh pork meat to China restored in December 2022</li> </ul>
<b>U.S.</b>	<ul style="list-style-type: none"> <li>▶ Record 4Q22 Revenue and EBITDA driven by volume growth and efficient price management</li> </ul>
<b>Latam</b>	<ul style="list-style-type: none"> <li>▶ Highest quarterly Revenue driven by efficient price adjustments in response to cost increases</li> <li>▶ Record annual EBITDA driven by the sustained recovery in Foodservice</li> <li>▶ Foodservice channel Revenue and EBITDA, up 18% and 34%, respectively, year-on-year</li> </ul>

# Earnings Report

## Fourth Quarter 2022 (4Q22)



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

	4Q22	3Q22	4Q21	(% ) 4Q22 vs.		2022	2021	Ch.%
				3Q22	4Q21			
<b>Volume (ktons)</b>	<b>432</b>	<b>439</b>	<b>432</b>	<b>(2)</b>	<b>-</b>	<b>1,740</b>	<b>1,701</b>	<b>2</b>
Mexico	223	221	216	1	3	880	839	5
Europe	104	108	114	(4)	(9)	425	443	(4)
United States	79	84	75	(5)	6	332	321	4
Latam	26	26	26	2	-	103	98	5
<b>Revenues</b>	<b>1,964</b>	<b>1,879</b>	<b>1,768</b>	<b>5</b>	<b>11</b>	<b>7,425</b>	<b>6,817</b>	<b>9</b>
Mexico	902	840	746	7	21	3,321	2,826	18
Europe	574	549	591	5	(3)	2,178	2,322	(6)
United States	343	355	303	(3)	13	1,388	1,202	15
Latam	145	135	128	7	14	538	467	15
<b>EBITDA</b>	<b>167</b>	<b>151</b>	<b>201</b>	<b>10</b>	<b>(17)</b>	<b>652</b>	<b>741</b>	<b>(12)</b>
Mexico	101	104	102	(3)	(1)	412	413	-
Europe	14	9	53	61	(73)	46	151	(70)
United States	38	28	33	39	17	146	130	12
Latam	14	11	13	25	1	48	47	2
<b>Capex &amp; Acquisitions<sup>1</sup></b>	<b>86</b>	<b>59</b>	<b>105</b>	<b>45</b>	<b>18</b>	<b>250</b>	<b>223</b>	<b>12</b>
<b>Net Debt</b>	<b>1,782</b>	<b>1,708</b>	<b>1,691</b>	<b>4</b>	<b>5</b>	<b>1,782</b>	<b>1,691</b>	<b>5</b>
Net Debt / LTM* EBITDA	2.7	2.5	2.3					
LTM* Interest Coverage <sup>2</sup>	5.5	5.9	6.5					

\* Times. LTM = Last 12 months

<sup>1</sup> Figures include divestments

<sup>2</sup> Interest Coverage = EBITDA/Net Financial Expenses

## Message from Sigma's President

"2022 was a year where we capitalized on our capabilities and adapted to unprecedented inflationary pressures. At the same time, we progressed in the implementation of structural changes that influence the way we think, work, and interact.

Our team delivered record quarterly Revenue, up 11% year-on-year, driven by continued price adjustments across all regions and stable volume. In contrast, 4Q22 EBITDA was down 17% as the temporary decline in Europe more than offset solid results in the Americas.

For the full year, Revenue increased 9% supported by resilient demand. This record figure was above our top-line estimate. However, EBITDA was below our Guidance due to extraordinary cost pressures in our European operations. We are motivated by the favorable performance in the Americas and the prospect of the decisive actions underway to counter the extraordinary circumstances in Europe.

At the Core of the business, we navigated across industry-wide challenges and reinforced our partnership role in the value chain. In addition, our revenue management team executed data-driven actions that were complemented by expense-reduction initiatives to better counteract the temporary inflationary pressures. Moreover, the Foodservice channel is stronger than ever; in 2022 EBITDA was 34% above pre-pandemic levels.

Revenue contributions from our global categories (Snacking and Plant-Based), as well as new business models that are being generated, vetted, piloted, and scaled in our Growth Business Unit represented 3.3% of annual consolidated Revenue. Better Balance®, our global plant-based brand increased its presence from 100 to more than 1,300 points of sale throughout Spain, Mexico, and the U.S. and became the top-selling plant-based frank in the Spanish market. Our Growth Business Unit is also piloting new business models such as Netport, that connects specialty and nostalgia food products from Latin America with consumers in the U.S. leveraging our distribution network and that reached seven exclusive distribution agreements.

Furthermore, our B2C e-commerce platform continued to expand, led by the Grill House app, which has grown at a 10% monthly rate since it was introduced in August 2020. These important milestones were reached as a result of our clear focus and strategic approach towards growth.

During 2022, Fuel, our spend efficiency program that focuses on supplier management, operational excellence, and "make vs. buy" decisions, achieved savings and cost avoidance across all regions. The aggregate benefits of these efforts amounted to US \$41 million and have been crucial to counter the effects of the inflationary environment, explained above.

This year, we took an important step to strengthen our Corporate Governance by forming a world-class Advisory Board comprised of talented and diverse individuals with extensive experience in strategically important fields. Sigma underwent an exhaustive operational and financial onboarding process to equip the board with the required data and knowledge about the company, setting the groundwork for sharing perspectives and conducting thoughtful discussions.

Regarding Sustainability, we continue to adopt ESG criteria into everyday decision-making, placing a special focus on lowering carbon emissions, promoting a circular economy, engaging with the value chain, and assuming our role as water stewards. Evidence of this is our ongoing process to adhere to the Science Based Targets Initiative (SBTi); having avoided the use of over 7,800 tons of virgin plastic since 2018 and achieving a more than 14% water usage reduction per ton of food produced year-on-year.

I would like to thank the Sigma team for their hard work and dedication, which has been paramount to overcome challenges and continue pushing our transformational agenda forward.

We are optimistic about the future and encouraged by the progress made to mitigate cost inflation, develop new revenue sources, and implement structural changes to become more profitable in the long-term. With the year underway, there is much to look forward to, including the sequential improvement in Europe, the upcoming launch of a new global snacking brand, and the reinstated license to export fresh pork meat to China. When we blend innovative projects with the strength of Sigma as a platform, we achieve a winning formula for sustainable long-term growth.

Thank you for your interest in Sigma.”

Rodrigo Fernández



# Earnings Report

## Fourth Quarter 2022 (4Q22)

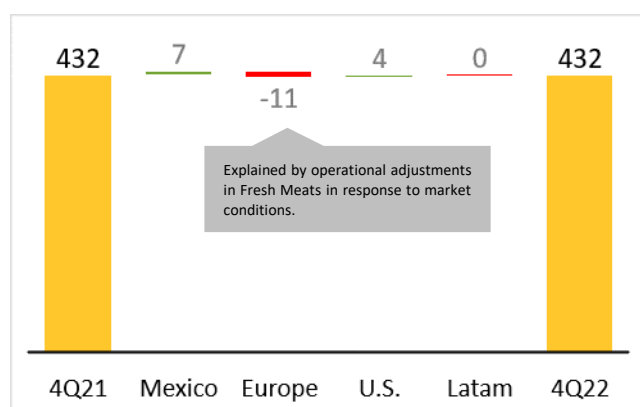


### INCOME STATEMENT (US \$ MILLION)

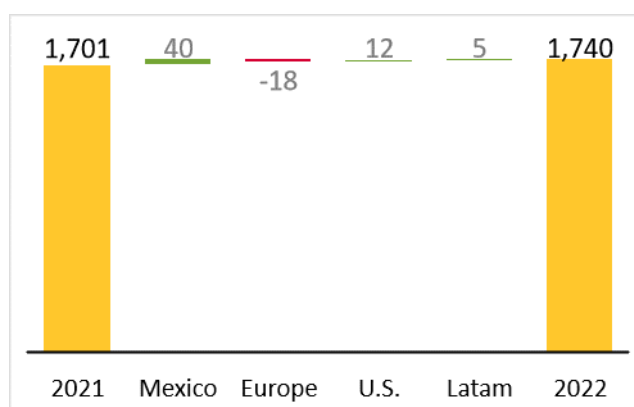
	4Q22	3Q22	4Q21	(% ) 4Q22 vs		2022	2021	Ch. %
				3Q22	4Q21			
Total Revenues	1,964	1,879	1,768	5	11	7,425	6,817	9
Gross Profit	495	464	486	7	2	1,905	1,901	-
Operating expenses and others	(395)	(362)	(411)	9	(4)	(1,476)	(1,452)	2
Operating income (loss)	100	101	75	(2)	34	429	449	(4)
Financial cost, net	(82)	(23)	(44)	256	88	(169)	(166)	2
Share of losses of associates	(0)	0	1	-	(103)	(0)	1	(103)
Income Tax	(26)	(34)	(125)	(25)	(79)	(161)	(223)	(28)
Consolidated net income (loss)	(8)	44	(93)	(119)	(91)	98	61	62
<i>EBITDA</i>	<i>167</i>	<i>151</i>	<i>201</i>	<i>10</i>	<i>(17)</i>	<i>652</i>	<i>741</i>	<i>(12)</i>
<i>EBITDA/Revenues (%)</i>	<i>8.5</i>	<i>8.1</i>	<i>11.4</i>			<i>8.8</i>	<i>10.9</i>	

**Volume** was 432 ktons in 4Q22, flat year-on-year, as demand growth in Mexico and the U.S. offset lower volume in Europe's fresh meat business following the response to market conditions. Foodservice channel volume increased by 12% year-on-year. Adjusting for Foodservice results, quarterly volume was 1% lower, year-on-year. Full year volume was 1,740 ktons, up 2% when compared to the same period in 2021 driven by higher volume figures in the Americas. Adjusting for the Foodservice channel, 2022 volume increased 1% year-on-year.

#### 4Q22 Volume (k Tons)



#### 2022 Volume (k Tons)



**Average prices** increased by 11% during 4Q22 in response to higher raw material and other input costs. In local currency, average prices were up 11% driven by increases across all regions. Full year average prices increased 6% in US Dollars and 10% in local currencies.

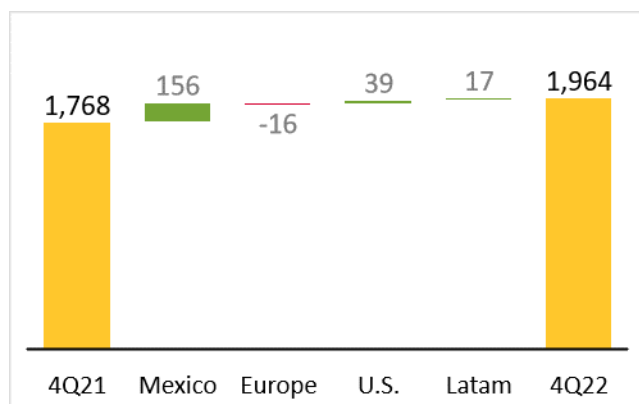
**Revenues** were US \$1.964 billion in 4Q22, up 11% year-on-year, driven by higher average prices. In local currency, 4Q22 revenues were also up 11% reflecting growth across all regions (Mexico +15%, Europe +9%, the U.S. +13%, and Latam +11%) (see Table 13). As a reference, Foodservice channel revenues increased 18% year-on-year.

# Earnings Report

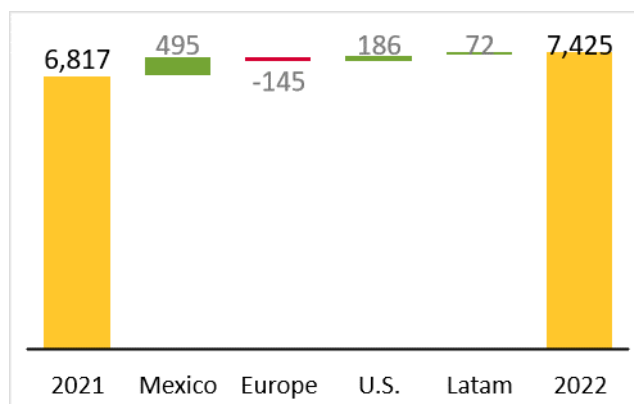
## Fourth Quarter 2022 (4Q22)

Full year revenues were US \$7.425 billion, 9% higher year-on-year. Double-digit growth in the Americas was partially offset by the 11% exchange rate depreciation that impacted Europe. In local currency, Revenues rose by 12% versus 2021, driven by double-digit growth in the Americas and 5% in Europe.

### 4Q22 Revenue (US \$ MILLION)



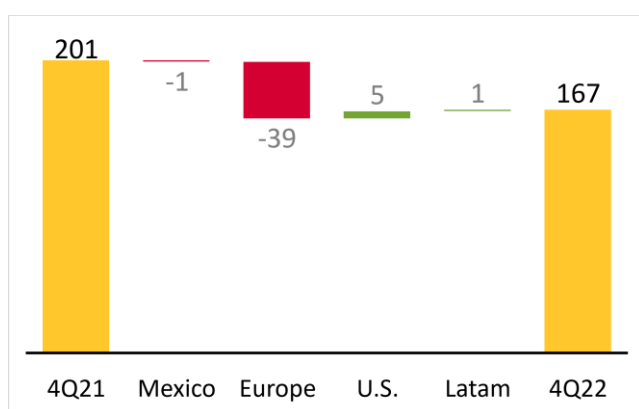
### 2022 Revenue (US \$ MILLION)



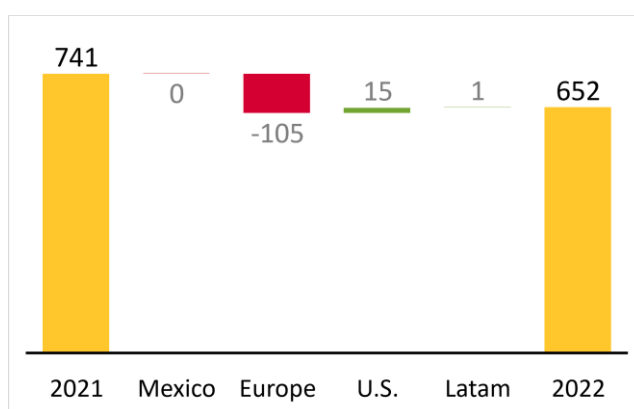
**EBITDA** was US \$167 million in 4Q22, down 17% year-on-year. This was mainly due to the temporary decline in Europe caused by inflationary pressures including higher energy prices and raw material costs, as well as the depreciation of the euro versus the dollar. The impact from European operations more than offset positive performance in the Americas. Adjusting for the Foodservice channel, 4Q22 EBITDA declined by 18% year-on-year. In local currency, quarterly EBITDA decreased 19%, mainly due to the decline in Europe.

Full year EBITDA was US \$652 million, down 12% year-on-year. Results are explained by a greater-than-expected impact in Europe which offset the positive performance in the Americas. The 2022 EBITDA Margin was 8.8% versus 10.9% in 2021. In local currency, full year EBITDA was down 12% year-on-year resulting from a 67% decline in Europe that was partially offset by a 2% increase in the Americas.

### 4Q22 EBITDA (US \$ MILLION)



### 2022 EBITDA (US \$ MILLION)



# Earnings Report

## Fourth Quarter 2022 (4Q22)



**Operating Income** was US \$100 million in 4Q22, up 34% when compared to US \$75 million in 4Q21 which included non-cash impairments mainly related to assets available for sale in Europe. Full year Operating Income was US \$429 million, 4% lower year-on-year mainly due to the decrease in EBITDA explained above that was partially offset by lower non-cash impairments.

**Comprehensive Financing Expense (CFE)** was US \$82 million, up 88% versus US \$44 million in 4Q21, reflecting higher foreign exchange losses due to the depreciation of the euro. Full year CFE was US \$169 million, up 2% from US \$166 million in 2021, mainly due to the higher net financial expense.

**Net Loss** was US \$8 million in 4Q22, a 91% improvement year-on-year, mainly due to lower taxes when compared to 4Q21. Full year Net Income was US \$98 million, up 62% year-on-year as the lower operating income and higher CFE were more than offset by lower taxes.

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

	4Q22	3Q22	4Q21	(% ) 4Q22 vs		2022	2021	Ch. %
				3Q22	4Q21			
EBITDA	167	151	201	10	(17)	652	741	(12)
Net Working Capital	35	11	1	231	-	(72)	(69)	4
Capital Expenditures & Acquisitions	(86)	(59)	(105)	45	(18)	(250)	(223)	12
Net Financial Expenses	(27)	(31)	(29)	(13)	(6)	(114)	(113)	-
Taxes	(23)	(23)	(18)	(1)	26	(116)	(84)	39
Dividends	(75)	0	(50)	(100)	51	(152)	(151)	1
Other Sources (Uses)	(65)	16	1	(508)	-	(40)	(37)	8
<b>Decrease (Increase) in Net Debt</b>	<b>(75)</b>	<b>64</b>	<b>1</b>	<b>(217)</b>	<b>-</b>	<b>(91)</b>	<b>65</b>	<b>(241)</b>

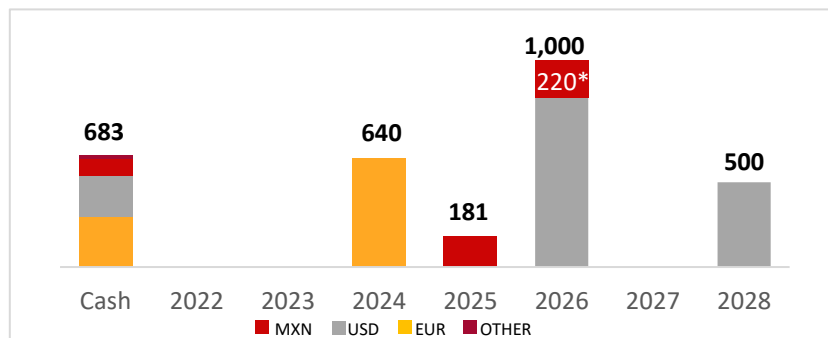
**Net Debt** was US \$1.782 billion, 5% above 4Q21 and 4% above 3Q22. On an absolute basis, Net Debt increased by US \$91 million year-on-year and increased by US \$75 million versus 3Q22. The annual increase was mainly related to lower EBITDA, higher Capital Expenditures, Taxes paid and exchange rate conversion effects.

Cash totaled US \$683 million in 4Q22, US \$138 million lower year-on-year, and US \$16 million lower when compared to 3Q22. Approximately 79% of cash was held in dollars and euros. Financial ratios at the end of the quarter were: Net Debt to EBITDA of 2.7 times and Interest Coverage of 5.5 times (see Table 16).

# Earnings Report

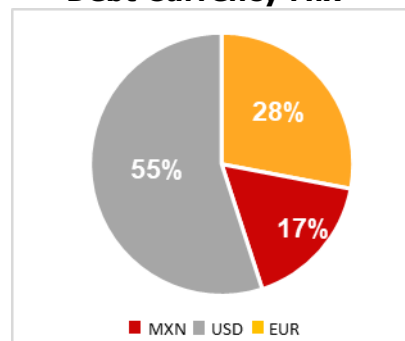
## Fourth Quarter 2022 (4Q22)

### Debt Maturity (US \$MILLION)



\*US \$220 million MXN-USD Cross Currency Swap (CCS) agreement for 2026. Does not include US \$144 million mainly from financial leases, notes payables, and accrued interest.

### Debt Currency Mix\*



\*CCS is included

**Net Working Capital (NWC)** posted a recovery of US \$35 million during 4Q22 as lower NWC in Europe and Latam more than offset investments in Mexico and the U.S. The full year investment was US \$72 million, mainly due to higher raw material costs, strategic purchases, and increased inventory to mitigate longer logistic lead times.

**Capital Expenditures & Acquisitions (Capex)** totaled US \$86 million during the quarter, 18% lower versus 4Q21. Full year Capex was US \$250 million, up 12% year-on-year. Approximately 72% of Capex was maintenance-related, while the remainder was invested in expansion and optimization projects.

**Dividends** paid during the fourth quarter were US \$75 million and totaled US \$152 million for the full year.

## INDUSTRY COMMENTS - SIGMA

### Consumer confidence and retail sales

In Mexico, during the fourth quarter, the average consumer confidence figures (per INEGI<sup>1</sup>) were 41.8 points, 2.7 points lower year-on-year and remained flat sequentially. Same-store-sales (per ANTAD<sup>2</sup>) decreased by 3% versus 4Q21 and 2% sequentially.

Foodservice and Convenience channels in Mexico benefited from higher out of home consumption. Additionally, November 2022 data released by the Mexican tourism authorities (DATATUR<sup>3</sup>) reflected year-on-year increases of 7.4% in the average hotel occupancy rate, as well as 8.6% and 8.5% increases in foreign and domestic tourist arrivals, respectively.

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

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

<sup>3</sup> DataTur - Sistema Nacional de Información Estadística del Sector Turismo de México



# Earnings Report

## Fourth Quarter 2022 (4Q22)



Accumulated data as of November reflects a 16.5% average hotel occupancy rate increase, as well as 30% and 38.4% higher foreign and domestic tourist arrivals, respectively.

In the United States, the average consumer confidence level reported by The Conference Board was 103.8 points a 9-point decline versus 4Q21. Despite the economic environment confidence level increased 1.4 points, sequentially, and Adjusted Food & Beverage Retail Sales reported by the U.S. Census Bureau in the fourth quarter, rose by an average of 5% year-on-year.

The European Commission reported that the average consumer confidence levels during the quarter decreased 12 points year-on-year to 24.5 points. Food Retail Sales fell by an average of 4% to 104.9 points year-on-year and 1.5%, sequentially, according to Eurostat. It is important to note that the average inflation rate reached 9.8%.

In Latin America, the average consumer figures in Costa Rica for November (per the School of Statistics from the University of Costa Rica) increased 5 points year-on-year reaching 44 points and increased 4 points, sequentially. In Ecuador, the average consumer confidence level reported by The Central Bank of Ecuador during 4Q22 grew 3% year-on-year.

### Exchange Rate

When compared against the US dollar, the average 4Q22 exchange rates for the Mexican peso appreciated 5%, and the euro depreciated 11% year-on-year. Furthermore, the main Latin American currencies where Sigma operates appreciated on average between 2% and 3% year-on-year.

	4Q22	3Q22	4Q21	(% ) 4Q22 vs		2022	2021	Ch. %
				3Q22	4Q21			
Mexico - MXN/USD Avg	19.70	20.24	20.75	(3)	(5)	20.13	20.28	(1)
Mexico - MXN/USD EOP	19.36	20.31	20.58	(5)	(6)	19.36	20.58	(6)
EU - USD/EUR Avg	1.02	1.01	1.14	1	(11)	1.05	1.18	(11)
EU - USD/EUR EOP	1.07	0.98	1.14	9	(6)	1.07	1.14	(6)
Dominican Rep. - DOP/USD Avg	54.58	53.98	56.29	1	(3)	54.92	56.88	(3)
Dominican Rep. - DOP/USD EOP	56.19	56.50	57.14	(1)	(2)	57.14	56.19	2
Peru - PEN/USD Avg	3.92	3.90	4.02	-	(2)	3.85	3.87	(1)
Peru - PEN/USD EOP	3.81	3.98	3.99	(4)	(4)	3.99	3.81	5
Costa Rica - CRC/USD Avg	612.3	660.9	632.6	(7)	(3)	648.4	620.2	5
Costa Rica - CRC/USD EOP	592.1	628.7	641.2	(6)	(8)	641.2	592.1	8

Revenues from the Dominican Republic, Peru, Costa Rica, and Ecuador represented more than 82% of Latam Revenues in 2022. Ecuador is a dollarized economy; therefore, no exchange rate is included above.

### Raw Materials

U.S. pork ham and trimming prices were up 75% and 27% versus 4Q21 but decreased 8% and 26% sequentially. The sequential decrease is explained by a higher-than-expected pork production towards the end of 2022. Higher 2022 pork ham prices (+21% year-on-year) were attributable to increased export demand from Mexico, the lower pork production, and the effects of rising animal feed cost.

In Europe, average quarterly pork ham, shoulder, and lean hog prices increased 44%, 39%, and 58% year-on-year, respectively. Pork ham and shoulder posted a sequential increase of 1% and 3%, respectively. Lean hog prices decreased 2% when compared to 3Q22. Pork price increases were mainly due to lower pig production and higher animal feed costs. The Russia-Ukraine conflict, increased temperatures, and drought conditions throughout key producing regions contributed to higher associated commodity prices.

With respect to U.S. poultry prices, turkey breast continued at historically high levels during the fourth quarter, up 84% year-on-year and 1% sequentially. It was encouraging to see turkey breast prices retreated in recent weeks. Turkey thigh prices remained stable both year-on-year and sequentially. U.S. turkey production and inventory levels increased slightly towards the end of 2022. In addition, avian flu cases in commercial turkey and egg laying flocks slowed in late 2022, creating some market optimism. Meanwhile, chicken prices were down 17% and 15% when compared to 2021 and 3Q22, respectively. Chicken production grew 6% in 4Q22 due to improved productivity. However, producers are dealing with increased feed, labor, and transportation costs in addition to lower wholesale chicken prices, which may pressure supply.

# Earnings Report

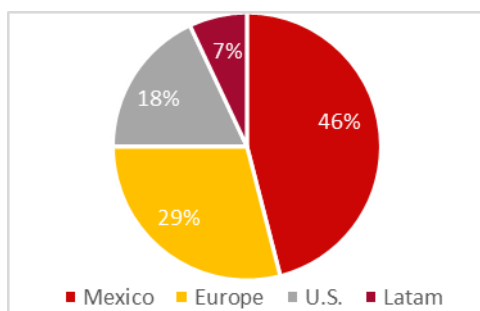
## Fourth Quarter 2022 (4Q22)



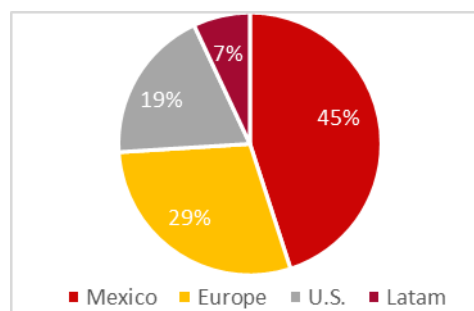
### RESULTS BY REGION - SIGMA

During 4Q22, Mexico accounted for 46% of total revenues; while Europe represented 29%; the U.S. 18%; and Latam 7%. As a percentage of full year Revenues, these figures were 45%, 29%, 19%, and 7%, respectively, in each of the regions.

**4Q22 Revenue by Region in USD**



**2022 Revenue by Region in USD**



#### **Mexico:**

In local currency, 4Q22 Revenues increased by 15%, year-on-year, driven by an 11% increase in average prices and 3% volume growth. The Foodservice Channel posted a positive performance with revenues up 14% year-on-year supported by solid demand. Excluding Foodservice results, peso-denominated 4Q22 Revenues increased by 14% versus 4Q21.

In pesos, Mexico posted 6% lower EBITDA against a record fourth quarter in 2021. Results reflect the impact from inflationary pressures, as well as higher operating expenses related to the Growth Business Unit. Foodservice channel EBITDA increased 3% year-on-year and was 52% above pre-pandemic levels. Excluding Foodservice and Growth Business Unit results, quarterly EBITDA also decreased by 6% year-on-year.

Full year 2022 Revenues in local currency were 16% above, while EBITDA was 1% below 2021 levels as higher prices related to inflationary pressures and solid Foodservice Channel performance were offset by operating expenses related to Growth Business Unit initiatives. Excluding Foodservice and Growth Business Unit results, EBITDA displayed a decrease of 3% versus 2021.

#### **Europe:**

Euro-denominated quarterly Revenue increased 9% year-on-year, driven by 20% higher average prices. Volume declined 9% due to lower fresh meat sales in response to market conditions, as operations were adjusted to account for higher live hog costs vis-à-vis low market prices for cuts and trims. Volume in the Packaged Meats business remained stable. As a reference, Packaged Meats account for approximately 87% of European Revenues and Fresh Meats the remainder.

European EBITDA was down 71% year-on-year, in local currency. Results were negatively impacted by higher energy costs, as well as other continued inflationary pressures in Packaged Meats. Additionally, the Fresh Meats Business experienced a steep EBITDA decline due to the reduced marginal contribution that resulted from the market conditions, as well as the lower volume explained by operational adjustments. Excluding for Foodservice results, Revenue increased 7%, while EBITDA decreased 68% year-on-year.

# Earnings Report

## Fourth Quarter 2022 (4Q22)



Full year 2022 Revenues were 5% higher year-on-year. However, EBITDA was 67% lower when compared to 2021 mainly due higher energy prices and raw material costs, as well as a lower contribution from Fresh Meats. Adjusting for Foodservice results, Revenue increased 3%, while EBITDA declined 71% year-on-year.

### **United States:**

Quarterly Revenues increased 13% year-on-year due to higher average prices and strong volume, both of which were up 6% versus 4Q21. Demand was driven by the Mainstream and Hispanic Brands Businesses. Consumer preference for affordable options amid high inflation continued to benefit volume growth.

4Q22 EBITDA in the region was 17% above the same period of the prior year as efficient revenue management initiatives offset higher raw material and other input cost pressures.

Full year 2022 Revenue and EBITDA were up 15% and 12% year-over-year, respectively. Results were driven by higher average prices and volume growth, up 11% and 4% versus 2021, respectively. Price adjustments and optimization initiatives more than offset higher costs for raw material and other inputs.

### **Latam:**

In local currencies, quarterly revenues were up 11% year-on-year driven primarily by a 12% average price increase when compared to 4Q21. Foodservice channel Revenues increased by 18% year-on-year, supported by a recovery in Peru, the Dominican Republic, Ecuador, and Costa Rica. Adjusting for the Foodservice channel, Revenue increased 10% year-on-year.

Quarterly EBITDA decreased 1% versus 4Q21 mainly due to a lower contribution from the Dominican Republic and Costa Rica. Results are explained by inflationary pressures and lower dairy raw material availability, that were partially offset by an extraordinary gain of US \$0.6 million from a real estate sale. Foodservice channel EBITDA increased 30% year-on-year. Adjusting for Foodservice Results, EBITDA declined 8% year-on-year.

Full year 2022 Revenues in local currencies were up 15% year-over-year due to increases of 10% in average prices and 5% in volume growth. EBITDA increased 6% driven by the Foodservice Channel recovery.



RECENT DEVELOPMENTS – SIGMA

<p><b>Growth BU</b></p>	<p><b>Tastech by Sigma®</b> - open innovation program that seeks to revolutionize the food industry in collaboration with startups and scaleups around the world.</p> <ul style="list-style-type: none"> <li>Launched the fourth edition of Tastech by Sigma on February 8, 2023. Additional information can be found at: <a href="http://www.tastechbysigma.com">www.tastechbysigma.com</a></li> </ul> <p><b>Snacking</b></p> <ul style="list-style-type: none"> <li>National launch of Sticks and Bites snacks at a large retailer in Mexico</li> </ul>
<p><b>Innovation</b></p>	<ul style="list-style-type: none"> <li>160 new products launched in 4Q22; 1,700+ in the last 36 months</li> </ul>
<p><b>Sustainability</b></p>	<p><b>Environmental</b></p> <ul style="list-style-type: none"> <li>62.5% of energy consumed in our plants comes from cleaner or renewable sources</li> <li>Avoided 1,360 tons of virgin plastic during the year, amounting to 7,800+ tons avoided since 2018</li> </ul> <p><b>Social</b></p> <ul style="list-style-type: none"> <li>45% accident rate reduction in our operations during 2022 versus 2018 (baseline), surpassing our 22% Sustainability Target for 2025</li> </ul> <p><b>Governance</b></p> <ul style="list-style-type: none"> <li>Formed an Advisory Board at the beginning of 2022             <ul style="list-style-type: none"> <li>13 members; 62% are independent</li> <li>5 sessions conducted during the year in which the Board underwent an operational and financial onboarding process</li> </ul> </li> </ul>
<p><b>Financial Hedging</b></p>	<ul style="list-style-type: none"> <li>As of December 2022, currency forward contracts totaled US \$665 million with an average exchange rate of \$19.81 MXN/USD, sufficient to cover Sigma’s U.S. dollar needs for the next 10 to 12 months</li> </ul>

(See "Financial Statements" for Sigma's 4Q22 Balance Sheet and Income Statement)

# Earnings Report

## Fourth Quarter 2022 (4Q22)



### Alpek (BMV: ALPEKA) – PETROCHEMICALS



56% of ALFA's revenues in 4Q22

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

	4Q22	3Q22	4Q21	(% ) 4Q22 vs		2022	2021	Ch.%
				3Q22	4Q21			
<b>Volume (ktons)</b>	<b>1,230</b>	<b>1,359</b>	<b>1,172</b>	<b>(10)</b>	<b>5</b>	<b>5,065</b>	<b>4,798</b>	<b>6</b>
Polyester	1,013	1,114	931	(9)	9	4,099	3,796	8
Plastics & Chemicals	217	246	240	(12)	(10)	966	1,002	(4)
<b>Revenues</b>	<b>2,457</b>	<b>2,951</b>	<b>2,152</b>	<b>(17)</b>	<b>14</b>	<b>10,555</b>	<b>7,697</b>	<b>37</b>
Polyester	1,630	2,022	1,347	(19)	21	6,991	4,828	45
Plastics & Chemicals	442	607	579	(27)	(24)	2,321	2,342	(1)
Others	385	323	226	19	70	1,243	528	135
<b>EBITDA</b>	<b>186</b>	<b>306</b>	<b>269</b>	<b>(39)</b>	<b>(31)</b>	<b>1,455</b>	<b>1,145</b>	<b>27</b>
Polyester	82	170	162	(52)	(50)	886	618	43
Plastics & Chemicals	106	132	105	(20)	1	564	503	12
Others	(2)	4	2	(142)	(170)	5	25	(78)
<b>Comparable EBITDA<sup>1</sup></b>	<b>270</b>	<b>424</b>	<b>300</b>	<b>(36)</b>	<b>(10)</b>	<b>1,396</b>	<b>962</b>	<b>45</b>
Polyester	151	261	160	(42)	(5)	823	458	80
Plastics & Chemicals	120	158	138	(24)	(13)	567	480	18
Others	(2)	4	2	(142)	(170)	5	25	(78)
<b>Capex &amp; Acquisitions<sup>2</sup></b>	<b>51</b>	<b>93</b>	<b>32</b>	<b>(46)</b>	<b>57</b>	<b>862</b>	<b>227</b>	<b>280</b>
<b>Net Debt</b>	<b>1,860</b>	<b>1,805</b>	<b>1,225</b>	<b>3</b>	<b>52</b>	<b>1,860</b>	<b>1,225</b>	<b>52</b>
Net Debt / LTM EBITDA*	1.3	1.2	1.1					
LTM Interest Coverage <sup>3</sup> *	11.4	13.7	8.7					

\* Times. LTM = Last 12 months

1 Excludes extraordinary items

2 Figures include divestments

3 Interest Coverage = EBITDA/Net Financial Expenses

**Volume** was 1,230 ktons, up 5% versus 4Q21 but down 10% quarter-on-quarter. The Polyester segment volume was up 9% year-on-year driven mainly by the recently incorporated PET sheet and resin operations. The Plastics & Chemicals (P&C) segment was down 10% when compared to 4Q21 primarily due to lower volumes in Polypropylene (PP) and Expandable Polystyrene (EPS) amid new supply for PP in the Americas and softer demand in some segments such as construction.

Accumulated volume reached an all-time high of 5,065 ktons, up 6% when compared with 2021, driven mainly by the acquisition that was integrated within the Polyester segment in 2Q22.

**Revenues** totaled US \$2.457 billion in 4Q22, up 14% versus 4Q21 as a result of higher average prices and volume. Full year Revenues increased 37% year-over-year to a record US \$10.555 billion, boosted by the rise in average prices and volume growth.

# Earnings Report

## Fourth Quarter 2022 (4Q22)



**EBITDA** was US \$186 million, down 31% versus 4Q21. This includes an impact of US -\$84 million from extraordinary items, comprised of inventory adjustment (US -\$57 million) and carry-forward effect (US -\$27 million), which are associated with the quarterly decline in crude oil and feedstock prices.

Annual EBITDA totaled US \$1.455 billion, up 27% year-over-year. 2022 EBITDA includes a net benefit of US \$60 million in extraordinary items, resulting from an aggregate gain of US \$83 million in carry-forward effects and inventory adjustment which was partially offset by a US \$23 million impact from other items. It is also important to note that 2021 EBITDA includes a net benefit of US \$183 million from extraordinary items (see Table 4).

**Comparable EBITDA** was US \$270 million, down 10% versus 4Q21, due primarily to lower margins in Polypropylene (PP) and PET.

Full year Comparable EBITDA increased 45% versus 2021, reaching US \$1.396 billion. Better-than-expected margins in all business segments and incremental volume from the Polyester segment acquisition contributed to this record result.

**Capital Expenditures & Acquisitions (Capex)** were US \$51 million in 4Q22, mainly allocated to planned maintenance and a portion to the construction of the Corpus Christi, Texas site. Full year Capex of US \$862 million represents more than three times the amount invested in 2021 driven by the new PET sheet and resin business acquired during 2Q22.

**Net Debt** was US \$1.860 billion, up 3% and 52% when compared with 3Q22 and 4Q21, respectively. On an absolute basis, Net Debt increased US \$634 million versus year-end 2021 driven primarily by Capex invested in its Polyester segment acquisition. Cash at the close of the year was US \$355 million including restricted cash, following the distribution of an extraordinary dividend totaling US \$196 million to Alpek shareholders and a bond payment of US \$94 million during 4Q22. At the close of 4Q22, Net Debt to EBITDA was 1.3 times, and Interest Coverage was 11.4 times.

**RECENT DEVELOPMENTS - ALPEK**

<p><b>CEO succession</b></p>	<ul style="list-style-type: none"> <li>▶ Alpek announced the start of its CEO's succession process on December 14, 2022</li> <li>▶ José de Jesús Valdez Simancas will be leaving his position as CEO at Alpek to take on a new role as Senior Advisor at ALFA</li> <li>▶ Under his leadership, Alpek was transformed into a leading player in the global petrochemical industry with annual sales of US \$10.6 billion</li> <li>▶ Alpek's Board of Directors appointed Jorge Young Cerecedo as CEO beginning on March 01, 2023</li> <li>▶ Jorge is President of Alpek Polyester, a business that contributes 66% of Alpek's revenues</li> </ul>
<p><b>PET sheet and resin acquisition</b></p>	<ul style="list-style-type: none"> <li>▶ Closed acquisition of OCTAL in 2Q22, a major global PET sheet producer</li> <li>▶ Assumed control of operations as of June 1st</li> <li>▶ Forward-integrates Alpek into the PET sheet business segment and enhances its ability to serve growing PET resin needs</li> <li>▶ Adds over one million tons of installed capacity to Alpek's existing footprint, spread across the following sites:             <ul style="list-style-type: none"> <li>– PET Sheet: 400,000 tons (Salalah Free Zone, Oman)</li> <li>– PET Sheet Recycling: 33,000 tons (Cincinnati, United States)</li> <li>– PET Thermoform Packaging: 11,000 tons (Riyadh, Saudi Arabia)</li> <li>– PET Resin: 576,000 tons (Salalah Free Zone, Oman)</li> </ul> </li> <li>▶ Successful integration of new PET business contributed to better-than-expected results during 2022</li> </ul>
<p><b>Corpus Christi Polymers (CCP)</b></p>	<ul style="list-style-type: none"> <li>▶ Construction reinitiated in August 2022, as agreed by all JV partners</li> <li>▶ CCP is a joint venture between Alpek, Indorama Ventures and Far Eastern New Century</li> <li>▶ Each JV partner has the right to receive one third of the capacity produced at the plant upon completion</li> <li>▶ Annual capacity of 1.1 and 1.3 million tons of PET and PTA, respectively</li> <li>▶ Expected to be the most competitive site in the Americas</li> <li>▶ Completion expected in 2025</li> </ul>
<p><b>Dividends</b></p>	<ul style="list-style-type: none"> <li>▶ Distributed an extraordinary dividend of US \$196 million to Alpek shareholders during 4Q22</li> <li>▶ Dividends for the year to Alpek shareholders totaled an all-time high of US \$372 million</li> <li>▶ Annual dividend yield of 13%</li> </ul>

(See "Appendix – 4Q22 Reports of Listed Businesses" for Alpek's complete 4Q22 Earnings Report)

# Earnings Report

## Fourth Quarter 2022 (4Q22)



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

axtel



In accordance with International Financial Reporting Standards (IFRS), ALFA's Consolidated Results must account for Axtel as Discontinued Operations due to the planned spin-off of this business. This section of the report provides complementary information as reported by Axtel. Additional operational and financial figures are available in Axtel's 4Q22 Earnings Report, which was released separately.

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

	4Q22	3Q22	4Q21	(% ) 4Q22 vs.		2022	2021	Ch.%
				3Q22	4Q21			
<b>Revenues</b>	<b>135</b>	<b>135</b>	<b>136</b>	-	(1)	<b>521</b>	<b>562</b>	<b>(7)</b>
Services - Enterprise	97	94	89	3	9	375	370	1
Services - Government	14	12	18	17	(19)	50	66	(24)
Infrastructure	54	59	58	(8)	(6)	218	247	(12)
Eliminations	(31)	(30)	(30)	(3)	(5)	(122)	(121)	(1)
<b>EBITDA</b>	<b>41</b>	<b>39</b>	<b>40</b>	<b>4</b>	<b>3</b>	<b>150</b>	<b>187</b>	<b>(20)</b>
<b>Capex &amp; Acquisitions<sup>1</sup></b>	<b>18</b>	<b>14</b>	<b>20</b>	<b>31</b>	<b>(10)</b>	<b>64</b>	<b>76</b>	<b>(15)</b>
<b>Net Debt</b>	<b>537</b>	<b>566</b>	<b>574</b>	<b>(5)</b>	<b>(6)</b>	<b>537</b>	<b>574</b>	<b>(6)</b>
Net Debt / LTM EBITDA*	3.6	3.8	3.1					
LTM Interest Coverage <sup>2*</sup>	3.9	3.3	3.3					

\* Times. LTM = Last 12 months

1 Figures include divestments

2 Interest Coverage = EBITDA/Net Financial Expenses

**Revenues** totaled US \$135 million in 4Q22, down 1% year-on-year due primarily to the termination of Federal entity contracts in the Government segment, as well as lower wholesale connectivity revenue and dark fiber contract sales in the Infrastructure unit. The Enterprise and Government segments posted positive revenue growth when compared to the previous quarter.

Accumulated Revenues were US \$521 million, down 7% versus the same period of 2021 mainly due to a lower contribution from a wholesale mobile operator customer and dark fiber contracts in the Infrastructure unit.

**EBITDA** was US \$41 million in 4Q22, up 3% year-on-year primarily due to higher margins in the Services unit, which more than offset a decrease in the Infrastructure unit caused mainly by the previously disclosed bad debt provision related to a wholesale mobile operator customer. Accumulated EBITDA was US \$150 million, down 20% year-on-year primarily explained by the Infrastructure unit.

**Capital Expenditures & Acquisitions (Capex)** totaled US \$18 million in 4Q22, compared to US \$20 million in 4Q21. Axtel Networks (Infrastructure unit) accounted for 69% of 4Q22 Capex. Accumulated Capex totaled US \$64 million, down 15% versus 2021.





**Net Debt** was US \$537 million at the close of 4Q22, down 6% when compared to 4Q21. On an absolute basis, Net Debt decreased US \$37 million versus 4Q21. Cash totaled US \$80 million at the end of 4Q22, plus US \$41 million in available committed credit lines. Financial ratios at the close of 3Q22 were: Net Debt to EBITDA of 3.6 times and Interest Coverage of 3.9 times.

### RECENT DEVELOPMENTS - AXTEL

<b>Axtel spin-off</b>	<ul style="list-style-type: none"> <li>For more information see "Recent Developments – ALFA" on page 11 of this report</li> </ul>
<b>Axtel Bond Tender Offer</b>	<ul style="list-style-type: none"> <li>Axtel announced final results of tender offer for up to US \$120,000,000 aggregate principal amount of its outstanding 6.375% Senior Notes due 2024</li> <li>Received tenders from holders of US \$88,647,000 of the total outstanding principal amount of the Notes</li> <li>Holders received an amount equal to US \$863.75 for every US \$1,000 principal amount of the Notes validly tendered, plus accrued and unpaid interest</li> </ul>

(See "Appendix - 4Q22 Reports of Listed Businesses" for Axtel's complete 4Q22 Earnings Report)

# Earnings Report

## Fourth Quarter 2022 (4Q22)



### 4Q22 EARNINGS CALL INFORMATION

Date: Thursday, February 16, 2023

Time: 11:30 a.m. EST (NY) / 10:30 a.m. CST (CDMX)

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

Conference ID: 13735662

Webcast: [https://viaid.webcasts.com/starthere.jsp?ei=1594134&tp\\_key=1becadc486](https://viaid.webcasts.com/starthere.jsp?ei=1594134&tp_key=1becadc486)

Replay: <https://www.alfa.com.mx/en/events/>

# Earnings Report

## Fourth Quarter 2022 (4Q22)



### About ALFA

ALFA manages two 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 leading producers of polyester (PTA, PET, rPET and fibers), and the leader in the Mexican market for polypropylene (PP) and expandable polystyrene (EPS). In 2022, ALFA reported revenues of Ps. 363,864 million (US \$18.1 billion), and EBITDA of Ps. 42,020 million (US \$2.1 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.

# Earnings Report

## Fourth Quarter 2022 (4Q22)



## Tables

### ALFA

Table 1 | VOLUME AND PRICE CHANGES (%)

	4Q22 vs.		2022 vs 2021
	3Q22	4Q21	
Total Volume	(7.4)	2.7	4.4
Domestic Volume	(4.9)	(1.6)	2.9
Foreign Volume	(8.9)	5.8	5.4
Avg. Ps. Prices	(3.7)	4.1	17.6
Avg. US \$ Prices	(1.0)	9.6	18.6

Table 2 | REVENUES

	4Q22	3Q22	4Q21	(% ) 4Q22 vs.		2022	2021	Ch.%
				3Q22	4Q21			
<b>Total Revenues</b>								
Ps. Millions	87,698	98,289	82,012	(11)	7	363,864	296,803	23
US \$ Millions	4,452	4,856	3,952	(8)	13	18,085	14,626	24
<b>Domestic Revenues</b>								
Ps. Millions	33,087	37,501	32,765	(12)	1	143,190	117,472	22
US \$ Millions	1,680	1,853	1,579	(9)	6	7,115	5,790	23
<b>Foreign Revenues</b>								
Ps. Millions	54,611	60,788	49,247	(10)	11	220,675	179,331	23
US \$ Millions	2,772	3,003	2,373	(8)	17	10,970	8,836	24
Foreign / Total (%)	62	62	60			61	60	

Table 3 | OPERATING INCOME AND EBITDA

	4Q22	3Q22	4Q21	(% ) 4Q22 vs.		2022	2021	Ch.%
				3Q22	4Q21			
<b>Operating Income</b>								
Ps. Millions	3,976	6,884	4,430	(42)	(10)	32,504	25,491	28
US \$ Millions	201	339	214	(41)	(6)	1,608	1,259	28
<b>EBITDA</b>								
Ps. Millions	6,822	9,211	9,703	(26)	(30)	42,020	37,383	12
US \$ Millions	346	454	467	(24)	(26)	2,082	1,841	13
<b>EBITDA/Revenues (%)*</b>	7.8	9.3	11.8			11.5	12.6	(9)

\*US Dollar denominated EBITDA margin

# Earnings Report

## Fourth Quarter 2022 (4Q22)



Table 4 | EXTRAORDINARY ITEMS (US \$ MILLION)

Company	Extraordinary item	4Q22	3Q22	4Q21	2022	2021
Alpek	Inventory gain (loss)	(57)	(70)	(11)	17	92
	Carry forward gain (loss)	(27)	(46)	6	66	114
	Legal fees/expenses & others	(0)	(2)	(25)	(23)	(23)
	<b>Total Alpek</b>	<b>(84)</b>	<b>(118)</b>	<b>(31)</b>	<b>60</b>	<b>183</b>
Sigma	Deventer plant real estate sale	-	-	2	-	2
	<b>Total Sigma</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>2</b>
<b>ALFA</b>	<b>Total effect on EBITDA</b>	<b>(84)</b>	<b>(118)</b>	<b>(29)</b>	<b>60</b>	<b>185</b>

Table 5 | COMPARABLE EBITDA (US \$ MILLION)

Company	4Q22	3Q22	4Q21	(% ) 4Q22 vs.		2022	2021	Ch. %
				3Q22	4Q21			
<b>ALFA</b>	<b>430</b>	<b>572</b>	<b>496</b>	<b>(25)</b>	<b>(13)</b>	<b>2,022</b>	<b>1,656</b>	<b>22</b>
Alpek	270	424	300	(36)	(10)	1,396	962	45
Sigma	167	151	199	10	(16)	652	739	(12)
Newpek	(2)	1	1	(255)	(440)	(1)	(9)	93
ALFA EBITDA/Revenues (%)	9.7	11.8	12.6			11.2	15.5	

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

	4Q22	3Q22	4Q21	(% ) 4Q22 vs.		2022	2021	Ch. %
				3Q22	4Q21			
Financial Expenses	(109)	(102)	(76)	(6)	(43)	(379)	(350)	(9)
Financial Income	21	15	9	46	141	56	32	73
Net Financial Expenses	(87)	(88)	(67)	-	(30)	(323)	(317)	(2)
Exchange Rate Gains (Losses)	(25)	(25)	(25)	2	2	(52)	(88)	41
Capitalized Comp. Fin. Expense	0	0	0	-	-	0	0	-
Comprehensive Financing Expense	(112)	(113)	(93)	1	(21)	(375)	(405)	7
Avg. Cost of Borrowed Funds (%)	5.1	5.2	4.6			4.9	5.7	



# Earnings Report

## Fourth Quarter 2022 (4Q22)



Table 7 | NET INCOME (US \$ MILLION)

	4Q22	3Q22	4Q21	(% ) 4Q22 vs.		2022	2021	Ch.%
				3Q22	4Q21			
Consolidated Net Income (Loss)	10	182	(151)	(95)	106	811	376	116
Minority Interest	27	41	16	(35)	69	233	165	42
Majority Net Income (Loss)	(17)	141	(166)	(112)	90	578	211	173
Per Share (US dollars)	(0.00)	0.03	(0.03)	(112)	(90)	0.12	0.04	177
Avg. Outstanding Shares (Millions)	4,819	4,834	4,909			4,859	4,909	

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

	4Q22	3Q22	4Q21	(% ) 4Q22 vs.	
				3Q22	4Q21
<b>Assets</b>					
Cash and cash equivalents	1,127	1,237	1,505	(9)	(25)
Trade accounts receivable	1,296	1,667	1,277	(22)	2
Inventories	2,712	2,820	2,079	(4)	30
Current assets from discontinued operations	1,074	1,178	0	1	-
Other current assets	865	735	818	2	(7)
<b>Total current assets</b>	<b>7,073</b>	<b>7,637</b>	<b>5,679</b>	<b>(8)</b>	<b>24</b>
Investment in associates and others	482	468	444	3	9
Property, plant and equipment, net	4,265	4,161	4,116	2	4
Goodwill and intangible assets, net	1,867	1,672	2,139	10	(9)
Other non-current assets	539	608	696	(11)	(23)
<b>Total assets</b>	<b>14,227</b>	<b>14,547</b>	<b>13,074</b>	<b>(2)</b>	<b>9</b>
<b>Liabilities &amp; stockholders' equity</b>					
Debt	454	620	197	(27)	130
Suppliers	2,675	2,945	2,417	(9)	11
Current liabilities from discontinued operations	838	849	0	-	100
Other current liabilities	1,187	1,096	1,144	8	4
<b>Total current liabilities</b>	<b>5,154</b>	<b>5,510</b>	<b>3,758</b>	<b>(6)</b>	<b>37</b>
Debt (include debt issuance cost)	5,141	5,171	5,647	(1)	(9)
Employees' benefits	190	147	189	29	1
Other long-term liabilities	757	784	816	(3)	(7)
<b>Total liabilities</b>	<b>11,242</b>	<b>11,612</b>	<b>10,411</b>	<b>(3)</b>	<b>8</b>
<b>Total stockholders' equity</b>	<b>2,985</b>	<b>2,935</b>	<b>2,663</b>	<b>2</b>	<b>12</b>
<b>Total liabilities &amp; stockholders' equity</b>	<b>14,227</b>	<b>14,547</b>	<b>13,074</b>	<b>(2)</b>	<b>9</b>
Net Debt	4,751	4,830	4,677	(2)	2
Net Debt/EBITDA*	2.3	2.2	2.3		
Interest Coverage*	6.4	7.3	5.4		

\* Times. LTM=Last 12 months

# Earnings Report

## Fourth Quarter 2022 (4Q22)



Table 9 | STATEMENT OF FINANCIAL POSITION DISCONTINUED OPERATIONS – AXTEL (US \$ MILLION)

	4Q22	3Q22	4Q21
Current assets	226	239	-
Non-Current assets	848	939	-
<b>Total assets</b>	<b>1,074</b>	<b>1,178</b>	-
Current liabilities	168	171	-
Non-Current liabilities	670	679	-
<b>Total liabilities</b>	<b>838</b>	<b>849</b>	-

Table 10 | INCOME STATEMENT DISCONTINUED OPERATIONS – AXTEL (US \$ MILLION)

	4Q22	3Q22	(% 4Q22 vs.)			2022	2021	Ch.%
			4Q21	3Q22	4Q21			
Total Revenues	132	133	134	(1)	(1)	514	555	(7)
Gross Profit	70	71	66	(1)	6	261	278	(6)
Operating expenses and others	(66)	(67)	(81)	1	19	(261)	(287)	9
EBITDA	39	38	38	3	3	145	181	(20)
Operating income (loss)	4	4	(15)	0	127	5	(10)	150
Financial cost, net	13	(15)	(18)	187	172	(13)	(71)	82
Income Tax	(12)	5	3	(340)	(500)	2	23	(91)
<b>Net Profit (loss)</b>	<b>6</b>	<b>(6)</b>	<b>(31)</b>	<b>189</b>	<b>118</b>	<b>(6)</b>	<b>(58)</b>	<b>90</b>

Table 11 | CHANGE IN NET DEBT DISCONTINUED OPERATIONS – AXTEL (US \$ MILLION)

	4Q22	3Q22	(% 4Q22 vs.)			2022	2021	Ch.%
			4Q21	3Q22	4Q21			
EBITDA	0	38	38	(100)	(100)	105	181	(42)
Net Working Capital	0	(21)	29	100	(100)	(22)	(10)	(120)
Capital expenditures & Acquisitions	0	(14)	(20)	100	100	(46)	(76)	39
Net Financial Expenses	0	(12)	(12)	100	100	(37)	(56)	34
Taxes	0	0	0	-	-	0	(21)	100
Other Sources / Uses	0	12	2	(100)	(100)	4	4	-
<b>Decrease (Increase) in Net Debt</b>	<b>0</b>	<b>3</b>	<b>37</b>	<b>(100)</b>	<b>(100)</b>	<b>4</b>	<b>22</b>	<b>129</b>

# Earnings Report

## Fourth Quarter 2022 (4Q22)



### Sigma

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

	4Q22 vs.		2022 vs.
	3Q22	4Q21	2021
Total Volume	(1.5)	0.2	2.3
Avg. Ps. Prices	3.3	5.3	5.5
Avg. US \$ Prices	6.2	10.9	6.5

Table 13 | SIGMA – REVENUES AND EBITDA IN LOCAL CURRENCY

	4Q22	3Q22	4Q21	(% ) 4Q22 vs.		2022	2021	Ch. %
				3Q22	4Q21			
<b>Revenues</b>								
Mexico (Ps. Millions)	17,758	16,999	15,485	4	15	66,756	57,327	16
Europe (€ Millions)	563	545	516	3	9	2,069	1,964	5
United States (US \$ Millions)	343	355	303	(3)	13	1,388	1,202	15
Latam (US \$Millions Eq <sup>1</sup> )	142	134	128	8	11	537	467	15
<b>EBITDA</b>								
Mexico (Ps. Millions)	1,992	2,106	2,116	(5)	(6)	8,293	8,373	(1)
Europe (€ Millions)	14	9	47	56	(71)	42	128	(67)
United States (US \$ Millions)	38	28	33	39	17	146	130	12
Latam (US \$Millions Eq <sup>1</sup> )	14	11	13	23	1	50	47	6

<sup>1</sup>US \$ Million equivalent= 4Q22 and 3Q22 financial results in each country are converted into US Dollars at the 4Q21 average exchange rate for each local currency. 2022 amounts are converted into US Dollars at the 2021 average exchange rate

Table 14 | SIGMA - OPERATING INCOME

	4Q22	3Q22	4Q21	(% ) 4Q22 vs.		2022	2021	Ch. %
				3Q22	4Q21			
<b>Operating Income</b>								
Ps. Millions	1,964	2,052	1,538	(4)	28	8,640	9,072	(5)
US \$ Millions	100	101	75	(2)	34	429	449	(4)

# Earnings Report

## Fourth Quarter 2022 (4Q22)



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

	4Q22	3Q22	4Q21	(% ) 4Q22 vs.		2022	2021	Ch.%
				3Q22	4Q21			
Financial Expenses	(40)	(32)	(32)	24	24	(136)	(125)	9
Financial Income	8	4	3	99	228	18	10	78
Net Financial Expenses	(31)	(28)	(29)	13	7	(118)	(114)	3
Exchange Rate Gains (Losses)	(51)	5	(14)	-	258	(52)	(51)	1
Capitalized Comp. Fin. Expense	0	0	0	-	-	0	0	-
Comprehensive Financing Expense	(82)	(23)	(44)	256	88	(169)	(166)	2
Avg. Cost of Borrowed Funds (%)	4.8	4.7	4.4			4.6	4.3	

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

	4Q22	3Q22	4Q21	(% ) 4Q22 vs.	
				3Q22	4Q21
<b>Assets</b>					
Cash and cash equivalents	682	699	819	(2)	(17)
Trade accounts receivable	318	297	247	7	29
Inventories	945	943	807	-	17
Other current assets	354	304	339	17	5
<b>Total current assets</b>	<b>2,300</b>	<b>2,242</b>	<b>2,212</b>	<b>3</b>	<b>4</b>
Investment in associates and others	7	7	8	9	(3)
Property, plant and equipment, net	1,578	1,466	1,503	8	5
Goodwill and intangible assets, net	1,407	1,322	1,492	6	(6)
Other non-current assets	134	138	159	(3)	(16)
<b>Total assets</b>	<b>5,426</b>	<b>5,176</b>	<b>5,374</b>	<b>5</b>	<b>1</b>
<b>Liabilities &amp; stockholders' equity</b>					
Debt	61	60	66	1	(7)
Suppliers	1,169	1,074	1,031	9	13
Other current liabilities	567	484	513	17	10
<b>Total current liabilities</b>	<b>1,797</b>	<b>1,619</b>	<b>1,610</b>	<b>11</b>	<b>12</b>
Debt (include debt issuance cost)	2,396	2,335	2,436	3	(2)
Employees' benefits	88	66	70	32	25
Other long-term liabilities	219	247	241	(11)	(9)
<b>Total liabilities</b>	<b>4,500</b>	<b>4,267</b>	<b>4,357</b>	<b>5</b>	<b>3</b>
<b>Total stockholders' equity</b>	<b>926</b>	<b>909</b>	<b>1,017</b>	<b>2</b>	<b>(9)</b>
<b>Total liabilities &amp; stockholders' equity</b>	<b>5,426</b>	<b>5,176</b>	<b>5,374</b>	<b>5</b>	<b>1</b>
Net Debt	1,782	1,708	1,691	4	5
Net Debt/EBITDA*	2.7	2.5	2.3		
Interest Coverage*	5.5	5.9	6.5		

\* Times. LTM=Last 12 months

# Earnings Report

## Fourth Quarter 2022 (4Q22)



## Financial Statements

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

#### BALANCE SHEET

Information in millions of Nominal Mexican Pesos

	Dec 22	Sep 22	Dec 21	(% Dec 22 vs.)	
				Sep 22	Dec 21
<b>ASSETS</b>					
<b>CURRENT ASSETS:</b>					
Cash and cash equivalents	21,813	25,109	30,979	(13)	(30)
Trade accounts receivable	25,092	33,857	26,280	(26)	(5)
Other accounts and notes receivable	4,641	3,767	4,860	23	(5)
Inventories	52,507	57,260	42,787	(8)	23
Current assets from discontinued operations	20,790	23,930	0	(13)	100
Other current assets	12,103	11,161	11,981	8	1
<b>Total current assets</b>	<b>136,946</b>	<b>155,084</b>	<b>116,887</b>	<b>(12)</b>	<b>17</b>
Investments in associates and joint ventures	9,335	9,512	9,139	(2)	2
Property, Plant and equipment	82,577	84,495	84,731	(2)	(3)
Intangible assets	36,149	33,956	44,028	6	(18)
Other non-current assets	10,440	12,336	14,322	(15)	(27)
<b>Total assets</b>	<b>275,447</b>	<b>295,383</b>	<b>269,107</b>	<b>(7)</b>	<b>2</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES:</b>					
Current portion of long-term debt	7,064	9,231	3,677	(23)	92
Bank loans and notes payable	1,721	3,350	382	(49)	351
Suppliers	51,799	59,802	49,742	(13)	4
Current liabilities from discontinued operations	16,233	17,242	0	(6)	100
Other current liabilities	22,974	22,263	23,558	3	(2)
<b>Total current liabilities</b>	<b>99,790</b>	<b>111,888</b>	<b>77,359</b>	<b>(11)</b>	<b>29</b>
<b>LONG-TERM LIABILITIES:</b>					
Long-term debt	99,537	104,997	116,234	(5)	(14)
Deferred income taxes	8,105	8,657	9,018	(6)	(10)
Other liabilities	6,556	7,269	7,777	(10)	(16)
Estimated liabilities for seniority premiums and pension plans	3,671	2,981	3,898	23	(6)
<b>Total liabilities</b>	<b>217,659</b>	<b>235,792</b>	<b>214,286</b>	<b>(8)</b>	<b>2</b>
<b>STOCKHOLDERS' EQUITY:</b>					
Controlling interest:					
Capital stock	170	170	170	-	-
Earned surplus	41,771	41,934	38,913	-	8
Total controlling interest	41,941	42,104	39,083	-	8
Total Non-controlling interest	15,847	17,488	15,737	(10)	-
<b>Total stockholders' equity</b>	<b>57,788</b>	<b>59,591</b>	<b>54,820</b>	<b>(3)</b>	<b>5</b>
<b>Total liabilities and stockholders' equity</b>	<b>275,447</b>	<b>295,383</b>	<b>269,107</b>	<b>(7)</b>	<b>2</b>
Current ratio	1.4	1.4	1.5		
Debt to equity	3.7	3.9	3.9		



# Earnings Report

## Fourth Quarter 2022 (4Q22)



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

#### INCOME STATEMENT

Information in millions of Nominal Mexican Pesos

	4Q22	3Q22	4Q21	4Q22 vs. (%)	
				3Q22	4Q21
Net sales	87,698	98,289	82,012	(11)	7
Domestic	33,087	37,501	32,765	(12)	1
Export	54,611	60,788	49,247	(10)	11
Cost of sales	(74,378)	(81,858)	(65,551)	9	(13)
<b>Gross profit</b>	<b>13,321</b>	<b>16,431</b>	<b>16,461</b>	<b>(19)</b>	<b>(19)</b>
Operating expenses and others	(9,344)	(9,546)	(12,031)	2	22
Operating income	3,976	6,884	4,430	(42)	(10)
Comprehensive financing expense, net	(2,211)	(2,291)	(1,915)	3	(15)
Equity in income (loss) of associates	(5)	2	36	(350)	(114)
Income before the following provision	1,761	4,595	2,552	(62)	(31)
Provisions for:					
Income tax	(1,680)	(770)	(5,096)	(118)	67
Profit (loss) from continuing operations	81	3,825	(2,545)	(98)	103
Profit (loss) from discontinued operations	114	(128)	(634)	189	118
<b>Consolidated net income</b>	<b>195</b>	<b>3,697</b>	<b>(3,179)</b>	<b>(95)</b>	<b>106</b>
<b>Income (loss) corresponding to minority interest</b>	<b>526</b>	<b>826</b>	<b>325</b>	<b>(36)</b>	<b>62</b>
<b>Net income (loss) corresponding to majority interest</b>	<b>(332)</b>	<b>2,870</b>	<b>(3,504)</b>	<b>(112)</b>	<b>91</b>
EBITDA	6,822	9,211	9,703	(26)	(30)
Interest coverage*	6.5	7.3	5.8		

\* Times. LTM=Last Twelve Months

# Earnings Report

## Fourth Quarter 2022 (4Q22)



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

#### BALANCE SHEET

Information in millions of Nominal Mexican Pesos

	Dec 22	Sep 22	Dec 21	(% Dec 22 vs.)	
				Sep 22	Dec 21
<b>ASSETS</b>					
<b>CURRENT ASSETS:</b>					
Cash and cash equivalents	13,208	14,188	16,856	(7)	(22)
Restricted cash	7	7	0	100	100
Customers, net	6,165	6,040	5,086	2	21
Income tax recoverable	741	438	914	69	(19)
Inventories	18,303	19,138	16,617	(4)	10
Other current assets	6,109	5,724	6,057	7	1
<b>Total current assets</b>	<b>44,532</b>	<b>45,534</b>	<b>45,531</b>	<b>(2)</b>	<b>(2)</b>
Property, plant and equipment, net	30,548	29,772	30,946	3	(1)
Intangible assets, net	14,635	14,534	16,500	1	(11)
Goodwill	12,600	12,308	14,214	2	(11)
Deferred income tax	1,895	2,118	2,160	(11)	(12)
Investments in associates and joint ventures	143	137	157	4	(9)
Other non-current assets	700	691	1,107	1	(37)
<b>Total non-current assets</b>	<b>60,520</b>	<b>59,560</b>	<b>65,084</b>	<b>2</b>	<b>(7)</b>
<b>Total assets</b>	<b>105,053</b>	<b>105,094</b>	<b>110,615</b>	<b>-</b>	<b>(5)</b>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>					
<b>CURRENT LIABILITIES:</b>					
Current debt	590	612	649	(3)	(9)
Notes payables	585	615	702	(5)	(17)
Suppliers	22,640	21,806	21,214	4	7
Income tax payable	1,970	581	1,151	239	71
Provisions	63	66	100	(5)	(37)
Other current liabilities	8,945	9,186	9,317	(3)	(4)
<b>Total current liabilities</b>	<b>34,793</b>	<b>32,866</b>	<b>33,133</b>	<b>6</b>	<b>5</b>
<b>NON-CURRENT LIABILITIES:</b>					
Non-current debt	44,755	45,642	48,166	(2)	(7)
Notes payables	1,644	1,782	1,965	(8)	(16)
Deferred income taxes	3,852	3,853	3,714	-	4
Employees benefits	1,696	1,343	1,446	26	17
Provisions	76	73	139	3	(46)
Income tax payable	0	1,049	1,071	(100)	(100)
Other non-current liabilities	316	35	46	798	584
<b>Total non-current liabilities</b>	<b>52,337</b>	<b>53,777</b>	<b>56,548</b>	<b>(3)</b>	<b>(7)</b>
<b>Total liabilities</b>	<b>87,130</b>	<b>86,644</b>	<b>89,682</b>	<b>1</b>	<b>(3)</b>
<b>STOCKHOLDERS' EQUITY:</b>					
Total controlling interest:	17,914	18,450	20,933	(3)	(14)
Total non-controlling interest:	8	0	0	100	100
<b>Total stockholders' equity</b>	<b>17,922</b>	<b>18,450</b>	<b>20,933</b>	<b>(3)</b>	<b>(14)</b>
<b>Total liabilities and stockholders' equity</b>	<b>105,053</b>	<b>105,094</b>	<b>110,615</b>	<b>-</b>	<b>(5)</b>

# Earnings Report

## Fourth Quarter 2022 (4Q22)



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

#### INCOME STATEMENT

Information in millions of Nominal Mexican Pesos

	4Q22	3Q22	4Q21	4Q22 vs. (%)	
				3Q22	4Q21
Revenue	38,674	38,025	36,682	2	5
Cost of sales	(28,936)	(28,643)	(26,594)	1	9
Gross profit	9,738	9,382	10,088	4	(3)
Selling expenses	(5,864)	(5,831)	(5,818)	1	1
Administrative expenses	(1,638)	(1,518)	(1,492)	8	10
Other income (expenses), net	(272)	18	(1,239)	-	(78)
Operating profit	1,964	2,052	1,538	(4)	28
Comprehensive financial expenses, net	(1,617)	(466)	(904)	247	79
Equity in income (loss) of associates	(1)	0	21	(100)	(103)
Profit before income tax	347	1,586	655	(78)	(47)
Provisions for:					
Income tax	(513)	(695)	(2,614)	(26)	(80)
Net consolidated profit	(166)	891	(1,959)	(119)	(92)
Non-controlling interest	0	0	0	-	-
Controlling interest	(166)	891	(1,959)	(119)	(92)

## **Appendix - Listed Business 4Q22 Reports**

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

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

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FOURTH QUARTER **2022 RESULTS**



## Alpek Posts Comparable EBITDA of U.S. \$270M (Reported EBITDA of U.S. \$186M)

*Reaching its highest Comparable EBITDA and Volume in a year*

Monterrey, Mexico – February 15, 2023 – Alpek, S.A.B. de C.V., a leading petrochemical company in the Americas, announced today its fourth quarter 2022 (4Q22) results.

### QUARTERLY HIGHLIGHTS

- Volume decreased to 1.23 million tons (-10% QoQ) related to seasonality and softening of PET demand
- Comparable EBITDA of U.S. \$270 million (-36% QoQ), mainly due to normalization of reference margins across all products as well as the start of operations of new Polypropylene capacity in North America
- Concluded the year with leverage at 1.3x while still delivering an extraordinary Dividend payment of U.S. \$196 million to Shareholders for a total dividend in 2022 of U.S. \$372 million and a payment of U.S. \$94 million of an outstanding bond
- Recovered U.S. \$3.5 million in debt from M&G Mexico during the quarter, totaling U.S. \$26 million for the year
- CEO succession process has begun, as José de Jesús (“Pepe”) Valdez Simancas will leave his position after a remarkable 46-year tenure; he will assume the role of Senior Advisor at ALFA
- Jorge Young Cerecedo, current President of the Polyester Business, will assume the CEO position as of March 1

### 4Q22 KEY METRICS

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

	4Q22	3Q22	4Q21	QoQ (%)	YoY (%)	2022	2021	Ch. (%)
<b>Volume<sup>1</sup> (ktons)</b>	<b>1,230</b>	<b>1,359</b>	<b>1,172</b>	<b>(10)</b>	<b>5</b>	<b>5,065</b>	<b>4,798</b>	<b>6</b>
Polyester	1,013	1,114	931	(9)	9	4,099	3,796	8
Plastics & Chemicals	217	246	240	(12)	(10)	966	1,002	(4)
<b>Production (ktons)</b>	<b>1,557</b>	<b>1,470</b>	<b>1,654</b>	<b>6</b>	<b>(6)</b>	<b>6,251</b>	<b>6,366</b>	<b>(2)</b>
Polyester	1,330	1,240	1,380	7	(4)	5,281	5,251	1
Plastics & Chemicals	227	230	275	(1)	(17)	970	1,115	(13)
<b>Revenues</b>	<b>2,457</b>	<b>2,951</b>	<b>2,152</b>	<b>(17)</b>	<b>14</b>	<b>10,555</b>	<b>7,697</b>	<b>37</b>
Polyester	1,630	2,022	1,347	(19)	21	6,991	4,828	45
Plastics & Chemicals	442	607	579	(27)	(24)	2,321	2,342	(1)
Others	385	323	226	19	70	1,243	528	135
<b>EBITDA</b>	<b>186</b>	<b>306</b>	<b>269</b>	<b>(39)</b>	<b>(31)</b>	<b>1,455</b>	<b>1,145</b>	<b>27</b>
Polyester	82	170	162	(52)	(50)	886	618	43
Plastics & Chemicals	106	132	105	(20)	1	564	503	12
Others	(2)	4	2	(142)	(170)	5	25	(78)
<b>Comparable EBITDA<sup>2</sup></b>	<b>270</b>	<b>424</b>	<b>300</b>	<b>(36)</b>	<b>(10)</b>	<b>1,396</b>	<b>962</b>	<b>45</b>
Polyester	151	261	160	(42)	(5)	823	458	80
Plastics & Chemicals	120	158	138	(24)	(13)	567	480	18
Others	(2)	4	2	(142)	(170)	5	25	(78)
<b>Net Income (Controlling Interest)</b>	<b>37</b>	<b>110</b>	<b>30</b>	<b>(66)</b>	<b>26</b>	<b>679</b>	<b>385</b>	<b>76</b>
<b>CAPEX</b>	<b>51</b>	<b>93</b>	<b>32</b>	<b>(46)</b>	<b>57</b>	<b>862</b>	<b>227</b>	<b>280</b>
<b>Net Debt</b>	<b>1,860</b>	<b>1,805</b>	<b>1,225</b>	<b>3</b>	<b>52</b>			
<b>Net Debt / EBITDA<sup>3</sup></b>	<b>1.3</b>	<b>1.2</b>	<b>1.1</b>					

(1) Excludes intracompany sales (2) Excludes inventories, carry-forward effects, and non-operating, one-time (gains) losses (3) Times: last 12 months

## MESSAGE FROM OUR CEO

*"I am very pleased to report that Alpek experienced its best year ever. During 2022, the Company reached its highest Volume, Revenue, and Comparable EBITDA figures in its history. Alpek also made important strides regarding its long-term growth strategy with the attractive acquisition in the Middle East, and by reinitiating the construction of Corpus Christi Polymers ("CCP") to maximize its value. All this, while still maintaining a healthy debt profile and distributing a total of U.S. \$372 million to Shareholders, to reach an outstanding dividend yield of 13%.*

*After experiencing higher-than-expected margins throughout the year, in the fourth quarter we saw that reference margins continued to normalize at a steadier pace across both the Polyester and Plastics & Chemicals segments, along with ocean freight costs. Thus, 4Q22 results remained solid, with annual Volume levels surpassing Guidance and Comparable EBITDA reaching record figures.*

*As you have seen in recent company announcements, in the upcoming months I will be transitioning from my current role as CEO of Alpek to becoming Senior Advisor at ALFA. I want to take a moment to thank all the people, past and present, who have been a part of my career here at Alpek. You have contributed to my growth and expertise in so many ways, and I appreciate the opportunity you have granted me to serve this great company all these 46 years.*

*Jorge Young will become Alpek's new CEO. I have every confidence in Jorge, as I've had the pleasure of working alongside him for many years and I am certain that his experience and trajectory will enable him to lead Alpek successfully into the future."*

### Overview

The fourth quarter was once again marked by a tighter macroeconomic environment and continued inflationary pressures. The petrochemical industry has started to see a gradual decline in Brent crude oil price to an average of U.S. \$88 dollars per barrel, 11% lower than in 3Q22, closing the quarter at U.S. \$81 dollars per barrel. U.S. average reference paraxylene ("Px") prices decreased accordingly by 8% versus the previous quarter. In Plastics & Chemicals, average reference Propylene prices were U.S. \$0.32 per pound, 31% lower than the U.S. \$0.47 per pound during 3Q22.

Demand for Alpek's products has softened towards year-end, due to typical seasonality, and as ocean freight costs have been returning to historical levels, import parity pricing has declined. Meanwhile, Asian integrated Polyester reference margins normalizing in October and November, yet rising again in December, leading to an average of U.S. \$338 dollars per ton for the quarter. Reference margins ended the year higher than expected due to COVID shutdowns in China, which hindered total global production and therefore rose towards the end of the quarter. Meanwhile, in polypropylene, as new capacity has entered the market in North America, reference margins have decreased to an average of U.S. \$0.23 per pound (-32% QoQ).



José de Jesús Valdez

**CEO**

## **New Alpek CEO**

Following a remarkable 46-year tenure, Pepe Valdez Simancas will be leaving his current role as Alpek's Chief Executive Officer, effective March 1, 2023, assuming the role of Senior Advisor at ALFA. Under his leadership, Alpek achieved sustained growth and diversified its product portfolio through multiple acquisitions and strategic partnerships with other relevant players in the petrochemical industry.

Jorge Young Cerecedo was appointed new CEO by the Board of Directors in December 2022 and will assume his new role beginning March 1, 2023; he will also maintain his responsibilities as President of Alpek Polyester. Throughout his 32-year career at Alpek, Jorge has served in key roles of the Polyester division, including President of PET and Staple Fibers. He holds a B.S. in Chemical Engineering from Tecnológico de Monterrey and an MBA from the University of Pennsylvania, Wharton School of Business.

## **2023 Outlook**

Looking forward into 2023, Alpek expects a solid year after extraordinary freight costs, EPS & integrated PET reference margins continue to normalize. We expect these will continue to return to historical levels, while Polypropylene margins will decrease primarily due to the added capacity in the region.

The Company will disclose full Volume, Comparable EBITDA, and CAPEX guidance tomorrow as well as review the underlying assumptions for crude oil and feedstock prices, which will be discussed in detail during the 4Q22 Webcast.

**FINANCIAL RESULTS**

**EBITDA**  
 (U.S.\$ million)

	4Q22	3Q22	4Q21	QoQ (%)	YoY (%)	2022	2021	Ch. (%)
<b>Reported EBITDA</b>	<b>186</b>	<b>306</b>	<b>269</b>	<b>(39)</b>	<b>(31)</b>	<b>1,455</b>	<b>1,145</b>	<b>27</b>
Inventory Adjustment	57	70	11	(19)	398	(17)	(92)	82
Carry-forward effect	27	46	(6)	(42)	573	(66)	(114)	42
Others	-	2	25	(72)	(98)	23	23	(2)
<b>Comparable EBITDA</b>	<b>270</b>	<b>424</b>	<b>300</b>	<b>(36)</b>	<b>(10)</b>	<b>1,396</b>	<b>962</b>	<b>45</b>

**Comparable EBITDA** of U.S. \$270 million, 36% lower quarter-on-quarter driven by the softness in demand, lower PET, PP and EPS reference margins as well as new PP capacity in North America. Full-year comparable EBITDA reached an all-time high of U.S. \$1,396 million, 45% higher year-on-year, driven by better-than-expected margins in all segments, high freight costs, as well as incremental volume from the newly incorporated PET business.

**Reported EBITDA** reached U.S. \$186 million, 39% lower versus 3Q22 and 31% lower versus 4Q21, due to a negative inventory adjustment of U.S. \$57 million and a negative carry-forward effect of U.S. \$27 million generated by declining crude oil, paraxylene and propylene prices, however, the impact was lower compared to the previous quarter. For the full year, Reported EBITDA was U.S.\$1,455 million, up 27% versus 2021 mainly due to the disconnection between Paraxylene prices in North America versus Asia through several months of the year.

## INCOME STATEMENT

(U.S.\$ million)

	4Q22	3Q22	4Q21	QoQ (%)	YoY (%)	2022	2021	Ch. (%)
<b>Total Revenues</b>	<b>2,457</b>	<b>2,951</b>	<b>2,152</b>	<b>(17)</b>	<b>14</b>	<b>10,555</b>	<b>7,697</b>	<b>37</b>
Gross Profit	173	338	299	(49)	(42)	1,534	1,217	26
Operating expenses and others	(63)	(95)	(154)	34	59	(322)	(353)	9
<b>Operating Income</b>	<b>110</b>	<b>243</b>	<b>144</b>	<b>(55)</b>	<b>(24)</b>	<b>1,212</b>	<b>864</b>	<b>40</b>
Financial cost, net	(27)	(61)	(24)	55	(13)	(148)	(154)	4
Share of losses of associates	(2)	(1)	(1)	(161)	(79)	(3)	(2)	(76)
Income tax	(28)	(50)	(67)	44	59	(272)	(202)	(34)
<b>Consolidated Net Income</b>	<b>54</b>	<b>132</b>	<b>52</b>	<b>(59)</b>	<b>4</b>	<b>789</b>	<b>506</b>	<b>56</b>
Controlling interest	37	110	30	(66)	26	679	385	76

**Revenues** for the fourth quarter totaled U.S. \$2.457 billion, which was 17% lower than in 3Q22 due to lower prices and volume, and 14% higher than 4Q21. For the full year, Revenues increased by 37% mainly due to increased feedstock prices.

**Net Income attributable to the Controlling Interest** for the fourth quarter of 2022 was U.S. \$37 million, compared to U.S. \$110 million in 3Q22, primarily due to a lower operating income. In 2022, Net Income attributable to Controlling Interest totaled U.S. \$679 million, 76% higher than in 2021, stemming from higher operating income.



## CASH FLOW

(U.S.\$ million)

	4Q22	3Q22	4Q21	QoQ (%)	YoY (%)	2022	2021	Ch. (%)
EBITDA	186	306	269	(39)	(31)	1,455	1,145	27
Net Working Capital & Others	129	(111)	51	216	155	(413)	(381)	(8)
CAPEX	(51)	(93)	(32)	46	(57)	(862)	(227)	(280)
Financial Expenses	(38)	(39)	(23)	2	(62)	(139)	(140)	1
Income Tax	(46)	(69)	(38)	33	(22)	(283)	(117)	(142)
Dividends	(247)	(34)	(104)	(623)	(138)	(494)	(274)	(80)
Payment to affiliated companies	-	-	-	-	-	-	(3)	100
Other Sources / Uses	11	12	(25)	(5)	147	101	(43)	334
<b>Decrease (Increase) in Net Debt</b>	<b>(55)</b>	<b>(28)</b>	<b>98</b>	<b>(94)</b>	<b>(156)</b>	<b>(634)</b>	<b>(40)</b>	<b>(1,491)</b>

**Net Working Capital (NWC)** was reduced by U.S. \$129 million as raw material prices began to decline, especially in North America whereby Px contract prices decreased by 8% versus 3Q22. NWC for the year increased by U.S. \$413 million, due to higher-than-average raw material prices and increases in inventory levels versus 2021. These levels are expected to stabilize towards 1Q23.

**CAPEX** for the quarter totaled U.S. \$51 million, mainly allocated towards scheduled maintenance and a portion for CCP construction. Accumulated CAPEX for the year was U.S. \$862 million, mainly driven from the PET business acquisition.

**Income Tax** during 4Q22 was U.S. \$46 million, 33% lower versus the previous quarter. For the full year, Income Tax was U.S. \$283 million, 142% higher than in 2021.

Alpek distributed a total **dividend** of U.S. \$247 million in the fourth quarter, representing U.S. \$196 million for Shareholders, with the remaining amount distributed to minority shareholders. The Board of Directors approved this dividend on October 31, 2022, exercising the powers delegated at the Annual Shareholders' Meeting earlier in the year. Alpek's annual dividends totaled U.S. \$494 million, which represented an 80% increase compared to 2021.

## NET DEBT & LEVERAGE

(U.S.\$ million)

	4Q22	3Q22	4Q21	QoQ (%)	YoY (%)
<b>Net Debt</b>	<b>1,860</b>	<b>1,805</b>	<b>1,225</b>	<b>3</b>	<b>52</b>
EBITDA (LTM)	1,455	1,539	1,145	(5)	27
Net Debt / EBITDA (LTM)	1.3	1.2	1.1		

**Consolidated Net Debt** as of December 31, 2022, was U.S. \$1.860 billion, up 3% and 52% QoQ and YoY, respectively. Gross Debt was U.S. \$2.215 billion, and Cash decreased to U.S. \$355 million including restricted cash. Financial ratios for the quarter were: Net Debt to EBITDA of 1.3x and Interest Coverage of 11.4x.

## RESULTS BY BUSINESS SEGMENT: POLYESTER

(Purified Terephthalic Acid (PTA), Polyethylene Terephthalate (PET), rPET, Polyester fibers – 66% of Alpek's Net Sales)

### QUARTERLY HIGHLIGHTS

- Volume of 1.01 million tons (-9% QoQ) amid typical seasonality effects and PET demand softening
- Asian reference margins averaged US\$338/ton, continuing at higher-than-historical levels (-16% QoQ)
- Polyester Comparable EBITDA of U.S. \$151 million (-42% QoQ) caused by normalizing PET margins, freight costs and volume
- Polyester Reported EBITDA of U.S. \$82 million (-52% QoQ), with an inventory loss (U.S. -\$42 million) and a negative carry-forward effect (U.S. -\$23 million)

KEY METRICS - POLYESTER (U.S.\$ million, except volume and production)	4Q22	3Q22	4Q21	QoQ (%)	YoY (%)	2022	2021	Ch. (%)
<b>Volume (ktons)</b>	<b>1,013</b>	<b>1,114</b>	<b>931</b>	<b>(9)</b>	<b>9</b>	<b>4,099</b>	<b>3,796</b>	<b>8</b>
Production (ktons)	1,330	1,240	1,380	7	(4)	5,281	5,251	1
Revenues	1,630	2,022	1,347	(19)	21	6,991	4,828	45
<b>Reported EBITDA</b>	<b>82</b>	<b>170</b>	<b>162</b>	<b>(52)</b>	<b>(50)</b>	<b>886</b>	<b>618</b>	<b>43</b>
Inventories	42	55	(7)	(23)	674	(43)	(90)	52
Carry-forward effect	23	35	(4)	(35)	725	(51)	(77)	34
Others	5	2	9	175	(45)	32	7	367
<b>Comparable EBITDA</b>	<b>151</b>	<b>261</b>	<b>160</b>	<b>(42)</b>	<b>(5)</b>	<b>823</b>	<b>458</b>	<b>80</b>

**Polyester Volume** was 1,013,000 tons in 4Q22, 9% lower quarter-on-quarter, characterized by seasonality, lower PET demand and maintenance at our Brazil facility.

**Polyester Comparable EBITDA** reached U.S. \$151 million, 42% and 5% lower QoQ and YoY, respectively. This was mainly due to a decrease in Asian integrated Polyester reference margins, which averaged U.S. \$338 dollars per ton (-16% QoQ) and lower freight costs. Annual Comparable EBITDA totaled U.S. \$823 million, 80% higher than 2021, as there was an import parity benefit from freight costs, and the recently incorporated Middle East business.

Brent Crude oil prices declined by 11%, while average U.S. reference Px prices also declined by 8% QoQ. This resulted in a non-cash inventory loss of U.S. \$42 million and a negative carry-forward effect of U.S. \$23 million in 4Q22. For the full year, inventory gains totaled U.S. \$43 million with a positive carry-forward effect of U.S. \$51 million.

**Polyester Reported EBITDA** was U.S. \$82 million, down 52% versus 3Q22, given the negative inventory and carry-forward effects of the quarter. Full year Reported EBITDA of U.S. \$886 million was 43% higher than in the prior year, due to stronger results from higher raw material prices.

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

(Polypropylene (PP), Expandable Polystyrene (EPS), Other products –18% of Alpek's Net Sales)

### QUARTERLY HIGHLIGHTS

- Volume of 217 ktons (-12% QoQ) due mostly to seasonality effects and additional PP capacity in the region
- Reference Polypropylene margins decreased to U.S. \$0.23 per pound (-32% QoQ) due to market conditions
- P&C Comparable EBITDA of U.S. \$120 million (-24% QoQ) from new PP capacity in the region and a tighter economic environment
- Reported EBITDA of U.S. \$106 million (-20% QoQ), due to inventory loss (U.S. -\$15 million) and a negative carry-forward effect (U.S. -\$4 million)

KEY METRICS – P&C (U.S.\$ million, except volume and production)	4Q22	3Q22	4Q21	QoQ (%)	YoY (%)	2022	2021	Ch. (%)
<b>Volume (ktons)</b>	<b>217</b>	<b>246</b>	<b>240</b>	<b>(12)</b>	<b>(10)</b>	<b>966</b>	<b>1,002</b>	<b>(4)</b>
Production (ktons)	227	230	275	(1)	(17)	970	1,115	(13)
Revenues	442	607	579	(27)	(24)	2,321	2,342	(1)
<b>Reported EBITDA</b>	<b>106</b>	<b>132</b>	<b>105</b>	<b>(20)</b>	<b>1</b>	<b>564</b>	<b>503</b>	<b>12</b>
Inventories	15	15	19	(3)	(22)	27	(2)	1,441
Carry-forward effect	4	11	(2)	(64)	302	(15)	(37)	61
Others	(4)	-	18	-	(124)	(9)	16	(156)
<b>Comparable EBITDA</b>	<b>120</b>	<b>158</b>	<b>138</b>	<b>(24)</b>	<b>(13)</b>	<b>567</b>	<b>480</b>	<b>18</b>

**P&C Volume** was 217,000 tons, down 12% QoQ and 10% YoY, due to a decline in PP and EPS demand amid new supply for PP in the Americas and seasonality leading to a slowdown in industries such as construction for EPS.

**P&C Comparable EBITDA** was U.S. \$120 million, down 24% and 13% compared to 3Q22 and 4Q21, respectively. This was due to PP reference margins decreasing to 23 cpp (-32% QoQ), also related to new capacity in North America and lower demand influenced by inflationary pressures. Annual Comparable EBITDA totaled U.S. \$567 million, 18% higher than 2021, due to high PP demand and reference margins as well as higher EPS reference margins and freight costs throughout most of the year.

Propylene prices averaged U.S. \$0.32 per pound, down 31% versus 3Q22, resulting in a non-cash inventory loss of U.S. \$15 million and negative carry-forward effect of U.S. \$4 million.

**P&C Reported EBITDA** was U.S. \$106 million during the quarter, down 20% QoQ and up 1% YoY, mostly due to the negative carry-forward and inventory effect.

## 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, and other specialty and industrial chemicals). Alpek is a leading producer of PTA, PET Resin and PET Sheet worldwide, a leading rPET producer in the Americas, the third-largest expandable polystyrene manufacturer worldwide, and the only producer of polypropylene 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 (%)	Ch. (%)
<b>Polyester</b>			
Avg. Ps. Prices	(14)	6	33
Avg. U.S. \$ Prices	(11)	11	34
<b>Plastics &amp; Chemicals</b>			
Avg. Ps. Prices	(20)	(20)	2
Avg. U.S. \$ Prices	(18)	(16)	3
<b>Total</b>			
Avg. Ps. Prices	(10)	3	29
Avg. U.S. \$ Prices	(8)	9	30

TABLE 2   REVENUES	4Q22	3Q22	4Q21	QoQ (%)	YoY (%)	2022	2021	Ch. (%)
<b>Total Revenues</b>								
Ps. Million	48,411	59,750	44,664	(19)	8	212,435	156,224	36
U.S. \$ Million	2,457	2,951	2,152	(17)	14	10,555	7,697	37
<b>Domestic Revenues</b>								
Ps. Million	14,751	20,045	16,680	(26)	(12)	74,524	58,101	28
U.S. \$ Million	748	990	804	(24)	(7)	3,700	2,863	29
<b>Foreign Revenues</b>								
Ps. Million	33,660	39,705	27,984	(15)	20	137,911	98,123	41
U.S. \$ Million	1,708	1,961	1,348	(13)	27	6,855	4,834	42
Foreign / Total (%)	70	66	63			65	63	

TABLE 3   OP. INCOME AND EBITDA	4Q22	3Q22	4Q21	QoQ (%)	YoY (%)	2022	2021	Ch. (%)
<b>Operating Income</b>								
Ps. Million	2,192	4,943	2,990	(56)	(27)	24,539	17,494	40
U.S. \$ Million	110	243	144	(55)	(24)	1,212	864	40
<b>EBITDA</b>								
Ps. Million	3,673	6,217	5,578	(41)	(34)	29,424	23,234	27
U.S. \$ Million	186	306	269	(39)	(31)	1,455	1,145	27



TABLE 4   COMPARABLE EBITDA	4Q22	3Q22	4Q21	QoQ (%)	YoY (%)	2022	2021	Ch. (%)
<b>EBITDA</b>								
Ps. Million	3,673	6,217	5,578	(41)	(34)	29,424	23,234	27
U.S. \$ Million	186	306	269	(39)	(31)	1,455	1,145	27
<b>Adjustments*</b>								
Ps. Million	1,650	2,367	650	(30)	154	(1,308)	(3,674)	64
U.S. \$ Million	84	118	31	(29)	170	(60)	(183)	67
<b>Comparable EBITDA</b>								
Ps. Million	5,323	8,584	6,227	(38)	(15)	28,116	19,560	44
U.S. \$ Million	270	424	300	(36)	(10)	1,396	962	45

\*Inventory adjustments, carry-forward effects, and non-operating, one-time (gains) losses

TABLE 5   IFRS 16 EFFECT (U.S.\$ million)	4Q22	3Q22	4Q21	QoQ (%)	YoY (%)	2022	2021	Ch. (%)
<b>Income Statement</b>								
Amortization	13	13	12	(3)	5	49	47	4
Financial Expense	3	3	3	5	(2)	10	9	17
<b>Net Debt</b>	<b>17</b>	<b>12</b>	<b>31</b>	<b>41</b>	<b>(46)</b>	<b>56</b>	<b>69</b>	<b>(20)</b>
<b>Balance Sheet</b>								
Assets - Right of use	178	173	173	3	3			
Liabilities								
Short-term lease	42	42	36	-	19			
Long-term lease	145	140	140	4	4			

TABLE 6   FINANCIAL COST, NET (U.S.\$ million)	4Q22	3Q22	4Q21	QoQ (%)	YoY (%)	2022	2021	Ch. (%)
Financial Expenses	(48)	(45)	(25)	(5)	(87)	(161)	(151)	(6)
Financial Income	16	13	15	17	5	46	29	61
<b>Net Financial Expenses</b>	<b>(32)</b>	<b>(32)</b>	<b>(11)</b>	<b>-</b>	<b>(203)</b>	<b>(114)</b>	<b>(122)</b>	<b>6</b>
Fx Gains (Losses)	5	(29)	(14)	116	135	(34)	(32)	(6)
<b>Financial Cost, Net</b>	<b>(27)</b>	<b>(61)</b>	<b>(24)</b>	<b>55</b>	<b>(13)</b>	<b>(148)</b>	<b>(154)</b>	<b>4</b>

TABLE 7   NET INCOME (U.S.\$ million, except as noted)	4Q22	3Q22	4Q21	QoQ (%)	YoY (%)	2022	2021	Ch. (%)
Consolidated Net Income	54	132	52	(59)	4	789	506	56
Non-Controlling Interest	17	22	22	(23)	(25)	110	121	(9)
<b>Controlling Interest</b>	<b>37</b>	<b>110</b>	<b>30</b>	<b>(66)</b>	<b>26</b>	<b>679</b>	<b>385</b>	<b>76</b>
Earnings per Share (U.S. \$)	0.02	0.05	0.01	(66)	26	0.32	0.18	76
<b>Avg. Outstanding Shares (million)*</b>	<b>2,107</b>	<b>2,107</b>	<b>2,110</b>	<b>-</b>	<b>-</b>	<b>2,108</b>	<b>2,111</b>	<b>-</b>

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

<b>TABLE 8   STATEMENT OF FINANCIAL POSITION &amp; FINANCIAL RATIOS</b> (U.S.\$ million)	<b>4Q22</b>	<b>3Q22</b>	<b>4Q21</b>	<b>QoQ (%)</b>	<b>YoY (%)</b>
<b>Assets</b>					
Cash and cash equivalents	336	479	513	(30)	(34)
Trade accounts receivable	940	1,348	927	(30)	1
Inventories	1,751	1,861	1,249	(6)	40
Other current assets	301	303	313	(1)	(4)
<b>Total current assets</b>	<b>3,327</b>	<b>3,992</b>	<b>3,001</b>	<b>(17)</b>	<b>11</b>
Investment in associates and others	476	464	442	2	8
Property, plant and equipment, net	2,502	2,517	1,914	(1)	31
Goodwill and intangible assets, net	229	155	163	47	41
Other non-current assets	532	531	501	-	6
<b>Total assets</b>	<b>7,067</b>	<b>7,659</b>	<b>6,022</b>	<b>(8)</b>	<b>17</b>
<b>Liabilities and stockholders' equity</b>					
Debt	398	460	129	(13)	208
Suppliers	1,472	1,840	1,243	(20)	18
Other current liabilities	400	389	360	3	11
<b>Total current liabilities</b>	<b>2,270</b>	<b>2,689</b>	<b>1,733</b>	<b>(16)</b>	<b>31</b>
Debt (include debt issuance costs)	1,620	1,632	1,425	(1)	14
Employees' benefits	53	48	50	9	6
Other long-term benefits	428	437	405	(2)	6
<b>Total liabilities</b>	<b>4,371</b>	<b>4,806</b>	<b>3,613</b>	<b>(9)</b>	<b>21</b>
Total stockholders' equity	2,696	2,853	2,409	(6)	12
Total liabilities and stockholders' equity	7,067	7,659	6,022	(8)	17
Net Debt	1,860	1,805	1,225		
Net Debt / EBITDA*	1.3	1.2	1.1		
Interest Coverage*	11.4	13.7	8.7		

\* Period: last 12 months

**POLYESTER**

TABLE 9   REVENUES	4Q22	3Q22	4Q21	QoQ (%)	YoY (%)	2022	2021	Ch. (%)
<b>Total Revenues</b>								
Ps. Million	32,127	40,938	27,963	(22)	15	140,717	98,000	44
U.S. \$ Million	1,630	2,022	1,347	(19)	21	6,991	4,828	45
<b>Domestic Revenues</b>								
Ps. Million	6,350	7,885	5,942	(19)	7	29,941	21,576	39
U.S. \$ Million	322	389	286	(17)	13	1,487	1,064	40
<b>Foreign Revenues</b>								
Ps. Million	25,777	33,053	22,021	(22)	17	110,776	76,424	45
U.S. \$ Million	1,308	1,632	1,061	(20)	23	5,504	3,764	46
Foreign / Total (%)	80	81	79			79	78	

TABLE 10   OP. INCOME AND EBITDA	4Q22	3Q22	4Q21	QoQ (%)	YoY (%)	2022	2021	Ch. (%)
<b>Operating Income</b>								
Ps. Million	366	2,419	1,953	(85)	(81)	13,966	8,801	59
U.S. \$ Million	18	118	94	(85)	(81)	689	433	59
<b>EBITDA</b>								
Ps. Million	1,616	3,455	3,362	(53)	(52)	17,923	12,560	43
U.S. \$ Million	82	170	162	(52)	(50)	886	618	43

TABLE 11   COMPARABLE EBITDA	4Q22	3Q22	4Q21	QoQ (%)	YoY (%)	2022	2021	Ch. (%)
<b>EBITDA</b>								
Ps. Million	1,616	3,455	3,362	(53)	(52)	17,923	12,560	43
U.S. \$ Million	82	170	162	(52)	(50)	886	618	43
<b>Adjustments*</b>								
Ps. Million	1,366	1,839	(45)	(26)	3,131	(1,346)	(3,239)	58
U.S. \$ Million	70	91	(2)	(24)	3,153	(63)	(160)	61
<b>Comparable EBITDA</b>								
Ps. Million	2,982	5,294	3,316	(44)	(10)	16,577	9,322	78
U.S. \$ Million	151	261	160	(42)	(5)	823	458	80

\*Inventory adjustments, carry-forward effects, and non-operating, one-time (gains) losses

**PLASTICS & CHEMICALS**

TABLE 12   REVENUES	4Q22	3Q22	4Q21	QoQ (%)	YoY (%)	2022	2021	Ch. (%)
<b>Total Revenues</b>								
Ps. Million	8,711	12,280	12,005	(29)	(27)	46,804	47,470	(1)
U.S. \$ Million	442	607	579	(27)	(24)	2,321	2,342	(1)
<b>Domestic Revenues</b>								
Ps. Million	4,122	5,686	6,093	(28)	(32)	23,114	25,916	(11)
U.S. \$ Million	209	281	294	(26)	(29)	1,146	1,279	(10)
<b>Foreign Revenues</b>								
Ps. Million	4,589	6,594	5,913	(30)	(22)	23,690	21,554	10
U.S. \$ Million	233	326	285	(29)	(18)	1,175	1,063	11
Foreign / Total (%)	53	54	49			51	45	

TABLE 13   OP. INCOME AND EBITDA	4Q22	3Q22	4Q21	QoQ (%)	YoY (%)	2022	2021	Ch. (%)
<b>Operating Income</b>								
Ps. Million	1,860	2,440	988	(24)	88	10,464	8,192	28
U.S. \$ Million	94	120	48	(22)	95	518	406	28
<b>EBITDA</b>								
Ps. Million	2,091	2,678	2,166	(22)	(3)	11,391	10,173	12
U.S. \$ Million	106	132	105	(20)	1	564	503	12

TABLE 14   COMPARABLE EBITDA	4Q22	3Q22	4Q21	QoQ (%)	YoY (%)	2022	2021	Ch. (%)
<b>EBITDA</b>								
Ps. Million	2,091	2,678	2,166	(22)	(3)	11,391	10,173	12
U.S. \$ Million	106	132	105	(20)	1	564	503	12
<b>Adjustments*</b>								
Ps. Million	284	528	695	(46)	(59)	38	(436)	109
U.S. \$ Million	14	26	33	(45)	(57)	3	(23)	113
<b>Comparable EBITDA</b>								
Ps. Million	2,375	3,206	2,861	(26)	(17)	11,429	9,737	17
U.S. \$ Million	120	158	138	(24)	(13)	567	480	18

\*Inventory adjustments, carry-forward effects, 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**

	Dec-22	Sep-22	Dec-21	QoQ (%)	YoY (%)
(Millions of Mexican pesos)					
<b>ASSETS</b>					
<b>CURRENT ASSETS:</b>					
Cash and cash equivalents	6,319	9,001	10,541	(30)	(40)
Restricted cash	193	719	13	(73)	1,360
Trade accounts receivable	18,846	27,379	19,075	(31)	(1)
Other accounts and notes receivable	3,906	4,240	4,805	(8)	(19)
Inventories	33,893	37,791	25,705	(10)	32
Other current assets	1,268	1,922	1,641	(34)	(23)
<b>Total current assets</b>	<b>64,425</b>	<b>81,052</b>	<b>61,780</b>	<b>(21)</b>	<b>4</b>
<b>NON-CURRENT ASSETS:</b>					
Restricted cash	360	-	-	100	100
Investment in associates and others	9,210	9,427	9,093	(2)	1
Property, plant and equipment, net	48,451	51,114	39,405	(5)	23
Goodwill and intangible assets	4,425	3,148	3,348	41	32
Other non-current assets	9,948	10,778	10,319	(8)	(4)
<b>Total assets</b>	<b>136,819</b>	<b>155,519</b>	<b>123,945</b>	<b>(12)</b>	<b>10</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES:</b>					
Debt	7,712	9,339	2,660	(17)	190
Suppliers	28,493	37,363	25,595	(24)	11
Other current liabilities	7,737	7,902	7,415	(2)	4
<b>Total current liabilities</b>	<b>43,942</b>	<b>54,604</b>	<b>35,670</b>	<b>(20)</b>	<b>23</b>
<b>NON-CURRENT LIABILITIES:</b>					
Debt (includes debt issuance cost)	31,369	33,130	29,333	(5)	7
Deferred income taxes	3,845	4,364	4,124	(12)	(7)
Other non-current liabilities	4,444	4,505	4,203	(1)	6
Employee benefits	1,025	983	1,029	4	-
<b>Total liabilities</b>	<b>84,625</b>	<b>97,586</b>	<b>74,359</b>	<b>(13)</b>	<b>14</b>
<b>STOCKHOLDERS' EQUITY:</b>					
Controlling interest:					
Capital stock	6,021	6,020	6,028	-	-
Share premium	8,917	8,908	8,976	-	(1)
<b>Contributed capital</b>	<b>14,938</b>	<b>14,928</b>	<b>15,004</b>	-	-
Earned surplus	31,965	36,751	28,712	(13)	11
<b>Total controlling interest</b>	<b>46,903</b>	<b>51,679</b>	<b>43,716</b>	<b>(9)</b>	<b>7</b>
Non-controlling interest	5,291	6,254	5,870	(15)	(10)
<b>Total stockholders' equity</b>	<b>52,194</b>	<b>57,933</b>	<b>49,586</b>	<b>(10)</b>	<b>5</b>
<b>Total liabilities and stockholders' equity</b>	<b>136,819</b>	<b>155,519</b>	<b>123,945</b>	<b>(12)</b>	<b>10</b>



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

	4Q22	3Q22	4Q21	QoQ (%)	YoY (%)	2022	2021	Ch. (%)
(millions of Mexican pesos)								
Revenues	48,411	59,750	44,664	(19)	8	212,435	156,224	36
Domestic	14,751	20,045	16,680	(26)	(12)	74,524	58,101	28
Export	33,660	39,705	27,984	(15)	20	137,911	98,123	41
Cost of sales	(44,984)	(52,890)	(38,470)	15	(17)	(181,401)	(131,537)	(38)
Gross profit	3,427	6,860	6,194	(50)	(45)	31,034	24,687	26
Operating expenses and others	(1,235)	(1,917)	(3,204)	36	61	(6,495)	(7,193)	10
Operating income	2,192	4,943	2,990	(56)	(27)	24,539	17,494	40
Financial result, net	(536)	(1,233)	(496)	57	(8)	(2,997)	(3,144)	5
Equity in income of associates and joint ventures	(31)	(14)	(19)	(150)	(70)	(67)	(39)	(74)
Income before taxes	1,625	3,696	2,475	(56)	(34)	21,475	14,311	50
Income taxes	(549)	(1,006)	(1,407)	45	61	(5,509)	(4,115)	(34)
<b>Consolidated net income</b>	<b>1,076</b>	<b>2,690</b>	<b>1,068</b>	<b>(60)</b>	<b>1</b>	<b>15,966</b>	<b>10,196</b>	<b>57</b>
<b>Income attributable to Controlling interest</b>	<b>743</b>	<b>2,245</b>	<b>601</b>	<b>(67)</b>	<b>24</b>	<b>13,744</b>	<b>7,756</b>	<b>77</b>
<b>Income attributable to non-controlling interest</b>	<b>333</b>	<b>445</b>	<b>467</b>	<b>(25)</b>	<b>(29)</b>	<b>2,222</b>	<b>2,440</b>	<b>(9)</b>

# EARNINGS REPORT

Fourth Quarter 2022 (4Q22)



Monterrey, Mexico, February 15, 2023.- Axtel, S.A.B. de C.V. (BMV: AXTELCPO) ("Axtel", the "Company"), a Mexican Information and Communications Technology company, announced today its unaudited results for the fourth quarter of 2022 ("4Q22").

## Axtel reports 4Q22 EBITDA of US \$41 million (Ps. 803 million)

### SELECTED FINANCIAL INFORMATION

(IN MILLIONS)

	4Q22	3Q22	4Q21	(% 4Q22 vs.)		YTD'22	YTD'21	YTD
				3Q22	4Q21			Δ (%)
Revenues (Ps.)	2,652	2,736	2,812	(3)	(6)	10,480	11,389	(8)
US \$	135	135	136	(0)	(1)	521	562	(7)
EBITDA (Ps.) <sup>1</sup>	803	790	824	2	(3)	3,011	3,793	(21)
US \$	41	39	40	4	3	150	187	(20)
Net Income (loss) (Ps.)	137	(116)	(553)	--	--	(39)	(797)	95
US \$	7	(6)	(27)	--	--	(2)	(39)	95
CAPEX (Ps.) <sup>2</sup>	361	285	424	27	(15)	1,291	1,533	(16)
US \$	18	14	20	31	(10)	64	76	(15)
Net Debt (US \$)	537	566	574	(5)	(6)			
Net Debt / LTM EBITDA*	3.6	3.8	3.1					
LTM Interest Coverage*	3.9	3.3	3.3					

\* 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.

### 4Q22 | 2022 HIGHLIGHTS

- RESULTS**
- 4Q22 EBITDA increased 2% on a sequential basis, contributing to a 12% increase in second semester EBITDA compared to first semester, with improving results in all three business segments: Axnet, Enterprise and Government.
  - Control on expenses and optimization of investments generated a free cash flow of US \$47 million in 2022.
  - Improving EBITDA and solid cash flow, contributed to reducing net leverage ratio to 3.6x.
- CAPITAL STRUCTURE**
- In 2022, the Company repurchased US \$38 million of its Senior Notes due 2024.
  - This year, Axtel signed an agreement to refinance its Ps. 3,026 million long-term bank loan for a new, 10-year tenor loan, and an average life of 8 years.
  - Additionally, the Company executed a US \$100 million, 5-year term bank loan. Use of proceeds and availability of funds under this facility is to refinance its 2024 Senior Notes.
  - In January, the Company launched an offer to purchase up to US \$120 million principal amount of its 2024 Senior Notes. The Company received US \$89 million in tendered notes.
- ESG**
- Axtel obtained a score of 58/100 in the S&P Global Corporate Sustainability Assessment; reaching the 83rd percentile in the global Telecommunications industry. (Score date: Sept'22).

## MESSAGE FROM AXTEL'S CEO

*“Axtel’s operating performance continues its improving trend, results in the fourth quarter showed a recovery that was reflected since the third quarter.*

*In the Enterprise segment, supported by our specialized business model, we increased the acquisition of new projects by 13%, compared to the previous year. The fastest growing lines were cybersecurity, cloud and managed networks with 22%, 35% and 52% increases, respectively.*

*In the Government segment, we strengthened the commercial vision and team, and laid the foundations to expand opportunities and presence in new states and federal entities, which translated into a 10% growth in revenues in the second semester, compared to the first semester of 2022.*

*In 2023, we will be working on multiple initiatives to support revenue growth and improve profitability. These initiatives will help us to maximize data utilization, develop a more agile implementation of services, continue our commercial segmentation and specialization model and reinforce the culture, teamwork and agility of our organization.*

*This year, we have a stronger foundation on which to build better results. We will continue with strict financial discipline, focused on protecting the profitability of the business and maintaining a solid level of cash flow, which may result in a reduction of net leverage ratio.”*

Armando de la Peña

## REVENUES

	4Q22	3Q22	4Q21	(% 4Q22 vs.)		YTD'22	YTD'21	YTD Δ (%)
				3Q22	4Q21			
<b>SERVICES (Ps.)</b>	<b>2,195</b>	<b>2,150</b>	<b>2,220</b>	<b>2</b>	<b>(1)</b>	<b>8,547</b>	<b>8,828</b>	<b>(3)</b>
US \$	112	106	107	5	4	425	435	(2)
Enterprise (Ps.)	1,915	1,902	1,853	1	3	7,539	7,492	1
US \$	97	94	89	3	9	375	370	1
Government (Ps.)	280	248	366	13	(23)	1,007	1,336	(25)
US \$	14	12	18	17	(19)	50	66	(24)
<b>INFRASTRUCTURE (Ps.)</b>	<b>1,071</b>	<b>1,200</b>	<b>1,206</b>	<b>(11)</b>	<b>(11)</b>	<b>4,388</b>	<b>5,017</b>	<b>(13)</b>
US \$	54	59	58	(8)	(6)	218	247	(12)
<b>ELIMINATIONS (Ps.) *</b>	<b>(614)</b>	<b>(614)</b>	<b>(614)</b>	<b>0</b>	<b>(0)</b>	<b>(2,455)</b>	<b>(2,455)</b>	<b>(0)</b>
US \$	(31)	(30)	(30)	(3)	(5)	(122)	(121)	(1)
<b>TOTAL REVENUES (Ps.)</b>	<b>2,652</b>	<b>2,736</b>	<b>2,812</b>	<b>(3)</b>	<b>(6)</b>	<b>10,480</b>	<b>11,389</b>	<b>(8)</b>
US \$	135	135	136	(0)	(1)	521	562	(7)

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

Total revenues reached US \$135 million in 4Q22. In pesos, revenues decreased 6% year-over-year, due to 11% and 1% declines in Axtel Networks and Alestra's revenues, respectively. Full-year 2022 ("FY2022") revenues totaled Ps. 10,480 million, an 8% decline due to 13% and 3% decreases in Axtel Networks and Alestra's revenues, respectively.

### INFRASTRUCTURE BUSINESS UNIT ("AXTEL NETWORKS", "AXNET")

Revenues reached US \$54 million in 4Q22. In pesos, revenues posted an 11% decrease compared to the year-earlier quarter, mainly due to decreases in wholesale connectivity revenues and dark fiber contracts.

FY2022 revenues totaled Ps. 4,388 million, 13% lower than 2021 due to decreases in dark fiber contracts, along with lower revenues from a wholesale mobile operator customer. Revenues coming from Alestra represented 56% of total Infrastructure Unit's FY2022 revenues.

### SERVICES BUSINESS UNIT ("ALESTRA")

Revenues totaled US \$112 million in 4Q22. In pesos, revenues declined 1% compared to 4Q21, due to a 23% decline in Government segment revenues, partially compensated by a 3% increase in Enterprise segment revenues. FY2022 revenues decreased 3%, due to a 25% decline in Government segment, partially mitigated by a 1% increase in Enterprise segment revenues.

#### ENTERPRISE SEGMENT (88% of Alestra's FY2022 revenues)

Enterprise segment revenues totaled US \$97 million in 4Q22. In pesos, revenues increased 3% compared to 4Q21, due to 9%, 4%, and 2% increases in *digital transformation*, *value added* and *standard services*, respectively. FY2022 revenues increased 1%. (Table 1).

**STANDARD SERVICES** revenues reached Ps. 1,225 million in 4Q22, a 2% increase year-over-year, due a 10% increase in *internet services*, compensating declines in *VPN* and *voice* revenues. FY2022 revenues declined 3%, due to a 12% decrease in *voice services*, which continue its declining trend and represented 11% of total enterprise segment revenues in 2022, compared to 12% in 2021.

**VALUE-ADDED SERVICES** revenues reached Ps. 271 million in 4Q22, 4% higher when compared to 4Q21, due to a 9% increase in *managed services*. FY2022 revenues also increased 4%, led by increases in *system integration* solutions.

**DIGITAL TRANSFORMATION** revenues reached Ps. 418 million in 4Q22, up 9% compared to 4Q21, driven by increases in *cloud*, *cybersecurity*, *collaboration* and *mobile* solutions. FY2022 revenues increased 11%, mainly due to a 20% increase in *cybersecurity* and *cloud* solutions.



## REVENUES

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

#### GOVERNMENT SEGMENT (12% of Alestra’s FY2022 revenues)

Government segment revenues amounted US \$14 million in 4Q22. In pesos, revenues declined 23% compared to 4Q21, mostly explained by lower recurrent revenues due to the termination of federal entity contracts. However, on a sequential basis, revenues posted a 13% increase, driven by a strong 47% increase in recurring revenues as the government segment’s management team is successfully extending expiring contracts and expanding the state and federal customer base. FY2022 revenues decreased 25%, however government segment results should continue recovering. (Table 2).

**STANDARD SERVICES** revenues reached Ps. 147 million in 4Q22, 7% lower than 4Q21. However, on a sequential basis, revenues increased 60% mainly due to connectivity solutions.

**VALUE-ADDED SERVICES** revenues reached Ps. 88 million in 4Q22, a 24% decrease vs 4Q21.

**DIGITAL TRANSFORMATION** revenues reached Ps. 46 million in 4Q22, 50% lower than 4Q21.

## GROSS PROFIT

Gross profit is defined as revenues minus cost of revenues. For 4Q22, gross profit was US \$101 million. In pesos, gross profit increased 1% compared to 4Q21, due to better gross profit margins in Alestra. FY2022 gross profit declined 7%, in line with revenues, and its margin represented 73% of total revenues, compared to 72% in 2021.

**SERVICES UNIT (ALESTRA)** gross profit amounted Ps. 988 million in 4Q22, a 15% increase compared to the year-earlier quarter, mainly explained by higher contribution margins in both Enterprise and Government segments. FY2022 gross profit remained unchanged, as a decline in revenues was compensated by higher margins, particularly in the Government segment.

**INFRASTRUCTURE UNIT (AXNET)** gross profit amounted to Ps. 991 million in 4Q22, a 10% decrease compared to the year-earlier quarter, while FY2022 gross profit declined 12% year-over-year, in line with the decline in revenues.

## OPERATING EXPENSES AND OTHER INCOME (EXPENSES)

Operating expenses reached US \$63 million in 4Q22; in pesos, operating expenses increased 12%, compared to the year-earlier quarter, due to higher expenses in both Alestra and Axnet. FY2022 expenses increased 8%, due to a 16% increase in Axnet’s operating expenses.

**SERVICES UNIT (ALESTRA)** 4Q22 operating expenses increased 15% compared to 4Q21, due to increases in personnel and an extraordinary bad-debt recovery booked in 4Q21. FY2022 expenses remained unchanged compared to 2021.

**INFRASTRUCTURE UNIT (AXNET)** 4Q22 operating expenses increased 10% compared to 4Q21 and FY2022 expenses increased 16%, mainly as a result of a bad debt provision related to a mobile wholesale operator.

Other income reached Ps. 56 million during 4Q22, compared to Ps. 43 million of other expenses recorded in 4Q21 mostly related to organization efficiencies. FY2022 other income reached Ps. 107 million, compared to Ps. 32 million of other expenses in 2021.



## EBITDA

EBITDA totaled US \$41 million in 4Q22. In pesos, EBITDA reached Ps. 803 million, a 3% decline compared to 4Q21, due to a decline in Axnet, partially mitigated by an increase in Alestra's EBITDA. FY2022 EBITDA reached Ps. 3,011 million, 21% lower than 2021, mainly due to the decline in Axnet's EBITDA.

EBITDA margin increased from 29% in 4Q21 to 30% in 4Q22 as the increase in gross profit margins compensated the increase in operating expenses previously mentioned. FY2022 EBITDA margin reached 29%, lower than 33% in 2021, mainly due to Axnet's higher operating expenses, as well as a lower contribution to total EBITDA by Axnet, whose margin is greater than that of Alestra.

### SERVICES UNIT (ALESTRA)

(53% of Axtel's FY2022 EBITDA)

Alestra's EBITDA amounted US \$23 million in 4Q22. In pesos, 4Q22 EBITDA increased 31%, due to the increase in gross profit margin which compensated the increase in operating expenses.

FY2022 EBITDA increased 4% year-over-year, due to improved second semester and better other income/(expenses) compared to 2021.

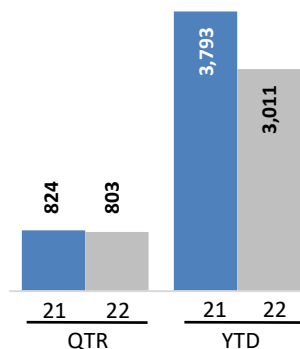
### INFRASTRUCTURE UNIT (AXNET)

(47% of Axtel's FY2022 EBITDA)

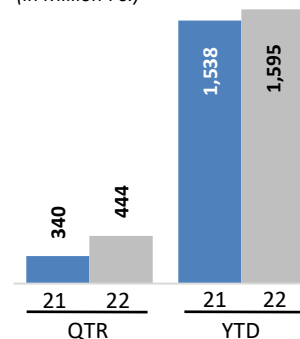
Axnet's EBITDA reached US \$18 million in 4Q22. In pesos, EBITDA declined 26% compared to 4Q21, due to the decline in gross profit and increase in operating expenses previously explained.

FY2022 EBITDA declined 37%, mainly explained by the decline in gross profit and higher operating expenses related to the extraordinary bad debt provision charge.

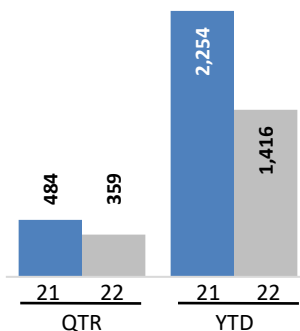
(in Million Ps.)



(in Million Ps.)



(in Million Ps.)



(in Million Ps.)



## OPERATING INCOME (LOSS)

Operating income in 4Q22 reached Ps. 94 million, compared to an operating loss of Ps. 207 million a year ago, which includes the recognition of an impairment of Ps. 290 million in minority participation investments.

FY2022 operating income totaled Ps. 174 million, 41% lower when compared to 2021, mainly due to the decline in EBITDA previously explained, partially mitigated by lower depreciation and amortization.



## COMPREHENSIVE FINANCING RESULT

The comprehensive financing result reached US \$13 million in 4Q22, or Ps. 268 million, compared to a comprehensive financing cost of Ps. 378 million in 4Q21. Mostly explained by a Ps. 394 million FX gain during 4Q22 resulting from an appreciation of the Mexican peso against the US dollar, compared to a Ps. 117 million FX loss in 4Q21. Net interest expenses decreased 52% from 4Q21 to 4Q22, mainly due to an increase in interest income resulting from the open market repurchases of the 2024 Senior Notes.

FY2022 comprehensive financial cost of Ps. 261 million was 82% lower than the Ps. 1,441 million cost in 2021, mainly explained by a 34% decline in net interest expense, as well as a Ps. 511 million FX gain resulting from an appreciation of the Mexican peso against the US dollar in 2022, compared to a Ps. 278 million FX loss in 2021.

## NET DEBT

As of December 31, 2022, net debt was US \$537 million, a decrease of 6% or US \$37 million in comparison with 4Q21; comprised of a US \$47 million decrease in debt, a US \$11 million non-cash increase in debt caused by a 6% appreciation of the Mexican peso year-over-year and a US \$1 million increase in cash.

Total debt reduction of US \$47 million year-over-year is explained by i) a US \$38 million decrease related to open market repurchases of the 2024 Senior Notes; ii) a US \$6 million decrease due to the amortization of the long-term facility; and iii) a US \$3 million decrease in other loans and financial leases.

As of 4Q22, cash balance totaled US \$80 million (Ps. 1,543 million), compared to US \$78 million (Ps. 1,614 million) in 4Q21, a 2% increase.

Financial ratios for year-end 2022 were: Net Debt to EBITDA of 3.6 times and Interest Coverage of 3.9 times (Table 6).

## CAPITAL EXPENDITURES (CAPEX)

Capital investments totaled US \$18 million in 4Q22, compared to US \$20 million in 4Q21. FY2022 Capex totaled US \$64 million (69% for Axnet and 31% for Alestra); a US \$11 million decline compared to US \$76 million in 2021.

Capex as a percentage of total revenues reached 12% in FY2022, compared to 13% a year ago.

## OTHER INFORMATION

- This report presents unaudited financial information based on International Financial Reporting Standards (IFRS). Figures are presented in Mexican Pesos (Ps.) or US Dollars (US \$), as indicated. Where applicable, Peso amounts were translated into US Dollars using the average exchange rate of the months during which the operations were recorded.
- This report may contain forward-looking information based on numerous variables and assumptions that are inherently uncertain. They involve judgments with respect to, among other things, future economic, competitive and financial market conditions and future business decisions and financial performance of the company, all of which are difficult or impossible to predict accurately. These statements reflect management's current views, which are subject to different risks. Accordingly, results could vary from those set forth in this release. The company disclaims any obligation to update statements in this release based on new information available.
- Net Debt / EBITDA ratio: means net debt translated into US Dollars using the end-of-period exchange rate divided by LTM EBITDA translated into US Dollars using the average exchange rate for each month during which the operations were recorded. Net debt means total debt (including accrued interests) minus cash (including restricted cash).
- Net interest coverage ratio: means the ratio of LTM EBITDA to interest expense (net of interest income), both translated into US Dollars using the average exchange rate for each month during which the operations were recorded. Interest expense calculated *pro forma* for debt prepayments.
- To reduce exchange rate risk exposure, as of the December 31, 2022, Axtel maintained forward transactions for an outstanding amount of US \$90 million @ 19.87 MXN/USD, where Axtel buys USD and sells MXN, hedging its USD denominated Capex and interest obligations up to August 2023. During the 4Q22, January and February 2023, Axtel executed forward transactions for a total amount of US\$160 million for an average forward exchange rate of approximately 19.80 MXN/USD, hedging its USD obligations up to January 2024.
- Subject to market conditions, the Company's liquidity position and its contractual obligations, from time to time, the Company may acquire or divest its own shares (AxtelCPOs) or its Senior Notes.

## ABOUT AXTEL

Axtel is a Mexican Information and Communication Technology company that serves the enterprise, government and wholesale segments through Alestra, its services business unit, and Axtel Networks (Axnet), its infrastructure unit. 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 is currently undergoing a partial spin-off from former parent company Alfa, S.A.B. de C.V., who is in the process of contributing all of its shareholding in the Company to Controladora Axtel, S.A.B. de C.V., a company which will be listed on the Mexican Stock Exchange.

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

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

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

Appendix A – Tables

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

	4Q22	3Q22	4Q21	(% 4Q22 vs.)		YTD'22	YTD'21	YTD Δ (%)
				3Q22	4Q21			
STANDARD SERVICES (Ps.)	1,225	1,218	1,207	1	2	4,856	5,005	(3)
VALUE ADDED (Ps.)	271	243	261	12	4	1,037	998	4
DIGITAL TRANSFORMATION (Ps.)	418	441	385	(5)	9	1,647	1,488	11
<b>TOTAL ENTERPRISE (Ps.)</b>	<b>1,915</b>	<b>1,902</b>	<b>1,853</b>	<b>1</b>	<b>3</b>	<b>7,539</b>	<b>7,492</b>	<b>1</b>
US \$	97	94	89	3	9	375	370	1

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

	4Q22	3Q22	4Q21	(% 4Q22 vs.)		YTD'22	YTD'21	YTD Δ (%)
				3Q22	4Q21			
STANDARD SERVICES (Ps.)	147	92	158	60	(7)	448	595	(25)
VALUE ADDED (Ps.)	88	104	116	(15)	(24)	318	419	(24)
DIGITAL TRANSFORMATION (Ps.)	46	53	93	(13)	(50)	241	322	(25)
<b>TOTAL GOVERNMENT (Ps.)</b>	<b>280</b>	<b>248</b>	<b>366</b>	<b>13</b>	<b>(23)</b>	<b>1,007</b>	<b>1,336</b>	<b>(25)</b>
US \$	14	12	18	17	(19)	50	66	(24)

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

	4Q22	3Q22	4Q21	(% 4Q22 vs.)		YTD'22	YTD'21	YTD Δ (%)
				3Q22	4Q21			
<b>TOTAL INFRASTRUCTURE (Ps.)</b>	<b>1,071</b>	<b>1,200</b>	<b>1,206</b>	<b>(11)</b>	<b>(11)</b>	<b>4,388</b>	<b>5,017</b>	<b>(13)</b>
US \$	54	59	58	(8)	(6)	218	247	(12)
ELIMINATIONS (Ps.) *	(614)	(614)	(614)	0	(0)	(2,455)	(2,455)	(0)
US \$	(31)	(30)	(30)	(3)	(5)	(122)	(121)	(1)

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

## Appendix A – Tables

**TABLE 4 | OPERATING INCOME AND EBITDA**

(IN MILLIONS)

	4Q22	3Q22	4Q21	(% 4Q22 vs.)		YTD'22	YTD'21	YTD Δ (%)
				3Q22	4Q21			
Operating Income (Ps.)	94	85	(207)	11	--	174	292	(41)
US \$	5	4	(10)	14	--	9	15	(41)
EBITDA (Ps.)	803	790	824	2	(3)	3,011	3,793	(21)
US \$	41	39	40	4	3	150	187	(20)
Services Unit (Ps.)	444	386	340	15	31	1,595	1,538	4
Infrastructure Unit (Ps.)	359	404	484	(11)	(26)	1,416	2,254	(37)

\* Adjustments include one-time (gains) losses.

**TABLE 5 | COMPREHENSIVE FINANCING RESULT**

(IN MILLIONS)

	4Q22	3Q22	4Q21	(% 4Q22 vs.)		YTD'22	YTD'21	YTD Δ (%)
				3Q22	4Q21			
Net interest expense	(126)	(164)	(260)	23	52	(772)	(1,164)	34
FX gain (loss), net	394	(144)	(117)	--	--	511	(278)	--
Ch. FV of Fin. Instruments	0	0	0	--	--	0	0	--
<b>Total (Ps.)</b>	<b>268</b>	<b>(308)</b>	<b>(378)</b>	--	--	<b>(261)</b>	<b>(1,441)</b>	<b>82</b>
US \$	13	(15)	(18)	--	--	(13)	(71)	82

**TABLE 6 | NET DEBT AND FINANCIAL RATIOS**

(US \$ MILLIONS)

	4Q22	3Q22	4Q21	(% 4Q22 vs.)	
				3Q22	4Q21
Senior Notes 2024	402	423	440	(5)	(9)
Long-term bank loan	156	151	153	4	2
Other bank loans	30	29	29	0	1
Other loans + leases	23	24	25	(4)	(8)
Accrued interests	5	12	5	(57)	11
<b>Total Debt</b>	<b>616</b>	<b>640</b>	<b>652</b>	<b>(4)</b>	<b>(6)</b>
% US \$ denominated debt	70%	71%	73%		
(-) Cash and cash eq.	(80)	(74)	(78)	(8)	(2)
<b>Net Debt</b>	<b>537</b>	<b>566</b>	<b>574</b>	<b>(5)</b>	<b>(6)</b>
Net Debt / LTM EBITDA*	3.6	3.8	3.1		
LTM Interest Coverage*	3.9	3.3	3.3		

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

**TABLE 7 | CHANGE IN NET DEBT**

(US \$ MILLIONS)

	4Q22	3Q22	4Q21	(% 4Q22 vs.)		YTD'22	YTD'21	YTD Δ (%)
				3Q22	4Q21			
EBITDA	41	39	40	4	3	150	187	(20)
Net Working Capital	23	(14)	30	--	(24)	11	(5)	--
Capex & Acquisitions	(18)	(14)	(20)	(31)	10	(64)	(76)	15
Financial expenses	(13)	(12)	(12)	(7)	(6)	(50)	(56)	11
Taxes	(0)	(0)	(0)	--	--	(0)	(21)	99
Other Sources (Uses)	(3)	6	2	--	--	(9)	(2)	(412)
Decrease (increase) Net Debt	29	4	39	558	(25)	37	28	34



## Appendix B – Financial Statements

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

#### Unaudited Consolidated Balance Sheet

(IN MILLION PESOS)

	4Q22	3Q22	4Q21	(% 4Q22 vs.)	
				3Q22	4Q21
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and equivalents	1,543	1,499	1,614	3	(4)
Restricted cash	-	-	-	--	--
Accounts receivable	1,194	1,740	1,695	(31)	(30)
Related parties	15	19	35	(20)	(57)
Refundable taxes and other acc. rec.	719	708	762	2	(6)
Advances to suppliers	739	780	635	(5)	16
Inventories	170	101	85	69	99
Financial Instruments	5	4	0	23	--
<b>Total current assets</b>	<b>4,385</b>	<b>4,850</b>	<b>4,827</b>	<b>(10)</b>	<b>(9)</b>
<b>NON CURRENT ASSETS</b>					
Property, plant and equipment, net	9,044	9,203	10,133	(2)	(11)
Long-term accounts receivable	-	-	20	--	--
Intangible assets, net	1,528	1,595	1,799	(4)	(15)
Deferred income taxes	2,958	3,123	2,856	(5)	4
Investment shares associated co.	1	23	2	(96)	(52)
Other assets	435	434	338	0	29
<b>Total non current assets</b>	<b>13,966</b>	<b>14,379</b>	<b>15,148</b>	<b>(3)</b>	<b>(8)</b>
<b>TOTAL ASSETS</b>	<b>18,351</b>	<b>19,229</b>	<b>19,974</b>	<b>(5)</b>	<b>(8)</b>
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Account payable & Accrued expenses	1,833	1,901	2,138	(4)	(14)
Accrued Interest	104	254	100	(59)	4
Short-term debt	-	-	-	--	--
Current portion of long-term debt	492	487	416	1	18
Taxes payable	-	-	-	--	--
Financial Instruments	0	1	34	--	(100)
Deferred Revenue	45	51	86	(11)	(47)
Provisions	25	25	29	2	(14)
Other accounts payable	749	746	706	0	6
<b>Total current liabilities</b>	<b>3,250</b>	<b>3,465</b>	<b>3,510</b>	<b>(6)</b>	<b>(7)</b>
<b>LONG-TERM LIABILITIES</b>					
Long-term debt	11,285	12,186	12,827	(7)	(12)
Employee Benefits	891	860	766	4	16
Derivative Financial Instruments	-	-	-	--	--
Other LT liabilities	76	1	1	>1,000	>1,000
<b>Total long-term debt</b>	<b>12,251</b>	<b>13,047</b>	<b>13,595</b>	<b>(6)</b>	<b>(10)</b>
<b>TOTAL LIABILITIES</b>	<b>15,501</b>	<b>16,512</b>	<b>17,105</b>	<b>(6)</b>	<b>(9)</b>
<b>STOCKHOLDERS' EQUITY</b>					
Capital stock	455	455	464	-	(2)
Reserve for repurchase of shares	200	200	190	-	5
Cumulative earnings (losses)	2,196	2,062	2,215	6	(1)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>2,850</b>	<b>2,716</b>	<b>2,870</b>	<b>5</b>	<b>(1)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>18,351</b>	<b>19,229</b>	<b>19,974</b>	<b>(5)</b>	<b>(8)</b>

## Appendix B – Financial Statements

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

Unaudited Consolidated Income Statement  
(IN MILLION PESOS)

	4Q22	3Q22	4Q21	(% 4Q22 vs.)		YTD'22	YTD'21	YTD Δ (%)
				3Q22	4Q21			
Total Revenues	2,652	2,736	2,812	(3)	(6)	10,480	11,389	(8)
Cost of sales and services	(673)	(677)	(847)	1	21	(2,793)	(3,138)	11
<b>Gross Profit</b>	<b>1,979</b>	<b>2,059</b>	<b>1,965</b>	<b>(4)</b>	<b>1</b>	<b>7,687</b>	<b>8,251</b>	<b>(7)</b>
Operating expenses	(1,232)	(1,311)	(1,099)	6	(12)	(4,783)	(4,426)	(8)
Other income (expenses), net	56	42	(43)	33	--	107	(32)	--
Depr., amort. & impairment assets	(709)	(704)	(1,031)	(1)	31	(2,837)	(3,500)	19
<b>Operating income</b>	<b>94</b>	<b>85</b>	<b>(207)</b>	<b>11</b>	<b>--</b>	<b>174</b>	<b>292</b>	<b>(41)</b>
Comprehensive financing result, net	268	(308)	(378)	--	--	(261)	(1,441)	82
Equity in results of associated company	0	(0)	(0)	--	--	0	(0)	--
<b>Income (loss) before income taxes</b>	<b>362</b>	<b>(223)</b>	<b>(585)</b>	<b>--</b>	<b>--</b>	<b>(87)</b>	<b>(1,149)</b>	<b>92</b>
Income taxes	(225)	108	32	--	--	48	352	(86)
<b>Net Income (Loss)</b>	<b>137</b>	<b>(116)</b>	<b>(553)</b>	<b>--</b>	<b>--</b>	<b>(39)</b>	<b>(797)</b>	<b>95</b>