



# EARNINGS REPORT

Second Quarter 2023 (2Q23)

**Monterrey, N.L., Mexico, July 26, 2023.**

**ALFA, S.A.B. de C.V. (BMV: ALFAA) ("ALFA")**, a company that has developed leading businesses with global operations, announced today its unaudited results for the second quarter of 2023 ("2Q23"). 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. The shares of "Controladora Axtel" were distributed to ALFA shareholders and began trading on the Mexican Stock Exchange on May 29, 2023. 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 1Q23 and 2Q22. At the close of 2Q23, all items are eliminated. 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:
  - 2Q22: accumulated figures for the three months ended June 30, 2022
  - 1Q23: accumulated figures for the three months ended March 31, 2023
  - 2Q23: accumulated figures for the one month and 29 days ended May 29, 2023
  - 2022: accumulated figures for the six months ended June 30, 2022
  - 2023: accumulated figures for the four months and 29 days ended May 29, 2023
- ▼ 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:
  - 2Q22: accumulated figures for the six months ended June 30, 2022
  - 1Q23: no figures presented related to Axtel
  - 2Q23: no figures presented related to Axtel
- ▼ 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 (2Q23, 1Q23 and 4Q22) do not present figures related to Axtel.

## ALFA reports 2Q23 EBITDA of US \$360 million with Axtel as Discontinued Operations

### 2Q23 HIGHLIGHTS

<p><b>ALFA</b></p>	<ul style="list-style-type: none"> <li>▶ 2Q23 Comparable EBITDA of US \$425 million as better-than-expected results at Sigma partially offset a significant decline in Alpek</li> <li>▶ Successfully executed the Axtel spin-off; corporate portfolio streamlined down to Sigma and Alpek</li> <li>▶ Full-year EBITDA Guidance adjusted down 5% to reflect a downward revision by Alpek and an upward revision by Sigma</li> </ul>
<p><b>Sigma</b></p>	<ul style="list-style-type: none"> <li>▶ Record-high quarterly Revenue and EBITDA in 2Q23</li> <li>▶ Better-than-expected results in the Americas driven by solid demand, favorable raw material cost trends, Foodservice, and the appreciation of the Mexican peso</li> <li>▶ Guidance revised up supported by year-to-date results and positive outlook: Revenue US \$8.6 billion and EBITDA US \$880 million</li> </ul>
<p><b>Alpek</b></p>	<ul style="list-style-type: none"> <li>▶ 2Q23 Revenue and Comparable EBITDA down 27% and 46% year-on-year, respectively</li> <li>▶ A challenging feedstock price environment, the normalization of ocean freight rates, and lower industry reference margins impacted performance</li> <li>▶ 2023 Comparable EBITDA Guidance revised down to US \$770 million</li> </ul>
<p><b><i>Axtel (Discontinued Operations)</i></b></p>	<ul style="list-style-type: none"> <li>▶ <i>Accounting for Axtel as a Discontinued Operation in ALFA's financial statements ended on May 29, 2023 as a result of the spin-off</i></li> <li>▶ <i>Please refer to Axtel's 2Q23 Earnings Report for the analysis of full quarterly and accumulated operating figures (see Appendix)</i></li> </ul>

# Earnings Report

## Second Quarter 2023 (2Q23)



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

	2Q23	1Q23	2Q22	Ch.% vs. 1Q23	Ch.% vs. 2Q22	2023	2022	Ch. %
<b>ALFA &amp; Subs with Axtel as Discontinued Operations</b>								
<b>ALFA Revenues</b>	<b>4,221</b>	<b>4,085</b>	<b>4,709</b>	<b>3</b>	<b>(10)</b>	<b>8,306</b>	<b>8,778</b>	<b>(5)</b>
Alpek	2,050	2,062	2,815	(1)	(27)	4,112	5,147	(20)
Sigma	2,143	1,991	1,870	8	15	4,134	3,582	15
<b>ALFA EBITDA<sup>1</sup></b>	<b>360</b>	<b>376</b>	<b>672</b>	<b>(4)</b>	<b>(46)</b>	<b>736</b>	<b>1,282</b>	<b>(43)</b>
Alpek	148	187	507	(21)	(71)	335	964	(65)
Sigma	217	192	172	13	26	409	333	23
<b>ALFA Comparable EBITDA<sup>2</sup></b>	<b>425</b>	<b>396</b>	<b>534</b>	<b>7</b>	<b>(20)</b>	<b>821</b>	<b>1,020</b>	<b>(20)</b>
Alpek	201	207	369	(3)	(46)	408	702	(42)
Sigma	229	192	172	19	33	421	333	26
<b>Majority Net Income<sup>3</sup></b>	<b>9</b>	<b>(14)</b>	<b>243</b>	<b>161</b>	<b>(96)</b>	<b>(6)</b>	<b>453</b>	<b>(101)</b>
<b>CAPEX &amp; Acquisitions<sup>4</sup></b>	<b>196</b>	<b>86</b>	<b>572</b>	<b>129</b>	<b>(66)</b>	<b>282</b>	<b>648</b>	<b>(57)</b>
<b>ALFA Net Debt<sup>5</sup></b>	<b>4,994</b>	<b>5,049</b>	<b>5,406</b>	<b>(1)</b>	<b>(8)</b>	<b>4,994</b>	<b>5,406</b>	<b>(8)</b>
Alpek	1,879	2,082	1,776	(10)	6	1,879	1,776	6
Sigma	2,012	1,840	1,772	9	14	2,012	1,772	14
ALFA Net Debt/EBITDA <sup>6</sup>	3.3	2.7	2.2					
ALFA Interest Coverage <sup>7</sup>	4.1	5.3	7.6					
<b>Axtel (as Discontinued Operations)<sup>8</sup></b>								
Revenues	95	145	125	(34)	(24)	240	248	(3)
EBITDA	25	28	34	(11)	(26)	53	68	(22)
CAPEX & Acquisitions	0	0	0	-	-	0	0	-
Net Debt	0	0	0	-	-	0	0	-

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

2 Comparable EBITDA = Operating Income + depreciation and amortization + impairment of assets + extraordinary items

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

4 Figure includes divestments

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

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

7 Times. LTM= Last 12 months. Interest Coverage= EBITDA/Net Financial Expenses with Discontinued Operations for all periods

8 Please refer to Axtel's 2Q23 Earnings Report for the analysis of full quarterly and accumulated operating figures. See "Appendix - 2Q23 Reports of Listed Businesses" (pg. 40)

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(BMV: ALFAA)



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## Message from ALFA's President

"We achieved another important milestone of our transformation process with the listing of Controladora Axtel on the Mexican Stock Exchange during the second quarter. Regarding our operations, ALFA's 2Q23 consolidated results benefitted from a better-than-expected performance at Sigma which partially offsets a decline in Alpek.

By completing the Axtel spin-off, ALFA has streamlined its portfolio of core businesses down to Sigma and Alpek. In addition, shareholders have gained autonomy through independent ownership positions in Nemark and Axtel.

We remain focused on moving ahead in the most efficient manner while ensuring a strong financial position for ALFA, Sigma and Alpek. Higher EBITDA generation from Sigma is key to continue building upon our orderly transformation process. In addition, ALFA's valuable assets and solid cashflow generation present various opportunities to reduce debt over time, which is also crucial.

ALFA's consolidated 2Q23 Revenue was down 10% and Comparable EBITDA decreased 20% year over year due to weak results at Alpek. Besides the anticipated normalization in ocean freight rates and decrease in global reference margins, Alpek faced a challenging feedstock price environment; marked by a significant paraxylene price disconnection (North America vs Asia) that has weighed on Polyester volume.

Sigma posted solid performance and announced important developments. 2Q23 Revenue increased 15% year over year and Comparable EBITDA was up 33%, boosted by better-than-expected results in Mexico and the United States. Our food business successfully capitalized on solid demand in the Americas, easing raw material cost pressures and a much stronger Mexican peso.

In Europe, Sigma undertook a major restructure of its administrative functions amid higher raw material cost pressures and soft volume trends. The expected benefits from this initiative include cost savings, higher accountability and greater organizational alignment to accelerate the recovery in this region.

During the second quarter, Sigma also executed its second acquisition year to date in the United States; a majority stake in Los Altos Foods ("Los Altos"). Los Altos' portfolio of authentic Hispanic cheese products and production capacity in the West Coast offer a unique opportunity to reinforce Sigma's presence in the rapidly growing multicultural U.S. consumer market.

In addition, Sigma advanced on the ESG front by obtaining approval for its near-term greenhouse gas emissions reduction targets from the Science Based Targets initiative (SBTi). ALFA now contributes towards a more sustainable future through SBTi-approved decarbonization targets at its two remaining core businesses: Alpek and Sigma.

Looking to the remainder of the year, ALFA's 2023 guidance was revised to reflect adjustments at Alpek and Sigma. Annual consolidated Revenues and EBITDA estimations were lowered to US \$16.431 billion and US \$1.530 billion, respectively.

Our petrochemical business reduced its full-year Comparable EBITDA guidance to US \$770 million amid a more challenging feedstock price environment that has weighed on volume and margins. In addition, Alpek estimates an annual impact of US \$110 million from extraordinary items.

On the upside, demand, raw material costs and the appreciation of the Mexican peso are trending more favorably for Sigma. Therefore, 2023 EBITDA guidance in our food business increased to US \$880 million.

# Earnings Report

## Second Quarter 2023 (2Q23)



Sigma and Alpek maintain solid financial positions as ALFA remains disciplined in its methodic approach to complete the final stage of the transformation process. I want to extend a special thanks to all our team members for their continued hard work throughout the quarter towards achieving our goals.”

All the best,

Álvaro Fernández





## ALFA (BMV: ALFAA) Consolidated Financial Results

### INCOME STATEMENT (US \$ MILLION)

	2Q23	1Q23	2Q22	(% ) 2Q23 vs.		2023	2022	Ch. %
				1Q23	2Q22			
Total Revenues	4,221	4,085	4,709	3	(10)	8,306	8,778	(5)
Gross Profit	808	757	1,033	7	(22)	1,565	1,984	(21)
Operating expenses and others	(562)	(548)	(473)	(2)	(19)	(1,110)	(917)	(21)
Operating income (loss)	246	208	560	18	(56)	455	1,068	(57)
Financial cost, net	(126)	(87)	(75)	(45)	(68)	(213)	(150)	(42)
Share of losses of associates	0	1	0	(127)	(130)	0	1	(71)
Income Tax	(97)	(117)	(150)	17	35	(213)	(294)	28
Profit (loss) from continuing operations	23	5	336	330	(93)	29	625	(95)
Profit (loss) from discontinued operations <sup>1</sup>	(2)	11	(9)	(118)	76	9	(5)	275
Consolidated net income (loss)	21	17	327	27	(93)	38	619	(94)
Controlling Interest	9	(14)	243	161	(96)	(6)	453	(101)
EBITDA	360	376	672	(4)	(46)	736	1,282	(43)
EBITDA/Revenues (%)	8.5	9.2	14.3			8.9	14.6	

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

**Total Revenues** in 2Q23 were US \$4.221 billion, down 10% year-on-year as growth in Sigma was offset by a decrease in Alpek. Sigma revenues increased 15% versus 2Q22 driven by growth across all its regions. In contrast, Alpek sales decreased 27% year-on-year and were 1% lower versus 1Q23 primarily due to a decline in average prices. Accumulated Revenues were US \$8.306 billion, down 5% when compared to the first half of 2022 driven by Sigma (see Table 2).

**EBITDA** in 2Q23 was US \$360 million, down 46% versus a historically high figure in 2Q22. Sigma posted a 26% increase and Alpek reported a 71% decline year-over-year. Second quarter EBITDA includes a negative impact of US \$65 million from extraordinary items. Alpek's contribution to this impact was US \$53 million from non-cash inventory adjustments, carry-forward effects and "hyperinflation" in Argentina, among others. In addition, Sigma recorded a US -\$12 million one-time expense from the restructure of its administrative functions in Europe. For reference, consolidated 2Q22 EBITDA included a net gain of US \$138 million from extraordinary items associated with rising crude oil and feedstock prices at Alpek. Accumulated EBITDA in the first half of 2023 was US \$736 million, down 43% year-on-year.

Adjusting for extraordinary items in all periods, **Comparable EBITDA** was US \$425 million, US \$396 million and US \$534 million in 2Q23, 1Q23 and 2Q22, respectively. Comparable 2Q23 EBITDA was down 20% year-on-year as a 33% increase at Sigma partially offsets a 46% decline at Alpek. Comparable EBITDA at Alpek reflects lower volume as well as the normalization of reference margins and ocean freight rates which affect import parity pricing. Accumulated Comparable EBITDA in the first half of 2023 was US \$821 million, down 20% versus the same period in 2022 (see Tables 3, 4 and 5).



**Operating Income** was US \$246 million, down 56% versus 2Q22, as a result of the decrease in EBITDA explained above. Accumulated Operating Income was US \$455 million, versus US \$1.068 billion in the first half of 2022. Accumulated Operating Income in the first half of 2023 includes an asset impairment of US \$47 million, plus US \$14 million in non-recurring expenses, both associated with Alpek's shutdown of operations at its Cooper River site (see Table 3).

**Comprehensive Financing Expense (CFE)** was US \$126 million, up from US \$75 million in 2Q22, driven by higher financial expenses amid higher interest rates as well as higher foreign exchange losses caused by a significant appreciation of the Mexican peso versus the U.S. dollar. Accumulated CFE in the first half of 2023 was US \$213 million, up 42% versus the same period last year mainly as a result of higher financial expenses at Alpek (see Table 6).

**Controlling Interest Net Income** was US \$9 million in 2Q23 compared to US \$243 million in 2Q22. The year-on-year decline in absolute terms was primarily due to the decrease in EBITDA explained above. In addition, higher financing expenses were offset by lower Income Taxes versus 2Q22. Accumulated Controlling Interest Net Loss was US \$6 million, versus a Controlling Interest Net Income of US \$453 million in the first half of 2022 due to lower Operating Income and higher CFE which were partially offset by lower Income Taxes (see Table 7).

# Earnings Report

## Second Quarter 2023 (2Q23)



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

	2Q23	1Q23	2Q22	(% ) 2Q23 vs.		2023	2022	Ch. %
				1Q23	2Q22			
EBITDA	360	376	672	(4)	(46)	736	1,282	(43)
Net Working Capital	302	(131)	(283)	331	207	171	(572)	130
Capital Expenditures & Acquisitions	(196)	(86)	(747)	(129)	74	(282)	(823)	66
Net Financial Expenses	(100)	(94)	(77)	(7)	(30)	(194)	(152)	(28)
Taxes	(188)	(156)	(120)	(21)	(57)	(344)	(247)	(39)
Dividends	0	(152)	(1)	100	93	(151)	(267)	43
Other Sources (Uses)	(122)	(55)	42	(117)	(390)	(179)	48	(473)
Decrease (increase) in Net Debt from discontinued operations <sup>1</sup>	0	0	14	-	(100)	0	1	(100)
Net Debt from discontinued operations - Axtel	0	0	0	-	-	0	0	-
<b>Decrease (Increase) in Net Debt</b>	<b>56</b>	<b>(298)</b>	<b>(500)</b>	<b>119</b>	<b>111</b>	<b>(242)</b>	<b>(730)</b>	<b>67</b>
Net Debt	4,994	5,049	5,406	(1)	(8)	4,944	5,406	(8)
Proforma Net Debt with Axtel as discontinued operations in all periods	4,994	5,049	4,836	(1)	3	4,994	4,836	3

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

**Net Debt** was US \$4.994 billion at the close of 2Q23, with Axtel as discontinued operations. Adjusting for discontinued operations in previous periods, 2Q23 Net Debt was up 3% year-on-year and down 1% versus 1Q23. On an absolute basis, consolidated ALFA Net Debt increased US \$242 million from US \$4.751 billion at year-end 2022. The increase in Net Debt includes US \$282 million in Capital Expenditures and Acquisitions for the first half of 2023, including acquisitions by Sigma in Los Altos Foods and a packaged meats production facility in Iowa, plus Alpek's investment in the Corpus Christi joint venture, among others.

As of June 30, 2023, Cash totaled US \$1.163 billion and ALFA and its Subsidiaries had US \$2.231 billion in available Committed Credit Lines. Financial ratios at the close of 2Q23 were: Net Debt to EBITDA of 3.3 times and Interest Coverage of 4.1 times, compared with 2.2 and 7.6 times in 2Q22, respectively (see Table 8). Net Debt to EBITDA ratios at Sigma and Alpek were 2.8 and 2.3 times, respectively, at the end of June 2023.

**Net Working Capital** had a recovery of US \$302 million during 2Q23 boosted by a US \$284 million benefit in Alpek. Lower feedstock prices, improvements in inventory management and other optimizations contributed to the Net Working Capital reduction in the petrochemical business. Sigma also posted a recovery in 2Q23 resulting from its operations in Mexico and the U.S. During the first half of 2023, Net Working Capital had a recovery of US \$171 million driven by Alpek.

**Capital Expenditures & Acquisitions (Capex)** totaled US \$196 million in 2Q23 mainly driven by Sigma's acquisition of Los Altos Foods and a packaged meats production facility in Iowa. Additionally, Alpek continued its investment in the construction of the integrated PTA-PET site in Corpus Christi, Texas together with two JV partners. Accumulated Capex was US \$282 million versus US \$823 million in the first half of 2022, which included the acquisition of PET sheet and resin business in 2Q22.

No **Dividends** were paid during 2Q23. Accumulated Dividends were US \$151 million versus US \$315 million in the first half of 2022. Accumulated Dividends to ALFA shareholders in the first half of 2023 were US \$96 million.

### RECENT DEVELOPMENTS – ALFA

<b>Axtel spin-off</b>	<ul style="list-style-type: none"> <li>▶ Successfully concluded the listing and distribution of Controladora Axtel’s shares on May 29, 2023</li> <li>▶ Second ALFA subsidiary to become independent</li> <li>▶ ALFA Shareholders received one share of “Controladora Axtel” for each of their ALFA shares; gained autonomy through separate ownership positions in Nemark and Axtel</li> </ul>
<b>Unlocking Value – Corporate Simplification</b>	<ul style="list-style-type: none"> <li>▶ Transformation to unlock ALFA’s fair value potential by efficiently simplifying its corporate structure</li> <li>▶ 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>▶ Streamlined portfolio of core businesses down to Sigma and Alpek</li> <li>▶ Corporate structure simplification; expenses down 75% since 2019</li> <li>▶ Commitment to maintain strong financial position at ALFA and Subsidiaries throughout transformation</li> <li>▶ Process requires reducing Corporate-level debt over time and further improvement in Sigma’s standalone leverage ratio</li> <li>▶ Focus on finding most efficient path forward</li> <li>▶ ALFA’s valuable assets and strong cashflow generation present opportunities to reach deleverage goal through organic and inorganic means, over time</li> </ul>
<b>NAFINSA Trust (“NT”)</b>	<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 June 30, 2023 were 2,472,268,639</li> <li>▶ Equivalent to 51.30% of ALFA shares outstanding</li> <li>▶ The maximum authorized NT threshold is 75% of the representative shares of ALFA’s capital stock</li> </ul>
<b>Share Repurchase Program</b>	<ul style="list-style-type: none"> <li>▶ No shares were repurchased during 2Q23</li> <li>▶ No shares were repurchased and held in Treasury after share cancellation approved in March 2023</li> </ul>
<b>Quiet Period</b>	<ul style="list-style-type: none"> <li>▶ ALFA enters into a Quiet Period seven days prior to the close of each quarter</li> <li>▶ 3Q23 Quiet Period will begin on September 22, 2023</li> </ul>

### 2023 Guidance revision

- 2023 Consolidated Guidance revised to reflect adjustments at Alpek and Sigma

(US \$ Millions)		New	Previous	Ch. %
Revenues	<b>ALFA</b>	<b>16,431</b>	<b>17,401</b>	<b>(6)</b>
	Alpek	7,700	9,170	(16)
	Sigma	8,600	8,100	6

(US \$ Millions)		New	Previous	Ch. %
EBITDA	<b>ALFA<sup>1</sup></b>	<b>1,530</b>	<b>1,615</b>	<b>(5)</b>
	Alpek	660	920	(28)
	Sigma	880	705	25

(US \$ Millions)		New	Previous	Ch. %
Comparable EBITDA	<b>ALFA</b>	<b>1,652</b>	<b>1,615</b>	<b>2</b>
	Alpek	770	920	(16)
	Sigma	892	705	27

(US \$ Millions)		New	Previous	Ch. %
Capex	<b>ALFA</b>	<b>547</b>	<b>622</b>	<b>(12)</b>
	Alpek	300	335	(10)
	Sigma <sup>2</sup>	240	280	(14)

1 - Includes impact of US \$122 million from extraordinary items at Alpek and Sigma

2 - Does not include acquisitions

## Results by Business

### Sigma – FOOD PRODUCTS

51% of ALFA's Revenues in 2Q23



#### 2Q23 HIGHLIGHTS

<b>Sigma Consolidated</b>	<ul style="list-style-type: none"> <li>Record quarterly Revenue of US \$2,143 million driven by growth in all regions. Ninth consecutive quarter of year-on-year growth</li> <li>Record quarterly EBITDA, up 26% year-on-year, boosted by solid results in Mexico and the U.S.</li> <li>2023 EBITDA guidance revised up 25% to US \$880 million driven by a strong performance in the Americas</li> </ul>
<b>Mexico</b>	<ul style="list-style-type: none"> <li>Record quarterly EBITDA of US \$163 million driven by volume growth, strong Foodservice Channel results, and the appreciation of the Mexican Peso vs the US Dollar</li> <li>2Q23 Foodservice Channel Revenue and EBITDA up 28% and 54% year-over-year, respectively</li> </ul>
<b>Europe</b>	<ul style="list-style-type: none"> <li>Quarterly Revenue up 11% year-over-year driven by pricing actions to mitigate sustained inflationary pressures</li> <li>Undertook major restructure of administrative functions to reduce costs while enhancing accountability and organizational alignment. 2Q23 EBITDA includes a one-time charge of US \$12 million related to this initiative</li> </ul>
<b>U.S.</b>	<ul style="list-style-type: none"> <li>2Q23 EBITDA increased 38% year-on-year, driven by resilient volume and margin recovery amid raw material cost improvement in the region</li> <li>Completed 2 acquisitions: i) a majority stake of Los Altos Foods, a Hispanic cheese producer located in California, and ii) a packaged meats production facility in Iowa, as announced in 1Q23</li> </ul>
<b>Latam</b>	<ul style="list-style-type: none"> <li>Record quarterly Revenue of US \$146 million, up 10% versus 2Q22</li> <li>All-time high second quarter EBITDA, mainly driven by improvements in Costa Rica and Ecuador</li> </ul>

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## Second Quarter 2023 (2Q23)



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

	2Q23	1Q23	2Q22	(% ) 2Q23 vs.		2023	2022	Ch. %
				1Q23	2Q22			
<b>Volume (ktons)</b>	<b>448</b>	<b>427</b>	<b>445</b>	<b>5</b>	<b>1</b>	<b>875</b>	<b>869</b>	<b>1</b>
Mexico	235	225	224	4	5	460	436	6
Europe	97	95	107	2	(9)	193	213	(9)
United States	90	81	89	11	1	171	170	1
Latam	25	25	26	-	(2)	51	51	(1)
<b>Revenues</b>	<b>2,143</b>	<b>1,991</b>	<b>1,870</b>	<b>8</b>	<b>15</b>	<b>4,134</b>	<b>3,582</b>	<b>15</b>
Mexico	1,005	943	832	7	21	1,948	1,579	23
Europe	604	559	544	8	11	1,163	1,054	10
United States	389	347	363	12	7	735	691	6
Latam	146	143	132	2	10	288	257	12
<b>EBITDA</b>	<b>217</b>	<b>192</b>	<b>172</b>	<b>13</b>	<b>26</b>	<b>409</b>	<b>333</b>	<b>23</b>
Mexico	163	129	110	27	48	292	207	41
Europe	(11)	9	13	(218)	(186)	(2)	23	(107)
United States	53	41	38	27	38	94	80	18
Latam	12	13	12	(6)	3	24	23	5
<b>Capex &amp; Acquisitions<sup>1</sup></b>	<b>128</b>	<b>34</b>	<b>69</b>	<b>279</b>	<b>86</b>	<b>162</b>	<b>104</b>	<b>56</b>
<b>Net Debt</b>	<b>2,012</b>	<b>1,840</b>	<b>1,772</b>	<b>9</b>	<b>14</b>	<b>2,012</b>	<b>1,772</b>	<b>14</b>
Net Debt / LTM* EBITDA	2.8	2.7	2.5					
LTM* Interest Coverage <sup>2</sup>	5.6	5.8	6.1					

\* Times. LTM = Last 12 months

1 Figure includes divestments

2 Interest Coverage = EBITDA/Net Financial Expenses

## Message from Sigma's President

"Sigma has once again delivered strong quarterly results, marked by all-time high Revenues and EBITDA. Better-than-expected performance was driven by resilient demand as well as margin recovery amid raw material cost improvement outside of Europe and a strong Mexican peso.

Our European operations continue facing inflationary pressures. Thus, in addition to pricing actions, we have undertaken a major restructure of administrative functions to reduce costs while enhancing accountability and organizational alignment. Savings from this initiative are expected to offset restructuring expenses of US \$12 million as soon as next year.

Based on year-to-date results and a favorable outlook, we are pleased to raise our 2023 Guidance. Sigma's revenues estimate was revised up to US \$8,600 million from US \$8,100 million. In addition, full-year EBITDA guidance was increased to US \$880 million, from US \$705 million. These new estimations reflect solid results in the Americas and better results in the second half of the year from our European operations.

During the quarter, we welcomed the Los Altos Foods' ("Los Altos") team to Sigma. Based in California, Los Altos has been a highly recognized regional dairy brand since its founding in 1988. This transaction reinforces our presence in the US \$2.0 billion U.S. Hispanic cheese category. We are also confident that the strategic West Coast location of Los Altos, together with our recent Iowa packaged meats plant acquisition, enhances our capabilities to better serve the U.S. market.

The Growth Business Unit continues moving forward on various fronts. Snack'In For You®, our new global brand of healthy, high protein savory snacks, was officially launched in Mexico, the U.S., Spain, and France. We are excited by the prospects of the rapidly-growing, US \$500+ billion global snacking market.

On the sustainability front, in June we proudly announced the approval of Sigma's near-term company-wide greenhouse gas emissions reduction goals by the Science Based Targets initiative (SBTi), which ensures the alignment of our actions with the Paris Agreement to combat climate change. We invite you to learn more on our ESG achievements in Sigma's 2022 Sustainability Report ([link](#)), including other efforts towards decarbonization and engagement with the value chain.

It is encouraging to see significant progress on various strategic fronts as well as record results during the first half of the year. We are heading into the second half of the year with positive anticipation, confident in our preparedness to capitalize on attractive opportunities.

Thank you for your continued interest in Sigma."

Rodrigo Fernández



# Earnings Report

## Second Quarter 2023 (2Q23)

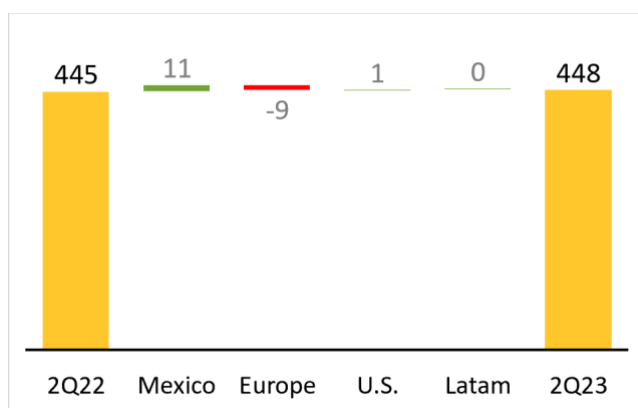


### INCOME STATEMENT (US \$ MILLION)

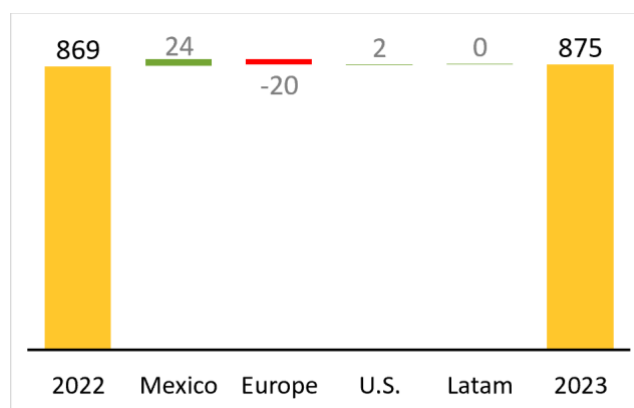
	2Q23	1Q23	2Q22	(% ) 2Q23 vs		2023	2022	Ch. %
				1Q23	2Q22			
Total Revenues	2,143	1,991	1,870	8	15	4,134	3,582	15
Gross Profit	643	555	486	16	32	1,198	947	26
Operating expenses and others	(480)	(417)	(370)	15	30	(897)	(719)	25
Operating income (loss)	163	138	116	18	40	301	228	32
Financial cost, net	(103)	(70)	(33)	46	208	(173)	(64)	169
Share of losses of associates	0	0	0	-	-	0	0	-
Income Tax	(64)	(73)	(66)	(12)	(2)	(137)	(101)	36
Consolidated net income (loss)	(4)	(6)	17	(33)	(122)	(9)	63	(115)
EBITDA	217	192	172	13	26	409	333	23
EBITDA/Revenues (%)	10.1	9.6	9.2			9.9	9.3	

**Volume** was 448 ktons in 2Q23, up 1% year-on-year, as growth of 5% in Mexico and 1% in the U.S. more than offset a 9% decrease in Europe. Foodservice channel volume increased by 12% year-on-year. Adjusting for Foodservice results, quarterly volume was flat, year-on-year.

#### 2Q23 Volume (k Tons)



#### YTD Volume (k Tons)

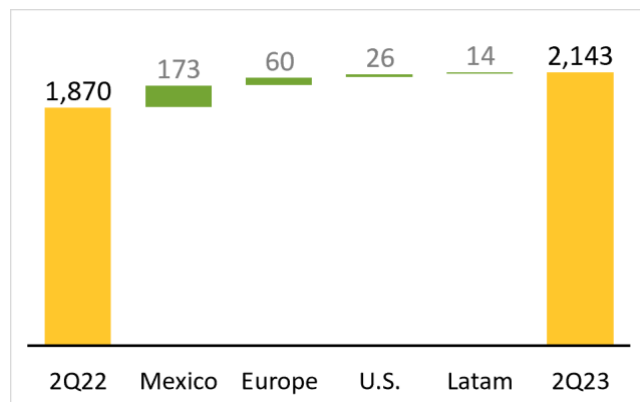


**Average prices** increased 14% versus 2Q22. In local currencies, prices increased 7% year-on-year, mainly driven by a 19% price increase in Europe to mitigate higher costs of raw materials and other inputs. Consolidated average prices remained flat in local currencies when compared to 1Q23.

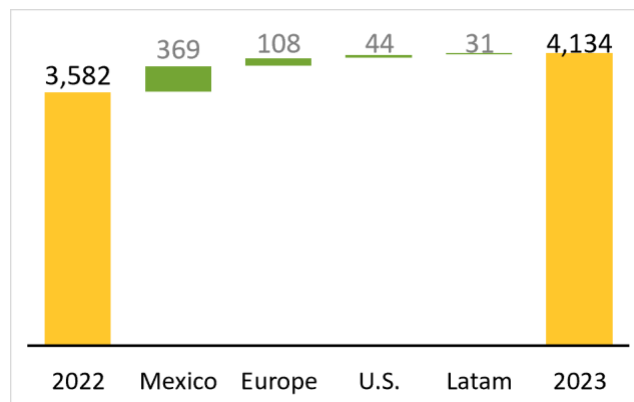
**Revenues** were US \$2.143 billion in 2Q23, up 15% year-over-year, driven by an increase in volume, higher average prices, and the appreciation of the Mexican Peso vs the US Dollar. In local currency, 2Q23 Revenues were up 7% reflecting growth across all regions (Mexico +7%, Europe +9%, the U.S. +7%, and Latam +4%) (see Table 12). As a reference, Foodservice channel Revenues increased 19% year-on-year.

Revenues during the first six months of 2023 were US \$4.134 billion, 15% higher year-on-year. In local currency, accumulated Revenues rose by 10% versus 1H22.

### 2Q23 Revenue (US \$ MILLION)



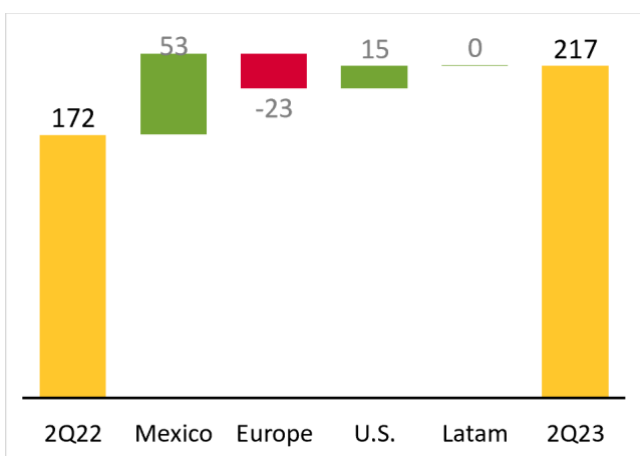
### YTD Revenue (US \$ MILLION)



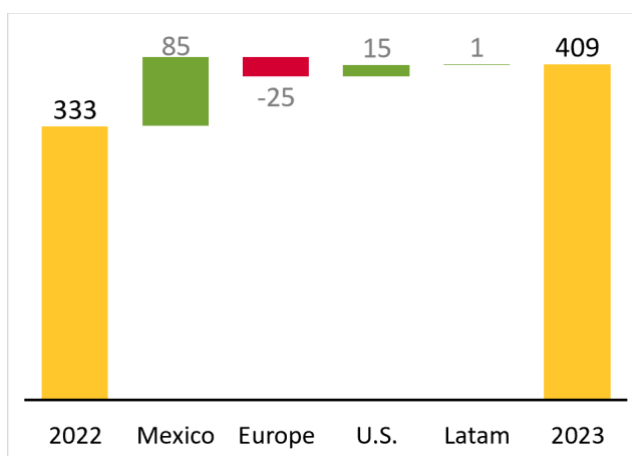
**EBITDA** was US \$217 million in the second quarter of 2023, up 26% year-on-year, boosted by strong results in the Americas. 2Q23 EBITDA includes a one-time charge of US \$12 million related to restructuring expenses in Europe. Adjusting for this extraordinary item, 2Q23 comparable EBITDA was US \$229 million, 33% higher than 2Q22. Quarterly EBITDA benefited from strong Foodservice Channel results and favorable foreign exchange rates, among other drivers. Adjusting for the Foodservice channel, 2Q23 EBITDA increased by 24% year-over-year. In local currency, quarterly EBITDA was up 14% versus the same period last year.

Similarly, accumulated EBITDA was US \$409 million, up 23% versus 1H22. EBITDA margin during 1H23 was 9.9% versus 9.3% during the same period last year, as favorable raw material cost trends in the Americas more than offset sustained inflationary pressures in Europe. In local currency, accumulated EBITDA was up 13% year-on-year.

### 2Q23 EBITDA (US \$ MILLION)



### YTD EBITDA (US \$ MILLION)



**Operating Income** was US \$163 million in 2Q23, up 40% when compared to US \$116 million in 2Q22, mainly due to the increase in EBITDA explained above. Accumulated Operating Income was US \$301 million, 32% higher year-on-year.

**Comprehensive Financing Expense (CFE)** was US \$103 million, up from US \$33 million in 2Q22, primarily as a result of higher foreign exchange losses related to the appreciation of the Mexican peso vs the U.S. Dollar. Higher Net Debt and interest rates also contributed to the increase in CFE. Accumulated CFE was US \$173 million, up from US \$64 million in 1H22, mainly due to higher foreign exchange losses.

**Net Loss** was US \$4 million in 2Q23, down from a net profit of US \$17 million in 2Q22 as higher operating income was offset by the increase in CFE. Net loss for the first half of 2023 was US \$9 million, compared to a net profit of US \$63 million during the same period in 2022, mainly due to higher CFE and taxes.

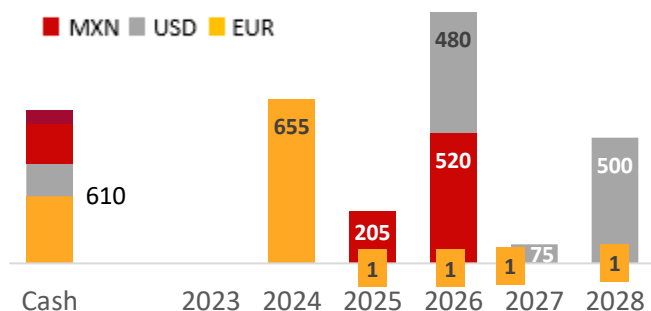
### CHANGE IN NET DEBT (US \$ MILLION)

	2Q23	1Q23	2Q22	(% ) 2Q23 vs		2023	2022	Ch. %
				1Q23	2Q22			
EBITDA	217	192	172	13	26	409	333	23
Net Working Capital	31	(57)	(35)	(154)	(188)	(26)	(117)	(78)
Capital Expenditures & Acquisitions	(128)	(34)	(69)	279	86	(162)	(104)	56
Net Financial Expenses	(35)	(28)	(28)	23	26	(64)	(55)	15
Taxes	(81)	(86)	(25)	(6)	228	(167)	(70)	138
Dividends	(75)	0	0	100	100	(75)	(76)	(1)
Other Sources (Uses)	(100)	(44)	7	126	-	(145)	9	-
<b>Decrease (Increase) in Net Debt</b>	<b>(172)</b>	<b>(58)</b>	<b>23</b>	<b>198</b>	<b>(845)</b>	<b>(229)</b>	<b>(80)</b>	<b>186</b>

**Net Debt** was US \$2.012 billion, up US \$172 million versus 1Q23. The sequential increase was mainly driven by capital expenditures and acquisitions, totaling US \$128 million, which included a majority stake in Los Altos Foods and a packaged meats production facility in Iowa. Net Debt increased US \$230 million during the first half of 2023 as higher EBITDA has been more than offset by Capex, taxes and others such as IFRS-16 leases from the Los Altos acquisition and the impact related to the appreciation of the Mexican peso vs the U.S. dollar.

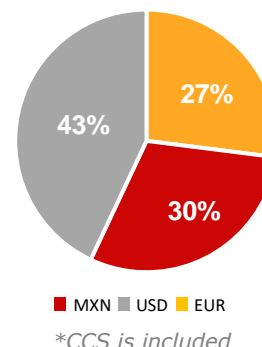
Cash totaled US \$610 million in 2Q23, US \$66 million lower year-on-year, and US \$18 million lower compared to 1Q23. Approximately 65% of cash was held in dollars and euros. Financial ratios at the end of the quarter were: Net Debt to EBITDA of 2.8 times and Interest Coverage of 5.6 times (see Table 16).

### Debt Maturity (US \$ MILLION)



\*US \$520 million MXN-USD Cross Currency Swap (CCS) agreements for 2026. Does not include US \$183 million mainly from financial leases, notes payables, and accrued interest.

### Debt Currency Mix\*



**Net Working Capital (NWC)** posted a recovery of US \$31 million during 2Q23 driven by Mexico and the U.S. Accumulated Net Working Capital investment was US \$26 million as the recovery in Mexico was offset by the investments in other regions.

**Capital Expenditures & Acquisitions (Capex)** totaled US \$128 million during the quarter, 86% higher than in 2Q22. Approximately 15% of Capex was maintenance-related, while the remainder was invested in the Los Altos and Iowa acquisitions as well as other expansion and optimization projects. Accumulated Capex was US \$162 million, up 56% year-on-year.

**Dividends** paid during the second quarter were US \$75 million.

## INDUSTRY COMMENTS - SIGMA

### Consumer confidence and retail sales

In Mexico, during 2Q23, the average consumer confidence (per INEGI<sup>1</sup>) was 44.2 points, up one point year-on-year and flat versus 1Q23. Meanwhile, the inflation rate decreased to 5.0% at the close of the quarter. Same-store-sales (per ANTAD<sup>2</sup>) during June 2023 increased 9.3% year-on-year.

The Foodservice and Convenience channels in Mexico benefited from higher out of home consumption. Additionally, May 2023 data released by the Mexican tourism authorities (DATATUR<sup>3</sup>) reflected a year-over-year increase of 1% in the average hotel occupancy rate, as well as 3.5% and 2.0% increases in foreign and domestic tourist arrivals, respectively.

In the United States, the average consumer confidence level reported by The Conference Board was 105.3, up 2 points year-on-year and one point higher versus 1Q23. The inflation rate decreased to 3.0% at the close of the quarter. Adjusted Food & Beverage Retail Sales reported by the U.S. Census Bureau during the quarter, rose 4% on average year-on-year.

<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

The European Commission reported that the average consumer confidence level was negative 16.1 points in June 2023, an improvement from negative 24 points when compared year-on-year. According to Eurostat, Food Retail Sales fell 4% on average year-on-year and 1% sequentially. The average inflation rate in Europe was 5% in June.

### Exchange Rate

When compared against the US dollar, the average 2Q23 exchange rate for the Mexican peso appreciated 5%, and the euro appreciated 2% year-on-year. Furthermore, the main Latin American currencies where Sigma operates appreciated on average between 3% and 4% year-on-year.

	2Q23	1Q23	2Q22	(% ) 2Q23 vs		2023	2022	Ch. %
				1Q23	2Q22			
Mexico - MXN/USD Avg	17.72	20.04	18.70	(12)	(5)	18.21	20.28	(10)
Mexico - MXN/USD EOP	17.07	19.98	18.11	(15)	(6)	17.07	19.98	(15)
EU - USD/EUR Avg	1.09	1.07	1.07	2	2	1.08	1.09	(1)
EU - USD/EUR EOP	1.09	1.05	1.09	4	-	1.09	1.05	4
Dominican Rep. - DOP/USD Avg	54.69	55.12	56.16	(1)	(3)	55.43	55.58	-
Dominican Rep. - DOP/USD EOP	54.95	54.95	54.95	-	-	54.95	54.95	-
Peru - PEN/USD Avg	3.69	3.77	3.83	(2)	(4)	3.76	3.78	(1)
Peru - PEN/USD EOP	3.63	3.83	3.76	(5)	(4)	3.63	3.83	(5)
Costa Rica - CRC/USD Avg	541.15	677.10	560.96	(20)	(4)	551.10	662.36	(17)
Costa Rica - CRC/USD EOP	543.69	689.13	540.45	(21)	1	543.69	689.13	(21)

Revenues from the Dominican Republic, Peru, Costa Rica and Ecuador represented more than 83% of Latam Revenues. Ecuador is a dollarized economy; therefore, no exchange rate is included above.

### Raw Materials

U.S. pork ham prices decreased 6% year-on-year due to higher-than-expected pork production. However, prices increased 4%, sequentially, driven by higher export demand from Mexico. Meanwhile, trimming prices when compared to 2Q22 and sequentially decreased 28% and 13%, respectively, due in part to soft demand.

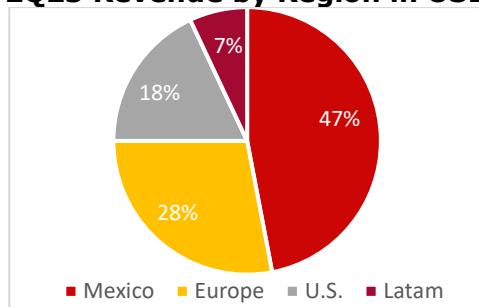
In Europe, average quarterly pork ham, shoulder, and lean hog prices increased 22%, 25%, and 30%, respectively, versus 2Q22. On a sequential basis, prices increased by 10% for pork ham, 13% for shoulder, and 11% for lean hog. Pork price increases were mainly due to lower production, as producers cut back on supply as a result of reduced profitability during 2022. This effect added pressure on an already impacted industry from higher animal feed costs amid the effects of the Russia-Ukraine conflict and lower domestic feed production throughout key regions.

Regarding U.S. poultry prices, on average, turkey breast prices were down 49% when compared to 2Q22 and 40% lower on a sequential basis due to higher production and soft demand that resulted from exceptionally high prices throughout 2022. Turkey thigh prices decreased 28% both year-on-year and sequentially. Meanwhile, chicken prices were down 26% year-on-year, as production increased and cold storage inventories improved amid slower demand. However, chicken prices increased 9% versus 1Q23.

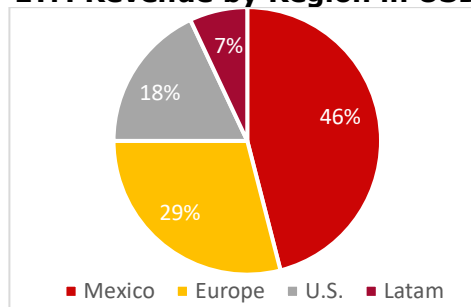
### RESULTS BY REGION - SIGMA

During 2Q23, Mexico accounted for 47% of total revenues; while Europe represented 28%; the U.S. 18%; and Latam 7%. As a percentage of last twelve-month (LTM) Revenues, these figures were 46%, 29%, 18%, and 7%, respectively.

**2Q23 Revenue by Region in USD**



**LTM Revenue by Region in USD**



#### **Mexico:**

In local currency, 2Q23 Revenues increased 7% year-on-year, driven by a solid demand, particularly in dairy products, strong Foodservice Channel results, and revenue management initiatives implemented over previous quarters. 2Q23 Foodservice Channel Revenues rose by 13% year-over-year, driven by solid volume growth from new and existing customers. Excluding Foodservice results, peso-denominated 2Q23 Revenues increased by 6% versus 2Q22.

In pesos, Mexico posted a 31% year-on-year EBITDA increase. Incremental volume coupled with cost and expense reductions also contributed to EBITDA margin recovery. Foodservice channel EBITDA increased 36% year-on-year. Excluding Foodservice results, quarterly EBITDA improved 30% year-on-year.

Accumulated Revenues and EBITDA in local currency were 11% and 26% higher than 1H22, respectively. Results were driven by solid demand, and a positive Foodservice Channel performance.

#### **Europe:**

2Q23 Revenues in euros were up 9% year-on-year, driven by a 19% increase in average prices. Volume was 9% lower versus 2Q22 mainly due to operational adjustments which resulted in a 14% decline in the Fresh Meats business. It is important to note that live hog costs remained high vis-à-vis relatively lower market prices for cuts and trims, diminishing the incentive to maximize volume. As a reference, Fresh Meats account for approximately 15% of European Revenues and Packaged Meats the remainder.

In local currency, EBITDA was a loss of EUR \$10 million in 2Q23 and includes a one-time charge of EUR \$11 million related to restructuring expenses. Adjusting for this extraordinary item, Comparable EBITDA was EUR \$1 million. It is also important to note that reported EBITDA includes approximately EUR \$8 million in costs associated with a warehouse relocation that was carried out during 2Q23 in Spain.

Accumulated Revenues in euros during 1H23 were 12% higher year-on-year, while EBITDA was a loss of EUR \$1 million. Year-to-date results reflect the non-recurring restructure expense as well as sustained inflationary pressures in meat raw materials, and a lower contribution from Fresh Meats.

### **United States:**

Quarterly Revenues were 7% higher versus 2Q22 driven by incremental volume in Hispanic Brands and the contribution from the Los Altos acquisition, as well as revenue management initiatives implemented over previous quarters. Adjusting for Los Altos, Comparable 2Q23 Revenues grew 2% year-on-year.

2Q23 EBITDA was up 38% versus 2Q22, driven by Hispanic and Mainstream Brands, as well as Los Altos. EBITDA also benefited from favorable raw material cost trends that offset a lower contribution from European Brands plus initial ramp-up costs from the recently acquired packaged meats plant in Iowa. Adjusting for Los Altos, Comparable 2Q23 EBITDA grew 33% year-on-year.

Accumulated Revenue and EBITDA were up 6% and 18% year-over-year, respectively. 1H23 results were mainly driven by the Hispanic and Mainstream Brands.

### **Latam:**

In local currencies, quarterly Revenues were up 4% year-on-year, as a 6% average price increase was partially offset by a 2% volume decrease. Adjusting for the Foodservice channel, Revenue increased 6% versus 2Q22.


Quarterly EBITDA in local currency decreased 4% versus 2Q22, as favorable results in Ecuador and Costa Rica were more than offset by subpar performance in Dominican Republic. Adjusting for Foodservice Results, EBITDA declined 9% versus 2Q22.

Currency-neutral accumulated Revenues and EBITDA were up 7% and flat year-over-year, respectively. 1H23 results were driven by higher prices, which more than offset a 1% decrease in volume when compared to 1H22.



### RECENT DEVELOPMENTS – SIGMA

<h4>Credit Ratings</h4>	<p><b>S&amp;P Ratings</b></p> <ul style="list-style-type: none"> <li>Jun-23: Affirmed Sigma’s long-term international BBB- with Positive outlook and long term national mxAA+ scale issuer credit rating</li> </ul> <p><b>Moody’s Ratings</b></p> <ul style="list-style-type: none"> <li>Jun-23: Updated credit analysis on Sigma ('Baa3'; Stable Outlook); no rating action was taken</li> </ul> <p><b>Fitch Ratings</b></p> <ul style="list-style-type: none"> <li>Apr-23: Affirmed Sigma’s 'BBB' and 'AAA(mex)' credit ratings, and maintained stable Outlooks</li> </ul>												
<h4>Europe Restructure</h4>	<ul style="list-style-type: none"> <li>Major restructure of administrative functions during 2Q23, including an administrative payroll reduction of 4.5%</li> <li>Benefits include costs savings, enhanced accountability, and greater organizational alignment</li> <li>Savings from this initiative are expected to offset restructuring expenses of US \$12 million during 2024</li> </ul>												
<h4>2023 Guidance Update</h4>	<p><b>Adjusting Revenue, EBITDA and CAPEX guidance</b></p> <table border="1" data-bbox="500 1066 967 1255"> <thead> <tr> <th>(US \$ Millions)</th> <th>Revised 2Q23</th> <th>Original 2023</th> </tr> </thead> <tbody> <tr> <td>Revenues</td> <td>8,600</td> <td>8,100</td> </tr> <tr> <td>EBITDA</td> <td>880</td> <td>705</td> </tr> <tr> <td>CAPEX</td> <td>240</td> <td>280</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>Estimates consider solid results in the Americas more than offset current inflationary pressures in Europe</li> <li>Capex guidance adjusted down to reflect essential investments; this figure does not include recent acquisitions</li> </ul>	(US \$ Millions)	Revised 2Q23	Original 2023	Revenues	8,600	8,100	EBITDA	880	705	CAPEX	240	280
(US \$ Millions)	Revised 2Q23	Original 2023											
Revenues	8,600	8,100											
EBITDA	880	705											
CAPEX	240	280											
<h4>CAPEX and acquisitions in the U.S.</h4>	<p><b>Los Altos Foods</b></p> <ul style="list-style-type: none"> <li>Acquisition of majority stake in Los Altos Foods, a renowned producer of Hispanic cheese products, strategically located on the West Coast</li> </ul> <p><b>Iowa production facility</b></p> <ul style="list-style-type: none"> <li>In June, completed the purchase of the production plant in Mt. Pleasant, Iowa, that will produce sliced lunchmeats from the Bar-S® and FUD® brands</li> </ul> <p><b>Financing</b></p> <ul style="list-style-type: none"> <li>Funded a majority portion of the investment required for these transactions through a disbursement of US \$75 million from a committed credit line due in 2027</li> </ul>												

<p><b>Sustainability</b></p>	<p><b>Emissions targets approved by Science Based Targets initiative (SBTi)</b></p> <ul style="list-style-type: none"> <li>▶ Scope 1 and 2: absolute GHG emissions reduction of 20% by 2027</li> <li>▶ Scope 3: absolute GHG emissions by 9.8% by 2027</li> <li>▶ Both targets consider baseline year 2019</li> </ul> <p><b>Published 2022 Sustainability Report</b></p> <ul style="list-style-type: none"> <li>▶ Presents progress on our 2025 Sustainability Goals, among other achievements (<a href="#">link</a>)</li> </ul>
<p><b>Growth Business Unit</b></p>	<p> <b>Snacking Global Brand</b></p> <ul style="list-style-type: none"> <li>▶ Global brand officially launched in Spain, Mexico, the U.S. and France</li> <li>▶ Snack'In For You® offers healthy, high-protein savory snacks options</li> </ul>
<p><b>Financial Hedging</b></p>	<ul style="list-style-type: none"> <li>▶ As of June 2023, currency forward contracts totaled US \$836 million with an average exchange rate of \$19.72 MXN/USD, sufficient to cover Sigma's U.S. dollar needs for the next 10 to 12 months</li> <li>▶ Expanded CCS program by US \$300 million, to total US \$520 million, linked to the 2026 US \$1 billion bond. This increment reinforces the commitment to mitigate foreign exchange exposure</li> </ul>

(See "Financial Statements" for Sigma's 2Q23 Balance Sheet and Income Statement)

# Earnings Report

## Second Quarter 2023 (2Q23)



### Alpek (BMV: ALPEKA) – PETROCHEMICALS



49% of ALFA's revenues in 2Q23

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

	2Q23	1Q23	2Q22	(% ) 2Q23 vs		2023	2022	Ch. %
				1Q23	2Q22			
<b>Volume (ktons)</b>	<b>1,197</b>	<b>1,161</b>	<b>1,260</b>	<b>3</b>	<b>(5)</b>	<b>2,358</b>	<b>2,476</b>	<b>(5)</b>
Polyester	984	939	1,011	5	(3)	1,923	1,973	(3)
Plastics & Chemicals	213	222	250	(4)	(15)	435	503	(14)
<b>Revenues</b>	<b>2,050</b>	<b>2,062</b>	<b>2,815</b>	<b>(1)</b>	<b>(27)</b>	<b>4,112</b>	<b>5,147</b>	<b>(20)</b>
Polyester	1,532	1,490	1,818	3	(16)	3,022	3,339	(10)
Plastics & Chemicals	409	433	659	(5)	(38)	842	1,273	(34)
Others	109	140	338	(22)	(68)	248	535	(54)
<b>EBITDA</b>	<b>148</b>	<b>187</b>	<b>507</b>	<b>(21)</b>	<b>(71)</b>	<b>335</b>	<b>964</b>	<b>(65)</b>
Polyester	90	91	347	-	(74)	181	634	(71)
Plastics & Chemicals	55	99	156	(45)	(65)	154	326	(53)
Others	3	(3)	5	209	(35)	0	3	(92)
<b>Comparable EBITDA<sup>1</sup></b>	<b>201</b>	<b>207</b>	<b>369</b>	<b>(3)</b>	<b>(46)</b>	<b>408</b>	<b>702</b>	<b>(42)</b>
Polyester	127	133	218	(4)	(42)	260	411	(37)
Plastics & Chemicals	70	77	147	(9)	(52)	147	288	(49)
Others	3	(3)	5	209	(35)	0	3	(92)
<b>Capex &amp; Acquisitions<sup>2</sup></b>	<b>75</b>	<b>52</b>	<b>678</b>	<b>44</b>	<b>(89)</b>	<b>127</b>	<b>718</b>	<b>(82)</b>
<b>Net Debt</b>	<b>1,879</b>	<b>2,082</b>	<b>1,776</b>	<b>(10)</b>	<b>6</b>	<b>1,879</b>	<b>1,776</b>	<b>6</b>
Net Debt / LTM EBITDA <sup>*</sup>	2.3	1.8	1.2					
LTM Interest Coverage <sup>3*</sup>	5.3	8.2	14.9					

\* Times. LTM= Last 12 months

1 Excludes extraordinary items

2 Figure includes divestments

3 Interest Coverage= EBITDA/Net Financial Expenses

**Volume** was 1,197 ktons, down 5% versus 2Q22 and 3% higher quarter-on-quarter. Polyester volume was 3% lower year-on-year amid the recent rise of paraxylene prices in North America versus Asia and the normalization of ocean freight rates. Moreover, the Plastics & Chemicals (P&C) segment was down 15% when compared to 2Q22, reflecting new Polypropylene (PP) capacity operating in the Americas and soft Expandable Polystyrene (EPS) demand across packaged goods, appliances, and construction. Accumulated Volume was 2,358 ktons, down 5% versus the first half of 2022 as a result of reductions in the Polyester and P&C segments.

**Revenues** totaled US \$2.050 billion in 2Q23, down 27% versus 2Q22 and 1% lower quarter-on-quarter mainly due to lower average prices. Accumulated Revenues were US \$4.112 billion, down 20% versus the first half of 2022, resulting from a 16% reduction in average prices and 5% lower volume.

**EBITDA** was US \$148 million in 2Q23, down 71% versus a historically high figure in 2Q22. EBITDA includes the following negative impacts from extraordinary items: a US -\$32 million non-cash inventory adjustment, an US -\$8 million carry-forward effect and US -\$13 million from other line items, which include hyperinflation in Argentina. For reference, 2Q22 EBITDA included a net gain of US \$138 million from extraordinary items associated with rising crude oil and feedstock prices. Accumulated EBITDA for the first half of 2023 was US \$335 million, down 65% versus the same period of 2022 amid a significant decrease in relevant industry references such as feedstock prices and margins.

**Comparable EBITDA** was US \$201 million, down 46% versus 2Q22 as a result of reductions in the Polyester and P&C segments. Results reflect lower volume and reference margins, as well as the normalization of ocean freight rates which affect import parity pricing. Accumulated Comparable EBITDA in the first half of 2023 was US \$408 million, down 42% versus a historically high figure for the same period in 2022.

**Capital Expenditures & Acquisitions (Capex)** totaled US \$75 million in 2Q23, allocated to the construction of the integrated PTA-PET site in Corpus Christi, Texas and scheduled maintenance. Accumulated Capex was US \$127 million, down 82% versus first half of 2022 due to the PET sheet and resin business acquired during 2Q22.

**Net Debt** was US \$1.879 billion, down 10% and up 6% when compared with 1Q23 and 2Q22, respectively. On an absolute basis, Net Debt increased US \$19 million versus year-end 2022 as lower than expected EBITDA was partially offset by the recovery in Net Working Capital.

Cash at the close of the second quarter increased to US \$436 million, including restricted cash. 2Q23 Net Debt to EBITDA was 2.3 times and Interest Coverage was 5.3 times.

### RECENT DEVELOPMENTS - ALPEK

<b>Sustainability linked loan</b>	<ul style="list-style-type: none"> <li>▶ Alpek secured a US \$200 million sustainability-linked loan maturing in 2028</li> <li>▶ This is Alpek's first transaction focused on its carbon emissions and safety targets, reiterating commitment with its ESG strategy</li> <li>▶ Proceeds of the loan will be used to refinance outstanding balance of 2023 Bond</li> </ul>																			
<b>2023 EBITDA Guidance Update</b>	<ul style="list-style-type: none"> <li>▶ Alpek revised 2023 Revenues, Comparable EBITDA and Capex Guidance considering a more conservative outlook for the second half of the year</li> </ul> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr style="background-color: #1a3d4d; color: white;"> <th style="width: 40%;">(US \$ Millions)</th> <th style="width: 15%;">New</th> <th style="width: 15%;">Previous</th> <th style="width: 10%;">Ch. %</th> </tr> </thead> <tbody> <tr> <td style="background-color: #1a3d4d; color: white;">Alpek</td> <td>Revenues</td> <td>7,700</td> <td>9,170</td> <td>(16)</td> </tr> <tr> <td></td> <td>Comp. EBITDA</td> <td>770</td> <td>920</td> <td>(16)</td> </tr> <tr> <td></td> <td>Capex</td> <td>300</td> <td>335</td> <td>(10)</td> </tr> </tbody> </table>	(US \$ Millions)	New	Previous	Ch. %	Alpek	Revenues	7,700	9,170	(16)		Comp. EBITDA	770	920	(16)		Capex	300	335	(10)
(US \$ Millions)	New	Previous	Ch. %																	
Alpek	Revenues	7,700	9,170	(16)																
	Comp. EBITDA	770	920	(16)																
	Capex	300	335	(10)																

(See "Appendix – 2Q23 Reports of Listed Businesses" for Alpek's complete 2Q23 Earnings Report)

### **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 spin-off of this business.

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

It is important to note that accounting for Axtel as a Discontinued Operation in ALFA's financial statements ended on May 29, 2023.

Please refer to Axtel's 2Q23 Earnings Report for the analysis of full quarterly and accumulated operating figures. See "Appendix - 2Q23 Reports of Listed Businesses" (pg. 40)

### 2Q23 EARNINGS CALL INFORMATION

Date: Thursday, July 27, 2023

Time: 2:00 p.m. EDT (NY) / 12:00 p.m. CST (CDMX)

Registration: [https://us02web.zoom.us/webinar/register/WN\\_59gRyIRJRp-Jg\\_OM90B55w](https://us02web.zoom.us/webinar/register/WN_59gRyIRJRp-Jg_OM90B55w)

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

### **About ALFA**

ALFA is comprised mainly of 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. Accordingly, future results could vary from those set forth in this release. The report presents unaudited financial information. Figures are presented in Mexican Pesos or US dollars, as indicated. Where applicable, Peso amounts were translated into US dollars using the average exchange rate of the months during which the operations were recorded. Financial ratios are calculated in US dollars. Due to the rounding up of figures, small differences may occur when calculating percent changes from one period to the other.



## Tables

### ALFA

Table 1 | VOLUME AND PRICE CHANGES (%)

	2Q23 vs.		2023 vs.
	1Q23	2Q22	2022
Total Volume	3.7	(3.0)	(2.8)
Domestic Volume	2.6	(9.6)	(9.7)
Foreign Volume	4.4	1.6	2.0
Avg. Ps. \$ Prices	(5.6)	(18.3)	(12.5)
Avg. US \$ Prices	(0.4)	(7.6)	(2.6)

Table 2 | REVENUES

	2Q23	1Q23	2Q22	(% ) 2Q23 vs.		2023	2022	Ch. %
				1Q23	2Q22			
<b>Total Revenues</b>								
Ps. \$ Millions	74,788	76,374	94,359	(2)	(21)	151,162	177,877	(15)
US \$ Millions	4,221	4,085	4,709	3	(10)	8,306	8,778	(5)
<b>Domestic Revenues</b>								
Ps. \$ Millions	29,073	30,231	38,858	(4)	(25)	59,304	72,602	(18)
US \$ Millions	1,641	1,616	1,939	2	(15)	3,257	3,583	(9)
<b>Foreign Revenues</b>								
Ps. \$ Millions	45,715	46,143	55,501	(1)	(18)	91,858	105,275	(13)
US \$ Millions	2,580	2,469	2,770	5	(7)	5,049	5,195	(3)
Foreign / Total (%)	61	60	59			61	59	

Table 3 | OPERATING INCOME AND EBITDA

	2Q23	1Q23	2Q22	(% ) 2Q23 vs.		2023	2022	Ch. %
				1Q23	2Q22			
<b>Operating Income</b>								
Ps. \$ Millions	4,378	3,916	11,223	12	(61)	8,294	21,643	(62)
US \$ Millions	246	208	560	18	(56)	455	1,068	(57)
<b>EBITDA</b>								
Ps. \$ Millions	6,398	7,032	13,464	(9)	(52)	13,429	25,987	(48)
US \$ Millions	360	376	672	(4)	(46)	736	1,282	(43)
<b>EBITDA/Revenues (%)*</b>	8.5	9.2	14.3			8.9	14.6	

\*US dollar denominated EBITDA margin

# Earnings Report

## Second Quarter 2023 (2Q23)



Table 4 | EXTRAORDINARY ITEMS (US \$ MILLION)

Company	Extraordinary item	2Q23	1Q23	2Q22	2023	2022
Alpek	Inventory gain (loss)	(32)	(1)	80	(33)	144
	Carry forward gain (loss)	(8)	0	73	(8)	139
	Others	(13)	(19)	(15)	(32)	(20)
	<b>Total Alpek</b>	<b>(53)</b>	<b>(20)</b>	<b>138</b>	<b>(73)</b>	<b>262</b>
Sigma	Organizational restructure	(12)	-	-	(12)	-
	<b>Total Sigma</b>	<b>(12)</b>	<b>-</b>	<b>-</b>	<b>(12)</b>	<b>-</b>
<b>ALFA</b>	<b>Total effect on EBITDA</b>	<b>(65)</b>	<b>(20)</b>	<b>138</b>	<b>(85)</b>	<b>262</b>

Table 5 | COMPARABLE EBITDA (US \$ MILLION)

Company	2Q23	1Q23	2Q22	(% ) 2Q23 vs.		2023	2022	Ch.%
				1Q23	2Q22			
<b>ALFA</b>	<b>425</b>	<b>396</b>	<b>534</b>	<b>7</b>	<b>(20)</b>	<b>821</b>	<b>1,020</b>	<b>(20)</b>
Alpek	201	207	369	(3)	(46)	408	702	(42)
Sigma	229	192	172	19	33	421	333	26
Newpek	1	(1)	0	(14)	300	0	0	-
ALFA EBITDA/Revenues (%)	10.1	9.7	11.3			9.9	11.6	

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

	2Q23	1Q23	2Q22	(% ) 2Q23 vs.		2023	2022	Ch.%
				1Q23	2Q22			
Financial Expenses	(123)	(112)	(85)	(10)	(44)	(235)	(168)	(39)
Financial Income	22	15	11	44	101	37	20	83
Net Financial Expenses	(101)	(97)	(75)	(5)	(36)	(198)	(148)	(33)
Exchange Rate Gains (Losses)	(25)	10	(1)	(353)	-	(15)	(2)	(791)
Capitalized Comp. Fin. Expense	0	0	0	-	-	0	0	-
Comprehensive Financing Expense	(126)	(87)	(75)	(45)	(68)	(213)	(150)	(42)
Avg. Cost of Borrowed Funds (%)	5.5	5.6	4.5			5.6	4.7	

# Earnings Report

## Second Quarter 2023 (2Q23)



Table 7 | NET INCOME (US \$ MILLION)

	2Q23	1Q23	2Q22	(% ) 2Q23 %		2023	2022	Ch.%
				1Q23	2Q22			
Consolidated Net Income (Loss)	21	17	327	27	(93)	38	619	(94)
Minority Interest	13	31	84	(60)	(85)	44	166	(74)
Majority Net Income (Loss)	9	(14)	243	161	(96)	(6)	453	(101)
Per Share (US dollars)	0.00	(0.00)	0.05	(164)	(96)	(0.00)	0.09	(101)
Avg. Outstanding Shares (Millions)	4,819	4,819	4,879			4,819	4,892	

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

	2Q23	1Q23	2Q22	(% ) 2Q23 vs.	
				1Q23	2Q22
<b>Assets</b>					
Cash and cash equivalents	1,143	1,036	1,392	10	(18)
Trade accounts receivable	1,225	1,219	1,821	-	(33)
Inventories	2,616	2,782	2,921	(6)	(10)
Current assets from discontinued operations	0	1,234	0	(100)	-
Other current assets	821	801	870	4	(9)
<b>Total current assets</b>	<b>5,804</b>	<b>7,072</b>	<b>7,003</b>	<b>(17)</b>	<b>(18)</b>
Investment in associates and others	552	515	456	7	21
Property, plant and equipment, net	4,395	4,301	4,680	2	(6)
Goodwill and intangible assets, net	1,979	1,842	2,037	1	(3)
Other non-current assets	599	592	744	1	(19)
<b>Total assets</b>	<b>13,329</b>	<b>14,321</b>	<b>14,920</b>	<b>(7)</b>	<b>(11)</b>
<b>Liabilities &amp; stockholders' equity</b>					
Debt	1,174	1,252	621	(6)	89
Suppliers	2,594	2,532	3,266	2	(21)
Current liabilities from discontinued operations	0	849	0	(100)	-
Other current liabilities	1,310	1,269	1,157	3	13
<b>Total current liabilities</b>	<b>5,078</b>	<b>5,903</b>	<b>5,044</b>	<b>(14)</b>	<b>1</b>
Debt (include debt issuance cost)	4,588	4,529	5,864	1	(22)
Employees' benefits	198	193	193	3	3
Other long-term liabilities	773	731	877	6	(12)
<b>Total liabilities</b>	<b>10,637</b>	<b>11,357</b>	<b>11,979</b>	<b>(6)</b>	<b>(11)</b>
<b>Total stockholders' equity</b>	<b>2,692</b>	<b>2,964</b>	<b>2,942</b>	<b>(9)</b>	<b>(8)</b>
<b>Total liabilities &amp; stockholders' equity</b>	<b>13,329</b>	<b>14,321</b>	<b>14,920</b>	<b>(7)</b>	<b>(11)</b>
Net Debt	4,994	5,049	5,406	(1)	(8)
Net Debt/EBITDA*	3.3	2.7	2.3		
Interest Coverage*	4.1	5.3	6.9		

\* Times. LTM=Last 12 months

# Earnings Report

## Second Quarter 2023 (2Q23)



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

	2Q23	1Q23	2Q22
Current assets	0	221	0
Non-Current assets	0	(221)	0
<b>Total assets</b>	<b>0</b>	<b>0</b>	<b>0</b>
Current liabilities	0	192	0
Non-Current liabilities	0	(192)	0
<b>Total liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

	2Q23	1Q23	2Q22	(% ) 2Q23 vs.		2023	2022	Ch.%
				1Q23	2Q22			
Total Revenues	95	145	125	(34)	(24)	240	248	(3)
Gross Profit	49	72	62	(32)	(21)	121	120	1
Operating expenses and others	(45)	(70)	(62)	36	27	(115)	(123)	7
EBITDA	25	28	34	(11)	(26)	53	68	(22)
Operating income (loss)	4	(5)	0	180	100	(1)	(2)	50
Financial cost, net	(1)	21	(13)	(105)	92	20	(11)	282
Income Tax	(6)	(5)	4	(20)	(250)	(11)	8	(238)
<b>Net Profit (loss)</b>	<b>(2)</b>	<b>11</b>	<b>(9)</b>	<b>(118)</b>	<b>76</b>	<b>9</b>	<b>(5)</b>	<b>275</b>

\*2Q23 accumulated figures for the one month and 29 days ended May 29, 2023 and 2023 accumulated figures for the four months and 29 days ended May 29, 2023

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

	2Q23	1Q23	2Q22	(% ) 2Q23 vs.		2023	2022 <sup>1</sup>	Ch.%
				1Q23	2Q22			
EBITDA	0	0	34	-	(100)	0	34	(100)
Net Working Capital	0	0	(16)	-	100	0	(16)	100
Capital expenditures & Acquisitions	0	0	(16)	-	100	0	(16)	100
Net Financial Expenses	0	0	(12)	-	100	0	(12)	100
Taxes	0	0	0	-	-	0	0	-
Other Sources / Uses	0	0	(3)	-	100	0	(3)	100
<b>Decrease (Increase) in Net Debt</b>	<b>0</b>	<b>0</b>	<b>(13)</b>	<b>-</b>	<b>100</b>	<b>0</b>	<b>(13)</b>	<b>129</b>

\*2022 figures are presented at the close of September 2022, when Axtel was reclassified as Discontinued Operations

### Sigma

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

	2Q23 vs.		2023 vs.
	1Q23	2Q22	2022
Total Volume	4.9	0.7	0.7
Avg. Ps. \$ Prices	(2.8)	0.6	2.8
Avg. US \$ Prices	2.6	13.8	14.6

Table 13 | SIGMA – REVENUES AND EBITDA IN LOCAL CURRENCY

	2Q23	1Q23	2Q22	(% ) 2Q23 vs.		2023	2022	Ch.%
				1Q23	2Q22			
<b>Revenues</b>								
Mexico (Ps. \$ Millions)	17,808	17,620	16,672	1	7	35,428	31,999	11
Europe (€ Millions)	555	523	510	6	9	1,078	961	12
United States (US \$ Millions)	389	347	363	12	7	735	691	6
Latam (US \$ Millions Eq <sup>1</sup> )	138	138	132	-	4	276	257	7
<b>EBITDA</b>								
Mexico (Ps. \$ Millions)	2,888	2,403	2,202	20	31	5,291	4,195	26
Europe (€ Millions)	(10)	9	11	(216)	(191)	(1)	20	(107)
United States (US \$ Millions)	53	41	38	27	38	94	80	18
Latam (US \$ Millions Eq <sup>1</sup> )	11	12	12	(7)	(4)	23	23	(1)

<sup>1</sup>US \$ Million equivalent= 2Q23 and 1Q23 financial results in each country are converted into US Dollars at the 2Q22 average exchange rate for each local currency. 2023 accumulated amounts are converted into US Dollars at the 2022 accumulated average exchange rate.

Table 14 | SIGMA - OPERATING INCOME

	2Q23	1Q23	2Q22	(% ) 2Q23 vs.		2023	2022	Ch.%
				1Q23	2Q22			
<b>Operating Income</b>								
Ps. \$ Millions	2,883	2,582	2,327	12	24	5,465	4,624	18
US \$ Millions	163	138	116	18	40	301	228	32

# Earnings Report

## Second Quarter 2023 (2Q23)



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

	2Q23	1Q23	2Q22	(% ) 2Q23 vs.		2023	2022	Ch.%
				1Q23	2Q22			
Financial Expenses	(45)	(34)	(32)	33	41	(80)	(64)	24
Financial Income	5	5	3	(8)	60	10	6	83
Net Financial Expenses	(41)	(29)	(29)	41	39	(69)	(58)	19
Exchange Rate Gains (Losses)	(62)	(42)	(4)	49	-	(104)	(6)	-
Capitalized Comp. Fin. Expense	0	0	0	-	-	0	0	-
Comprehensive Financing Expense	(103)	(70)	(33)	46	208	(173)	(64)	169
Avg. Cost of Borrowed Funds (%)	5.3	5.0	4.6			5.1	4.5	

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

	2Q23	1Q23	2Q22	(% ) 2Q23 vs.	
				1Q23	2Q22
<b>Assets</b>					
Cash and cash equivalents	609	627	674	(3)	(10)
Trade accounts receivable	357	337	307	6	17
Inventories	1,033	1,045	936	(1)	10
Other current assets	345	358	311	(3)	11
<b>Total current assets</b>	<b>2,344</b>	<b>2,367</b>	<b>2,228</b>	<b>(1)</b>	<b>5</b>
Investment in associates and others	8	8	7	2	10
Property, plant and equipment, net	1,704	1,636	1,493	4	14
Goodwill and intangible assets, net	1,537	1,409	1,391	9	11
Other non-current assets	159	151	145	6	9
<b>Total assets</b>	<b>5,752</b>	<b>5,570</b>	<b>5,265</b>	<b>3</b>	<b>9</b>
<b>Liabilities &amp; stockholders' equity</b>					
Debt	745	702	53	6	-
Suppliers	1,260	1,188	1,083	6	16
Other current liabilities	595	645	479	(8)	24
<b>Total current liabilities</b>	<b>2,600</b>	<b>2,536</b>	<b>1,615</b>	<b>3</b>	<b>61</b>
Debt (include debt issuance cost)	1,903	1,755	2,385	8	(20)
Employees' benefits	91	93	68	(2)	34
Other long-term liabilities	220	223	267	(1)	(18)
<b>Total liabilities</b>	<b>4,814</b>	<b>4,607</b>	<b>4,335</b>	<b>4</b>	<b>11</b>
<b>Total stockholders' equity</b>	<b>938</b>	<b>963</b>	<b>930</b>	<b>(3)</b>	<b>1</b>
<b>Total liabilities &amp; stockholders' equity</b>	<b>5,752</b>	<b>5,570</b>	<b>5,265</b>	<b>3</b>	<b>9</b>
Net Debt	2,012	1,840	1,772	9	14
Net Debt/EBITDA*	2.8	2.7	2.5		
Interest Coverage*	5.6	5.8	6.1		

\* Times. LTM=Last 12 months

## Financial Statements

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

#### BALANCE SHEET

Information in millions of Nominal Mexican Pesos

ASSETS	Jun 23	Mar 23	Jun 22	(% ) Jun 23 vs.	
				Mar 23	Jun 22
<b>ASSETS</b>					
<b>CURRENT ASSETS:</b>					
Cash and cash equivalents	19,516	18,749	27,811	4	(30)
Trade accounts receivable	20,911	22,075	36,384	(5)	(43)
Other accounts and notes receivable	4,850	4,265	5,215	14	(7)
Inventories	44,653	50,366	58,370	(11)	(24)
Current assets from discontinued operations	0	22,346	0	(100)	-
Other current assets	9,160	10,238	12,180	(11)	(25)
<b>Total current assets</b>	<b>99,090</b>	<b>128,039</b>	<b>139,960</b>	<b>(23)</b>	<b>(29)</b>
Investments in associates and joint ventures	9,428	9,320	9,104	1	4
Property, Plant and equipment	75,030	77,869	93,524	(4)	(20)
Intangible assets	33,777	33,342	40,710	1	(17)
Other non-current assets	10,223	10,714	14,883	(5)	(31)
<b>Total assets</b>	<b>227,548</b>	<b>259,284</b>	<b>298,181</b>	<b>(12)</b>	<b>(24)</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES:</b>					
Current portion of long-term debt	17,598	18,445	9,455	(5)	86
Bank loans and notes payable	2,442	4,223	2,963	(42)	(18)
Suppliers	44,293	45,847	65,262	(3)	(32)
Current liabilities from discontinued operations	0	15,377	0	(100)	-
Other current liabilities	22,365	22,984	23,125	(3)	(3)
<b>Total current liabilities</b>	<b>86,698</b>	<b>106,876</b>	<b>100,806</b>	<b>(19)</b>	<b>(14)</b>
<b>LONG-TERM LIABILITIES:</b>					
Long-term debt	78,319	82,003	117,194	(4)	(33)
Deferred income taxes	6,143	7,022	10,037	(13)	(39)
Other liabilities	7,051	6,221	7,494	13	(6)
Estimated liabilities for seniority premiums and pension plans	3,377	3,501	3,857	(4)	(12)
<b>Total liabilities</b>	<b>181,588</b>	<b>205,623</b>	<b>239,388</b>	<b>(12)</b>	<b>(24)</b>
<b>STOCKHOLDERS' EQUITY:</b>					
Controlling interest:					
Capital stock	152	167	170	(9)	(11)
Earned surplus	33,682	38,910	41,221	(13)	(18)
Total controlling interest	33,834	39,077	41,391	(13)	(18)
Total Non-controlling interest	12,126	14,585	17,401	(17)	(30)
<b>Total stockholders' equity</b>	<b>45,960</b>	<b>53,661</b>	<b>58,793</b>	<b>(14)</b>	<b>(22)</b>
<b>Total liabilities and stockholders' equity</b>	<b>227,548</b>	<b>259,284</b>	<b>298,181</b>	<b>(12)</b>	<b>(24)</b>
Current ratio	1.1	1.2	1.4		
Debt to equity	3.9	3.8	4.0		



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

### INCOME STATEMENT

Information in millions of Nominal Mexican Pesos

				2Q23 vs. (%)	
	2Q23	1Q23	2Q22	1Q23	2Q22
Net sales	74,788	76,374	94,359	(2)	(21)
Domestic	29,073	30,231	38,858	(4)	(25)
Export	45,715	46,143	55,501	(1)	(18)
Cost of sales	(60,456)	(62,236)	(73,654)	3	18
<b>Gross profit</b>	<b>14,332</b>	<b>14,138</b>	<b>20,705</b>	<b>1</b>	<b>(31)</b>
Operating expenses and others	(9,954)	(10,222)	(9,482)	3	(5)
Operating income	4,378	3,916	11,223	12	(61)
Comprehensive financing expense, net	(2,239)	(1,621)	(1,507)	(38)	(49)
Equity in income (loss) of associates	(3)	10	10	(130)	(130)
Income before the following provision	2,137	2,304	9,726	(7)	(78)
Provisions for:					
Income tax	(1,708)	(2,186)	(3,000)	22	43
Profit (loss) from continuing operations	429	118	6,726	264	(94)
Profit (loss) from discontinued operations	(39)	215	(173)	(118)	77
<b>Consolidated net income</b>	<b>389</b>	<b>334</b>	<b>6,553</b>	<b>16</b>	<b>(94)</b>
<b>Income (loss) corresponding to minority interest</b>	<b>225</b>	<b>586</b>	<b>1,690</b>	<b>(62)</b>	<b>(87)</b>
<b>Net income (loss) corresponding to majority interest</b>	<b>165</b>	<b>(252)</b>	<b>4,863</b>	<b>165</b>	<b>(97)</b>
EBITDA	6,398	7,032	13,464	(9)	(52)
Interest coverage*	4.2	5.4	7.6		

\* Times. LTM=Last Twelve Months

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

### BALANCE SHEET

Information in millions of Nominal Mexican Pesos	Jun 23	Mar 23	Jun 22	(% Jun 23 vs. Jun 22)	
				Mar 23	Jun 22
<b>ASSETS</b>					
<b>CURRENT ASSETS:</b>					
Cash and cash equivalents	10,396	11,361	13,472	(8)	(23)
Restricted cash	7	7	0	-	-
Customers, net	6,238	6,101	6,130	2	2
Income tax recoverable	393	275	716	43	(45)
Inventories	17,628	18,915	18,714	(7)	(6)
Other current assets	5,360	6,192	5,495	(13)	(2)
<b>Total current assets</b>	<b>40,022</b>	<b>42,852</b>	<b>44,527</b>	<b>(7)</b>	<b>(10)</b>
Property, plant and equipment, net	29,086	29,612	29,844	(2)	(3)
Intangible assets, net	13,812	13,562	15,035	2	(8)
Goodwill	12,429	11,953	12,761	4	(3)
Deferred income tax	2,480	2,462	2,014	1	23
Investments in associates and joint ventures	133	138	142	(4)	(6)
Other non-current assets	234	266	891	(12)	(74)
<b>Total non-current assets</b>	<b>58,175</b>	<b>57,992</b>	<b>60,686</b>	<b>-</b>	<b>(4)</b>
<b>Total assets</b>	<b>98,197</b>	<b>100,844</b>	<b>105,212</b>	<b>(3)</b>	<b>(7)</b>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>					
<b>CURRENT LIABILITIES:</b>					
Current debt	12,209	12,209	425	-	-
Notes payables	513	503	629	2	(19)
Suppliers	19,757	21,518	21,637	(8)	(9)
Income tax payable	1,926	1,852	540	4	257
Provisions	257	57	69	352	271
Other current liabilities	9,732	9,776	8,969	-	9
<b>Total current liabilities</b>	<b>44,394</b>	<b>45,914</b>	<b>32,269</b>	<b>(3)</b>	<b>38</b>
<b>NON-CURRENT LIABILITIES:</b>					
Non-current debt	30,232	30,444	45,797	(1)	(34)
Notes payables	2,251	1,335	1,872	69	20
Deferred income taxes	3,236	3,541	4,176	(9)	(23)
Employees benefits	1,561	1,686	1,359	(7)	15
Provisions	66	67	75	(2)	(12)
Income tax payable	-	0	1,041	-	(100)
Other non-current liabilities	447	424	35	6	-
<b>Total non-current liabilities</b>	<b>37,793</b>	<b>37,496</b>	<b>54,355</b>	<b>1</b>	<b>(30)</b>
<b>Total liabilities</b>	<b>82,187</b>	<b>83,411</b>	<b>86,625</b>	<b>(1)</b>	<b>(5)</b>
<b>STOCKHOLDERS' EQUITY:</b>					
Total controlling interest:	15,952	17,425	18,579	(8)	(14)
Total non-controlling interest:	58	8	9	628	550
<b>Total stockholders' equity</b>	<b>16,010</b>	<b>17,433</b>	<b>18,587</b>	<b>(8)</b>	<b>(14)</b>
<b>Total liabilities and stockholders' equity</b>	<b>98,197</b>	<b>100,844</b>	<b>105,212</b>	<b>(3)</b>	<b>(7)</b>

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

### INCOME STATEMENT

Information in millions of Nominal Mexican Pesos

	2023	1Q23	2Q22	2Q23 vs. (%)	
				1Q23	2Q22
Revenue	37,959	37,217	37,483	2	1
Cost of sales	(26,568)	(26,852)	(27,738)	(1)	(4)
<b>Gross profit</b>	<b>11,392</b>	<b>10,366</b>	<b>9,745</b>	<b>10</b>	<b>17</b>
Selling expenses	(6,434)	(5,985)	(5,800)	7	11
Administrative expenses	(1,907)	(1,782)	(1,538)	7	24
Other income (expenses), net	(167)	(16)	(79)	930	110
Operating profit	2,883	2,582	2,327	12	24
Comprehensive financial expenses, net	(1,812)	(1,318)	(669)	38	171
Equity in income (loss) of associates	-	-	-	-	-
Profit before income tax	1,071	1,264	1,658	(15)	(35)
Provisions for:					
Income tax	(1,135)	(1,371)	(1,316)	(17)	(14)
<b>Net consolidated profit</b>	<b>(64)</b>	<b>(107)</b>	<b>342</b>	<b>(40)</b>	<b>(119)</b>
<b>Non-controlling interest</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>
<b>Controlling interest</b>	<b>(65)</b>	<b>(107)</b>	<b>342</b>	<b>(39)</b>	<b>(119)</b>

## **Appendix – Listed Business 2Q23 Reports**

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Alpek (BMV: ALPEKAA) – Petrochemicals

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Axtel (BMV: AXTELCPO) – IT & Telecom

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SECOND QUARTER **2023 RESULTS**

## Alpek Posts Comparable EBITDA of U.S. \$201M (Reported EBITDA of U.S. \$148M)

*Guidance updated to U.S. \$770M given more conservative outlook*

Monterrey, Mexico – July 26, 2023 – Alpek, S.A.B. de C.V. announced today its second quarter 2023 (2Q23) results.

### QUARTERLY HIGHLIGHTS

- Volume increased to 1,197 ktons (+3% QoQ), notwithstanding it remains below our expectations due to soft markets in the Americas and influence from Asian imports
- Comparable EBITDA of U.S. \$201 million (-3% QoQ), due to lower margins particularly for PET and EPS, as well as higher feedstock costs in the Americas
- Free Cash Flow reached U.S. \$216 million mainly driven by a Net Working Capital improvement of U.S. \$284 million, surpassing initial expectations
- Comparable EBITDA Guidance is adjusted to U.S. \$770 million (-16%), reflecting a more conservative outlook for 2H23 than originally anticipated

### 2Q23 KEY METRICS

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

	2Q23	1Q23	2Q22	QoQ (%)	YoY (%)	YTD23	YTD22	Ch. (%)
<b>Volume<sup>1</sup> (ktons)</b>	<b>1,197</b>	<b>1,161</b>	<b>1,260</b>	<b>3</b>	<b>(5)</b>	<b>2,358</b>	<b>2,476</b>	<b>(5)</b>
Polyester	984	939	1,011	5	(3)	1,923	1,973	(3)
Plastics & Chemicals	213	222	250	(4)	(15)	435	503	(14)
<b>Production (ktons)</b>	<b>1,393</b>	<b>1,381</b>	<b>1,698</b>	<b>1</b>	<b>(18)</b>	<b>2,775</b>	<b>3,224</b>	<b>(14)</b>
Polyester	1,184	1,172	1,433	1	(17)	2,356	2,711	(13)
Plastics & Chemicals	209	209	264	-	(21)	418	513	(18)
<b>Revenues</b>	<b>2,050</b>	<b>2,062</b>	<b>2,815</b>	<b>(1)</b>	<b>(27)</b>	<b>4,112</b>	<b>5,147</b>	<b>(20)</b>
Polyester	1,532	1,490	1,818	3	(16)	3,022	3,339	(10)
Plastics & Chemicals	409	433	659	(5)	(38)	842	1,273	(34)
Others	109	140	338	(22)	(68)	248	535	(54)
<b>EBITDA</b>	<b>148</b>	<b>187</b>	<b>507</b>	<b>(21)</b>	<b>(71)</b>	<b>335</b>	<b>964</b>	<b>(65)</b>
Polyester	90	91	347	-	(74)	181	634	(71)
Plastics & Chemicals	55	99	156	(45)	(65)	154	326	(53)
Others	3	(3)	5	209	(35)	-	3	(92)
<b>Comparable EBITDA<sup>2</sup></b>	<b>201</b>	<b>207</b>	<b>369</b>	<b>(3)</b>	<b>(46)</b>	<b>408</b>	<b>702</b>	<b>(42)</b>
Polyester	127	133	218	(4)	(42)	260	411	(37)
Plastics & Chemicals	70	77	147	(9)	(52)	147	288	(49)
Others	3	(3)	5	209	(35)	-	3	(92)
<b>Net Income (Controlling Interest)</b>	<b>31</b>	<b>(6)</b>	<b>303</b>	<b>637</b>	<b>(90)</b>	<b>25</b>	<b>531</b>	<b>(95)</b>
<b>CAPEX</b>	<b>75</b>	<b>52</b>	<b>678</b>	<b>44</b>	<b>(89)</b>	<b>127</b>	<b>718</b>	<b>(82)</b>
<b>Net Debt</b>	<b>1,879</b>	<b>2,082</b>	<b>1,776</b>	<b>(10)</b>	<b>6</b>			
<b>Net Debt / EBITDA<sup>3</sup></b>	<b>2.3</b>	<b>1.8</b>	<b>1.2</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

*"This quarter, Alpek has been able to maintain its resiliency despite a shift in industry and market conditions currently affecting our product portfolio. Additionally, I would like to highlight that Alpek had a significant improvement in Free Cash Flow generation primarily from Net Working Capital.*

*From an industry perspective, as China's economy continues to be softer than originally expected and ocean freight costs have returned to historical levels, there is currently greater influence from Asian imports in the Americas, mainly for the PET and EPS businesses. Furthermore, North American feedstocks such as paraxylene maintain a disconnection versus Asian prices.*

*Meanwhile, from a market perspective, consumers primarily in the Americas are moderating certain expenditures impacting the packaged goods and construction industries, thereby affecting purchases during what is normally the start of the peak season.*

*As such, we are adjusting our Guidance for the year. While we do foresee gradual improvements in the near future, the Company has a more conservative view for the second half of 2023. As always, we reiterate our commitment to continue progressing towards our long-term strategy, maintaining our financial stability."*

### Overview

During the second quarter, Alpek was affected by continued economic pressures that impacted global markets. In the petrochemical industry, U.S. average reference Px prices increased only 1% versus the previous quarter to an average of U.S. \$1,352 per ton and the disconnection between North American and Asian prices increased by 7% in this same period, to an average of U.S. \$282 per ton. In P&C, average reference Propylene prices decreased to U.S. \$0.40 per pound, 20% lower than the U.S. \$0.50 per pound during 1Q23.

Asian integrated Polyester reference margins decreased to an average of U.S. \$332 per ton for the quarter, 3% lower than in 1Q23. In PP, although new supply has entered the market, reference margins have stabilized at an average of U.S. \$0.17 per pound remaining flat quarter-on-quarter. Meanwhile, as ocean freight costs have returned to normal levels, EPS reference margins have also been returning to previous levels, reaching an average of U.S. \$0.44 per pound (-10% QoQ).



Jorge Young

**CEO**



## Revised Guidance & Outlook

Alpek provided original 2023 Guidance figures based on established market conditions at the beginning of the year. However, the industry outlook has changed leading the Company to a more conservative view for the second half of the year, thereby updating its Guidance figures and key assumptions.

Key assumptions for the new 2023 Guidance figures are based on:

- Asian Integrated PET Reference Margins of U.S. \$320 per ton remains unchanged

	Revised 2023 Guidance	Previous 2023 Guidance	Change (% vs. Prev.)
<b>Volume</b>	<b>4,650 Ktons</b>	4,900 Ktons	(5)
<b>Comparable EBITDA</b>	<b>U.S. \$770M</b>	U.S. \$920M	(16)
<b>CAPEX</b>	<b>U.S. \$300M</b>	U.S. \$335M	(10)

Note: CAPEX was revised in 1Q23.

More information on Guidance and expectations will be discussed during the upcoming 2Q23 Webcast.

**FINANCIAL RESULTS**

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

	2Q23	1Q23	2Q22	QoQ (%)	YoY (%)	YTD23	YTD22	Ch. (%)
<b>Reported EBITDA</b>	<b>148</b>	<b>187</b>	<b>507</b>	<b>(21)</b>	<b>(71)</b>	<b>335</b>	<b>964</b>	<b>(65)</b>
Inventory Adjustment	32	1	(80)	2,055	139	33	(144)	123
Carry-forward effect	8	-	(73)	2,006	112	8	(139)	106
Others	13	19	15	(34)	(13)	32	20	55
<b>Comparable EBITDA</b>	<b>201</b>	<b>207</b>	<b>369</b>	<b>(3)</b>	<b>(46)</b>	<b>408</b>	<b>702</b>	<b>(42)</b>

**Comparable EBITDA** of U.S. \$201 million, down 3% versus 1Q23, mainly due to lower-than-expected volumes across our product portfolio and a decrease in reference margins particularly for PET and EPS.

**Reported EBITDA** of U.S. \$148 million, 21% lower quarter-on-quarter, due primarily to an inventory adjustment of U.S. -\$32 million and a carry-forward effect of U.S. -\$8 million caused by a decrease in raw material prices. "Others" is driven primarily by a non-cash hyperinflation effect in Argentina.

## INCOME STATEMENT

(U.S.\$ million)

	2Q23	1Q23	2Q22	QoQ (%)	YoY (%)	YTD23	YTD22	Ch. (%)
<b>Total Revenues</b>	<b>2,050</b>	<b>2,062</b>	<b>2,815</b>	<b>(1)</b>	<b>(27)</b>	<b>4,112</b>	<b>5,147</b>	<b>(20)</b>
Gross Profit	156	193	539	(19)	(71)	349	1,024	(66)
Operating expenses and others	(73)	(117)	(86)	37	14	(190)	(165)	(15)
<b>Operating Income</b>	<b>83</b>	<b>76</b>	<b>454</b>	<b>9</b>	<b>(82)</b>	<b>158</b>	<b>859</b>	<b>(82)</b>
Financial cost, net	(15)	(20)	(25)	26	40	(35)	(60)	42
Share of losses of associates	(1)	(1)	(1)	(21)	(34)	(2)	(1)	(61)
Income tax	(25)	(36)	(92)	32	73	(61)	(195)	69
<b>Consolidated Net Income</b>	<b>42</b>	<b>19</b>	<b>335</b>	<b>125</b>	<b>(87)</b>	<b>61</b>	<b>603</b>	<b>(90)</b>
Controlling interest	31	(6)	303	637	(90)	25	531	(95)

**Revenues** for the second quarter reached U.S. \$2.05 billion, 1% lower than in 1Q23, due to lower overall average prices, which was partially offset by stronger consolidated volume.

**Net Income attributable to the Controlling Interest** for the second quarter of 2023 was U.S. \$31 million, an improvement when compared to a U.S. \$6 million loss primarily due to the footprint optimization one-time shutdown costs in 1Q23.

## CASH FLOW

(U.S.\$ million)

	2Q23	1Q23	2Q22	QoQ (%)	YoY (%)	YTD23	YTD22	Ch. (%)
EBITDA	148	187	507	(21)	(71)	335	964	(65)
Net Working Capital & Others	284	(66)	(238)	531	219	218	(431)	151
CAPEX	(75)	(52)	(678)	(44)	89	(127)	(718)	82
Financial Expenses	(45)	(42)	(32)	(8)	(38)	(86)	(62)	(39)
Income Tax	(97)	(57)	(94)	(70)	(3)	(154)	(168)	8
Dividends	-	(185)	(1)	100	100	(185)	(213)	13
Payment to affiliated companies	(3)	-	-	(100)	(100)	(3)	-	(100)
Other Sources / Uses	(9)	(8)	69	(10)	(113)	(17)	77	(122)
<b>Decrease (Increase) in Net Debt</b>	<b>203</b>	<b>(223)</b>	<b>(466)</b>	<b>191</b>	<b>144</b>	<b>(19)</b>	<b>(551)</b>	<b>96</b>

**Net Working Capital (NWC)** improved by U.S. \$284 million through various optimizations, including improvements in inventory management.

**CAPEX** for the quarter totaled U.S. \$75 million, allocated primarily for the Corpus Christi Polymers (“CCP”) construction and towards scheduled maintenance, in line with Guidance.

**Income Tax** during 2Q23 was U.S. \$97 million, 70% higher than the previous quarter, as it includes the majority of the fiscal payments for 2022.

## NET DEBT & LEVERAGE

(U.S.\$ million)

	2Q23	1Q23	2Q22	QoQ (%)	YoY (%)
<b>Net Debt</b>	<b>1,879</b>	<b>2,082</b>	<b>1,776</b>	<b>(10)</b>	<b>6</b>
EBITDA (LTM)	827	1,186	1,512	(30)	(45)
Net Debt / EBITDA (LTM)	2.3	1.8	1.2		

**Consolidated Net Debt** as of June 30, 2023 was U.S. \$1.88 billion, down 10% QoQ. Gross Debt was U.S. \$2.31 billion and Cash increased to U.S. \$436 million, including restricted cash. Financial ratios for the quarter were: Net Debt to EBITDA of 2.3x and Interest Coverage of 5.3x.

## RESULTS BY BUSINESS SEGMENT: POLYESTER

(Purified Terephthalic Acid (PTA), Polyethylene Terephthalate (PET), rPET, Polyester fibers – 75% of Alpek's Net Sales)

### QUARTERLY HIGHLIGHTS

- Volume of 984 ktons (+5% QoQ), from a slight demand recovery
- Average Asian PET reference margins of U.S. \$332 per ton (-3% QoQ), meanwhile Chinese PET reference margins averaged U.S. \$225 per ton (+1% QoQ)
- Polyester Comparable EBITDA of U.S. \$127 million (-4% QoQ), impacted by elevated Paraxylene prices in North America and a decrease in Asian prices leading to tight market conditions
- Polyester Reported EBITDA of U.S. \$90 million, flat QoQ, with an inventory adjustment (U.S. -\$20 million) and a carry-forward effect (U.S. -\$4 million)

KEY METRICS – POLYESTER (U.S.\$ million, except volume and production)	2Q23	1Q23	2Q22	QoQ (%)	YoY (%)	YTD23	YTD22	Ch. (%)
<b>Volume (ktons)</b>	<b>984</b>	<b>939</b>	<b>1,011</b>	<b>5</b>	<b>(3)</b>	<b>1,923</b>	<b>1,973</b>	<b>(3)</b>
Production (ktons)	1,184	1,172	1,433	1	(17)	2,356	2,711	(13)
Revenues	1,532	1,490	1,818	3	(16)	3,022	3,339	(10)
<b>Reported EBITDA</b>	<b>90</b>	<b>91</b>	<b>347</b>	<b>-</b>	<b>(74)</b>	<b>181</b>	<b>634</b>	<b>(71)</b>
Inventories	20	16	(84)	24	124	37	(141)	126
Carry-forward effect	4	7	(60)	(36)	107	11	(108)	110
Others	12	19	15	(35)	(18)	31	25	24
<b>Comparable EBITDA</b>	<b>127</b>	<b>133</b>	<b>218</b>	<b>(4)</b>	<b>(42)</b>	<b>260</b>	<b>411</b>	<b>(37)</b>

**Polyester Volume** was 984 ktons in 2Q23, 5% higher quarter-on-quarter due to a slight recovery, however, still not at the levels expected for the season. Ocean freight costs have returned to historical levels and the disconnection between North American and Asian Px prices persists, leading to a continued competitive environment.

**Polyester Comparable EBITDA** reached U.S. \$127 million, 4% lower quarter-on-quarter. Asian integrated Polyester reference margins decreased slightly to an average of U.S. \$332 per ton (-3% QoQ). However, Chinese reference margins have become increasingly relevant, particularly for Alpek's Middle East operations; these averaged U.S. \$225 per ton, increasing slightly quarter-on-quarter, yet closing at U.S. \$203 per ton as more Chinese supply has entered the market.

**Polyester Reported EBITDA** was U.S. \$90 million, flat versus 1Q23, however there were negative inventory and carry-forward effects in the quarter.

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

(Polypropylene (PP), Expandable Polystyrene (EPS), Other products – 20% of Alpek's Net Sales)

### QUARTERLY HIGHLIGHTS

- Volume of 213 ktons (-4% QoQ), as there was lower consumer spending for both PP & EPS
- Polypropylene reference margins remained flat at U.S. \$0.17 per pound, in line with expectations
- P&C Comparable EBITDA of U.S. \$70 million (-9% QoQ) from tighter market conditions
- Reported EBITDA of U.S. \$55 million (-45% QoQ), including negative inventory and carry-forward effects of U.S. \$11 million and U.S. \$4 million, respectively

KEY METRICS – P&C (U.S.\$ million, except volume and production)	2Q23	1Q23	2Q22	QoQ (%)	YoY (%)	YTD23	YTD22	Ch. (%)
<b>Volume (ktons)</b>	<b>213</b>	<b>222</b>	<b>250</b>	<b>(4)</b>	<b>(15)</b>	<b>435</b>	<b>503</b>	<b>(14)</b>
Production (ktons)	209	209	264	-	(21)	418	513	(18)
Revenues	409	433	659	(5)	(38)	842	1,273	(34)
<b>Reported EBITDA</b>	<b>55</b>	<b>99</b>	<b>156</b>	<b>(45)</b>	<b>(65)</b>	<b>154</b>	<b>326</b>	<b>(53)</b>
Inventories	11	(15)	4	177	204	(3)	(3)	(17)
Carry-forward effect	4	(7)	(13)	154	131	(3)	(30)	89
Others	-	-	-	86	175	1	(5)	111
<b>Comparable EBITDA</b>	<b>70</b>	<b>77</b>	<b>147</b>	<b>(9)</b>	<b>(52)</b>	<b>147</b>	<b>288</b>	<b>(49)</b>

**P&C Volume** was 213 ktons, down 4% QoQ, with lower demand across the portfolio due to lower consumer spending impacting packaged goods, appliances, and construction. However, we expect that we may regain some momentum towards the third quarter.

**P&C Comparable EBITDA** was U.S. \$70 million, down 9% when compared to 1Q23, as the new PP supply has stabilized and reference margins for PP have remained flat at 17 cents per pound. Meanwhile, ocean freight costs have decreased, leading to more competitive imports entering the region for EPS and reference margins returning to previous levels, decreasing by 10% quarter-on-quarter and averaging 44 cents per pound.

**P&C Reported EBITDA** was U.S. \$55 million, down 45% QoQ, mostly due to the negative inventory and carry-forward effects of the quarter, which were caused in part by propylene prices decreasing by 20%.

## 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	(7)	(23)	(17)
Avg. U.S. \$ Prices	(2)	(13)	(7)
<b>Plastics &amp; Chemicals</b>			
Avg. Ps. Prices	(6)	(36)	(31)
Avg. U.S. \$ Prices	(1)	(27)	(23)
<b>Total</b>			
Avg. Ps. Prices	(9)	(32)	(25)
Avg. U.S. \$ Prices	(4)	(23)	(16)

TABLE 2   REVENUES	2Q23	1Q23	2Q22	QoQ (%)	YoY (%)	YTD23	YTD22	Ch. (%)
<b>Total Revenues</b>								
Ps. Million	36,330	38,574	56,397	(6)	(36)	74,904	104,274	(28)
U.S. \$ Million	2,050	2,062	2,815	(1)	(27)	4,112	5,147	(20)
<b>Domestic Revenues</b>								
Ps. Million	10,807	12,057	21,763	(10)	(50)	22,864	39,728	(42)
U.S. \$ Million	610	644	1,086	(5)	(44)	1,254	1,961	(36)
<b>Foreign Revenues</b>								
Ps. Million	25,523	26,517	34,634	(4)	(26)	52,040	64,546	(19)
U.S. \$ Million	1,440	1,418	1,729	2	(17)	2,858	3,186	(10)
Foreign / Total (%)	70	69	61			70	62	

TABLE 3   OP. INCOME AND EBITDA	2Q23	1Q23	2Q22	QoQ (%)	YoY (%)	YTD23	YTD22	Ch. (%)
<b>Operating Income</b>								
Ps. Million	1,484	1,438	9,088	3	(84)	2,922	17,404	(83)
U.S. \$ Million	83	76	454	9	(82)	158	859	(82)
<b>EBITDA</b>								
Ps. Million	2,642	3,505	10,166	(25)	(74)	6,147	19,534	(69)
U.S. \$ Million	148	187	507	(21)	(71)	335	964	(65)

TABLE 4   COMPARABLE EBITDA	2Q23	1Q23	2Q22	QoQ (%)	YoY (%)	YTD23	YTD22	Ch. (%)
<b>EBITDA</b>								
Ps. Million	2,642	3,505	10,166	(25)	(74)	6,147	19,534	(69)
U.S. \$ Million	148	187	507	(21)	(71)	335	964	(65)
<b>Adjustments*</b>								
Ps. Million	921	370	(2,771)	149	133	1,291	(5,325)	124
U.S. \$ Million	53	20	(138)	161	138	73	(262)	128
<b>Comparable EBITDA</b>								
Ps. Million	3,562	3,875	7,395	(8)	(52)	7,437	14,209	(48)
U.S. \$ Million	201	207	369	(3)	(46)	408	702	(42)

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

TABLE 5   IFRS 16 EFFECT (U.S.\$ million)	2Q23	1Q23	2Q22	QoQ (%)	YoY (%)	YTD23	YTD22	Ch. (%)
<b>Income Statement</b>								
Amortization	15	13	11	15	29	28	23	19
Financial Expense	4	3	3	32	45	6	5	33
<b>Net Debt</b>	<b>26</b>	<b>19</b>	<b>20</b>	<b>40</b>	<b>33</b>	<b>45</b>	<b>27</b>	<b>66</b>
<b>Balance Sheet</b>								
Assets - Right of use	200	186	175	8	14			
Liabilities								
Short-term lease	48	41	42	18	13			
Long-term lease	163	154	140	6	16			

TABLE 6   FINANCIAL COST, NET (U.S.\$ million)	2Q23	1Q23	2Q22	QoQ (%)	YoY (%)	YTD23	YTD22	Ch. (%)
Financial Expenses	(55)	(51)	(30)	(7)	(81)	(107)	(68)	(57)
Financial Income	13	9	11	45	18	22	17	31
<b>Net Financial Expenses</b>	<b>(42)</b>	<b>(42)</b>	<b>(19)</b>	<b>1</b>	<b>(117)</b>	<b>(84)</b>	<b>(51)</b>	<b>(66)</b>
Fx Gains (Losses)	27	22	(6)	21	565	49	(10)	610
<b>Financial Cost, Net</b>	<b>(15)</b>	<b>(20)</b>	<b>(25)</b>	<b>26</b>	<b>40</b>	<b>(35)</b>	<b>(60)</b>	<b>42</b>

TABLE 7   NET INCOME (U.S.\$ million, except as noted)	2Q23	1Q23	2Q22	QoQ (%)	YoY (%)	YTD23	YTD22	Ch. (%)
Consolidated Net Income	42	19	335	125	(87)	61	603	(90)
Non-Controlling Interest	12	24	33	(53)	(65)	36	71	(50)
<b>Controlling Interest</b>	<b>31</b>	<b>(6)</b>	<b>303</b>	<b>637</b>	<b>(90)</b>	<b>25</b>	<b>531</b>	<b>(95)</b>
Earnings per Share (U.S. \$)	0.01	0.00	0.14	637	(90)	0.01	0.25	(95)
<b>Avg. Outstanding Shares (million)*</b>	<b>2,107</b>	<b>2,107</b>	<b>2,108</b>	<b>-</b>	<b>-</b>	<b>2,107</b>	<b>2,109</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>2Q23</b>	<b>1Q23</b>	<b>2Q22</b>	<b>QoQ (%)</b>	<b>YoY (%)</b>
<b>Assets</b>					
Cash and cash equivalents	417	293	562	43	(26)
Trade accounts receivable	833	855	1,411	(3)	(41)
Inventories	1,564	1,722	1,962	(9)	(20)
Other current assets	359	335	360	7	-
<b>Total current assets</b>	<b>3,173</b>	<b>3,204</b>	<b>4,296</b>	<b>(1)</b>	<b>(26)</b>
Investment in associates and others	543	507	452	7	20
Property, plant and equipment, net	2,488	2,472	2,497	1	-
Goodwill and intangible assets, net	217	223	160	(2)	36
Other non-current assets	542	539	544	1	-
<b>Total assets</b>	<b>6,963</b>	<b>6,944</b>	<b>7,948</b>	<b>-</b>	<b>(12)</b>
<b>Liabilities and stockholders' equity</b>					
Debt	487	578	204	(16)	139
Suppliers	1,397	1,300	2,046	7	(32)
Other current liabilities	346	399	408	(13)	(15)
<b>Total current liabilities</b>	<b>2,230</b>	<b>2,277</b>	<b>2,658</b>	<b>(2)</b>	<b>(16)</b>
Debt (include debt issuance costs)	1,609	1,613	1,941	-	(17)
Employees' benefits	58	55	51	4	14
Other long-term benefits	402	413	463	(3)	(13)
<b>Total liabilities</b>	<b>4,299</b>	<b>4,358</b>	<b>5,113</b>	<b>(1)</b>	<b>(16)</b>
Total stockholders' equity	2,664	2,585	2,835	3	(6)
Total liabilities and stockholders' equity	6,963	6,944	7,948	-	(12)
Net Debt	1,879	2,082	1,776	(10)	6
Net Debt / EBITDA*	2.3	1.8	1.2		
Interest Coverage*	5.3	8.2	14.9		

\* Times: last 12 months

**POLYESTER**

TABLE 9   REVENUES	2Q23	1Q23	2Q22	QoQ (%)	YoY (%)	YTD23	YTD22	Ch. (%)
<b>Total Revenues</b>								
Ps. Million	27,156	27,858	36,420	(3)	(25)	55,014	67,652	(19)
U.S. \$ Million	1,532	1,490	1,818	3	(16)	3,022	3,339	(10)
<b>Domestic Revenues</b>								
Ps. Million	5,633	5,498	8,377	2	(33)	11,131	15,706	(29)
U.S. \$ Million	318	294	418	8	(24)	612	775	(21)
<b>Foreign Revenues</b>								
Ps. Million	21,522	22,360	28,044	(4)	(23)	43,882	51,946	(16)
U.S. \$ Million	1,214	1,196	1,400	2	(13)	2,410	2,564	(6)
Foreign / Total (%)	79	80	77			80	77	

TABLE 10   OP. INCOME AND EBITDA	2Q23	1Q23	2Q22	QoQ (%)	YoY (%)	YTD23	YTD22	Ch. (%)
<b>Operating Income</b>								
Ps. Million	687	(143)	6,089	581	(89)	544	11,181	(95)
U.S. \$ Million	38	(9)	304	537	(88)	29	552	(95)
<b>EBITDA</b>								
Ps. Million	1,618	1,702	6,942	(5)	(77)	3,320	12,852	(74)
U.S. \$ Million	90	91	347	-	(74)	181	634	(71)

TABLE 11   COMPARABLE EBITDA	2Q23	1Q23	2Q22	QoQ (%)	YoY (%)	YTD23	YTD22	Ch. (%)
<b>EBITDA</b>								
Ps. Million	1,618	1,702	6,942	(5)	(77)	3,320	12,852	(74)
U.S. \$ Million	90	91	347	-	(74)	181	634	(71)
<b>Adjustments*</b>								
Ps. Million	643	785	(2,578)	(18)	125	1,428	(4,552)	131
U.S. \$ Million	37	42	(129)	(13)	129	79	(224)	135
<b>Comparable EBITDA</b>								
Ps. Million	2,261	2,487	4,364	(9)	(48)	4,748	8,301	(43)
U.S. \$ Million	127	133	218	(4)	(42)	260	411	(37)

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

**PLASTICS & CHEMICALS**

TABLE 12   REVENUES	2Q23	1Q23	2Q22	QoQ (%)	YoY (%)	YTD23	YTD22	Ch. (%)
<b>Total Revenues</b>								
P.s. Million	7,253	8,090	13,198	(10)	(45)	15,344	25,813	(41)
U.S. \$ Million	409	433	659	(5)	(38)	842	1,273	(34)
<b>Domestic Revenues</b>								
P.s. Million	3,503	4,227	6,648	(17)	(47)	7,730	13,306	(42)
U.S. \$ Million	198	226	332	(13)	(40)	424	656	(35)
<b>Foreign Revenues</b>								
P.s. Million	3,750	3,863	6,550	(3)	(43)	7,614	12,508	(39)
U.S. \$ Million	212	207	327	2	(35)	418	617	(32)
Foreign / Total (%)	52	48	50			50	48	

TABLE 13   OP. INCOME AND EBITDA	2Q23	1Q23	2Q22	QoQ (%)	YoY (%)	YTD23	YTD22	Ch. (%)
<b>Operating Income</b>								
P.s. Million	746	1,634	2,905	(54)	(74)	2,379	6,163	(61)
U.S. \$ Million	42	87	145	(52)	(71)	129	304	(57)
<b>EBITDA</b>								
P.s. Million	970	1,856	3,130	(48)	(69)	2,826	6,621	(57)
U.S. \$ Million	55	99	156	(45)	(65)	154	326	(53)

TABLE 14   COMPARABLE EBITDA	2Q23	1Q23	2Q22	QoQ (%)	YoY (%)	YTD23	YTD22	Ch. (%)
<b>EBITDA</b>								
P.s. Million	970	1,856	3,130	(48)	(69)	2,826	6,621	(57)
U.S. \$ Million	55	99	156	(45)	(65)	154	326	(53)
<b>Adjustments*</b>								
P.s. Million	278	(415)	(193)	167	244	(137)	(773)	82
U.S. \$ Million	16	(22)	(10)	171	264	(6)	(38)	83
<b>Comparable EBITDA</b>								
P.s. Million	1,248	1,441	2,937	(13)	(58)	2,689	5,848	(54)
U.S. \$ Million	70	77	147	(9)	(52)	147	288	(49)

\*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**

	Jun-23	Mar-23	Jun-22	QoQ (%)	YoY (%)
(Millions of Mexican pesos)					
<b>ASSETS</b>					
<b>CURRENT ASSETS:</b>					
Cash and cash equivalents	7,111	5,286	10,732	35	(34)
Restricted cash	8	10	508	(14)	(98)
Trade accounts receivable	14,222	15,474	28,204	(8)	(50)
Other accounts and notes receivable	4,867	4,379	4,702	11	4
Inventories	26,696	31,169	39,208	(14)	(32)
Other current assets	1,268	1,683	2,499	(25)	(49)
<b>Total current assets</b>	<b>54,172</b>	<b>58,001</b>	<b>85,853</b>	<b>(7)</b>	<b>(37)</b>
<b>NON-CURRENT ASSETS:</b>					
Restricted cash	318	337	-	(6)	100
Investment in associates and others	9,271	9,175	9,029	1	3
Property, plant and equipment, net	42,472	44,755	49,895	(5)	(15)
Goodwill and intangible assets	3,712	4,034	3,196	(8)	16
Other non-current assets	8,928	9,414	10,867	(5)	(18)
<b>Total assets</b>	<b>118,873</b>	<b>125,716</b>	<b>158,840</b>	<b>(5)</b>	<b>(25)</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES:</b>					
Debt	8,316	10,462	4,079	(21)	104
Suppliers	23,849	23,542	40,881	1	(42)
Other current liabilities	5,911	7,227	8,168	(18)	(28)
<b>Total current liabilities</b>	<b>38,076</b>	<b>41,231</b>	<b>53,128</b>	<b>(8)</b>	<b>(28)</b>
<b>NON-CURRENT LIABILITIES:</b>					
Debt (includes debt issuance cost)	27,468	29,195	38,800	(6)	(29)
Deferred income taxes	2,546	3,115	4,669	(18)	(45)
Other non-current liabilities	4,314	4,365	4,573	(1)	(6)
Employee benefits	988	1,003	1,015	(1)	(3)
<b>Total liabilities</b>	<b>73,392</b>	<b>78,909</b>	<b>102,185</b>	<b>(7)</b>	<b>(28)</b>
<b>STOCKHOLDERS' EQUITY:</b>					
Controlling interest:					
Capital stock	6,020	6,020	6,020	-	-
Share premium	8,911	8,914	8,908	-	-
<b>Contributed capital</b>	<b>14,931</b>	<b>14,934</b>	<b>14,928</b>	-	-
Earned surplus	25,678	26,913	35,324	(5)	(27)
<b>Total controlling interest</b>	<b>40,609</b>	<b>41,847</b>	<b>50,252</b>	<b>(3)</b>	<b>(19)</b>
Non-controlling interest	4,872	4,960	6,403	(2)	(24)
<b>Total stockholders' equity</b>	<b>45,481</b>	<b>46,807</b>	<b>56,655</b>	<b>(3)</b>	<b>(20)</b>
<b>Total liabilities and stockholders' equity</b>	<b>118,873</b>	<b>125,716</b>	<b>158,840</b>	<b>(5)</b>	<b>(25)</b>

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

	2Q23	1Q23	2Q22	QoQ (%)	YoY (%)	YTD23	YTD22	Ch. (%)
(millions of Mexican pesos)								
Revenues	36,330	38,574	56,397	(6)	(36)	74,904	104,274	(28)
Domestic	10,807	12,057	21,763	(10)	(50)	22,864	39,728	(42)
Export	25,523	26,517	34,634	(4)	(26)	52,040	64,546	(19)
Cost of sales	(33,544)	(34,974)	(45,590)	4	26	(68,518)	(83,527)	18
<b>Gross profit</b>	<b>2,786</b>	<b>3,600</b>	<b>10,807</b>	<b>(23)</b>	<b>(74)</b>	<b>6,386</b>	<b>20,747</b>	<b>(69)</b>
Operating expenses and others	(1,302)	(2,162)	(1,719)	40	24	(3,464)	(3,343)	(4)
<b>Operating income</b>	<b>1,484</b>	<b>1,438</b>	<b>9,088</b>	<b>3</b>	<b>(84)</b>	<b>2,922</b>	<b>17,404</b>	<b>(83)</b>
Financial result, net	(270)	(376)	(501)	28	46	(646)	(1,228)	47
Equity in income of associates and joint ventures	(17)	(16)	(15)	(17)	(20)	(33)	(22)	(50)
<b>Income before taxes</b>	<b>1,197</b>	<b>1,046</b>	<b>8,572</b>	<b>14</b>	<b>(86)</b>	<b>2,243</b>	<b>16,154</b>	<b>(86)</b>
Income taxes	(437)	(682)	(1,854)	36	76	(1,119)	(3,954)	72
<b>Consolidated net income</b>	<b>760</b>	<b>364</b>	<b>6,718</b>	<b>109</b>	<b>(89)</b>	<b>1,124</b>	<b>12,200</b>	<b>(91)</b>
<b>Income (loss) attributable to Controlling interest</b>	<b>555</b>	<b>(91)</b>	<b>6,058</b>	<b>708</b>	<b>(91)</b>	<b>464</b>	<b>10,756</b>	<b>(96)</b>
<b>Income (loss) attributable to Non-controlling interest</b>	<b>205</b>	<b>455</b>	<b>660</b>	<b>(55)</b>	<b>(69)</b>	<b>660</b>	<b>1,444</b>	<b>(54)</b>



# EARNINGS REPORT

Second Quarter 2023 (2Q23)



**Monterrey, Mexico, July 26, 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 second quarter of 2023 (“2Q23”).

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

### SELECTED FINANCIAL INFORMATION

(IN MILLIONS)

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

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

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

3) Gross amount; does not include divestments.

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

### 2Q23 HIGHLIGHTS

#### LISTING CONTROLADORA AXTEL

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

#### RESULTS

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

#### 2024 SENIOR NOTES REFINANCING

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

#### ESG & CYBERSECURITY

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

## MESSAGE FROM AXTEL'S CEO

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

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

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

Armando de la Peña

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

## REVENUES

(IN MILLIONS)

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

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

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

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

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

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

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

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

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



## REVENUES (cont'd)

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

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

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

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

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

## GROSS PROFIT

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

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

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

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

## OPERATING AND COMMERCIAL EXPENSES

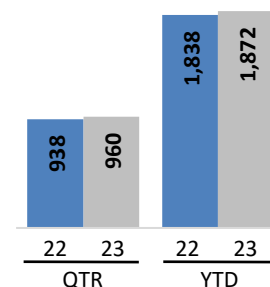
Starting 2023, expenses are broken down in operating and commercial expenses, which are directly related to the Enterprise, Government and Wholesale segments; and general corporate expenses, which consist of central business areas such as finance, human resources and legal departments.

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

## CONTRIBUTION TO EBITDA (BEFORE GENERAL EXPENSES)

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

(in Million Ps.)



## GENERAL EXPENSES AND OTHER INCOME (EXPENSES)

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

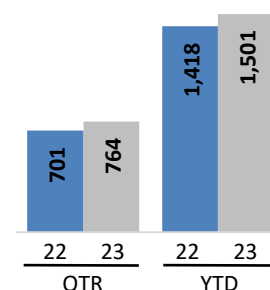
Other income reached Ps. 55 million during 2Q23 compared to Ps. 4 million recorded in 2Q22.

## EBITDA

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

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

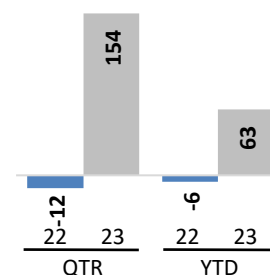
(in Million Ps.)



## OPERATING INCOME (LOSS)

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

(in Million Ps.)



## COMPREHENSIVE FINANCING RESULT

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

## NET DEBT

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

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

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

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

## CAPITAL EXPENDITURES (CAPEX)

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

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

## OTHER INFORMATION

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

## ABOUT AXTEL

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

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

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

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



## Appendix A – Tables

**TABLE 1 | REVENUES - ENTERPRISE SEGMENT**

(IN MILLIONS)

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

**TABLE 2 | REVENUES - GOVERNMENT SEGMENT**

(IN MILLIONS)

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

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

(IN MILLIONS)

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

**TABLE 4 | OPERATING INCOME AND EBITDA**

(IN MILLIONS)

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

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

## Appendix A – Tables

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

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

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

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

\* Times. See page 7 for calculation details.

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

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

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

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

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

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

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

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

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

## Appendix C – Financial Statements

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

#### Unaudited Consolidated Balance Sheet

(IN MILLION PESOS)

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

## Appendix C – Financial Statements

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

#### Unaudited Consolidated Income Statement

(IN MILLION PESOS)

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