



AXTEL, S.A.B. DE C.V.

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Ticker: "AXTELCPO"

ANNUAL REPORT

presented in accordance with the general provisions that apply to the Issuers of securities and to other participants of the securities market for the year ended on December 31, 2024

Characteristics of the Securities: The securities traded on the Mexican Stock Exchange (Bolsa Mexicana de Valores, S.A.B. de C.V., or "BMV") are Ordinary Participation Certificates ("CPOs"). These are non-amortizable securities, issued under the CPO Trust (as defined below), with each CPO representing seven Series "B", Class "I" Shares of the capital stock of Axtel, S.A.B. de C.V. ("Axtel" or the "Company").

As of the date of this Annual Report, Axtel's capital stock is Ps. \$446'276,559.83 represented by 19,460'372,893 registered common shares, Class "I" Series "B", with no par value. All shares are fully subscribed and paid. The Company does not have shares issued or subscribed under the variable portion of its capital stock.

Registration of these securities at the National Registry of Securities ("RNV") does not constitute a certification of the quality of the registered securities, the solvency of Axtel, or the accuracy or reliability of the information contained in this Annual Report. Nor does it validate any acts that may have been carried out in violation of applicable laws.

For any questions regarding this Annual Report, please contact Mr. Adrian de los Santos at (81) 8114-1128 or via e-mail at ir@axtel.com.mx.

This Annual Report is available on Axtel's website at www.axtelcorp.mx and on the BMV's website at www.bmv.com.mx.

San Pedro Garza García, N.L., as of April 29, 2025.

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1. GENERAL INFORMATION

1.1) Glossary of Terms and Definitions

The following glossary provides definitions for key terms and abbreviations used throughout this Annual Report:

“Alestra”	Commercial brand serving the enterprise and government segment, focused on accelerating the adoption of next-generation services that drive digital transformation and business evolution. Its portfolio includes connectivity services, value-added solutions such as managed networks and systems integration, and information technology (IT) including cloud services, collaboration and cybersecurity. Alestra, S. de R.L. de C.V., was merged into the Issuer on May 1, 2017. Prior to the Alestra Merger, Alestra operated as the IT and telecommunications business unit of ALFA.
“ALFA”	ALFA, S.A.B. de C.V.
“ALTAN”	ALTAN Redes, S.A.P.I. de C.V., the consortium awarded on November 17, 2016, in an international tender organized by Mexico’s Ministry of Communications and Transport (SCT) for the construction and operation of a nationwide 4G wholesale network. On January 17, 2017, the Federal Telecommunications Institute (IFT) granted ALTAN a 20-year concession for commercial operation of this wholesale network.
“America Móvil”	América Móvil, S.A.B. de C.V., including its subsidiaries and affiliated companies.
“AT&T”	AT&T Corporation, including its subsidiaries and affiliated companies.
“Audited Financial Statements”	The audited consolidated financial statements of the Company as of and for the fiscal years ended December 31, 2024 and 2023, and as of and for the years ended December 31, 2023 and 2022.
“Avantel”	Refers collectively to Avantel, S. de R.L. de C.V. and Alestra Innovación Digital, S. de R.L. de C.V.
“Avantel Infraestructura”, “Alestra Innovación Digital”	<i>Avantel Infraestructura, S. de R.L. de C.V.</i> , which was renamed <i>Alestra Comunicación, S. de R.L. de C.V.</i> ; and subsequently <i>Alestra Innovación Digital, S. de R.L. de C.V.</i>
“Axtel”, “Company”, “Issuer”	Refers to <i>Axtel, S.A.B. de C.V.</i> , together with its subsidiaries, unless the context indicates otherwise.
“Axtel Networks”, “Axnet”	Commercial brand serving wholesale infrastructure customers. Offers connectivity solutions through fiber optics for international and domestic carriers, data centers, tower operators, Internet giants, and content and cloud providers.
“Banamex”	<i>Banco Nacional de México, S.A. miembro de Grupo Financiero Banamex</i> , including its affiliates.
“Bancomext”	Banco Nacional de Comercio Exterior, S.N.C.
“BBVA Mexico” or “BBVA”	<i>BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer.</i>
“Bestel”	<i>Bestel, S.A. de C.V.</i> , a telecommunications and IT services company, subsidiary of Televisa
“BMV” or “Stock exchange”	<i>Bolsa Mexicana de Valores, S.A.B. de C.V. (Mexican Stock Exchange).</i>
“Cablecom”	<i>Grupo Cable TV, S.A. de C.V.</i>
“Cablemás”	<i>Cablemás, S.A. de C.V.</i>

“Cablevisión”	<i>Empresas Cablevisión, S.A.B. de C.V.</i>
“Central Switchboard”	Equipment that manages voice data and establishes connections to enable calls.
“Circular Letter”	General provisions applicable to securities issuers and other market participants, issued by the CNBV and published in the Official Federal Gazette on March 19, 2003, as amended.
“CNBV”	<i>Comisión Nacional Bancaria y de Valores</i> (Mexican Banking and Securities Commission).
“CO ₂ e”	Carbon dioxide equivalent, a standard unit for measuring carbon footprint by expressing the impact of different greenhouse gases in terms of CO ₂ .
“Comparable EBITDA”	EBITDA excluding extraordinary items, such as reorganization expenses incurred in 2023.
“Controladora Axtel”	<i>Controladora Axtel, S.A.B. de C.V.</i> , the controlling entity of Axtel following the Spin-off of ALFA’s shareholding. As a result of the transaction, ALFA shareholders received one Controladora Axtel share for each ALFA share. Listed on the BMV on May 29, 2023. The number of Axtel shares and CPOs remained unchanged.
“Covid-19”	Infectious disease caused by SARS-CoV-2 virus, first identified in Wuhan, China, in December 2019 (Source: World Health Organization).
“CPOs”, “AXTELCPO”	Ordinary Participation Certificates, non-amortizable securities issued under the CPO Trust, each representing seven Series “B” Class “I” Shares of Axtel.
“CPOs Trust”	Irrevocable Trust Agreement No. 80471, dated November 30, 2005, between Axtel and <i>Nacional Financiera, Sociedad Nacional de Crédito, Institución de Banca de Desarrollo, División Fiduciaria</i> , as trustee, enabling the issuance of CPOs for trading on the BMV.
“CPO Trustee”	Nacional Financiera, Sociedad Nacional de Crédito, Institución de Banca de Desarrollo, Fiduciary Division, trustee of the CPO Trust.
“Data Center”	A facility housing networked computers and storage systems, used to manage, process and store large volumes of data.
“Dollars”, “US \$”	Current currency of the United States of America.
“EBITDA”	Defined by the Company as operating income (loss) plus depreciation, amortization and asset impairment.
“Ethernet”	IEEE 802.3 protocol for data transmission over local area networks (LAN).
“Flo Networks”	Formerly <i>Transtelco</i> , a provider of managed voice and data services over a US-Mexico fiber-optic network.
“GHz”	Gigahertz – a unit of frequency equal to one billion cycles per second.
“ICT”	Information and Communication Technologies.
“IFRS”	International Financial Reporting Standards.
“IFT”	<i>Instituto Federal de Telecomunicaciones</i> (Federal Telecommunications Institute), industry regulator since September 2013.
“Indeval”	<i>S.D. Indeval Institución para el Depósito de Valores, S.A. de C.V.</i> , responsible for securities custody and settlement in Mexico.

“INEGI”	<i>Instituto Nacional de Estadística y Geografía</i> (National Institute of Statistics and Geography of Mexico).
“IP”	Internet Protocol.
“IT”	Information Technologies.
“KIO”	Refers to the following companies, individually or collectively: Hiku Document Services, S.A.P.I. de C.V., Masnegocio.com, S.A.P.I. de C.V., Operadora Metronet S. de R.L. De C.V., Metro Net Hosting, S. de R.L. De C.V., Sixsigma Networks México S.A. de C.V., Fundación Kio, A.C., Sm4rt Security Services, S.A. de C.V. and Wingu Networks, S.A. de C.V.
“LAN”	Local Area Network.
“LFTR”	<i>Ley Federal de Telecomunicaciones y Radiodifusión</i> (Federal Telecommunications and Broadcasting Law) effective since August 13, 2014.
“LMV”	<i>Ley del Mercado de Valores</i> (Mexican Securities Market Law) effective since December 30, 2005.
“Mass Market Segment”	Business segment serving residential and small business customer with voice, data and video services (pay television) via fiber (FTTx) or wireless network. On December 17, 2018, Axtel sold most of this segment to Televisa and on May 11, 2019, Axtel sold the rest to Megacable.
“Megacable”	<i>Megacable Holdings, S.A.B. de C.V.</i> , including subsidiaries and affiliated companies.
“Merger between Alestra and Axtel”	Refers to the merger effective on February 15, 2016, between Axtel and Onexa, through which Alfa became Axtel’s majority shareholder and Alestra became a wholly owned subsidiary.
“México”	United Mexican States.
“MHz”	Megahertz – a unit of frequency equal to one million cycles per second.
“Onexa”	Onexa, S.A. de C.V., former parent of Alestra, merged into Axtel on February 15, 2016. Prior to the Merger between Alestra and Axtel, Onexa was a wholly owned subsidiary of ALFA.
“pesos”, “M.N.”, “\$”, or “Ps.”	Legal currency in Mexico.
“POPs”	Point of Presence, strategic physical locations for service concentration and interconnections.
“Preponderant Economic Agent (AEP)”	Designation by the IFT on March 6, 2014, for América Móvil and its affiliates as dominant players in the telecom sector.
“SDWAN”	Software-Defined Wide Area Network – virtualized WAN connections using software-based technologies.
“Senior Notes 2024”	Axtel notes with a 6.375% coupon maturing in 2024, fully redeemed as of the date of this Annual Report.
“Series B shares”	Ordinary, nominative, no-par value shares, Class “I” Series “B”, representing the fixed portion of Axtel’s capital stock.
“Shares”	Ordinary, nominative, no-par value shares, representing Axtel’s capital stock.
“SOFR”	Secured Overnight Financing Rate, administered by the Federal Reserve Bank of New York.

“Softtek”	<i>Valores Corporativos Softtek, S.A. de C.V.</i>
“Spin-off”	Refers to ALFA’s partial spin-off approved on July 12, 2022, transferring its entire shareholding to <i>Controladora Axtel</i> .
“Telcel”	Radiomóvil Dipsa, S.A. de C.V. and affiliates, subsidiaries of América Móvil.
“Telefónica Movistar”, “Grupo Telefónica”	Refers to the following companies, individually or collectively: Pegaso PCS, S.A. de C.V., Baja Celular Mexicana, S.A. de C.V., Pegaso Comunicaciones y Sistemas, S.A. de C.V., Celular de Telefonía, S.A. de C.V., Telefonía Celular del Norte, S.A. de C.V., Movitel del Noroeste, S.A. de C.V. and Grupo de Telecomunicaciones Mexicanas, S.A de C.V.
“Televisa”	Grupo Televisa S.A.B. de C.V., including its subsidiaries and affiliates.
“Telmex”	<i>Teléfonos de México, S.A.B. de C.V.</i> , including its subsidiaries and affiliates under America Móvil.
“Telnor”	<i>Teléfonos del Noroeste, S.A. de C.V.</i>
“TIIE”	Interest rate applicable to credit operations in Mexico. (<i>Tasa de Interés Interbancaria de Equilibrio</i>).
“RGUs”	Revenue Generating Units.
“VPN”	Virtual Private Network.

1.2) Executive Summary

This summary is not intended to include all information relevant to making an informed investment decisions regarding the securities described herein. Investors are strongly encouraged to review the entire Annual Report, including the financial statements and accompanying notes. This summary has been prepared in accordance with, and is subject to, the detailed information and financial statements contained in this Annual Report. Particular attention should be given to the "Risk Factors" section to assess the advisability of investing in the securities issued by the Company.

Axtel, S.A.B. de C.V. ("Axtel", or the "Company") is a Mexican company that provides integrated Information and Communications Technology (ICT) solutions aimed at transforming organizations through connectivity and digitalization, through its two commercial brands: Alestra and Axtel Networks (Axnet).

Axtel Networks (Axnet) operates as a neutral infrastructure provider, delivering connectivity solutions through fiber optics to wholesale customers. Its customer base includes national and international fixed and mobile operators, data center and tower operators, internet giants, and cloud/content providers. Axnet's service portfolio includes last-mile access, high-capacity links (wavelengths), fiber-to-the-tower, fiber-to-the-data center, spectrum services, and IP transit, among others.

Alestra serves as a strategic technology partner to over 12,000 business clients, including small, medium and large enterprises, corporations, financial institutions, and government entities. Alestra's offerings include telecommunications services such as connectivity, managed networks and collaboration tools, as well as Information Technology (IT) solutions like systems integration, cloud services, cybersecurity and mobility solutions.

Axtel operates one of the largest fiber-optic networks in Mexico, with approximately 53,600 kilometers of infrastructure. This includes 24,700 kilometers of national transport network (of which 14,300 kilometers are under long-term capacity agreements) and 28,900 kilometers of metropolitan rings, providing Ethernet access in 77 cities across the country.

The Company's vision is to be the preferred partner for customers' digital experiences through innovation and value creation. Its mission is to transform organizations with connection and digitalization solutions that support sustainable development. Axtel's purpose is: "Technology connecting your life." Its strategic objective is to become the leading enabler of digital transformation in Mexico and the foremost neutral fiber-optic network operator in the country.

Axtel was originally incorporated as *Telefonía Inalámbrica del Norte, S.A. de C.V.* on July 22, 1994, by means of public deed No. 3,680. In 1999, it changed its corporate name to *Axtel, S.A. de C.V.* Following amendments to the Mexican Securities Market Law (LMV), the Company became a publicly traded variable capital corporation (Sociedad Anónima Bursátil de Capital Variable) on December 4, 2006.

Since December 2005, Axtel's Ordinary Participation Certificates (CPOs) have been listed on the Bolsa Mexicana de Valores (BMV). The Company regularly publishes corporate, operational, and financial information, which is available on the BMV's website at www.bmv.com.mx, as well as on Axtel's websites: axtelcorp.mx, alestra.mx, and axtelnetworks.mx. These sites also provide detailed information about the Company's products and services.

On October 1, 2015, Axtel, ALFA, Onexa and Alestra signed a memorandum of understanding to merge the operations of Axtel and Alestra, with the goal of creating a stronger competitor in Mexico's telecommunications market. Subsequently, on December 3, 2015, the parties signed definitive agreements, subject to corporate and regulatory approvals, to carry out the merger of Axtel and Onexa.

On January 15, 2016, Axtel and Onexa held Extraordinary Shareholders' Meetings, during which the merger was approved and new members of the Board of Directors, the CEO, and the Audit and Corporate Practices Committee were appointed. Following the completion of legal, operational, and financial due diligence, and the receipt of all necessary regulatory approvals, the merger became effective on February 15, 2016. On that date, ALFA became the

majority shareholder of Axtel, receiving 9,668,965,488 Series "B" Class "I" shares. The merged entity was dissolved and Axtel, S.A.B. de C.V. continued as the surviving company. As a result, Alestra became a wholly owned subsidiary of Axtel ("the merger" or "the merger between Axtel and Alestra").

In accordance with the resolutions adopted at the January 15, 2016 Extraordinary Shareholders' Meeting, Axtel announced on July 18, 2017, the additional issuance of 1,019'287,950 Series "B" Class "I" shares to ALFA. These shares, held in treasury, were delivered based on an average exchange rate formula between the Mexican Peso and the U.S. Dollar over an 18-month period starting January 15, 2016

Following the divestiture of most of its mass market fiber business in late 2018, Axtel completed the sale of the remaining portion in 2019. The same year, Equinix Inc., a global leader in data centers, acquired the operations and assets of three Axtel data centers.

On July 12, 2022, ALFA shareholders approved, through an Extraordinary General Shareholders' Meeting, the spin-off of ALFA's entire shareholding in Axtel to a newly created entity, Controladora Axtel. On May 29, 2023, Controladora Axtel began trading on the Mexican Stock Exchange (BMV). ALFA shareholders received one share of Controladora Axtel for each ALFA share held, while maintaining their ownership in ALFA. As a result, Axtel became a subsidiary of Controladora Axtel, with retroactive effect to July 12, 2022.

For the year ended December 31, 2024, Axtel generated revenues of Ps. \$11,556 million and recorded operating income and Comparable EBITDA of Ps. \$1,334 million and Ps. \$3,669 million, respectively. Axtel recorded a loss before taxes of Ps. \$1,085 million and a net loss of Ps. \$691 million. At the end of 2024, the Company had cash for Ps. \$1,256 million and total debt (including accrued interest) of Ps. \$11,262 million.

During 2023, Axtel generated revenues of Ps. \$10,956 million and registered an operating income and EBITDA of Ps. \$576 million and Ps. \$3,430 million, respectively. Axtel registered an income before taxes of Ps. \$253 million and a net income of Ps. \$314 million. At the end of 2023, the Company had cash for Ps. \$1,207 million and total debt (including accrued interest) of Ps. \$10,631 million.

Finally, during 2022, Axtel generated revenues of Ps. \$10,480 million and registered an operating income and EBITDA of Ps. \$174 million and Ps. \$3,011 million, respectively. Axtel registered a loss before taxes of Ps. \$87 million and a net loss of Ps. 39 million. At the end of 2022, the Company had cash for Ps. \$1,543 million and total debt (including accrued interest) of Ps. \$11,881 million.

The following tables contain a summary of the consolidated financial information as of December 31, 2024, 2023 and 2022 and for the years ending on those dates, derived from the information contained in the Audited Financial Statements attached to this Annual Report.

	Years ended December 31,		
	2024	2023	2022
<i>(in million pesos)</i>			
Income Statement			
Revenues	11,556.5	10,955.9	10,479.6
Operating costs and expenses ⁽¹⁾	(10,222.1)	(10,380.1)	(10,305.7)
Operating Income	1,334.3	575.8	173.9
Interest expense, net	(1,206.9)	(977.9)	(772.2)
Exchange (loss) gain, net	(1,212.8)	655.4	511.3
Profit (Loss) gain before taxes	(1,085.4)	253.3	(87.0)
Income Taxes	394.2	61.0	48.2
Net (Loss) Profit	(691.2)	314.3	(38.8)
(Loss) Profit per share:			
(Loss) Profit per basic share: Basic and diluted	(0.035)	0.016	(0.002)
Weighted average of common outstanding shares (in millions):	19,694.5	19,809.6	19,824.2
Dividends decreed per share	—	—	—

Other Financial information:			
Depreciation, amortization and impairment of long-life assets	2,317.4	2,466.6	2,837.1
EBITDA ⁽²⁾	3,669.1	3,429.9	3,011.0
EBITDA as percentage of revenues	31.7%	31.3%	28.7%

- (1) Cost of sale and services, plus administrative and selling expenses, plus depreciation and amortization, plus other operating income (expenses).
- (2) For the purposes of the Company, it has been defined as the result of adding to the operating (loss) income, the depreciation and amortization and impairment of assets. Not audited.

<i>(in million pesos)</i>	Years ended December 31,		
	2024	2023	2022
Statement of Cash Flows:			
Net Cash Flow from:			
Operating Activities	3,284.4	2,809.9	3,207.9
Investing Activities	(1,160.6)	(1,310.8)	(1,207.3)
Financing Activities	(2,191.5)	(1,731.0)	(2,040.3)
(Net decrease) Net increases in cash or cash equivalents	(67.7)	(231.9)	(39.7)

<i>(in million pesos)</i>	Years ended December 31,		
	2024	2023	2022
Balance Sheet:			
Cash and equivalents	1,255.7	1,207.2	1,542.8
Net working capital ⁽³⁾	807.4	655.6	183.1
Total Assets	17,236.2	16,709.2	18,351.4
Total Debt	11,261.7	10,630.5	11,881.1
Total Liabilities	14,885.6	13,592.3	15,501.0
Total stockholders' equity	2,350.7	3,116.8	2,850.4
Net Assets ⁽⁴⁾	8,310.1	8,909.2	9,227.2
Capital common stock	454.6	454.6	454.6
Weighted average of outstanding shares (millions)	19,694.5	19,809.6	19,824.2

- (3) Net Working Capital is calculated by subtracting cash and equivalents, accounts payable, payable taxes and other accounts payable from current assets.
- (4) Net assets is calculated by adding net working capital to property, plant and equipment.

As of December 31, 2024, 2023 and 2022, the closing prices of Axtel's CPOs (AXTELCPO) were Ps. \$1.10, Ps. \$0.67 and Ps. \$1.36, respectively. For a detailed analysis of stock performance over time, please refer to Section 5.2) *Stock Performance in the Stock Market*.

As of the date of this Annual Report, the Company capital stock is composed of 19,460'372,893 ordinary, nominative, no-par value Series "B" Class "I" shares, all of which fully subscribed and paid. Controladora Axtel holds 54.9% of the Company's capital stock. Currently, there are no shares issued or subscribed under the variable portion of Axtel's capital stock. In accordance with the resolutions adopted at the Extraordinary General Shareholders' Meeting held on March 18, 2025, Axtel requested an update to the registration of its shares in the National Securities Registry (RNV). This update reflects the cancellation of 363,818,224 Series "B" Class "I" shares, equivalent to 51,974,032 CPOs, as part of the Company's share repurchase program.

Axtel corporate headquarters are located at: Munich 175, Colonia Cuauhtémoc, San Nicolás de los Garza, Nuevo León, México, C.P. 66450. Phone: (+52) (81) 8114-0000. Website: axtelcorp.mx.

1.3) Recent Relevant Events

2025

Share Repurchase Program – Annual General Ordinary Shareholders’ Meeting (March 18, 2025)

At the Annual General Ordinary Shareholders’ Meeting held on March 18, 2025, shareholders approved, among other matters, a maximum allocation of Ps. \$100 million for repurchase of the Company’s shares during fiscal year 2025.

Share Cancellation - Extraordinary General Shareholders' Meeting (March 18, 2025)

At the Extraordinary General Shareholders' Meeting held on March 18, 2025, shareholders approved the cancellation of 363,818,224 ordinary, nominative shares, no-par value, Series “B” Class “I” shares, equivalent to 51,974,032 CPOs, originating from the share repurchase program held in treasury.

As a result, the fixed portion of the Company's capital stock was reduced by a total of Ps. \$8,343,290.52; corresponding to the theoretical value of the canceled shares. Following this reduction, the fixed capital stock stands at Ps. \$446,276,559.83.

Debt Reduction

On March 26, 2025, Axtel announced the US\$39 million partial prepayment of a bank loan, funded with internal cash flow. This transaction, along with a previous prepayment made in December 2024, resulted in a 13% reduction in total debt.

As a consequence of this prepayment, the Company recognized Ps. \$5.35 million in the consolidated income statement, corresponding to the unamortized portion of debt issuance costs related to the prepaid loan.

2024

Share Repurchase Program – Annual General Ordinary Shareholders’ Meeting (March 8, 2024)

At the Annual General Ordinary Shareholders' Meeting held on March 8, 2024, shareholders approved a maximum allocation of Ps. \$100 million for the repurchase of the Company’s shares during 2024.

Share Cancellation – Extraordinary General Shareholders’ Meeting (March 8, 2024)

At the Extraordinary General Shareholders' Meeting held on March 8, 2024, shareholders approved the cancellation of 45,000 Series “B” Class “I” shares, which were not subscribed or paid and had been held in treasury for the conversions of convertible notes, whose holders did not exercise the respective right of conversion, and such notes having been fully redeemed.

As a result, the fixed capital stock was reduced by Ps. \$1,031.96; representing the theoretical value of the canceled shares. The fixed capital stock was adjusted to Ps. \$454,619,850.35.

Amendment to Corporate Bylaws – Extraordinary General Shareholders’ Meeting (March 8, 2024)

In accordance with the resolutions adopted at the Extraordinary General Shareholders' Meeting held on March 8, 2024, shareholders approved amendments to Clauses 6, 8, 20, 30, 32, 33, 34 and 36 of the Company’s bylaws to align to recent reforms to the General Law of Commercial Companies (*Ley General de Sociedades Mercantiles*), as well as to the Securities Market Law (*Ley del Mercado de Valores*):

- Authorizations for Shareholders meetings and board session to be held in person or via electronic means;
- Publication of shareholders meetings notices through Ministry of Economy’s electronic system;
- Legal books may now be signed by handwriting or electronic signature;

- Removal of limitations on the issuance of non-ordinary shares;
- Capital increases must be registered with the National Securities Registry after share placement;
- The Shareholders' Meeting may delegate to the Board of Directors the authority to increase capital and modify subscription, including the exclusion of preemptive rights.

2023

Bancomext Loan Refinancing

On January 5, 2023, Axtel signed an agreement to refinance its long-term facility with Bancomext for Ps. \$3,026 million, an interest rate of TIIE + 2.1% maturing in 2028 with an average life of 8 years.

Debt Transactions and Refinancing Activities

On January 26, 2023, Axtel entered into a credit agreement with Export Development Canada (EDC) for US\$100 million. The first disbursement of US\$40 million was made on February 13, 2023, with maturities from January 2027 to January 2028 and a variable interest rate of 1-month SOFR + 3.55%. The remaining US\$60 million was drawn on July 19, 2023, under the same terms.

On January 27, 2023, the Company drew Ps. \$200 million from its revolving credit line with BBVA México, maturing in July 2024 at TIIE + 1.75%. This loan was fully prepaid on April 26, 2023. Proceeds from these loans were used to repurchase the 2024 Senior Notes.

On May 25, 2023, the Company drew Ps. \$180 million from its committed line with Export Development Canada, maturing on June 25, 2024, at TIIE + 1.75%.

On April 27, 2023, the Company signed a syndicated loan for US\$210 million and Ps. \$971.5 million to refinance all outstanding 2024 Senior Notes. The redemption was completed on July 21, 2023. The new loan includes quarterly principal payments beginning in July 2025 through April 2028, with interest rates of TIIE + 3.25% for the peso portion, and SOFR + 3.25% for the dollar portion.

As a result of this refinancing, Axtel recognized Ps. \$25 million in the consolidated income statement, related to unamortized issuance costs of the redeemed Senior Notes.

Senior Notes Repurchase and Prepayment

On January 17, 2023, Axtel launched a tender offer to repurchase up to US\$75 million of its Senior Notes due 2024. By the early tender deadline on January 31, 2023, US \$77.7 million had been tendered and accepted. The Company subsequently increased the tender cap to US\$120 million and extended the deadline to February 13, 2023. By that date, US\$88.6 million in Notes had been repurchased, leaving an outstanding balance of US\$313.6 million, which was fully redeemed later in the year.

The Company recognized Ps. \$8.7 million in the consolidated income statement for unamortized issuance costs, related to the repurchased 2024 Senior Notes.

On June 16, 2023, Axtel announced the full prepayment of the remaining US \$313.6 million in Senior Notes. The prepayment was executed on July 21, 2023, at 101.594% of face value plus accrued interest. The transaction was financed through previously announced bank loans, extending the average maturity of Axtel's debt from approximately 3 to 5 years.

Share Repurchase Program – Annual General Ordinary Shareholders' Meeting (March 7, 2023)

At the Ordinary General Shareholders' Meeting held on March 7, 2023, shareholders approved a maximum allocation of Ps. \$100 million for the repurchase of the Company's shares during fiscal year 2023. This amount remains in effect for subsequent years unless modified by a future Shareholders' Meeting.

As of December 31, 2023, Axtel had repurchased 28,938,371 shares, with a remaining balance of Ps. \$96 million.

Merger of subsidiaries – Extraordinary General Shareholders' Meeting (March 7, 2023)

At the Extraordinary General Shareholders' Meeting held on March 7, 2023, shareholders approved the merger by absorption of the subsidiaries *Alestra* Innovación Digital, S. de R.L. de C.V., Estrategias en Tecnología Corporativa, S.A. de C.V. and Allied Inmuebles, S.A. de C.V., into Axtel, S.A.B. de C.V. ("Axtel"). The merger became effective on April 1, 2023, with Axtel assuming all rights and obligations of the merged entities. This transaction has no impact on the Company's consolidated operations.

Spin-off of ALFA's equity participation in Axtel and creation of Controladora Axtel

On May 19, 2023, Axtel announced that Controladora Axtel, the entity created from the spin-off of Alfa, S.A.B. de C.V., received authorization from the National Banking and Securities Commission (CNBV) to register its shares in the National Securities Registry.

This marks the completion of the spin-off process approved by ALFA shareholders on July 12, 2022. As a result, ALFA shareholders received one share of Controladora Axtel for each ALFA share held. The number of Axtel shares remained unchanged.

Controladora Axtel began trading on the Mexican Stock Exchange on May 29, 2023, holding 53.9% of Axtel's capital stock.

IFC Loan Agreement

On December 6, 2023, Axtel formalized a US\$60 million loan agreement with the International Finance Corporation (IFC), a member of the World Bank Group. The loan matures on November 15, 2030, and is linked to environmental and social commitments. The proceeds will support the strategic expansion of Axtel's fiber optic network to telecommunications towers and data centers, contributing to the development of Mexico's digital infrastructure while extending the Company's maturity profile.

2022

Share Repurchase Program – Annual General Ordinary Shareholders' Meeting (March 7, 2022)

At the Annual General Ordinary Shareholders' Meeting held on March 7, 2022, shareholders approved a maximum allocation of Ps. \$200 million for the Company's share repurchase program during fiscal year 2022.

Share Cancellation – Extraordinary Shareholders' Meeting (March 7, 2022)

At the Extraordinary Shareholders' Meeting celebrated on March 7, 2022, shareholders approved the cancellation of 424,991,364 ordinary, nominative, no-par value, Class "I" Series "B" shares, equivalent to 60,713,052 AXTELCPOs, held in the treasury as part of the share repurchase program.

As a result, the fixed portion of the Company's capital stock was reduced by Ps. \$9,747,045.18; representing the theoretical value of the canceled shares. The fixed capital stock was adjusted to \$454,620,882.31.

Amendment Second Clause of the Bylaws –Extraordinary Shareholders' Meeting (March 7, 2022)

In accordance with the resolutions adopted in the Extraordinary Shareholders' Meeting held on March 7, 2022, shareholders approved an amendment to the Second Clause of Axtel's bylaws, relative to the corporate purpose, to

align with recent labor law reforms. The revised text updates subsections a) and b) of the corporate purpose, which now read:

“SECOND. – The corporate purpose of the Company shall be: a) To operate and manage a public telecommunications network, provide telecommunications services through wired or wireless technologies; utilize, exploit and lease spectrum frequency bands, infrastructure rights, and dark fiber; integrate and manage connectivity, cybersecurity, internet of things, managed information and collaboration technologies; execute turnkey projects; and manage data center solutions as well as the administration of telecommunications infrastructure projects. b) To commercialize, distribute, export, and sell all types of telecommunications, computing and electronic equipment, and to acquire and/or operate telecommunications equipment and installations, both nationally and internationally, using any type of technology...”

Appointment of new CEO

On April 26, 2022, Axtel's Board of Directors unanimously approved the appointment of Armando de la Peña González as Chief Executive Officer, effective May 1, 2022. He succeeded Eduardo Escalante Castillo, who had served as Acting CEO since January 22, 2021, and returned full-time to his role ALFA's CFO.

Spin-off of ALFA's shareholding in Axtel and creation of Controladora Axtel

On July 12, 2022, ALFA's Shareholders' Meeting approved the spin-off of its entire shareholding in Axtel, resulting in the incorporation of Controladora Axtel, a variable capital stock corporation. Following regulatory approvals from the CNBV and BMV, Controladora Axtel's share were registered in the RNV and listed for trading on the Mexican Stock Exchange.

Impairment of investment Altán Redes S.A.P.I. de C.V. (“Altan”)

As of December 31, 2022, Axtel held a 0.42% equity interest in Altán. Likewise, Axtel is Altán's provider of telecommunications and IT services.

On November 12, 2021, Altán was declared in *Concurso Mercantil* (bankruptcy proceedings) with an initial conciliation period of 185 days extendable by two additional 90-day periods. On October 28, 2022, the First District Court for Bankruptcy Matters approved Altán's bankruptcy, officially concluding the process.

As a result, Axtel recognized an impairment loss of Ps. 22 million in 2022, and Ps. 290 million in 2021, related to its investment in Altán. As of December 31, 2023 and 2022, the net balance of accounts receivable from Altán was Ps. \$26 million and Ps. \$31 million, respectively (excluding VAT).

Repurchase of 2024 Senior Notes

During 2022, Axtel repurchased Ps. 754 million (US\$37.8 million) of its 2024 Senior Notes. As of December 31, 2022, the outstanding balance of these notes was Ps. \$7,788 million (US\$402.2 million). As a result of this transaction, the Company recognized Ps. \$4.5 million in the consolidated income statement for unamortized debt issuance costs related to the repurchased notes.

1.4) Risk Factors

Prospective investors should carefully evaluate the risk factors outlined below before making any investment decisions. These risks and uncertainties are not exhaustive. Additional risks, whether currently unknown or deemed immaterial, could also affect the Company's operations and performance.

The occurrence of any of the risks described herein could materially and adversely affect the Company's operations, financial condition, or results of operations.

The following risk factors are specific to the Company and are not intended to represent all potential risks faced by investors. Other risks, including those affecting the broader industry, geographic regions where the Company operates, or those currently considered insignificant, may also impact the Company's business and investment value.

Statements in this Annual Report that are not historical facts reflect the Company's expectations regarding future events and may include projections of financial results, economic conditions, trends, and uncertainties. Words such as "believe," "expect," "estimate," "consider," "forecast," and "plan" identify such forward-looking statements. Investors should consider the risk factors and other cautionary statements in this report when evaluating these projections. These risks describe non-financial factors that could cause actual results to differ materially from those anticipated.

1.4.1) Company-Specific Risks

Axtel operates in a highly competitive telecommunications and IT services market in Mexico. It faces competition from companies with greater financial resources and broader market presence, which exerts pressure on pricing and may negatively impact operating margins and financial results.

The convergence of services has intensified competition. Axtel competes with established telecom providers such as Telmex, Televisa, Telecom, Megacable, Totalplay, and Flo Networks, as well as IT service providers like KIO, IBM, Scitum, Triara, and Softtek.

Axtel continues to face pricing pressures due to:

- Increased market competitiveness in the post-pandemic "new normal";
- Aggressive market share strategies by competitors;
- Capital-intensive investments by competitors enabling rate subsidies;
- Technological advancements increasing fiber optic capacity and creating long-distance overcapacity;
- Greater involvement of traditional fixed-line providers;
- Ongoing convergence of telecom and IT services.

Further price declines in telecom services may compel Axtel to reduce its prices to remain competitive, potentially affecting its financial performance.

Axtel's ability to generate cash flow depends on its competitiveness in the ICT sector in Mexico.

As margins in voice and data services shrink, Axtel is shifting toward value-added and digital transformation services, particularly in the financial, retail, and logistics sectors, and wholesale connectivity.

This strategy carries several risks:

- Rapid technological evolution and product innovation;
- Political and economic uncertainty affecting telecom investments;
- Intense competition in the ICT market;
- Dominance of large players like América Móvil;
- Regulatory inflexibility and delays in approving new technologies;
- Strict, unfavorable, or delayed interpretations by regulators, in relation to the implementation of Axtel's services, the offering of new services, or the integration of its services; and
- Additional competition from telecom and IT service providers.

Axtel depends on certain important customers that generate a substantial part of its income.

Axtel serves over 12,000 enterprise and government clients in Mexico; including major corporations, large and medium-sized companies in the financial sector, retail, education, manufacturing, among others and federal, state and local entities of the government sector. Additionally, Axtel has important wholesale customers.

In 2024, the top ten customers accounted for 21% of total revenue, with the two largest contributing 5% and 4%, respectively.

The loss or reduction of business from a major client could materially impact Axtel's financial results. No other customer accounted for more than 5% of total revenues.

Contracts with the government segment have higher levels of uncertainty.

Government segment represented 11%, 11% and 10% of total revenues in 2024, 2023 and 2022, respectively. The agreements are subject to higher uncertainty due to rescission clauses and mandatory public tender processes for renewals or direct awards. In addition, bidding processes for new contracts may be postponed, depending on market conditions. Delays or losses in government contracts could negatively affect the Company's financial performance.

The Company may be subject to disruptions in the continuity of its services and business processes.

Axtel's operations depend on robust systems and infrastructure, including advanced technologies and control processes, which are vulnerable to disruptions caused by natural disasters (such as fires, floods, and earthquakes), power outages, technological failures, and public health emergencies.

Prolonged interruptions in operations could negatively impact the Company's ability to function effectively, erode customer trust, and reduce sales and profitability. To mitigate this risk, Axtel maintains a certified Business and Risk Continuity Management System, aligned with international standards ISO 22301 and ISO 31000.

For instance, during Hurricane OTIS in 2023, Axtel successfully activated its emergency and business continuity protocols. This enabled the Company to be among the first technology providers to reach the affected area and restore telecommunications services. Key factors contributing to the success of this recovery included collaboration with regulatory authorities, critical suppliers (such as carriers, energy providers, and logistics partners), and the local community, as well as inter-regional support networks, effective communication protocols, and efficient logistics for essential supplies. Nevertheless, there is no guarantee that business continuity plans will always be fully effective in the event of system interruptions or failures. As such, Axtel continuously improves its recovery strategies based on insights from periodic continuity drills and real-life events affecting services and infrastructure.

The Company may be subject to cybersecurity risks.

Given the nature of its business, Axtel's technologies, systems, and networks are potential targets for cyberattacks, which could compromise its own information and that of third parties for whom it is responsible.

To address this risk, Axtel operates a certified Information Security Management System (ISO 27001), along with other internationally recognized standards. The Company has developed a robust and evolving security architecture, collaborates with intelligence organizations, and leverages the capabilities of its Cyber Defense Operations Centers to detect and respond to cyber threats in a timely manner.

For example, in 2020, the rapid shift to remote work (virtual office) and, in 2022, the global increase in cyber threats due to the Russia-Ukraine conflict, led to a surge in cyberattacks. In response, Axtel implemented new security controls and reinforced existing measures, including technology upgrades and digital hygiene awareness campaigns, thereby enhancing its ability to respond to such incidents.

Although Axtel has not experienced material losses from cyberattacks to date, there is no assurance that such events will not occur in the future. A successful cyberattack could adversely affect operations or financial performance. Furthermore, failure to prevent the theft of sensitive information, such as financial data or confidential customer and employee information, or to adequately protect data privacy, could have a negative impact on the Company's business. Axtel continues to monitor and analyze cybersecurity trends to strengthen its protective measures.

Risk that investments will not generate the expected income.

In 2024, 2023, and 2022, Axtel invested Ps. \$1,302 million, Ps. \$1,340 million, and Ps. \$1,331 million, respectively, in network infrastructure and intangible assets. The Company anticipates that significant additional investments will be required to maintain and enhance its network, expand capacity, and support business growth, including through acquisitions and the divestiture of non-strategic assets. These investments, along with ongoing operating expenses, may impact cash flow and profitability, particularly if they do not result in increased revenues or operational efficiencies.

Axtel projects that sustained growth will also depend on its ability to attract and retain qualified personnel capable of managing this expansion effectively. If these investments fail to deliver the expected returns, the Company's profitability and cash flow could be adversely affected.

If strategic suppliers stop providing services, technologies and/or equipment to Axtel, its results of operations could be adversely affected.

Axtel relies on key suppliers such as Cisco, Microsoft, Oracle, Fortinet, and Equinix. If any of these providers fail to deliver essential services, technologies, or equipment, and no suitable alternatives are available, Axtel's ability to implement necessary solutions and achieve desired network penetration and coverage could be compromised. This would likely have a negative impact on the Company's operational performance and financial results.

The telecommunications sector is characterized by rapid technological change, which could require Axtel to make important capital investments to remain competitive.

The telecommunications industry is subject to continuous, rapid, and substantial technological advancements, including changes in access networks and the introduction of new products and services driven by market demand. These developments are influenced by the characteristics, costs, and adaptability of available technologies to the Company's operational environment. As new services and technologies continue to emerge, it becomes increasingly difficult to predict their impact on Axtel's business.

There is a risk that Axtel's systems and technologies may become less efficient than those of its competitors. Technological advancements or the emergence of alternative solutions could weaken the Company's competitive position, potentially requiring significant price reductions, additional capital investments, or the replacement of obsolete technologies. If Axtel is unable to access new technologies at reasonable costs, or if its existing systems become obsolete, it may need to recognize impairment charges, which could materially affect its business and financial results.

Moreover, delays in deploying new technologies or failure to meet performance expectations could hinder growth and negatively impact operating results. If ICT providers discontinue the supply of critical equipment or services, Axtel's operations and financial performance could be significantly affected.

If Axtel does not successfully maintain, upgrade and efficiently operate its accounting, billing, customer service, and management information systems, it may not be able to sustain or enhance its operating efficiency.

Sophisticated information and processing systems are critical to Axtel's operations and growth. These systems support essential functions such as cost monitoring, monthly service billing, customer order processing, customer service delivery, and the achievement of operational objectives. The Company believes it has implemented the necessary systems to perform these functions effectively. However, there is no guarantee that Axtel will be able to continue operating or upgrading these systems successfully, or that the systems will consistently perform as expected.

Any failure or malfunction in these systems could impair the Company's ability to issue accurate invoices, collect payments, and respond adequately to customer needs. Such disruptions could negatively impact Axtel's financial condition and operating results.

The Company's insurance coverage may be insufficient to address future liabilities, including legal claims, due to policy limits or denial of coverage by insurers. In either case, the Company's business, financial condition, and results of operations could be adversely affected.

Axtel's external insurance coverage may not fully compensate for damages if the value a claim exceeds policy limits or if the damage is not covered under the terms of the policy. This could result in significant unforeseen expenses, negatively impacting the Company's operations, financial results and overall financial health.

Additionally, insurance providers may attempt to cancel or deny coverage for future liabilities, including lawsuits, regulatory investigations, or other legal proceedings. In such liabilities arise and insurance coverage is either insufficient or denied, the Company face substantial financial and operational consequences.

A failure in the Company's infrastructure and/or systems could lead to service delays or interruptions, potentially resulting in customer loss.

To remain competitive, Axtel must continue delivering reliable services through its network. However, its infrastructure is exposed to several risks, including:

- physical damage to access lines;
- power surges or outages;
- software defects; and
- disruptions beyond the Company's control.

Such disruptions could lead to service interruptions or reduced capacity, either of which may cause customer dissatisfaction or loss, and increased operational costs. These outcomes could adversely affect the Company's reputation, revenue, and profitability.

Axtel's operations are dependent upon its ability to protect its network infrastructure.

The Company's operations rely heavily on the protection of its network infrastructure from potential damage caused by fires, earthquakes, hurricanes, floods, power outages, security breaches, software defects, and similar events. It is also essential that Axtel designs and maintains networks that are resilient to the adverse effects of such incidents. The occurrence of a natural disaster or other unforeseen issues at its facilities, including switches, data centers, or points of presence (POPs), could result in service interruptions.

A failure at any of these critical sites would disrupt services to customers until repairs are completed or replacement equipment is installed. These repairs or replacements can be costly. Any damage or failure that leads to operational interruptions could have a material adverse impact on Axtel's business, financial condition, and operating results.

Any loss of key personnel could adversely affect the business.

Axtel's success is significantly dependent on the expertise, experience, and collaboration of its management team and key personnel, as well as the strategic decision-making of its governing body. The Mexican labor market faces a shortage of qualified professionals, increasing competition for experienced executives. Axtel's leadership team possesses deep industry knowledge, and their continued presence, or the timely replacement with equally capable leaders, is critical to maintaining key client relationships and ensuring efficient business operations.

A lack of technical, managerial, or industry-specific experience among key employees could hinder the execution of the Company's business plan, delay the launch of new products, result in client attrition, and divert resources toward recruitment and training. To address this, Axtel has implemented retention, succession, replacement, and competency development plans to ensure operational continuity. However, there is no guarantee that Axtel will be able to retain or quickly attract highly skilled, committed personnel, which could impact its ability to achieve strategic objectives.

Any deterioration in the relationships with its employees, changes in labor legislation, or the increase in labor costs can have a negative impact on Axtel's business, financial condition, results of operations, and prospects.

As of the end of 2024, Axtel employed 3,831 individuals in Mexico. Since divesting its mass market segment in 2019, the Company no longer has unionized employees. Axtel is prepared to manage potential changes in labor legislation and supports employee well-being through a comprehensive 360° wellness program aligned with NOM-035 standards.

Nonetheless, any significant increase in labor costs, deterioration in employee relations at any location, or changes in labor laws, or their interpretation, could materially and adversely affect the Company's business, financial condition, operating results, and future prospects.

Axtel's operations are subject to general litigation risks.

Axtel is involved in various legal proceedings, which are a natural consequence of its business activities, regulatory changes, and government policies. Additionally, state and municipal authorities have issued mandates requiring the burial of both new and existing infrastructure, which has led to legal disputes.

While Axtel has generally achieved favorable outcomes in litigation, the trajectory, costs, and results of legal proceedings cannot be predicted with certainty. In the most adverse scenarios, these legal matters could materially affect the Company's business, financial condition, and operating results.

Risks associated with regulatory uncertainty.

On December 20, 2024, a Constitutional Reform Decree on organizational simplification was published in the Official Gazette of the Federation (DOF). This decree eliminates several autonomous federal agencies, including the Federal Telecommunications Institute (IFT) and the Federal Economic Competition Commission (COFECE). It introduces a new institutional framework that removes the constitutional autonomy of these bodies and redistributes their regulatory functions among various government entities.

The dissolution of the sector's primary regulatory authority introduces legal uncertainty for industry operators. During 2025, secondary legislation will be enacted to define how the responsibilities of IFT and COFECE will be reassigned to new regulatory bodies.

Additionally, on October 31, 2024, another Reform Decree was published in the DOF, changing the legal status of state-owned productive enterprises to public enterprises. This reform amends Article 28 of the Constitution, stating that state-exclusive functions in providing internet services shall not be considered monopolistic. This change is intended to promote broader social connectivity.

Furthermore, there is a growing trend among municipalities across Mexico to prohibit the deployment of aerial infrastructure and to mandate the migration of existing aerial infrastructure to underground systems.

Axtel relies on the Preponderant Economic Agent (AEP) for access to essential telecommunications services, including dedicated links and last-mile infrastructure. If, in the future, Telmex ceases to be classified as an AEP and is permitted to charge rates higher than those currently regulated by the Federal Telecommunications Institute (Instituto Federal de Telecomunicaciones, "IFT"), this could have a material adverse effect on Axtel's business and operating results.

In this third evaluation of the measures imposed on the AEP, regulatory modifications were made to protect end-users' freedom of choice by unlocking terminal equipment and eliminating mandatory terms in service contracts. Furthermore, the IFT aims to promote effective competition in the sector, strengthening the provision of wholesale services, incorporating measures that contemplate the possibility of changing the regulatory framework, improving the IFT's monitoring mechanisms for the AEP, and making public procurement processes awarded to the AEP more transparent.

Since July 4, 2014, following the enactment of the Federal Telecommunications and Broadcasting Law (LFTR), the IFT designated América Móvil and its subsidiaries, Telmex and Telcel, as Preponderant Economic Agents in the telecommunications sector, subjecting them to asymmetric regulation.

In December 2020, after a prior adjustment to the preponderance measures, the IFT issued its second biennial review of these measures for both fixed and mobile network markets. This review allowed for greater pricing flexibility for regulated wholesale services, such as access network fiber optics and dedicated links. However, the anticipated pricing effects have not materialized, as the IFT has yet to issue rules easing price controls on dedicated links, and the AEP has not implemented tariff freedom for unbundling services.

The third review of the preponderance measures began in December 2022 and concluded on October 30, 2024. This review introduced regulatory changes aimed at protecting end-user choice by unlocking terminal equipment and eliminating mandatory contract terms. It also sought to enhance competition by strengthening wholesale service provisions, improving IFT oversight of the AEP, and increasing transparency in public procurement processes involving the AEP.

Axtel has experienced losses in the past in relation to derivative financial instruments.

Axtel uses derivative financial instruments primarily to manage interest rate risk and to hedge, fully or partially, its foreign currency obligations, including debt service and U.S. dollar-denominated investments. While these instruments are intended solely for hedging purposes, some may not qualify for hedge accounting under IFRS, and their market value is reflected in the comprehensive income statement.

Additionally, Axtel faces the risk that the creditworthiness of counterparties to these instruments may deteriorate, potentially preventing them from fulfilling their obligations. This would expose Axtel to market risks and could have a material adverse impact.

The Company intends to continue using derivative financial instruments in the future. Consequently, it may incur further net losses or be required to make cash payments or post collateral. These instruments may also be subject to margin calls if credit thresholds are exceeded, which could require substantial cash outflows and reduce funds available for operations or capital expenditures.

Insurance coverage may not be sufficient to cover future liabilities.

Axtel's third-party insurance coverage may be inadequate to cover potential damages if the value of such damages exceeds policy limits or if the damages are not covered under existing policies. This could result in significant unforeseen expenses, adversely affecting the Company's business, financial condition, and operating results.

Furthermore, insurers may seek to terminate or deny coverage for future liabilities, including litigation, investigations, or other legal actions. In such cases, the absence of adequate insurance coverage could have a material adverse effect on the Company's financial health and operational performance.

The Company has a majority shareholder, Controladora Axtel, whose interests may not align with those of other stakeholders.

Controladora Axtel owns 54.9% of Axtel's outstanding common shares, giving it significant influence over the Company's operations. This control may be exercised in ways that differ from the interests of minority shareholders or creditors, particularly in matters such as board appointments, CEO selection, and the approval of mergers, acquisitions, or other strategic decisions.

Controladora Axtel and a group of shareholders have entered into a shareholders' agreement that governs their relationship and imposes restrictions on share transfers. The agreement includes provisions for board appointments, qualified majority requirements for certain shareholder decisions, and preemptive rights. These arrangements may not always align with the interests of other stakeholders.

Axtel conducts transactions with affiliates, which could lead to conflicts of interest.

Axtel engages in transactions with ALFA and its subsidiaries, including service agreements involving fee payments. Mexican corporate law and Axtel's bylaws require internal committee reviews and board approvals to ensure these transactions reflect market conditions.

Despite these safeguards, there is no guarantee that third parties will view the terms as market-based. Future conflicts of interest may arise between Axtel and ALFA or its affiliates, and such conflicts may not always be resolved in Axtel's favor. For more details, refer to Section 4.2) "Operations with Related Parties" in this Annual Report.

Fraudulent use of services may increase Axtel's operating costs.

Fraudulent use of telecommunications networks by users or operators can result in significant costs for Axtel, particularly if it becomes liable for interconnection fees or international settlement charges. These costs could reduce profitability and may also lead to regulatory scrutiny.

Although Axtel has implemented technologies to combat fraud and continues to enhance its network protections, fraudulent practices persist due to factors beyond the Company's control and the emergence of new fraud types, such as those involving data traffic between networks and mobile devices.

1.4.2) Risks Relating to Indebtedness and Possible Bankruptcy

Axtel's current level of indebtedness may significantly affect its operational flexibility, business development, and ability to meet financial obligations.

As of December 31, 2024, Axtel's total debt, including accrued interest, stood at Ps. \$11,262 million. This level of debt could have significant implications for investors in the Company's stock, including:

- Limiting the Company's ability to generate sufficient cash flow to meet its debt obligations, particularly in the event of a default under any of the debt agreements;
- Restricting the availability of cash for working capital, capital investments, and other corporate needs;
- Increasing the Company's vulnerability to adverse economic and industry conditions, such as rising interest rates, exchange rate volatility, and market instability;
- Constraining the Company's ability to obtain additional financing for refinancing existing debt, funding operations, capital expenditures, or pursuing acquisitions on favorable terms, or at all;
- Reducing the Company's flexibility to adapt to changes in the business environment or industry dynamics; and
- Limiting the Company's ability to pursue new financing opportunities for acquisitions, investments, or other strategic initiatives.

Should Axtel incur additional debt, these risks could be further exacerbated. Moreover, actual cash requirements may exceed current projections. If operational cash flow proves insufficient to meet debt maturities, the Company may be unable to raise funds through borrowing, asset sales, or other means on acceptable terms, or at all, to refinance its obligations.

The Company may face challenges in financing its operations and investments or in refinancing its outstanding debt, which could negatively impact its business and financial performance.

The Company may need to raise additional debt or issue equity to fund working capital, capital expenditures, acquisitions or other investments. However, there is no assurance that such financing will be available on acceptable terms.

A deterioration in capital and credit market conditions could further hinder the Company's to access financing. Additionally, financing costs may rise if the Company's credit rating is downgraded, which could result from factors such as earnings volatility, management performance, liquidity constraints, or limited access to diverse funding sources. In such scenario, the Company may be unable to secure the necessary financing, whether on favorable terms or not, and may also struggle to refinance existing debt as it matures.

Failure to obtain adequate financing or refinance existing obligations could materially and adversely affect Axtel's financial condition and operating results.

Axtel may require additional financing in the future, which could heighten the risks associated with its current debt levels.

As the Company continues to operate in a capital-intensive industry, it anticipates ongoing investments in new technologies and in expanding the capacity and coverage of its network infrastructure to seize market opportunities and maintain its switches and points of presence (POPs) in line with market demands. Furthermore, as a participant in a highly regulated industry, Axtel may be required by government agencies to increase capital expenditures or incur other unplanned costs. There is no guarantee that sufficient resources will be available to meet these investment needs or regulatory demands, or that any required financing will be accessible on acceptable terms. Additionally, the Company's ability to obtain further financing may be constrained by the terms of existing or future credit agreements.

Adverse and volatile conditions in domestic and international credit markets, such as rising interest rates, reduced liquidity, or diminished lender interest, have previously increased, and may again increase, the cost of funding or the difficulty of refinancing debt maturities. These factors could negatively affect the Company's financial position and operating results.

The terms and conditions of Axtel's credit agreements may also impose restrictions on its financial and operational flexibility.

These agreements typically include covenants that limit the Company's ability to:

- incur additional indebtedness;
- pay dividends or make distributions to shareholders;
- create liens to secure debt;
- make loans or investments;
- enter into transactions with affiliates;
- sell or transfer assets;
- merge or consolidate with other companies;
- enter new lines of business; and
- engage in transactions involving financial derivatives.

Some of these restrictions include financial covenants that the Company may not be able to maintain in the future. These affirmative and negative covenants could limit Axtel's ability to finance future operations, meet capital requirements, pursue mergers or acquisitions, or engage in other beneficial business activities.

1.4.3) Risks Related to the Mexican Telecommunications Industry

Axtel operates in a highly regulated industry.

As a public service provider, the Company is subject to extensive regulation. The operation of telecommunications systems in Mexico is currently governed by laws and regulations administered by the Federal Telecommunications Institute (IFT), which are designed to regulate and promote competition and the efficient development of the telecommunications and broadcasting sectors in the country. These laws and regulations have been amended in the past and may continue to be modified or repealed. Consequently, the Company may be required to implement operational changes and/or adjustments to align with the prevailing regulatory framework and ensure full compliance

with its obligations, in order to avoid adverse impacts on its business. Unfavorable interpretations by the IFT could negatively affect the Company's operations and financial results. See section 2.12.4) *Reforms in the Telecommunications Sector in Mexico* of this Annual Report.

Municipal and state initiatives may increase infrastructure costs.

There are initiatives promoted by various municipalities and states that seek to mandate the burial of aerial telecommunications infrastructure. If approved, these initiatives would negatively impact the Company by increasing the investments and costs associated with the deployment, repair, and maintenance of its infrastructure. Aerial infrastructure is generally a cost-effective investment, quick to install, and easy to repair. Transitioning to underground infrastructure would result in higher capital and operational expenditures for the Company and could limit its ability to invest in new infrastructure deployment, thereby adversely affecting its business. Axtel has challenged these provisions through litigation; however, none of the cases have been resolved to date.

Axtel's concessions are subject to expropriation or revocation under Mexican law.

In accordance with the Federal Telecommunications and Broadcasting Law (LFTR), which came into effect in August 2014, public telecommunications networks are considered public domain, and concession holders that install and operate such networks are subject to the provisions of the LFTR and the terms outlined in their respective concession titles. The LFTR includes, among others, the following provisions:

- The rights and obligations granted under concessions may only be transferred with prior authorization from the IFT;
- Neither the concession, nor the rights inherent to it or the related assets, may be transferred, pledged, placed in trust, mortgaged, or otherwise committed or sold to the government or a foreign entity;
- The Mexican government may require changes or modifications to the spectrum granted under a concession in the following cases: (i) public order, (ii) national security, (iii) introduction of new technologies, (iv) resolution of interference issues, (v) compliance with international treaties, (vi) reorganization of frequency bands, and (vii) continuity of public service;
- The government may take over, suspend, or requisition assets related to concessions in the event of natural disasters, war, significant public disturbances, threats to internal peace, or other reasons of public or economic interest.

The grounds for expropriation are varied and may be invoked by the Mexican government at any time. While Mexican law provides for compensation for direct damages resulting from expropriation, temporary suspension, or requisition of property—except in cases of war—delays in receiving such compensation may occur. Furthermore, the compensation amount may be insufficient to fully cover the damages incurred. The takeover or suspension of concessions could significantly impair or eliminate the Company's ability to continue its operations. Such events would have a material adverse effect on Axtel's business and financial performance.

Concessions may be used as collateral, subject to legal restrictions.

Mexican legislation does not prohibit concessionaires from granting guarantees to creditors—except in cases involving the government or foreign entities—provided that applicable legal requirements are met. However, if such guarantees are enforced, the transferee must comply with all applicable provisions for concessionaires, including obtaining authorization from the competent regulatory authority to hold the concession.

The Company may face unfavorable conditions related to its concessions.

Under the terms of its concession titles, Axtel is required to comply with specific obligations and commitments. The Company has a dedicated team responsible for monitoring compliance with these obligations. Nevertheless, failure to meet the conditions imposed by the concessions could result in fines or even revocation of the concessions.

In 2020, the IFT extended Axtel's radio spectrum frequency band concessions for an additional 20 years, following the Company's acceptance of new conditions and completion of the required payments.

Regulatory obligations may require service expansion into low-margin areas.

As a result of the renewed spectrum concessions, Axtel is obligated to participate in social and population coverage programs, including providing connectivity in public spaces and contributing to broader social coverage. The IFT may require the Company to implement these programs in geographic areas where it currently does not operate and where it may face lower operating margins.

Technological and regulatory changes are intensifying competition.

Due to technological advancements, regulatory changes, and inconsistent enforcement, Axtel is facing increased competition from new market entrants, which may lead to reduced service prices, lower profit margins, and potential loss of market share. Cable operators have entered the Mexican telecommunications market offering convergent services, which has intensified competition. These operators now provide not only internet, voice, and television services but also mobile telephony and internet access.

To respond to these market dynamics, Axtel has launched residential internet services in a municipality in the state of Nuevo León. Additionally, the Company offers *Alestra Móvil*, a mobile voice and internet service targeted at enterprise customers.

1.4.4) Risks Relating to Mexico and Other Global Risks

Global and Mexican economic conditions can adversely affect business and financial performance.

The Company's business, operating results, and financial condition are susceptible to fluctuations in both global and Mexican economic environments. Economic downturns may impair the financial stability of customers and suppliers, potentially leading to reduced demand for products and services, delays or cancellations, increased uncollectible accounts, or breaches of contract. Additionally, deteriorating conditions may hinder access to financing for operations, investments, acquisitions, or debt refinancing. If Axtel is unable to access debt markets at competitive rates, or at all, its ability to execute its business strategies or refinance existing obligations could be significantly compromised.

Macroeconomic and geopolitical factors contribute to market volatility.

Events such as the Russia-Ukraine conflict, fluctuations in the Mexican peso against the U.S. dollar, U.S.-China trade tensions, and fears of a global economic slowdown have contributed to volatility in credit, capital, and debt markets. Potential tariff adjustments or trade restrictions by the U.S. administration could further heighten economic uncertainty. Continued global economic deceleration or significant depreciation of the peso could negatively impact Axtel's financial condition, reduce demand for its services, and strain relationships with customers and suppliers. Moreover, the prevailing uncertainty may influence investment decisions and financial stability in Mexico. The full extent of these effects remains difficult to predict or mitigate.

Weakness in the Mexican economy could adversely affect Axtel's performance.

Axtel's financial results are closely tied to Mexico's economic activity. The country's income is heavily influenced by oil exports, U.S. trade, remittances, and commodity prices—factors beyond the Company's control. External shocks have historically impacted Mexico's economy, such as the 8.5% GDP contraction in 2020 and the 5.3% decline in 2009. In contrast, GDP grew by 3.2% in 2023 and 1.3% in 2024 (Source: INEGI). Economic volatility in Mexico could significantly affect Axtel's operations and financial outcomes.

Violence and criminal activity in Mexico pose operational risks.

Mexico continues to face challenges related to organized crime, including drug trafficking and fuel theft. Despite government efforts to enhance security, these issues persist and may worsen, potentially disrupting the national economy and Axtel's operations. Social and political instability could further impact the Company's business, financial condition, and long-term prospects.

Government policies and regulatory changes in Mexico may impact Axtel.

As a Mexican publicly traded corporation with most of its assets in Mexico, Axtel is subject to the country's political, economic, legal, and regulatory environment. The federal government exerts significant influence over the economy, and changes in political leadership or policy direction could affect currency stability, inflation, interest rates, taxation, and regulatory frameworks. Such developments may materially impact Axtel's operations and financial performance. The Company does not carry political risk insurance and cannot guarantee that future policy changes will not adversely affect its business.

International developments may influence Mexico's economy and Axtel's results.

Economic and market conditions in other emerging markets can affect investor sentiment toward Mexican securities. Additionally, due to the T-MEC agreement, Mexico's economy has become increasingly correlated with that of the U.S. A slowdown in the U.S. could therefore impact Axtel's financial performance. Global credit market developments may also affect capital availability and cost, limiting the Company's ability to secure favorable financing or refinance existing debt.

Changes in U.S. government policies could affect Axtel.

Policy shifts by the U.S. administration, particularly regarding trade and tariffs under T-MEC, may increase uncertainty and negatively impact the Mexican economy. The upcoming 2026 T-MEC review is already generating concern due to potential structural changes. Any adverse developments could materially affect Axtel's business and financial condition.

Interest rate fluctuations pose financial risks.

As of December 31, 2024, approximately 97% of Axtel's debt carried variable interest rates. Rising rates would increase debt servicing costs, reduce net income, and constrain liquidity. While the Company may use fixed-rate financing or interest rate swaps to mitigate this risk, such strategies may not yield savings if rates decline, potentially harming financial performance.

Currency devaluation could materially impact Axtel.

Although most revenues are peso-denominated, a significant portion of Axtel's capital expenditures and 63% of its debt (as of December 31, 2024) are in U.S. dollars. The peso has experienced notable fluctuations, appreciating 6.3% in 2022 and 14.6% in 2023, but depreciating 16.7% in 2024 (Source: Bank of Mexico). Future devaluations could disrupt currency markets, limit currency conversion, and impair Axtel's ability to meet obligations, thereby affecting its financial condition and prospects.

Inflationary pressures may affect operations and profitability.

Mexico has historically experienced high inflation, which can lead to elevated interest rates, currency depreciation, and government-imposed controls. Although inflation has moderated, 7.8% in 2022, 4.7% in 2023, and 4.4% in 2024 (Source: INEGI), future spikes could reduce consumer purchasing power and increase operating costs, negatively impacting Axtel's margins and financial performance.

Tax law changes could adversely affect Axtel.

Future amendments to Mexican tax legislation may negatively impact Axtel's business, financial condition, and operating results.

Axtel is subject to anti-corruption, anti-bribery, anti-money laundering, and antitrust laws in Mexico and other jurisdictions where it operates. Any breach of these laws could significantly harm the Company's reputation, financial performance, and operational results.

Axtel must comply with anti-corruption, anti-bribery, anti-money laundering, antitrust, and other international regulations in all countries where it operates. It is also subject to economic sanctions that limit interactions with certain countries, individuals, and entities. Despite internal controls, there is no guarantee that all misconduct, fraud, or legal violations by employees, affiliates, directors, officers, partners, agents, or service providers will be prevented or detected. Any breach of these laws or sanctions could materially affect Axtel's business, reputation, financial condition, and results.

Despite asymmetric regulation, competitive conditions in public tenders remain unequal between the Agente Económico Preponderante ("AEP") in telecommunications and its competitors. Mexico's telecom market is highly concentrated, with declining prices and margins.

In government tenders, there is a risk that the AEP or other operators may offer terms and prices that Axtel cannot match, potentially impacting demand and revenue.

Axtel relies in part on the AEP's infrastructure to deliver its retail services.

Annual adjustments to reference prices for leased services result in additional costs, including:

- Collocation service charges;
- Technology upgrades;
- Procurement of new components;
- Charges for special projects or works;
- Increases in local or long-distance rental or installation fees.

These regulatory changes introduce uncertainty, particularly regarding the AEP's discretion over infrastructure access, pricing, and service timelines.

Future health crises, such as pandemics, could negatively affect Axtel's operations, financial health, and outlook.

Events like COVID-19 have shown the global impact on health, economies, and societies.

Axtel has implemented measures to mitigate the effects of future pandemics and those caused by COVID-19. These include strengthening operational and financial performance, monitoring cost structures and key processes, supporting employees, enhancing remote work strategies, maintaining liquidity through cash flow management, and ensuring compliance with financial covenants and ratios.

However, despite these efforts, the evolution and impact of future health events remain unpredictable and could adversely affect Axtel's business, liquidity, financial condition, and prospects.

Natural disasters, terrorism, organized crime, violence, and geopolitical events may also negatively impact Axtel's operations and outlook.

Past events like earthquakes, hurricanes, and floods have disrupted operations and could do so again. Terrorism, organized crime, and military conflicts—especially in Mexico—could affect global trade and the economy. Political instability may also lead to prolonged uncertainty, adversely affecting Axtel's business, financial condition, and results.

1.4.5) Risks Related to the Ordinary Participation Certificates ("CPOs" or "AXTELCPO")

The Company cannot ensure that an active market for its shares will always exist to provide sufficient liquidity for shareholders.

There is no guarantee of liquidity for AXTELCPOs, nor assurance that their market price will not decline significantly. Factors such as current or future variations in operating results, failure to meet analysts' revenue expectations, and other market dynamics could lead to a substantial drop in AXTELCPO prices.

Lower liquidity and higher volatility on the Mexican Stock Exchange (BMV) may impact the price and trading volume of Axtel's shares.

Although the BMV is among the largest stock exchanges in Latin America by market capitalization, it remains relatively small and more volatile compared to major global exchanges. While public investors participate, institutional investors dominate trading activity. Securities from emerging markets like Mexico typically have lower trading volumes than those from developed markets. These characteristics may limit a holder's ability to sell AXTELCPOs and may affect their market value.

AXTELCPO prices may be volatile, and investors could lose part or all of their investment.

The market price of AXTELCPOs may fluctuate significantly, potentially trading above or below the purchase price. These fluctuations may be driven by factors beyond the Company's control, including:

- High volatility in the stock prices and trading volumes of companies in similar sectors;
- Changes in earnings or operating results;
- Discrepancies between actual and expected financial performance;
- Performance of peer companies;
- Trends in the IT and telecommunications industries;
- New or revised laws and regulations, including tax provisions;
- Investor sentiment toward the Company and its sector;
- Analyst recommendations and financial estimate revisions;
- Actions or perceived intentions of major shareholders to sell shares;
- Changes in key management personnel;
- Perceptions of management effectiveness;
- Increased competition;
- Technological changes impacting the business;
- Announcements or performance of competitors;
- Exchange rate volatility, particularly Peso depreciation against the Dollar, or foreign exchange restrictions;
- Global and domestic economic trends, including those influenced by war, terrorism, or related responses;
- Shareholder sales of equity or other securities;
- Impacts of pandemics like COVID-19 on operations and the global economy; and
- Political developments in Mexico and abroad.

Additionally, capital markets have experienced significant price and volume swings that are often unrelated or disproportionate to the performance of individual companies. The Company cannot predict whether its shares will trade above or below their book value. Such market-wide fluctuations could negatively affect share prices. Historically, periods of share price volatility have led to class action lawsuits against companies. Any similar litigation could result in substantial legal costs, divert management's attention, and negatively impact operations and financial results.

These market and industry dynamics could materially and adversely affect AXTELCPO prices, regardless of the Company's actual performance.

Future share issuances may reduce the market value of AXTELCPOs.

The issuance of additional shares by Axtel could lead to a decline in the market price of AXTELCPOs. Similarly, significant sales by existing shareholders, or even the perception that such sales may occur, could negatively impact the market price.

Certain AXTELCPO holders may not be able to exercise preemptive rights, leading to potential dilution.

Under Mexican law, shareholders generally have preemptive rights in cash capital increases, allowing them to maintain their ownership percentage. However, AXTELCPO holders may only be offered these rights if doing so is legal in their country of residence. As a result, non-Mexican holders may not be eligible to participate in future share issuances unless:

- Axtel registers the offering with the U.S. Securities and Exchange Commission (SEC); or
- The offering qualifies for an exemption under the Mexican Securities Market Law.

Before any capital increase, Axtel will assess the costs, liabilities, and benefits of filing with the SEC, including the impact on U.S. holders. However, Axtel is not obligated to file such a registration and may choose not to do so. Consequently, U.S. holders of AXTELCPOs could face dilution if they are unable to participate in future offerings.

Foreign shareholders are restricted from invoking diplomatic protection under Mexican law.

In accordance with Mexican legal requirements, Axtel's bylaws stipulate that foreign shareholders are considered Mexican in relation to their ownership in the Company. They agree not to seek diplomatic protection or intervention from their governments regarding their shareholder rights. Violation of this provision could result in forfeiture of shares to the Mexican government. However, this does not waive other rights, such as those under U.S. securities laws.

AXTELCPO holders may face limitations in exercising voting rights.

AXTELCPO holders may instruct the CPO Trustee on how to vote the underlying Series "B" Shares. The Trustee will attempt to distribute voting materials, but Axtel cannot guarantee timely delivery. If instructions are not received in time, the Trustee may either vote in line with the majority of Series "B" Shares or abstain. This could prevent shareholders from effectively exercising their voting rights.

Minority shareholders may have limited legal recourse in Mexico.

Legal protections for minority shareholders in Mexico differ from those in the U.S. For instance, fiduciary duty laws are less developed, making it harder to pursue legal action against board members. Shareholder lawsuits are rare, and class actions are not recognized under Mexican law. As a result, enforcing rights against Axtel, its board, or controlling shareholders may be more difficult than in the U.S.

Legal actions related to Axtel's bylaws or the CPO Trust must be filed in Mexico.

According to Axtel's bylaws and the CPO Trust agreement, any legal disputes must be brought before courts in Monterrey, Nuevo León, or Mexico City, and will be governed by Mexican law. This may pose challenges for non-Mexican shareholders seeking to enforce their rights.

Lack of analyst coverage or negative reports could impact AXTELCPO price and trading volume.

The market price of Axtel's shares is influenced in part by research and reports published by securities and industry analysts. If analysts downgrade their valuation of the Company or publish unfavorable or inaccurate reports, the share price may decline. Similarly, if analysts cease coverage or fail to publish regular updates, investor interest may wane, potentially reducing both the price and trading volume of AXTELCPOs.

As of the date of this Annual Report, Axtel has no formal dividend policy.

Dividend payments are subject to shareholder approval based on recommendations from the board of directors. Axtel cannot guarantee future dividend payments or predict the terms of any future dividend policy. Dividends may only be paid if:

- (i) approved by controlling shareholders,

- (ii) sufficient retained earnings exist,
- (iii) prior fiscal year losses are covered, and
- (iv) at least 5% of net profits are allocated to the legal reserve until it reaches 20% of capital stock.

While Axtel may establish a dividend policy in the future, such a decision will depend on operating results, financial condition, capital needs, tax considerations, growth expectations, and other relevant factors, including restrictions in current or future debt agreements. Even if a policy is adopted, dividend payments may be limited by financial performance or extraordinary events affecting liquidity. The Company cannot ensure that dividends will be paid or specify their amount if declared.

Cash dividend payments are not guaranteed.

The availability of funds for cash dividends depends on various factors, including financial results, capital requirements, and legal or contractual restrictions, such as covenants in existing or future debt instruments, and the ability to access funds from subsidiaries. These factors may limit or prevent dividend payments.

Mexican accounting and disclosure standards differ from those in the U.S. and other countries.

While securities laws in Mexico, the U.S., and other jurisdictions aim to ensure full and fair disclosure, the level and type of publicly available information in Mexico may differ from that in more developed markets. Investors may find less frequent or detailed disclosures compared to companies listed in countries like the U.S.

Provisions in Mexican law and Axtel's bylaws may limit change-of-control opportunities.

Mexican law and Axtel's bylaws include provisions that make it difficult for a third party to acquire control of the Company. These restrictions may prevent shareholders from benefiting from a takeover premium or participating in a change-of-control transaction.

Axtel's bylaws require approval from the board of directors or, in some cases, an extraordinary shareholders' meeting before any person or group acquires: (i) 10% or more of the capital stock or its multiples, or agrees to vote shares in block representing such percentage; or (ii) 30% or more of the capital stock. If approved, the acquirer may be required to launch a public tender offer for 100% of the shares at the higher of: (x) the last reported book value per share, or (y) the highest volume-weighted average price over the 30 trading days prior to the offer, within a period not exceeding six months.

Violating these provisions may result in a conventional penalty equal to the value of all shares involved in the restricted transaction, payable to the Company.

These restrictions may significantly limit a third party's ability to acquire control of Axtel and may negatively affect shareholders seeking to benefit from a change-of-control transaction. For more details, refer to section 4.4) *Bylaws and Other Agreements – Measures to Prevent Change of Control in Axtel* of this Annual Report.

1.5) Other Securities

As of the date of this Annual Report, the Company has a total of 19,460,372,893 fully subscribed and paid ordinary shares, without par value, of Class "I" Series "B", representing the fixed portion of its capital stock. As of the date of this Annual Report, Axtel is undertaking the necessary procedures to update the registration of its shares and AXTELCPOs in the National Securities Registry. For more information, refer to *Section 1.3) Important recent events*.

The Company is listed on the Mexican Stock Exchange (BMV) through non-amortizing CPOs issued under the CPO Trust, with each CPO representing seven Series "B" Class "I" Shares of Axtel's capital stock.

Since its listing on the BMV, Axtel has fully complied with the reporting obligations established by the Securities Market Law (LMV) and the General Provisions (Circular Única), including the disclosure of relevant facts and periodic financial information. The Company also adheres to the General Provisions applicable to entities and issuers supervised by the National Banking and Securities Commission that engage external auditors for their basic financial statements ("CUAE").

1.6) Significant Changes to the Duties of the Shares Registered in the Record Book

Not applicable.

1.7) Use of Proceeds

Not applicable.

1.8) Public Domain Documents

This Annual Report, along with quarterly reports and press releases on relevant events, is available on Axtel's website at: axtelcorp.mx.

For further information or clarification, inquiries may be directed in writing to the Company's address at Av. Munich 175, Colonia Cuauhtémoc, San Nicolás de los Garza, Nuevo León, C.P. 66450, attention: Adrian de los Santos; or via email at: ir@axtel.com.mx.

2. THE COMPANY

2.1) History and Company Evolution

The Company was originally incorporated under the name *Telefonía Inalámbrica del Norte, S.A. de C.V.*, through public deed No. 3,680 dated July 22, 1994. In 1999, it changed its name to *Axtel S.A. de C.V.* Following the implementation of reforms introduced by the Mexican Securities Market (LMV) in December 2006, the Company adopted the legal form of a publicly traded corporation (*Sociedad Anónima Bursátil*) and its current corporate name is *Axtel, Sociedad Anónima Bursátil de Capital Variable* or *Axtel, S.A.B. de C.V.*

In June 1996, the Mexican government granted Axtel a concession to install and operate a public telecommunications network to provide local and long-distance services in Mexico for an initial term of 30 years. In 1998 and 1999, the Company secured several radio spectrum licenses through public auctions, including 60 MHz at 10.5 GHz band for point-to-multipoint access, 112 MHz at 15 GHz band for point-to-point access, 100 MHz at 23 GHz for point-to-point last mile access and 50 MHz in the 3.4 GHz band for fixed wireless access, enabling nationwide service coverage. Axtel began commercial operations in Monterrey, Nuevo Leon, in June 1999.

To strengthen its market position and support long-term growth, on October 25, 2006, the Company entered into an agreement with Banamex and Telecomunicaciones Holding, Mx, S. de R.L. de C.V., the former controlling shareholders of Avantel, to acquire substantially all assets of Avantel Infraestructura and the equity interests of Avantel, S. de R.L. de C.V. and Avantel Infraestructura. The transaction was valued at approximately US \$516 million (including the assumption of net liabilities of US \$205 million). Following shareholder and regulatory approvals, the acquisition was completed on December 4, 2006. In January 2007, the Company issued 246,542,625 new Series B Shares (represented by 35,220,375 CPOs), subscribed and paid at Ps. \$1.52 per share.

Avantel was legally acquired in December 2006. Avantel Infraestructura and Avantel, S. de R.L. de C.V. were incorporated in 1994 as a joint-venture between Banamex (via Promotora de Sistemas de Teleinformática, S.A de C.V) and MCI Telecommunications Corp., with ownership stake of 55.5% and 44.5%, respectively. On June 30, 2005, a series of capitalizations and stock transfers diluted MCI Telecommunications Corp. stake to 10% in both entities.

The integration of Avantel provided Axtel with valuable assets, including spectrum in multiple frequency bands, 390 kilometers of metropolitan fiber optic rings, 7,700 kilometers of long-distance fiber network, a robust IP backbone and connectivity in 200 cities across México.

On October 1, 2015, Axtel, ALFA, Onexa and Alestra signed a memorandum of understanding to merge Axtel and Alestra. Definitive agreements were signed on December 3, 2015, subject to corporate and regulatory approvals. On January 15, 2016, Axtel and Onexa held Extraordinary Shareholders' Meetings where the merger was approved. After completing legal, operational and financial reviews and receiving regulatory clearance, the merger became effective on February 15, 2016. As a result, ALFA became Axtel's majority shareholder, and Alestra became a wholly owned subsidiary of Axtel, with continued as the surviving entity under the name *Axtel, S.A.B. de C.V.* The merger created a stronger company with enhanced capabilities to deliver ICT services to enterprise customers.

Alestra began operations in 1997 under an investment agreement between ALFA, AT&T and BBVA Mexico. It became a leading provider of IT and telecom services for the business segment, offering solutions such as managed networks cybersecurity, systems integration and cloud services. Alestra was formally merged into Axtel on May 1, 2017.

On July 21, 2016, during an Extraordinary General Shareholders' Meeting, Axtel's shareholders approved the rectification of the number of outstanding and treasury shares previously authorized at the January 15, 2016 meeting, in which the merger between Axtel (as the surviving entity) and Onexy (as the merged entity) was approved. That resolution included adjustments to the capital stock to reflect, among other factors, the conversion of convertible notes into shares, as authorized by Axtel on January 25, 2013. As part of this rectification, shareholders approved the cancellation of 182,307,349 ordinary, nominative, Class "I" Series "B" shares with no par value, which had been held

in treasury to support note conversions that were ultimately not exercised. This cancellation resulted in a capital stock reduction of Ps. 92'398,010.82. Additionally, Axtel consolidated its capital stock into a single series by converting all Series "A" shares into Series "B" shares with identical characteristics.

Subsequently, on March 10, 2017, at another Extraordinary General Shareholders' Meeting, shareholders approved a reduction in the fixed minimum capital stock by Ps. 9,868,331.650.99, bringing it to Ps. 464,367,927.49. This reduction was applied to partially offset the negative balance in the "Cumulative losses" account, after first applying the balance of the "Shares Premium" account as of December 31, 2016.

On December 17, 2018, Axtel completed the divestiture of its fiber -to-the-home (FTTH) business in the mass market segment in the cities of Monterrey, San Luis Potosí, Aguascalientes, Mexico City, Ciudad Juárez and the municipality of Zapopan. The assets were sold to Televisa for Ps. \$4,713 million. Later, on May 1, 2019, Axtel finalized the sale of its remaining mass-market operations located in León, Puebla, Toluca, Guadalajara and Querétaro, to Megacable for Ps. \$1,150 million, thereby completing the divestment of its FTTH mass market business.

On October 3, 2019, Axtel entered into an agreement with Equinix, Inc. to strengthen its colocation, interconnection and cloud services. The transaction involved two contracts and was finalized on January 8, 2020. Equinix acquired a newly formed Axtel subsidiary that held the operations and assets of three data centers, two in Querétaro and one in Monterrey. Axtel retained a non-controlling equity interest in the new entity. The total transaction value was US \$175 million.

Through the Extraordinary Shareholder's Meeting on March 7, 2022, it was approved the cancellation of 424,991,364 ordinary shares, nominative, without expression of nominal value, of Class "I", Series "B" representative of the Axtel's capital stock, equivalent to 60,713,052 AXTELCPOs, held in the Company's treasury from the share buyback program. As a consequence of such cancellation, it was resolved to carry out the reduction in the fixed part of the Company's capital stock remaining at \$454'620,882.31. While on March 8, 2024, the cancellation of 45,000 Class "I" Series "B" shares, not subscribed or paid, was approved, which were deposited in the Company's treasury in order to support the conversions of the convertible obligations, because their holders did not exercise the respective conversion right. As a consequence of such cancellation of shares, it was resolved to reduce the fixed part of the capital stock to Ps. \$454'619,850.35.

On July 12, 2022, ALFA's shareholders approved the spin-off of its share ownership in Axtel, to a new entity called Controladora Axtel. On May 29, 2023, Controladora Axtel began trading on the Mexican Stock Exchange, where ALFA shareholders received one share of Controladora Axtel for each of their ALFA shares, in addition to retaining their participation in ALFA's capital stock.

Finally, through an Extraordinary General Shareholders' Meeting, on March 8, 2024, the cancellation of 45,000 Class "I" Series "B" shares, not subscribed or paid, was approved, which were deposited in the Company's treasury to support the conversions of the convertible obligations, which were issued in a Meeting dated January 25, 2013, stating that to date, Axtel continues maintaining in its capital stock account such number of shares from such emission, as a result that its owners did not exercise the respective conversion right. As a consequence of such cancellation of shares, it was resolved to reduce the fixed part of the capital stock to Ps. \$454'619,850.35.

The Company's life shall be unlimited, and its corporate domicile is in Av. Munich 175, Colonia Cuauhtémoc, 66450 San Nicolás de los Garza Nuevo León., México. Its telephone is +52 (81) 8114-0000 and its web page is *axtelcorp.mx*.

2.2) Business Overview

2.2.1) General

Axtel is a Mexican company that provides integrated Information and Communications Technology (ICT) solutions aimed at transforming organizations through connectivity and digitalization, through its two commercial brands: Alestra and Axtel Networks (Axnet).

Axtel Networks (Axnet) operates as a neutral infrastructure provider, delivering connectivity solutions through fiber optics to wholesale customers. Its customer base includes national and international fixed and mobile operators, data center and tower operators, internet giants, and cloud/content providers. Axnet's service portfolio includes last-mile access, high-capacity links (wavelengths), fiber-to-the-tower, fiber-to-the-data center, spectrum services, and IP transit, among others.

Alestra serves as a strategic technology partner to over 12,000 business clients, including small, medium and large enterprises, corporations, financial institutions, and government entities. Alestra's offerings include telecommunications services such as connectivity, managed networks and collaboration tools, as well as Information Technology (IT) solutions like systems integration, cloud services, cybersecurity and mobility solutions.

Axtel operates one of the largest fiber-optic networks in Mexico, with approximately 53,600 kilometers of infrastructure. This includes 24,700 kilometers of national transport network (of which 14,300 kilometers are under long-term capacity agreements) and 28,900 kilometers of metropolitan rings, providing Ethernet access in 77 cities across the country. In addition, it has concessions in the spectrum bands of 7, 10.5, 15, 23 and 38 GHz. Axtel provides its services through an extensive hybrid wireless and wired local access network designed to optimize capital investments. Current options for last-mile access options for the Company's customers include fiber optic links through its metropolitan rings and point-to-point wireless technologies.

The Company's vision is to be the preferred partner for customers' digital experiences through innovation and value creation. Its mission is to transform organizations with connection and digitalization solutions that support sustainable development. Axtel's purpose is: "Technology connecting your life." Its strategic objective is to become the leading enabler of digital transformation in Mexico and the foremost neutral fiber-optic network operator in the country. In line with this objective, the following business strategies were defined: (i) accelerate market share through horizontal differentiation across business lines, with vertical focus on selected industries, through a highly specialized and client-centric model; (ii) leverage its strong connectivity capabilities, strategic alliances, and enterprise customer base to add new digital transformation solutions or explore new opportunities; (iii) expand its market with innovative solutions such as its mobility offering "Alestra Móvil," and a broader government client base at both federal and state levels; (iv) increase the coverage and capillarity of the fiber network in strategic regions, becoming the main connectivity provider for international operators, mobile networks, and data centers; (v) improve efficiency and margins through the digitization of processes and operations; and finally, (vi) foster a culture of empowerment and talent development.

In 2024, Axtel generated Ps. \$11,556 million in revenue and recorded operating profit and Comparable EBITDA of Ps. \$1,334 million and Ps. \$3,669 million, respectively.

2.2.2) Competitive Strengths

- *Leading provider of mission-critical solutions supporting the Mexican enterprise market in the evolution towards the digital innovation of their organizations.*

Following the Merger between Alestra and Axtel in 2016, the Company became the only player in the Mexican ICT market with an emphasis on the enterprise and government segments. The fast-changing needs of customers for information, connectivity, cybersecurity, mobility and cloud services, among others, position Axtel as a provider of essential services for its customers operations, being the consistent quality, trust and technical support of high importance for customer satisfaction. With its high focus on business services, Axtel has positioned itself as a brand

that has leading experience, infrastructure and services to strengthen the ICT industry and contribute to the emergence of a new generation of more innovative, efficient and competitive companies in Mexico.

The above backed by strong alliances and certifications with leading technology partners worldwide and a service philosophy based on excellence. The Company has more than 25 years of experience and recognition in the market and aspires to provide the highest standards of services to the most relevant corporations and companies in the Mexican economy. The focus on the enterprise segment differentiates Axtel from other telecommunications companies in Mexico and its experience in providing ICT value added services to such segment gives it a competitive advantage.

- *Neutral operator with the second largest fiber network in Mexico.*

Axtel has an extensive, cutting-edge network integrated by high-capacity fiber optic lines and wireless spectrum concessions. Its hybrid fixed local network structure (wired and wireless) allows it to penetrate new markets quickly and effectively, increasing the revenue base profitably. It has the capacity to provide coverage in 77 cities, through its network, composed of approximately 53,600 km of fiber optics, including approximately 24,700 km of long-distance network and 28,900 km of metropolitan network. The metropolitan fiber network offers a unique proposal thanks to its wide coverage and capillarity, especially in very dense areas, such as Mexico City, Monterrey and Guadalajara.

- *Long-term contracts and high renewal rates translate into visibility and sustainability in cash flow.*

A significant proportion of Alestra (approximately 91% of revenues in 2024) consists of contracts with recurring monthly revenue. Furthermore, given the nature of the services and the high quality of enterprise clients, Axtel maintains a loyal relationship with clients of stable recurring income. Losses related to bad debt have historically been very low, with a marginal rate of uncollectible accounts.

Furthermore, it has more than 12 thousand clients; over 70% of the top 500 companies in Mexico, as well as 90% of the financial institutions in the country, are Axtel customers served under the Alestra brand.

- *Disciplined financial strategy committed to strengthening Axtel's capital structure.*

More than 80% of Axtel's capital investments are for the operation and directly related to the maintenance or growth of the clients revenue base, since they represent investments in last-mile solutions, managed equipment, integral connectivity solutions, capacity and IT service solutions directly related to specific customer requirements. As a result, these investments carry less risk, with relatively more predictable returns. This provides the Company with significant visibility into revenues derived from such investments.

2.2.3) Business Strategy

The Company's strategic goal is to be the main enabler of digital transformation and to be the world-class leading operator of fiber optic networks in Mexico. The key elements to carry out the business strategy are the following:

- (i) *Accelerate the market share through a horizontal differentiation in business lines, with vertical focus in selected industries by means of a highly specialized and close to the clients model.*

In the Enterprise segment, through its brand Alestra, Axtel is positioned to capitalize on the growing demand for the adoption ICT services, as they become a key element in the technological evolution and productivity of its clients, from small to large corporations. Axtel focuses its efforts on strengthening its skills through its highly-specialized commercial model consolidated in four business lines: Telecommunications (connectivity, managed networks, collaboration), Information Technology (system integration, cloud), Cybersecurity and Mobility.

This consolidation and focus, both reflect the constant search for specialization and innovation to stand out in the market and provide its clients with agile and close attention, aiming to grow customer loyalty through a greater satisfaction in the services provided.

Based on this new model, Axtel integrated an organization aligned horizontally with the business lines and vertically with target industries, which will allow it to maximize operational efficiency and accelerate the positive growth trend, above the market; to achieve a target market share in three verticals or selected industries in the first stage in 2024: financial, commerce and transportation; and an additional vertical, manufacturing, in a second stage in 2025. To achieve this, through its business model, Axtel develops specific products and use cases in each line of business, addressing the digital transformation needs of its clients with solutions adapted to their type of business, and which allows it to support them in their digitalization.

(ii) Leverage its strong connectivity capacity, strategic alliances and business customer base to add new digital transformation solutions or explore new opportunities.

Axtel serves a sophisticated customer base with rigorous service requirements, which values quality, reliability, agility and incurs significant costs and risks in changing IT and telecommunications providers. As such, Axtel believes that its customer base provides a stable source of income through long-term business relationships and contracts.

Seeking to capitalize on this solid customer base and transversal synergies, Axtel has an up-sell strategy, that is: selling more services within the same business line and cross-selling, and selling services from other business lines, at its base of more than 12 thousand business clients and around 200 clients in the government sector.

(iii) Expand its market with innovative solutions such as its mobility solution "Alestra Móvil" and greater government customer base, both federal and state.

Axtel launched its Alestra Móvil service in 2021; first mobile phone offer focused on the enterprise segment in Mexico, seeking to enable companies to bring their fixed capacities to a mobile device; as well as enable third-party mobile projects through its MVNe platform (for its acronym, Mobile Virtual Network Enabler). Alestra Móvil has a high availability multi-operator network, three levels of security, professional tools and applications, self-management and more.

Conversely, in the government segment, since 2021, Axtel has a new organization and redesigned strategy, on which it focused on increasing the presence, relationship and opportunities with local and federal governments; expand reach, in collaboration with strategic suppliers and manufacturers; as well as expanding specialized services in the segment. This strategy allowed a 22% growth in the segment's income in 2023 and 7% in 2024, achieving the total renewal of all contracts in the year. Going forward, Axtel will continue to emphasize the balance between federal and local entities, obtaining new certifications and alliances with strategic partners to participate in the bidding processes.

(iv) Increase the coverage and capillarity of the fiber network in strategic regions, becoming the main connectivity provider for international operators, mobile networks and data centers.

Axtel serves approximately 60 wholesale customers, including leading global and national fixed operators and seeks to be the main supplier of international operators, mobile operators and data centers in Mexico with its wide coverage. Axtel has few solid competitors in the wholesale segment and others that are restricted by limited or geographically specialized networks.

Axtel is the largest neutral infrastructure provider in the country and has the second largest fiber optic network in Mexico focused in the enterprise and wholesale segment. Its metropolitan fiber network offers a unique proposal in the market due to its wide coverage and high capillarity, especially in high-density areas in the most important business areas of Mexico. Its robust network has redundant and diversified routes that provide high

reliability, making it well-positioned to address the attractive opportunities for fiber-to-the-tower and fiber-to-datacenter services from mobile network deployment of new generation 5G and the construction of new data centers in Mexico.

Taking advantage of nearshoring opportunities, Axtel will continue making investments to deploy network coverage in industrial parks, data centers, metropolitan rings and expansion in growing cities.

(v) Improve efficiency and margins through the digitalization of processes and operations.

At Axtel, for the enterprise and government segment, the portfolio of solutions has been optimized, increasing profitability. Processes for each of the business lines continue to be standardized, improving efficiency, agility and experience and response times to the clients.

Axtel Networks brought the operation of the application programming interface (API) under the MEF standard, a leading global association for the network, cloud and technology providers industry. The APIs allow international operators to request Axtel Networks in an automated way the feasibility, quoting and ordering of last-mile access services, being the first operator in Mexico that operates under these standards.

Axtel seeks to automate more and more processes and operator-to-operator interactions; with agile, simplified and standardized systems. On the other hand, it will focus on migrating the accesses currently provided by third parties to its own network. These efforts will allow it to increase its margin.

(vi) Create a culture of empowerment and talent development.

Based on the new commercial model, Axtel integrated a lean, agile and collaborative organization, aligned horizontally with the business lines and vertically with target industries through the creation of use cases by industry, covering pre-sales, product, design, delivery and customer service.

The Alestra Institute of Technological and Talent Development, known as Instituto Alestra, is Axtel's internal university dedicated to strengthening the technological competencies essential for the operation, commercialization, and management of its strategic products. Instituto Alestra offers a wide range of training programs and specialized master's degrees, all officially recognized by the Ministry of Education (SEP).

In 2024, two master's programs were delivered: the Master's in Innovation in Digital Business Management and the Master's in Strategic Cybersecurity Management. These programs included the participation of 31 Axtel employees and the support of 14 tutors, both Axtel executives and external experts, who shared their knowledge in each subject.

2.3) Business Activity

Axtel offers integrated Information and Communication Technology (ICT) solutions to transform organizations through connectivity and digitalization services, as well as the development of communication networks, through its two brands: Axtel Networks, which serves wholesale infrastructure clients, and Alestra, which serves the enterprise and government segments.

The products and services offered by the Company are, among others:

alestra [*]				axnet AXTEL NETWORKS
Customers: Enterprise and Government segment				Customers: Mobile and Fixed Operators (national and international) internet giants, data centers, towers operators.
TELECOM	TI	CYBERSECURITY	MOBILITY	
CONNECTIVITY <i>Data</i> <i>Internet</i> <i>-Dedicated</i> <i>-Broadband</i> <i>Ethernet</i> <i>VPN</i>	SYSTEM INTEGRATION <i>System integration</i> <i>DRP business continuity</i>	CYBERSECURITY <i>Perimeter</i> <i>Endpoint</i> <i>From/to the cloud</i> <i>Managed IT security and networks</i>	MULTI-OPERATOR MOBILE SERVICE <i>Virtual Mobile Operator (VMO)</i> <i>Voice and Data</i> <i>IoT – Internet of Things</i>	CONNECTIVITY <i>Last-mile access</i> <i>High-capacity connectivity (wavelengths)</i> <i>Long-distance Transport ("Long-Haul")</i> <i>Fiber (dark and lit)</i> <i>Fiber to the tower</i> <i>Fiber to the data center</i> <i>IP Transit</i> <i>Dedicated Internet</i> <i>Spectrum</i> <i>Colocation</i>
MANAGED NETWORKS <i>SDWAN</i> <i>LAN</i> <i>WIFI</i>	CLOUD <i>Infrastructure as a service</i> <i>Applications as a service</i> <i>Hybrid cloud (Multi-cloud)</i> <i>Digitalization and IoT</i>	CONSULTING		
COLLABORATION <i>Unified communications</i> <i>Integral</i> <i>Videoconference</i>				

The services offered by the Company do not present a cyclical or seasonal behavior. On the other hand, the services that represent more than 10% of total consolidated revenues are:

2024:

Internet services for a total of Ps. \$3,150 million or 27% of total consolidated revenues.

2023:

Internet services for a total of Ps. \$2,937 million or 27% of total consolidated revenues.

2022:

Internet services for a total of Ps. \$2,773 million or 26% of total consolidated revenues.

Infrastructure Unit (Axtel Networks)

Axtel Networks (Axnet) offers world-class infrastructure solutions through its long-distance fiber optics and spectrum network to expand the capacity of national and international carriers; mobile and data center operators; internet giants; and cloud and content providers. Axnet is the strategic link that facilitates the connection between its clients and their end users.

In order to remain the most relevant neutral infrastructure operator in Mexico, it is crucial that Axtel Networks' fiber optic network has coverage across all regions of the country.

Axnet provides fiber infrastructure for the efficient interconnection of nodes, optimizing costs and ensuring superior performance. Solutions such as dark fiber offer the advantage of operating over proprietary infrastructure, enhancing flexibility and operational autonomy for its clients.

It is a strategic partner to its clients, enabling them to deliver high-level services to their own users. With the objective of ensuring operational continuity, Axtel continuously invests in cutting-edge infrastructure, guaranteeing scalable, reliable, and high-quality solutions.

As of 2024, Axnet provided fiber-to-the-tower (FTTT) connectivity with 1,264 km of fiber optics. It also expanded internet egress capacity by 580 Gbps in Mexico City, Monterrey, and Villahermosa. Additionally, it increased internet peering capacity by 520 Gbps with major content providers such as Google, Facebook, Akamai, AWS, among others. It now provides coverage in 996 industrial parks across Mexico, reaching more than 93% of the market, as well as in 532 business centers in 15 cities.

Currently, Axnet operates 53,600 km of fiber optics, including 24,700 km of long-haul transport network and 28,900 km of metropolitan rings. It also holds spectrum in the 7, 10.5, 15, 23, and 38 GHz bands, used for last-mile wireless connectivity and metropolitan coverage for the enterprise segment.

The fiber optics transport network has coverage in all regions nationwide, providing Ethernet access to 77 cities, delivering connectivity solutions to the country's most important fixed and mobile operators. The metropolitan network offers high-density coverage in Mexico's most important business regions, enabling connectivity for enterprises, phone sites, and data centers.

Some of the solutions developed to meet the needs of the wholesale segment served by Axnet are described below:

Connectivity:

Last-mile access

Connectivity solutions used by operators to interconnect the locations of their end customers. Fiber optic and digital radio technologies are used to provide links.

Long Distance Transport "Long-Haul"

Links used by operators to interconnect their network nodes located in different cities. The services are offered in different capacities according to the specific needs of the operator.

IP Transit / Dedicated Internet

Service offered to operators and data centers to obtain access to the international internet cloud, which is generally offered in high capacities. Dedicated Internet comprises the internet service used by operators to offer internet to specific locations of their end customers.

Fiber to the Tower

Fiber optic connectivity solutions used by mobile operators to interconnect their mobile sites to their main network, generally requiring high capacity to support data demand.

Fiber to the Data Centers

Fiber optic connectivity solutions used by data centers to interconnect their locations either in Mexico or abroad, generally requiring high capacity to support traffic between locations.

Colocation

Physical space provided within Axtel facilities where operators can install their owned equipment. The service includes the physical space, electricity, air-conditioning, cross-connections and specialized technical support, which can be provided in Axtel's network points of presence or Data Centers.

Spectrum

Includes the rental service for spectrum channels, which will generally be used by operators to establish links through digital radio; offered in the 7, 10.5, 15, 23 and 38 Ghz bands.

Enterprise and Government Segment (Alestra)

As an ally in digital evolution, Alestra provides advanced Information and Communication Technology solutions (ICT) to more than 12,000 government and enterprise clients from different sectors, which are based on the use of managed network tools, collaboration, cybersecurity, cloud and systems integration, mobility, digital transformation and connectivity. Through the service lines, it provides highly specialized and close attention to its clients.

Enterprise Segment:

For each business line, Axtel launched services that help the sector adopt new technological trends, enabling organizations to evolve their operations in a fully digital era through the use of technology.

TELECOM

In 2024, the Company focused its efforts on the growth of next-generation services with increasing market traction. Significant growth was achieved in SD-WAN services, technology that allows communication links to be managed and optimized through software, creating dynamic and intelligent connectivity, along with WiFi and direct, private connectivity to major public cloud providers.

A new service delivery model requiring connectivity was also designed, named Axtel Supremo. This model will significantly reduce service delivery times, from 40 days to just 10 days, in more than 800 high-demand zones in major cities, improving customer satisfaction and time-to-bill.

In addition, Axtel is preparing to launch SASE, a service that integrates software-defined networks and cybersecurity elements into a single platform, aiming to position the Company as the leading provider of this solution in Mexico.

CYBERSECURITY

During the year, the cybersecurity services portfolio focused on Perimeter Security, Endpoint Protection, Threat Intelligence and Response, and Consulting Services.

To expand the penetration of cybersecurity services across industries, a strategic alliance was established with SPLUNK to manage the intelligence, visibility, and threat response portfolio through a unified platform.

Additionally, Alestra was recognized as MSSP Partner of the Year for the Northern Region by Fortinet, as well as for MSSP Platform Development by Palo Alto Networks. The company now delivers managed cybersecurity services using artificial intelligence and machine learning to enhance coverage across its clients' networks.

INFORMATION TECHNOLOGY

With the objective of strengthening client relationships, the "Tiger Team" was created, a team dedicated to business and technology strategic consulting, designed to help clients define their vision and strategy. This team develops strategic plans and objectives accompanied by three-year technology roadmaps.

Alestra launched iAlestra, a solution designed to help clients integrate Artificial Intelligence into their business processes, enabling improvements in operational efficiency, accelerated goal achievement, and

enhanced business development. As part of this initiative, a roadshow was conducted across multiple cities to demonstrate how AI can boost business productivity and evolve decision-making processes through data analytics.

Additionally, Alestra expanded its Cloud Services portfolio with the inclusion of Oracle Cloud as a managed service, complementing its multi-cloud strategy, which already includes offerings from AWS and Microsoft Azure.

During the year, Alestra was recognized for the second consecutive year by Veritas as the “Fastest-Growing Partner” in Latin America and the Caribbean for its outstanding performance in the sale of data protection and resilience solutions. It was also named a Top Managed Services Provider (TOP MSP) in northern Latin America. Furthermore, Nutanix awarded Alestra the System Integration Managed Services Provider of the Year distinction.

MOBILITY

In 2024, the Alestra Móvil service for enterprise clients continued its evolution with the incorporation of Voice over 4G (VoLTE) functionality for the Telcel network, which was also implemented on the AT&T network in preparation for operations in the first quarter of 2025.

The portfolio continued to evolve by integrating mobile internet solutions for various business applications and use cases, such as branch and ATM backups, kiosks and mobile points of sale, as well as buses and transport fleets requiring connectivity. These solutions include not only LTE mobile internet service, but also mobile router equipment and a dedicated management platform.

eSIM functionality, the evolution from physical SIM cards to virtual SIMs, was integrated into the mobility solution. eSIM is available across all Alestra Móvil plans, offering greater flexibility, security, and environmental sustainability benefits.

A digital media campaign was also developed to increase awareness and positioning of Alestra Móvil’s multi-operator solution, which allows businesses to access the widest coverage possible by leveraging the three main mobile networks in the country.

Government Segment

In 2024, Axtel renewed 99% of its contracts in the government segment. It also expanded its presence to eight new states, which, along with a more active federal administration, drove a 7% increase in revenue for the segment. The Company achieved a revenue mix of 55% from the federal level and 45% from state and local levels, reducing volatility typically associated with political cycles.

At the federal level, 25% of government institutions are Axtel clients. At the state level, the Company maintains a presence in 22 states and serves more than 200 clients.

In terms of compliance and competitiveness, Axtel secured 200 new certifications with 12 manufacturers, strengthening its position in bidding processes. It was also awarded a Ps. \$1,000 million contract to support the digital documentation of international trade in Mexico over a three-year period.

Axtel has more than 100 services, which has allowed it to have great market penetration in terms of number of accounts. To differentiating itself, it divided its portfolio into four business lines: Telecom, IT, cybersecurity and mobility. For each one, it focuses on having service specialists allowing it to reach customers at a broader level of specialization.

Telecommunications (Telecom):

Connectivity and network

- Data: direct access or last mile access and digital private lines with national or international reach.
- Internet: Alestra has a broad portfolio of dedicated internet solutions, from 1 Mbps links to high-capacity connections of up to 10 Gbps. In addition, it offers protection for the internet link against cyber threats through mechanisms called Clean Pipes. It also offers internet on demand, which offers high-capacity links with rates that vary depending on the requested use.
- Alestra has a wide portfolio of network connectivity solutions that allow customers to connect their offices point-to-point or point-multipoint either nationally or internationally. In the family of network connectivity services are VPN and Ethernet. All these options allow the secure transmission of voice, data or video information simultaneously.

Managed Networks

Alestra has a portfolio of managed network solutions, where its clients receive the following benefits through a monthly rent for the equipment: design, implementation, support, maintenance, operation and administration of the equipment. Some of the services offered as managed networks include managed Wi-Fi, Managed Lan, and the new SDWan technology that integrates software-based telecommunications.

Collaboration

With this type of solutions, the integration of various communication tools is sought to allow people to interact and collaborate more effectively and efficiently, facilitating the administration and integration of various communication channels of voice, data, video, networks, systems and business applications. Some of the services that integrate the communication solutions are:

- Videoconferencing services that facilitate collaboration between geographically dispersed rooms and/or people, providing flexibility and connectivity coverage.
- Unified communications solutions that allow the use of video, instant messaging, voice, mobility and applications to collaborate in work teams; as well as applications for call-centers, which are accessed through the cloud so that the client does not have to invest in the equipment.
- Conference Solutions which allow voice communication between a group of people who can safely share content and interact with the information.
- Cloud solutions that allow collaboration through new workspaces that allow to work from anywhere and on any device.
- Solutions that enable the hybrid working model so that people in offices and remotely located can collaborate efficiently and productively.

Information Technology (IT):

System Integration

Delivery of customized solutions for special information technology projects that integrate infrastructure, applications, connectivity, security and management of several different technologies and manufacturers in a holistic model where Alestra becomes the single point of contact for its customers. This service includes mission critical solutions such as DRP (Disaster Recovery Plan), high availability platforms, private and hybrid clouds and migration of environments.

Cloud

Axcel offers the latest technology through cloud access, which includes infrastructure, software, applications, technical support and solutions, which offer unlimited capacity, universal accessibility, flexibility and savings

by not having to investing in equipment. This supported by the security and availability of data centers, whose mission is to ensure that information and applications are available anywhere and under any circumstances. These solutions include, among others:

- Services that offer virtual or physical servers in a rental scheme.
- Services of containers, serverless and new generation applications development environments.
- Services that offer the customer the option to acquire on-demand computing resources, flexible server configurations, RAM and information storage.
- Access to ERP (Enterprise Resource Planning) “All in One” version of SAP and S4 HANA, across a cloud service scheme that allows the customer to obtain savings by not having to purchase said system.
- Comprehensive infrastructure management services that include the design, implementation and operation of complex computing solutions in high availability environments prepared to handle natural disasters (“DRP”).
- Corporate e-mail, a platform that offer customers personalized and accessible e-mail addresses from fixed and mobile devices.
- Generation of server backups in a fast way that allows the assurance of information through a platform available under a “as a service” scheme.
- Storage as a service for hosting and the execution of applications under an “on demand” scheme.
- Cloud Backup for secure, periodic and automated backups.
- Virtual desktops to remotely access your desktop and applications from any device.
- Public Cloud Services (IaaS, PaaS, SaaS) based on the largest global public clouds in a managed service format.
- Cloud consulting and environment migration services. Service that offers to promote the use of public clouds by taking advantage of new trends in application creation, migration and adoption of the cloud, application coding tools, among others.
- Hybrid cloud solutions combining functions from public clouds outside of Mexico, including the building of dedicated links to guarantee the security and efficiency of the solutions.
- Help Desk Service, which is a single point of contact for end users that manages incidents, requirements and problems related to IT services.
- Application Management: solutions that provide specialized management of IT services accompanied by a complete operational model of monitoring and management based on the best practices in the industry. In this solution, clients delegate the operation of their critical applications in a way that they are provided with an outsourcing service for operation, monitoring, incident management, problems and changes of business applications such as an ERP, CRM, databases, among others.
- Processes Digitalization: Are robot applications, including software (RPA), that offer to automate repetitive tasks of processes.
- Site Supervision and Management (IoT): Is a service that offers real-time monitoring of all objects or people located at a site, warehouse, factory, load truck, among others. The platform offers real-time location as well as alarms and analytical tools.

Cybersecurity:

Cybersecurity

The cybersecurity portfolio provides solutions that protect computer equipment, networks and systems from threats and attacks by providing, operating, managing and monitoring the entire information security infrastructure the client requires.

Others

Some associated services include Vulnerability Analysis that offers a diagnosis of the level of exposure the critical infrastructure of a network has in the event of an attack that would affect its operation. Security

Consulting, Managed Intrusion Detection and Prevention Services, Managed Web Filtering and Firewall Services, designed for businesses requiring controlled web access, comprehensive multi-layer protection and all-in-one security that controls, detects, mitigates, monitors and provides secure perimeter access. The service is offered through the Security Operation Center (SOC), where the security of services is monitored 7x24, as well as threats worldwide so that preventive actions can be taken to safeguard customers' information.

Alestra Móvil:

Since the introduction of Alestra Móvil in 2021, its operation has positioned itself as the first enterprise virtual mobile network in Mexico. It seeks to provide companies with the ability to bring their fixed experiences, tools and technologies to a smartphone, allowing them to have control over their companies' operations from anywhere, with the guarantee of the highest availability and security on the market.

One of the main features of Alestra Móvil is Enterprise Mobility Management (EMM), which helps companies to completely manage the mobility cycle of their organization whenever they need it and from anywhere. Promoting operational control and decision-making from a single platform, so that companies can manage and configure with complete autonomy the security levels of their applications, tools and devices of their employees in accordance with their mobility policies.

Additionally, responding to the teams' need to make collaboration more efficient and immediate, and under a secure encryption environment, in alliance with Airbus SLC Mexico, Axtel developed Alta Seguridad Agnet 500, a critical collaboration mobile platform that allows group communications more efficient, safe and reliable. Alta Seguridad Agnet 500 offers smarter devices through its push-to-talk functionality, allowing a simple and intuitive user interface. From their smartphones, users can press a button and talk, send multimedia messages or even live videos, encrypted end-to-end to their group through different broadband ranges: 3G, 4G (LTE) and WiFi.

Alestra Móvil is a mobile voice and data service with important differentiators:

- Unique mobile platform supported by a Multi-operator network
- Offer of professional applications
- Three-level security
- 24/7 management
- Wide range of à la carte solutions
- 360 shielding with device, connection and content protection
- Management tool for devices and applications with autonomy capacity

2.4) Advertising and Sales

To promote products and services in the enterprise and government segments, the Company through the Alestra brand, uses a variety of communication and commercial tools, among which are the launch events for new products, publications in specialized magazines and social media, experience centers or "Centro Sperto", virtual and physical visits to experience centers of its partners, participation in forums, online communication and direct promotion with the support of presentations and tools.

For the wholesale and operators' market, the Company through the Axtel Networks brand, participates in the main national and international industry events in order to promote the portfolio of solutions and establish closer relationships with customers and prospects.

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2.4.1) Sales Channels and Strategies

Advertising campaigns are complemented by sales objectives aimed at specific market segments using various sales channels.

Axtel’s enterprise segment model is based on sales regional teams that include a Sales Consultant, a Strategic Services Commercial Specialist, a Customer Service Representative, a Solution Design Engineer and a Service Delivery Representative. Accounts are grouped into categories depending on the revenues and/or business potential of the customer. Resources are allocated according to the block prioritization scheme described in the below diagram. Sales Consultants can be either Axtel employees or ICT Indirect Channel Integrator representatives.

Category	Segment	Channel
Premier Experience	Enterprise Customers and Middle Market	Sales Consultants Indirect Channels
Premier Plus Experience	Enterprise Customers with Managed Services	
Select Experience	High-value Corporates with complex network and services	Sales Consultants Customer service representative
Black Experience	TOP Corporate, Enterprise, Financial and Government	

Alestra has three Centro Sperto experience centers located in Monterrey, Mexico City, and Querétaro, spaces designed to offer clients an immersive experience with Alestra’s most advanced technological solutions. Through interactive demonstrations, these centers allow clients to explore in detail the capabilities and benefits of more than 50 innovative solutions that are part of Alestra’s portfolio. In doing so, they provide a unique opportunity to experience, in a real-world setting, how these technologies can drive the digital transformation of their business, optimize processes, and maximize strategic value.

During 2024, Centro Sperto launched the following initiatives:

- **Table Top Exercise:** In collaboration with Centro Sperto, Axtel simulated a practical cybersecurity scenario with the Executive Team, promoting decision-making, role exchange, and continuous improvement.
- **Escape Room - Security Week:** A dynamic and hands-on cybersecurity investigation simulation was carried out to foster engagement and awareness.
- **Architecture and Cyber Defense:**
 - 42% reduction in malware threats, with zero critical recurrences.
 - Timely blocking of 103 threat campaigns.
 - Full rectification of ISO standards (27001, 22301, 31000).
 - Ongoing enhancement of control strength and maturity, as well as preparedness for third-party assessments.

Additionally, over 3,000 interactions and 155 events were conducted in collaboration with 64 partners, covering more than 60% of the national territory. These activities generated over 700 business opportunities, with a focus on priority verticals such as finance, retail, transportation, and logistics, driving sales in excess of Ps. \$220 million.

2.4.2) Client Experience

Axtel recognizes that delivering an exceptional experience is key to strengthening its relationship with clients. For this reason, the Company focuses on developing technology that optimizes response times and significantly enhances the experience of both internal and external users. Additionally, Axtel maintains a strong commitment to measuring and continuously improving customer satisfaction, understanding that user loyalty not only reinforces its market position, but also drives profitability, fosters new business opportunities, and strengthens its client network through positive referrals.

Alestra Omnichannel Strategy

Alestra continues to strengthen its omnichannel strategy to serve clients through tools such as Alestra One Touch (AOT), WhatsApp Inbound, and WhatsApp Outbound, redefining the support experience previously handled via phone and email.

Alestra One Touch

Alestra One Touch has over 7,000 registered clients. This self-service portal has become the most widely used channel among clients for handling administrative requests such as account information, invoices, and payment complements. It also allows users to submit technical requests, such as raising support tickets and tracking their status. In 2024, enhancements were made including technical ticket escalation, the ability to update technical and administrative contacts, automatically reflected in client management systems, and new mobile functionality that enables clients to configure their PBX profiles without needing support from Alestra personnel.

WhatsApp Inbound

In 2024, the ability to generate technical tickets through this channel was enabled, complementing the existing functionality to check their status. The system can identify the service key and validate whether a request has already been submitted to prevent duplication.

Administrative requests were also added to the channel, including: tax information updates, address changes, assignment of rights, tax regime changes, service consolidation and deconsolidation, equipment relocation, payment complement queries and downloads in PDF and XML formats, corrections to payment complements, and unallocated payment notifications.

When a service executive detects by phone that a request can be processed through WhatsApp, the Alebot artificial intelligence system sends a message to the client offering to manage the request via WhatsApp or Alestra One Touch.

Email

Clients who request the status of their ticket via email receive an automatic response with the relevant information.

Measuring Customer Satisfaction and Expectations

Axtel regularly measures customer expectations by segment and their level of satisfaction through Net Promoter Score (NPS) surveys.

Clients are classified into categories, which in turn are internally segmented based on various factors, with particular weight given to monthly billing and medium- to long-term growth potential.

To guarantee the reliability of results, official NPS measurements are conducted by an external certified market research agency. 2023 NPS results were: 51 for Alestra, 90 for Axtel Networks, 77 for the Federal Government segment, and 86 for the State Government segment.

In 2024, no NPS measurements were conducted for Alestra's Federal or State Government segments, nor for Axtel Networks. Considering only Alestra's NPS, the Global NPS for 2024 reached a score of 51, thus meeting the target set for the year.

2.4.3) Responsible Supply Chain

Sustainable Procurement

Aware that the value of a company is increasingly linked to the strength of its supply chain network, Axtel is committed to ensuring that its network is solid, reliable, and competitive. In this context, sustainable procurement has become a strategic priority for the Company.

As part of this commitment, Axtel seeks to integrate principles of Corporate Social Responsibility (CSR) into its procurement processes and decision-making. To achieve this, it implements several measures, such as promoting local sourcing and evaluating its suppliers, which provides visibility into the sustainability practices within their operations and their own supply chains.

Additionally, the Company aims to establish commercial relationships with suppliers who share its values and sustainability objectives, thereby promoting a positive impact on communities and the environment.

As part of its sustainable procurement process, Axtel requires 100% of its Tier 1 suppliers to implement emissions reduction initiatives. To ensure compliance with this environmental requirement, all suppliers must either have their own code that includes this commitment or sign Axtel's Supplier Code of Ethics.

In cases where non-compliance is detected, Axtel adopts a retention and engagement approach, seeking to work with suppliers to improve their environmental performance. This may involve conducting control visits to verify the sustainability of suppliers. If non-compliance is identified during these evaluations, suppliers are required to implement corrective actions to align with the established standards. This approach reinforces Axtel's commitment to sustainability and continuous improvement across its supply chain.

In support of the local economy, Axtel worked with a total of 556 suppliers in 2024, of which 501 were local suppliers, representing 90% of the total. The remaining 55 suppliers, or 10%, had operations based outside the country.

Supplier Code of Ethics

Axtel is committed to establishing sustainable and responsible commercial relationships with its suppliers. To that end, it has implemented a Supplier Code of Ethics, which outlines the Company's expectations and commitments in key areas such as human rights, environmental protection, and business ethics.

This code not only guides supplier behavior but also provides a clear framework for decision-making aligned with the Company's policies and values.

Supplier Screening

As part of its strategic supply chain management, Axtel focuses on identifying and understanding associated risks and dependencies. A key step in this process is the identification of critical suppliers*, primarily those that support Axtel's core network and services. Although Axtel does not maintain a formal selection process for identifying significant suppliers, it does assess its critical suppliers to ensure compliance with the Supplier Code of Conduct. This document serves as the foundation to validate alignment with relevant ESG topics for the Company and its stakeholders.

**A critical supplier is one whose relationship is directly tied to the operation of Axtel's core network and services. Suppliers are identified as critical based on criteria such as total annual purchase volume, business sensitivity, service complexity, and high replacement cost, prioritizing their strategic relevance for business continuity.*

Supplier ESG Program

In 2023, Axtel launched the Supplier ESG Program, overseen by the ESG Committee. This program enables the Company to assess supplier compliance with the Supplier Code of Ethics and to identify and evaluate potential ESG risks through a series of structured activities.

The program involves ESG evaluations sent to critical suppliers, focusing on governance, health and safety, and social and environmental practices. The assessment includes various elements, such as the existence of defined greenhouse gas emissions reduction targets, occupational health and safety controls, and workplace harassment prevention guidelines.

This process provides Axtel with greater visibility into supplier performance and the alignment of business practices with the Company's expectations, helping to mitigate risks and strengthen the overall supply chain. These evaluations are conducted every 24 months, with the next cycle scheduled for 2026.

In 2023, Axtel sent ESG evaluations to 83% of its critical suppliers, with a response rate of 42%, enabling the evaluation of sustainability practices for five critical suppliers. For the next assessment cycle, Axtel aims to reach 90% coverage, evaluating nine critical suppliers, a significant improvement over 2023.

The ESG Program evaluation enables the Company to track suppliers' progress on ESG matters and verify their compliance with established expectations, ensuring alignment with Axtel's ESG priorities and those of its stakeholders.

Supply Chain Management

As part of the selection process, Axtel informs all suppliers about its Supplier Selection Policy, its anti-corruption policy and procedures, and the Supplier Code of Ethics.

In this context, during 2024, Axtel communicated its anti-corruption policies and procedures to a total of 556 suppliers, both national and international, across the North, West, Central, and South regions of the country.

By region, 217 large national enterprises were reached in the Central region and 146 large suppliers in the Northern region. Foreign suppliers were also covered, including 55 small and medium-sized enterprises (SMEs) in the North.

In percentage terms, communication outreach reached 8% of SMEs and 26% of large enterprises in the Northern region; 1% and 6%, respectively, in the Western region; 5% and 39% in the Central region; and 1% and 4% in the Southern region. For foreign suppliers, communication reached 10% of SMEs in the Northern region.

Regarding supplier structure, Axtel worked in 2024 with 556 Tier 1 suppliers. Of these, 10 were classified as Tier 1 critical suppliers, representing 26.5% of total spending allocated to this category.

2.5) Patents, Licenses, Trademarks, other Contracts and Certifications

2.5.1) Company's Concessions

Background:

- In 2016 Axtel S.A.B. acquired a single concession title for commercial use, the result of the merger between Axtel and Alestra; subsequently, as part of the company's restructuring between 2018 and 2020, Axtel obtained different radio spectrum titles by assignment, as shown below.
- At the end of 2020, the Company began mobile service operations through Alestra Servicios Móviles; reference offers were made with Telcel to provide Mobile Telephone service under the figure of Full Virtual Mobile Operator ("OMVC"); this agreement allows interconnection with all mobile and fixed operators.
- In 2023, Alestra Innovación Digital transferred the rights of the sole concession of which it was the holder to Axé Redes e Infraestructura (ARI), which was originally granted to B. TEL, S.A. DE C.V., as a public telecommunications network concession, ARI focuses on the deployment of FTTH infrastructure for the residential and SME market. In the same transfer act, the telecommunications users of Alestra Innovación Digital became part of AXTEL SAB. In addition, in this same act, AXTEL merges AID, thus obtaining the AID users and the title for the exploitation of the seabed in Tulum and Cancun.

About the concessions:

Axtel, Alestra Servicios Móviles and ARI (hereinafter collectively known as "Axtel"), hold certain concession titles granted by the Federal Government; single concession titles for commercial use have a duration of 30 years and spectrum concessions have a duration of 20 years. These spectrum concession titles allow the Company to provide the following telecommunications services nationwide:

- a. landline telephone service;
- b. fixed internet service;
- c. mobile phone service;
- d. mobile internet services;
- e. mobile messaging services (SMS);
- f. radio spectrum capacity leasing services (microwave links);
- g. dedicated link services;
- h. added value services;

In addition, the company can provide value-added services, cybersecurity, OTT video, audio conferencing, digital transformation services, and data center services.

Axtel, Alestra Servicios Móviles and ARI have a Single Concession for commercial use, confers the right to provide in a convergent manner all kinds of public telecommunications and/or broadcasting services, which simplifies administrative procedures for compliance of obligations and generates economic savings, for example: payment of rights, payment of bonds, among others. The concessions are valid for 30 years and may be extended for up to equal periods, as long as they are requested in a timely manner.

Nevertheless, prior to commencing operations of any public telecommunication service that is technically feasible, operators must request the *Instituto Federal de Telecomunicaciones ("IFT")* the inscription in the Public Registry of Concessions.

It should be noted that the concession granted to Axé Redes e Infraestructura (derived from the transfer of AID) is in the process of being extended, since the regulatory framework requires that the extension be requested within the year in which the last fifth of the Concession life.

The following is a summary of the concessions:

AXTEL						
TYPE OF CONCESSION	COVERAGE	AUTHORIZED SERVICES	BANDWIDTH	TERM (years)	START	EXPIRATION
Single Concession for commercial use	National	Any service technically feasible	N/A	30	Jan 29, 2016	Jan 29, 2046
Frequency bands for commercial use	National	Link capacity	7 GHz	20	Aug 2, 2020	Aug 2, 2040
Frequency bands for commercial use	Region 1-9	Link capacity	10 GHz	20	Apr 2, 2018 Sept 29, 2018	Apr 2, 2038 Sept 29, 2038
Frequency bands for commercial use	National	Link capacity	15 GHz	20	June 5, 2018	June 5, 2038
Frequency bands for commercial use	National	Link capacity	23 GHz	20	June 5, 2018	June 5, 2038
Frequency bands for commercial use	Region 1,3,4,6 & 9	Link capacity	38 GHz	20	Jan 26, 2020	Jan 26, 2040
Frequency bands for commercial use	National	Link capacity	7 GHz	20	Aug 2, 2020	Aug 2, 2040
Frequency bands for commercial use	Region 1 & 5	Link capacity	10 GHz	20	Apr 2, 2018	Apr 2, 2038

ALESTRA SERVICIOS MÓVILES)			
Concession Titles	Services	Coverage	Term
Single Concession for Commercial Use	Provision of any telecommunications and / or broadcasting service that is technically feasible.	National	Duration: 30 years Bestowal Date: Apr-02-2018 Expiration Date: Apr-02-2048

AXE REDES E INFRAESTRUCTURA (POSSES A SINGLE CONCESSION FOR COMMERCIAL USE THAT WAS GIVEN BY ALESTRA INNOVACIÓN)			
Concession Titles	Services	Coverage	Term
Single Concession for Commercial Use	Provision of any telecommunications and / or broadcasting service that is technically feasible.	National	Duration: 30 years Bestowal Date: Dic-02-2024 Expiration Date: Nov-08-2030

2.5.2) Main Trademarks

Axtel owns several registered trademarks that are used to market the products and services it offers. Among others, Axtel has the following most important registered trademarks:

TRADEMARK	REGISTRY NUMBER	EXPIRATION	OWNER
AXTEL (blue design)	1,662,025 1,668,824 1,662,026	April 7, 2026	Axtel, S.A.B. de C.V.
Alestra	511,656	November 1, 2025	Axtel, S.A.B. de C.V.
Axtel	584,421	July 13, 2028	Axtel, S.A.B. de C.V.
AXTEL NETWORKS	2,171,990 2,171,991	July 31, 2030	Axtel, S.A.B. de C.V.

AXNET AXTEL NETWORKS	2,171,988 2,171,989	July 31, 2030	Axtel, S.A.B. de C.V.
AXNET	2230367	April 12, 2031	Axtel, S.A.B. de C.V.
HOC HOLISTIC OPERATION CENTER	1284311	December 6, 2031	Axtel, S.A.B. de C.V.
SPYDER PERFORMANCE	1420839	December 8, 2031	Axtel, S.A.B. de C.V.
MDM CLOUD	1344418	August 8, 2032	Axtel, S.A.B. de C.V.
X-TREMO	2760133 2770975	February 10, 2034	Axtel, S.A.B. de C.V.
X-TREMO MOVIL	2831123 2831124	June 3, 2035	Axtel, S.A.B. de C.V.
iAlestra	2798395 2804425 2798396 2804426	December 12, 2034 October 11, 2035	Axtel, S.A.B. de C.V.

2.5.3) Wholesale Services - Links, infrastructure sharing, unbundling and Interconnection

Axtel has entered into agreements with the Preponderant Economic Agent ("AEP") to use services and infrastructure and complement its network, in such way it can provide telecommunications services to end customers in areas where it does not have coverage; the agreements are in force and are updated annually based on the resolutions issued by the IFT for:

- Sharing fix and mobile passive infrastructure (e.g. poles, ducts, rights of way and towers);
- Leasing of dedicated links;
- Resale and unbundling of all the services provided through Telmex's local network;
- Resale of mobile services, voice, data and SMS, as a Mobile Virtual Network Operator (MVNO); and
- Leasing dedicated links from Telmex.

The prices and conditions for these services are the ones established by the IFT for Telmex and Telcel, respectively, and each year they can be modified by the same authority through the filing of the disagreements provided for in the Preponderance Measures and in the Federal Telecommunications Law and Broadcasting, using costing methodologies such as "Avoided Costs" or "Long-Term Incremental Costs" methodologies, depending on the type of service.

At the end of 2024, the Company has renewed the reference offers with Telcel to provide Mobile Telephony service under the figure of Complete Virtual Mobile Operator ("OMVC") and signed an agreement to use the ALTÁN network, while in May of 2021, it signed the agreement in the same sense with AT&T Comunicaciones Digitales, S. de R.L. de C.V.

Axtel has also renewed the agreements related to Infrastructure Sharing, Dedicated Links and Unbundling, which are regulated Offers of Telmex and Red Nacional (the wholesale company created as part of the asymmetric regulation for the provision of wholesale services of the access network).

2.5.4) Technological Certifications

Being part of an industry in constant transformation, being backed by expert certifications and being part of the most complete network of global technology partners in the market, gives Axtel the necessary strength to offer its customers a complete portfolio of technological and avant-garde solutions.

Management Systems:

- ISO 9001:2015
- ISO 20000-1:2018
- ISO 27001:2022
- ISO 22301:2019
- ISO 37001:2016
- ISO 31000:2018

Best Practices:

- ICREA – Nivel 3, 4 y 5
- FIRST
- SSAE-18
- PCI DSS

Partners Certifications:

- | | |
|---|--|
| - Audio Codes Gold Partner | - Dell Technologies, Gold Partner |
| - Avaya Diamond Partner | - Equinix, Platinum Partner |
| - Advanced Tier Services | - Forescout, Nivel GOLD Partner |
| - AWS, EC2 for Windows, Server Delivery | - Fortinet, Integrador Expert Partner |
| - AWS, Public Sector | - HPE Silver Service Provider |
| - AWS, SAP Services Competency | - Huawei, Enterprise Partner VAP |
| - AWS, Select Direct Connect Delivery | - IBM, Gold Partner |
| - AWS, Solution Provider | - Microsoft, Gold Cloud Platform |
| - Check Point, (CCSP) Support Provider | - Microsoft, Gold Cloud Productivity |
| - Check Point, CloudGuard Partner | - Microsoft, Gold Partner |
| - Check Point, Harmony Partner | - Microsoft, Hosting Partner |
| - Check Point, SMB- Small and Medium Business Partner | - Nutanix, Champion Reseller |
| - Check Point,(MSSP) Managed Security Service Provider | - Oracle, OPN Member, Tracks de License & Hardware, Cloud Sell & Service Cloud |
| - Check Point, premier Partner | - Palo Alto Networks, Solution Provider - Platinum Innovator, MSSP Innovator |
| - CISCO Gold Integrator | - Partner Connect Advanced /Cloud con AWS Solution Competency |
| - CISCO Gold Provider | - Poly, Platinum Partner |
| - CISCO, Advanced Collaboration Architecture Specialization | - SAP MCaaS Partner |
| - CISCO, Advanced Enterprise Networks Architecture Specialization | - Symantec, Premier Partner |
| - CISCO, Umbrella for MSSPs Specialization | - Veeam Pro Partner Silver Reseller |
| - CISCO, Webex Contact Center Specialization | - Veritas Platinum MSP+ |
| - CISCO, Customer Experience Specialization | - Huawei, Three Stars Partner |
| | - Huawei Value Added Partner |
| | - Select - Broadcom Advantage Partner Program |
| | - Zoom Performance Partner |

On the other hand, the Company acquired the following awards on behalf of its partners:

Fortinet

- MSSP Partner of the Year for the Northern Region

Nutanix

- Managed Services Provider (MSP) of the Year for System Integration

Veritas

- Fastest-Growing Partner in Latin America and the Caribbean
- Top Managed Services Provider (TOP MSP) in Northern Latin America

Palo Alto Networks

- MSSP (Managed Security Service Provider) Platform Development Recognition

In a constantly evolving industry, Axtel remains at the forefront through key certifications that validate its expertise and strengthen its ability to deliver comprehensive, next-generation technology solutions.

The Company holds technical recognitions from global leaders such as Amazon, Azure, ISC, ISO, Oracle, Cisco, Palo Alto, Checkpoint, Fortinet, and Avaya, among others, positioning Axtel as a trusted partner within the most robust technology network in the market. These certifications reflect Axtel's commitment to meeting the highest standards and successfully addressing future challenges.

2.6) Information Security

Axtel considers the protection of its services and the confidentiality, integrity, and availability of information is a priority. To this end, the Company has implemented an Information Security Management System aligned with international standards and best practices.

Compliance and Standards

Axtel operates in accordance with globally recognized standards and frameworks, including:

- ISO 27001, ISO 22301, and ISO 31000
- Service Organization Controls (SOC) for Cybersecurity and the National Institute of Standards and Technology (NIST)
- FIRST, PCI-DSS, and SSAE-18

Risk Assessment and Management

To mitigate cybersecurity risks, Axtel continuously implements the following actions:

- Internal and external reviews to detect vulnerabilities
- Compliance audits and certifications
- Vulnerability assessments
- Penetration tests and simulation exercises to strengthen cyber defense
- Information security training for employees

Axtel identifies and manages vulnerabilities in its information systems through various mechanisms, including operational procedures, employee training, advanced technology, and collaboration with strategic partners.

Main Security Processes

- Cybersecurity Culture: Continuous awareness and training for employees.
- Cyber Resilience: Business impact analysis, risk management, crisis management, and business continuity.
- Cyber Defense: Management of vulnerabilities, identities, and access, as well as technical compliance.
- Incident Response: Protocols for threat detection and mitigation, along with an incident response plan.
- Security by Design: Implementation of security measures during the design and development of products and services.
- Reviews and Monitoring: Indicators, audits, and security testing.
- Continuous Improvement: Ongoing evaluation of processes for optimization.

Strategic Cybersecurity

Axtel continually strengthens its information security strategy to ensure the protection of both its organization and its customers in the enterprise and government segments.

Its cybersecurity structure includes:

- The appointment of a Chief Information Security Officer (CISO), strengthening security management.
- The reconfiguration of internal support, aligning processes with the highest standards in cyber defense.
- The standardization of protocols so that internal protection measures are also applied to client security.

Information Security Committee (CSI)

To comprehensively manage cybersecurity, Axtel has established the Information Security Committee (CSI), which holds quarterly meetings to:

- Review the security, information, and cyber defense program, including strategies and protocols.
- Oversee ongoing training and development for employees in digital security.

In addition, the CISO plays a key role in safeguarding Axtel's critical information by ensuring:

- Compliance with information security regulations and strategies.
- Availability, integrity, and confidentiality of company data.
- Awareness and training of work teams regarding security threats.
- Strategic risk management and decision-making in cybersecurity.

In the event of high-impact cybersecurity incidents, these are escalated to the CEO and brought to the Corporate Practices Committee for analysis and resolution.

Commitment to Information Security Best Practices

As part of this commitment, ALFA conducts periodic IT and Information Security audits across all its companies to ensure the robustness of digital security controls and strategies.

Thanks to the efforts of the team led by the CISO and the implementation of innovative cybersecurity processes, Axtel achieved excellent results in these audits, solidifying its position as a benchmark within the Group and standing out for its information protection focus.

At the executive level, cybersecurity oversight lies with the Chief Information Security Officer (CISO), who reports directly to the Executive Director of the Enterprise Business Unit. The CSI supports this function and coordinates with the CEO and Corporate Practices Committee, ensuring a strong governance model aligned with the organization's strategic objectives.

Data Privacy

In an environment where networked data and global business activity demand rigorous information handling, Axtel upholds its commitment to privacy and the protection of personal data as a fundamental component of its social responsibility.

To ensure appropriate data handling, the company has implemented a Privacy and Personal Data Protection Policy, applicable to all operations and to any third party providing goods or services. This policy governs all stages of personal data processing: collection, use, storage, protection, and disposal, while establishing the specific rights of data subjects.

Moreover, the privacy management system and related procedures are integrated into Axtel's risk management and regulatory compliance frameworks. Personal data protection is embedded in operational risk management structures, ensuring a transversal approach to the identification, mitigation, and control of privacy-related risks.

Privacy and Information Security Management

To safeguard the confidentiality, integrity, and availability of information, Axtel implements robust security processes. Key actions include:

- Dedicated department responsible for privacy matters.
- Internal and external audits to assess compliance with the policy.

- Full compliance with Mexico's Federal Law on the Protection of Personal Data Held by Private Parties, ensuring the privacy of clients, suppliers, employees, and visitors.
- Ongoing data security training for employees, including courses, internal communications, and awareness campaigns.
- Whistleblower mechanisms for reporting potential vulnerabilities.
- Advanced technical controls in systems and hardware to prevent information loss.

Disciplinary measures are implemented by the Data Protection Officer (DPO), who is responsible for preventing non-compliance with internal policies and procedures. In cases of violation, Axtel enforces corrective and disciplinary actions in accordance with the Internal Work Regulations (RIT) and in the document Sanctions for Incidents and Behaviors – Information Security (IS).

Axtel employees receive continuous training in Information Security, ensuring they are equipped to identify and report incidents promptly. On average, each employee received 9.75 hours of cybersecurity training during the year.

Additionally, members of the Incident Response Team (IRT) receive specialized training to effectively fulfill their roles in managing and resolving security incidents.

Response and Protection Mechanisms

At Axtel, protecting privacy and data security is a top priority. The company has incident response protocols that enable fast and effective action in the face of any activity that could pose a risk.

Axtel also implements strict physical, technical, and organizational security measures, including:

- Data encryption to prevent unauthorized access.
- Restricted access control, ensuring that only authorized personnel handle sensitive information.
- Robust privacy policies, aligned with the highest data protection standards.
- Business continuity and contingency plans, and incident response procedures tested at least once a year to validate their effectiveness and alignment with security and operational resilience strategies.
- Vulnerability management to identify and mitigate potential risks. Internal vulnerability scans are conducted monthly, and annual penetration tests are performed by an independent third party.
- Data retention: Axtel retains client data indefinitely, unless expressly requested for deletion. The company manages information lifecycle based on its intended use and ensures that data subjects may exercise their ARCO rights (Access, Rectification, Cancellation, and Opposition).
- Incident notification mechanisms: an internal phone line is available so that any employee who identifies or suspects a security incident can report it promptly.

Axtel has a clear escalation process for employees to report suspicious activity, such as cyberattacks, phishing attempts, or spam emails. Additionally, the ALFA Transparency Mailbox is available for reporting concerns related to information security and compliance with the Code of Ethics.

Commitment to Privacy

Axtel processes personal data only when it is obtained directly from the data subjects, through physical, electronic, or in-person means. It may also collect data from authorized public sources, ensuring that data handling complies with applicable regulations and respects individual privacy rights.

The company does not transfer sensitive, financial, or asset-related personal data for secondary purposes, except where the data subject has given explicit consent. The information collected is not shared with third parties, but is limited to use within its affiliates or subsidiaries, as outlined in its Privacy Notice.

Axtel also guarantees the right of individuals to exercise their ARCO rights, which can be consulted in the Privacy Notices of Alestra and Axtel.

Notably, Axtel does not engage in behavioral advertising, as its services are exclusively directed to legal entities, segmented by industry verticals, without involving personal data of individuals.

2.7) Research and Development – Innovation

Axtel's innovation model

At Axtel, innovation is at the core of its development. The Company focuses on creating accessible and cutting-edge solutions that not only meet the needs of its clients, but also enable the evolution of its internal processes, making them more efficient and aligned with market trends.

Axtel strives to deeply understand its business and the impact of its operations, allowing it to generate high-value, differentiated solutions for its clients and stakeholders. This effort is supported by the Axtel Innovation Model, which guides its transformation and drives the organization to remain a leader in the industry.

Axtel's innovation model is driven by three key approaches: intrapreneurship, open innovation, and technological innovation. The model incorporates methodologies such as Strategic Foresight, Design Thinking, and Lean Startup, enabling the development of high-value solutions through structured processes such as the Cosmo Challenge.

The model is supported by digital platforms like Innsight, a physical Innovation Hub, an organizational structure with incentive mechanisms, and a clear transformation strategy. As a result, Axtel promotes continuous improvement, digital and disruptive innovation, collaboration with technology partners, and the strengthening of its network of innovative clients.

Innovation Initiatives

The Axtel Innovation Model drives the creation of strategic initiatives that transform both client-facing solutions and internal processes. These initiatives ensure the practical application of innovation, generating a sustained positive impact on operations and the customer experience.

Innovation and Continuous Improvement Program

Axtel promotes its Innovation and Continuous Improvement Program. As part of this program, it provides employees with access to Innsight, a digital platform designed to manage and track innovative ideas and projects.

In 2024, an investment of US \$31,000 was made in the platform, enabling the implementation of 45 initiatives, which generated benefits totaling Ps. \$71.2 million.

Agility Projects

Among the most noteworthy innovation efforts are the agility projects, which streamlined internal processes. These improvements reduced proposal delivery times and accelerated service implementation, ensuring a more efficient and satisfying experience for clients.

2024 Results

In 2024, Axtel recorded a total of 201 ideas captured through its Ideas Funnel. As a result of the initiatives implemented, the Company achieved a positive business impact, including an EBITDA contribution of Ps. \$65 million, and CAPEX investments of Ps. \$6.2 million across four projects. Additionally, 28 ideas focused on process improvement were successfully implemented.

Innovation Hub

In 2024, a total of 375 sessions were held at Axtel's Innovation Hub, reaching a 79% occupancy rate. These sessions were divided between client activities and internal team initiatives, directly contributing to network reliability and business continuity.

2.8) Main Customers

Axtel, under its brand Alestra, has in its portfolio more than 12 thousand enterprise customers, including national and multinational corporations, large and medium-sized companies from the financial sector, retail, education, manufacturing, among others, as well as federal, state and municipal entities and dependencies from the government sector. Axnet has wholesale customers, mobile and fixed operators (national and international) internet giants, data centers and tower operators.

In 2024, the top ten customers represented 21% of the Company's revenues. The two largest customers accounted for 5% and 4% of total sales, respectively. No other customer represented more than 5% of Axtel's total revenues.

2.9) Applicable Legislation and Tax Situation

2.9.1) Applicable Law in the Telecommunications Industry

General

In June 2013, substantial reforms were enacted in the Mexican Constitution to overhaul the Telecommunications industry's regulatory framework; these reforms are detailed in section 2.11.3) Recent reforms in the Mexican telecommunications industry. The telecommunications industry in Mexico is primarily regulated by the LFTR, which became effective on August 13, 2014 and the 2013 Constitutional Reform empowered the IFT with far-reaching authority over the telecommunications and broadcast industries. Additionally, there are several administrative provisions that regulate the industry.

Under the terms of the LFTR, the IFT is responsible for regulating all aspects of the Mexican telecommunications industry, including those related to regulatory, competency, administrative and operating matters. The IFT is an autonomous and public constitutional entity with the purpose of regulating and promoting competition and overseeing the efficient development of the telecommunications and broadcast industries in Mexico. The IFT is responsible for, among other things, the creation of policies and supervision of the use, development and exploitation of the radio spectrum, orbital resources, satellite services, public telecommunications networks, as well as the provision of broadcasting and telecommunication services and regulating access to active and passive infrastructure and other essential resources.

The IFT is the highest authority in telecommunications and has the authority to grant and revoke concessions and permits, including the allocation of spectrum frequencies, granting, transferring, renewing or revoking concessions and establishing interconnection rates and applying penalties for infractions. The IFT makes the final decision on the resolution of these matters and once a final decision is made, its resolutions can only be revoked through injunctive action (*amparo indirecto*), without the possibility of a provisional suspension while the injunction is resolved.

In December 2019, the governments of Mexico, Canada and the United States reached an agreement to renovate the Free Trade Agreement named T-MEC. This agreement considers the main applicable measures in the field of telecommunications in Mexico that are intended to promote healthy competition. On the other hand, various principles to facilitate digital commerce were also included in the agreement, which will encourage the availability of goods and services through information and communication technologies.

Regulatory framework for concessions

As part of the Constitutional Reform of 2013, in the new Federal Telecommunications and Broadcasting Law, the concession regime of the Public Telecommunications Network (RPT) was eliminated, now the "Single Concession" is foreseen as a general framework to provide any telecommunications and broadcasting public services, which has advantages such as:

- Conferring the right to provide all types of public telecommunications and / or broadcasting services if the concessionaire complies with the obligations and tariff payments established by the IFT. If the use of the radio spectrum or orbital resources is required, it must be obtained in accordance with the LFTR and will be granted by the IFT under the applicable concession.
- Allowing the consolidation of all concession titles under the RPT, thus simplifying administrative processes to comply with obligations.
- Requiring the registration of, among others, the concessions granted, authorizations given, and the associated services allowed. Before starting operations in any telecommunications service, the company in question must request the registration of the corresponding concession title in the Public Registry of Concessions.
- An extension of 30 years in the validity of the concession title, with the option of extending in equal terms. Concessions for the use of the radioelectric spectrum or orbital resources are granted with a validity of 20 years, with the option of extending in equal terms.

In accordance with the applicable legislation, there is a possibility to seize assets that make up a public telecommunications network that has been installed and is in operation, however, the power to intercede in security interests is limited, as an authorization of the IFT is required for a third party to acquire rights with respect to the telecommunications network in question.

In addition to concessions in accordance with Article 170 of the LFTR, the IFT also grants authorizations for:

- Establishing and operating a telecommunications service marketer;
- Installing, operating or exploiting ground stations to transmit satellite signals; and
- Installing and operating cross-border telecommunications and satellite systems.

Additionally, authorized marketers will have the authority to:

- Access wholesale services offered by concessionaires; and
- Market their own services or provide telecommunications services as resellers.

Transfer. Concessions are a matter of transfer of rights after the first three years of granting. The IFT must approve this assignment of the concession title if the transferee agrees to comply with the concession obligations.

As an exception, the authorization of the IFT will not be required, in the case of assignment of the concession by merger of companies, splits or corporate restructuring, in accordance that such acts are within the same control group or economic agent. For this purpose, the operation must be notified to the IFT within 30 calendar days following its completion.

Termination. A concession or permit may end in compliance with the LFTR upon the following events:

- Expiration of its term;
- Resignation by the concessionaire;
- Dissolution or bankruptcy of the concessionaire; or
- Revocation by either of the following events:
 - Failure to exercise the rights of the concession within the established term;
 - Perform actions in contravention of applicable law or that affect the rights of other concessionaires;
 - Failure to comply with the obligations or conditions established in the concession title;

- Refusal to interconnect other concessionaires, partially or totally disrupting or hindering interconnection traffic, without justifiable cause;
- Failure to comply with the obligation to retransmit television signals of restricted networks, free of charge and on a non-discriminatory basis;
- Refusing to retransmit broadcast content;
- Change in the nationality of the concessionaire or initiating action to request protection from a foreign government;
- Assignment, lease, or transfer of the concession or authorization, the rights conferred by them, or the assets used for the exploitation of the concession or authorization in contravention of applicable law;
- Failure to pay to the Federal Treasury any amount due as fees owed to the Federal Government;
- Failure to comply with the basic obligations for granting the concession;
- Not providing the guarantees or assurances established by the IFT;
- Changing the location of the broadcast station without prior authorization from the IFT;
- Change the assigned bandwidth frequencies without authorization from IFT;
- Suspend, totally or partially, telecommunication services in more than fifty percent of the coverage area without justification and without authorization of the IFT for more than twenty-four hours or up to three calendar days in the case of broadcasting;
- Failure to comply with resolutions issued by the IFT in conduct cases linked to monopolistic practices;
- Any case of dominant or preponderant economic agents that benefit directly or indirectly from the free retransmission rule of television signals through other operators;
- Failure to comply with resolutions or determinations of IFT regarding the accounting, functional or structural separation;
- Failure to comply with the resolutions or determinations of IFT regarding the local network unbundling, divestment of assets, rights or necessary equipment, or asymmetric regulation;
- Use of the concession granted by IFT, for purposes other than those requested, or profit from actions prohibited for the relevant type of concession; or
- Any other provision set forth under applicable law.

The IFT will immediately revoke concessions and authorizations if sections I, III, IV, VII, VIII, X, XII, XIII, XVI and XX mentioned above are violated. In other cases, the IFT may revoke a concession or authorization if it has already sanctioned the concessionaire at least twice, under the issues indicated in these sections, except for the case of section IX.

Rescue. In addition to the above, concessions can also be revoked by rescue. The Mexican Government is empowered by law to permanently terminate any telecommunication concession and claim any related asset for reasons of public interest. Under Mexican law, the Mexican government is obligated to compensate the owner of such assets. The amount of the compensation will be determined by an appraiser. If the party affected by the rescue considers that the compensation is not appropriate, it has the right to initiate a judicial proceeding against the government. In this case, the competent authority will determine the appropriate amount of compensation that must be paid to the party affected by the rescue. So far, Axtel is not aware of any case in which the Mexican Government has expropriated a concession from telecommunications companies. There is uncertainty regarding the terms and the amount paid in compensation.

Temporary seizure. The Mexican Government may temporarily seize all assets related to telecommunications concessions or permits in the event of a natural disaster, war, threats to internal peace, economic reasons or for other reasons related to national security. If the Mexican Government temporarily seizes such assets, except in the event of war, it must indemnify the concession holder for the losses and damages, including lost accrued revenues. Axtel is not aware of any instance in which the Mexican Government has exercised its temporary seizure attributions in connection with a fixed or mobile telecommunications services company.

Rates for telecommunications services. In accordance with the LFTR, rates for telecommunications services (including fixed, local and mobile services) are freely determined by the providers of such services, in terms that allow the provision of services in satisfactory conditions of quality, competitiveness, security, retention and non-discrimination.

In accordance with the LFT, a company must register through the IFT's Electronic Rate Registration System prior to the provision of its services.

In case of disagreement over interconnection tariffs or conditions, the IFT has the authority to determine the requirements in terms of rates, quality and types of services. Additionally, it will apply asymmetric measures to the concessionaires that have been declared as Preponderant Economic Agents and / or with substantial power in the market in accordance with the precepts of the LFTR and other applicable regulations. All tariffs for telecommunications services must be registered with the IFT prior its application.

In March 2014, the IFT declared América Móvil (Telcel) a Preponderant Economic Agent, imposing asymmetric regulation upon them, including measures such as zero mobile termination rates for traffic terminating on their networks, requiring Telcel to allow other service providers to use its infrastructure.

2.9.2) Limitation on Capital Stock Investments by Foreign Shareholders – Foreign Investment Law

The holding of shares by foreigners of Mexican companies in certain sectors is regulated by the Foreign Investment Law and the Regulations of the Foreign Investment Law and the National Registry of Foreign Investments. The National Commission for Foreign Investment carries out the provisions of the Foreign Investment Law and its Regulations.

By virtue of the Decree by which various provisions of articles 6, 7, 27, 28, 73, 78, 94 and 105 of the Mexican Constitution were amended and added, regarding telecommunications industry dated June 11, 2013 and the Decree by which the Federal Telecommunications and Broadcasting Law and the Public Broadcasting System Law were issued; and various provisions on telecommunications and broadcasting are amended, added and repealed. On July 14, 2014, the restriction was eliminated so that companies in the telecommunications sector allowed the participation of foreigners in their social capital.

As a consequence of the above, the pertinent modifications were made to the CPOs trust agreement as well as to the issuance act formalized on December 1, 2005, to reflect the elimination of the limitations established for foreign holders of Axtel's CPOs, in order to equalize the corporate rights among the holders of CPOs, without distinction as to their nationality.

On March 26, 2018, an Amendment and Re-expression agreement of the Irrevocable Trust Agreement No. 80471 called AXTELCPOs was signed, for the purpose of modifying, among others, the elimination of the restrictions of corporate rights to foreign holders. Therefore, the amendment to the Certificate of Issuance of the CPOs was carried out and was formalized on May 23, 2018, as well as the respective exchange of the CPOs before the Indeval (*S.D. Indeval, Institución para el Depósito de Valores, S.A. de C.V.*) effected on July 31, 2018.

2.9.3) Income Tax (IT)

The Company is subject to the legislation applicable to variable capital corporations. As of this date, the Company follows all fiscal obligations under its charge and it does not enjoy any specific tax benefit, being a taxpayer of federal and local taxes in accordance with the taxation regimes provided for by the applicable legal provisions. The Company was subject in 2024, 2023 and 2022 to a legal income tax rate of 30%.

2.10) Human Resources

As of December 31, 2024, Axtel had 3,841 employees, of which 172 are on temporary contracts. Axtel does not have unionized personnel. For the years ended December 31, 2023 and 2022, Axtel had 4,946 and 4,083 employees, respectively.

2.11) Environmental, social and corporate governance commitment (ESG)

2.11.1) *Sustainability Strategy*

Axtel's sustainability strategy is built on five key pillars that reflect meaningful contributions from all areas of the organization: environmental awareness, employee well-being, social engagement, operational efficiency, and innovation and workplace culture. Through this strategy, the Company aims to build a more sustainable future by implementing strong corporate governance practices, promoting equitable and responsible labor practices, and ensuring the efficient and mindful use of natural resources essential to its operations. The strategy also focuses on the proactive identification and management of the risks and opportunities inherent to its business activities, thereby strengthening the Company's resilience.

As part of this effort, Axtel has developed a Sustainability Plan that guides its actions in environmental, social, and governance (ESG) matters. This plan is reviewed annually by the Board of Directors and the Sustainability Committee, and presented to the Executive Committee, ensuring alignment and commitment at the highest levels of management. To ensure effective monitoring, the plan's progress and results are evaluated and communicated on a quarterly basis.

2.11.2) *Principles that Guide Axtel*

Axtel's Sustainability Policy, approved in 2022 by the Board of Directors, establishes the principles and guidelines that drive business growth, the comprehensive development of its employees, and the Company's contribution to the social well-being of communities in Mexico.

To reinforce its commitment to sustainability, this policy applies to all Axtel personnel and incorporates guidelines designed to strengthen related initiatives. It also ensures compliance with the Ten Principles of the United Nations Global Compact, to which Axtel has been a committed signatory for the past 13 years. This reflects its strong alignment with global environmental agreements and its firm commitment to environmental protection.

2.11.3) *ESG Structure*

Axtel has a robust ESG governance structure that ensures the integration of sustainability across all levels of the organization and guarantees alignment with its strategic objectives in this area.

ESG Executive Committee

The ESG Executive Committee, which reports directly to the Board of Directors, leads Axtel's sustainability strategy. It is composed of the Executive Directors and is chaired by the Chief Executive Officer. This committee is responsible for defining the strategic direction and setting key objectives for the organization in critical areas such as:

- Reduction of greenhouse gas (GHG) emissions.
- Promotion of gender equity among employees.
- Oversight of training programs focused on cybersecurity, ESG (Environmental, Social, and Governance), and ethics.

- Approval of strategic initiatives to be implemented in the coming years.
- Definition of corporate environmental goals.
- Approval of corporate policies and/or commitments.
- Oversight of compliance with approved policies and commitments.
- Evaluation of results through recognized tools such as the S&P Corporate Sustainability Assessment (CSA) and CDP.

The Committee is also responsible for ensuring that the Company's ESG goals are aligned with international best practices and for overseeing their fulfillment.

ESG Direction

Established in 2023, the ESG Direction ensures compliance with the Sustainability Policy and overseeing the implementation of the ESG strategy and programs across the Company. This office is an integral part of the ESG Executive Committee and serves as a bridge between strategic vision and operational execution.

Key responsibilities include coordinating the implementation of plans defined by the ESG Executive Committee and working closely with functional and operational leaders to ensure the effective execution of each ESG initiative.

ESG Operating Committee

Formally created in 2022, the ESG Operating Committee is primarily tasked with implementing the initiatives required to achieve the goals set by the ESG Executive Committee. It is composed of leaders from various departments and areas with the greatest influence on ESG initiatives.

Key Functions:

- Monitor, analyze, and promote initiatives that integrate the Sustainability Policy throughout the organization.
- Determine and execute actions based on new standards or international best practices.
- Evaluate ongoing initiatives and establish action plans for new opportunities identified.
- Measure progress toward corporate environmental objectives.
- Implement the corporate strategy related to environmental issues.
- Each committee participant is responsible for executing actions, managing and allocating resources, and implementing the plans necessary to achieve expected results.

Functional and Operational Leads

For each ESG-related initiative, Axtel appoints a functional or operational leader responsible for its implementation in coordination with the ESG Executive Committee. This approach ensures that every action is strategically aligned with the Company's overarching sustainability objectives.

This organizational model ensures that sustainability remains a strategic priority at all levels of Axtel, from decision-making at the executive level to operational execution.

First Resolutions of the ESG Executive Committee:

- Establishment of greenhouse gas (GHG) reduction targets.
- Establishment of gender equity goals across the organization.
- Definition of training topics and required hours in cybersecurity, ESG, and ethics.
- Authorization of key strategic initiatives for implementation in the following years.
- Measurement of results using sustainability ratings such as S&P CSA and CDP.

- Creation of the ESG Direction.

Sustainable Integration

Axtel annually evaluates the performance of business units and executives with direct responsibilities in key ESG indicators, linking variable compensation to the achievement of strategic sustainability goals. The Company also provides training to all employees, including modules on ESG topics, sustainability best practices, and cybersecurity, addressing one of the main risks to the business. This approach ensures that sustainability and digital security are fully integrated as core components of Axtel's business strategy.

2.11.4) Materiality

As part of its corporate strategy, Axtel updates its materiality assessment every two years, with the aim of evaluating how its operations impact the environment, the economy, and society at large. This process is fundamental to identifying and prioritizing the most relevant sustainability topics, ensuring that the Company's actions and communications are aligned with stakeholder expectations.

The assessment also helps analyze the relevance of various environmental, social, and governance (ESG) factors in generating financial value, supporting the prioritization of key disclosures and the development of sustainability strategies aligned with industry trends and stakeholder interests.

In 2024, Axtel conducted an updated materiality assessment, considering the priority issues for its sector and guided by the following internationally recognized frameworks and standards: Sustainability Accounting Standards Board (SASB), Global Reporting Initiative (GRI), S&P Corporate Sustainability Assessment (CSA), MSCI, Carbon Disclosure Project (CDP), Sustainable Development Goals (SDGs), and the Task Force on Climate-related Financial Disclosures (TCFD).

These references ensured an integrated and up-to-date approach that reflects both stakeholder expectations and international sustainability best practices.

Materiality Analysis

The materiality assessment was carried out through the following steps:

- Analysis of the external context: A comparative analysis was conducted to evaluate Axtel's ESG performance against relevant peers in the industry. This included a review of competitor priorities, strategies, positioning, and other key factors.
- Analysis of the internal context: The most relevant stakeholder groups for the organization were identified and prioritized, with weightings assigned based on their relative importance. This step aimed to provide a two-way perspective on the issues that should be prioritized. Surveys were conducted with the following stakeholders: Investors, Employees, Clients, and Suppliers.
- Analysis of results: Based on the responses collected from internal and external stakeholders, the relevance of ESG topics and Axtel's maturity in managing them were analyzed. This process enabled the identification of the most significant topics for the organization.
- Validation of material issues: Once the relevant material topics were identified, the ESG Executive Committee reviewed and approved the results of the assessment, overseeing the entire evaluation process.

List of Material Topics

Axtel identified the ten most critical material topics for the organization, based on the relevance assigned by survey respondents and the importance of each stakeholder group to the Company.

Each topic is listed below along with its ESG pillar and corresponding Sustainable Development Goals (SDGs):

- Cybersecurity – Governance – SDGs 9, 16
- Corporate Governance – Governance – SDG 16
- Human Capital Development – Social – SDGs 4, 8
- Network Reliability – Governance – SDG 9
- Emissions – Environmental – SDGs 7, 13
- Internet Access / Digital Inclusion – Social – SDGs 9, 10
- Climate Mitigation and Adaptation – Environmental – SDGs 11, 13
- Social Impact – Social – SDGs 1, 8, 10
- Circular Economy – Environmental – SDG 12
- Customer Relationship Management – Governance – SDGs 8, 12

2.11.5) Working Environment

Integral Well-Being of Employees

Axtel is committed to promoting the overall well-being of its employees. The Company strives to offer benefits that go well beyond the legal requirements in Mexico, aiming to enrich their lives and provide a supportive environment. Axtel believes that by establishing a strong foundation for professional development, it fosters not only individual growth but also the collective success of the organization.

Axtel offers its employees a variety of benefits that promote well-being and security, including: double the legal number of annual bonus days, major medical insurance with COVID-19 coverage, life insurance, savings fund, 20-day personal leave, disability or incapacity coverage, and maternity and paternity leave.

At Axtel, paid parental leave consists of 12 weeks for women and 1 week for men.

The organization recognizes mothers as primary caregivers and fathers as secondary caregivers, reflecting its commitment to supporting working parents and promoting gender equality.

Axtel also ensures that the benefits offered to full-time employees are extended to part-time or temporary workers, guaranteeing equity in access to these incentives.

Employee Support Programs

Axtel recognizes that the health and well-being of its employees are essential to ensure satisfaction, productivity, and retention. In this regard, the Company offers a variety of support programs, including flexible working hours, remote work options, part-time work opportunities, paid parental leave, a breastfeeding program, stress management resources, and health promotion initiatives. These efforts enable employees to balance work and family responsibilities, while also helping to boost morale, reduce absenteeism, and attract and retain top talent.

Career Development and Training

Axtel understands that the professional growth of its workforce is essential to successfully meeting the challenges of a constantly evolving work environment. For this reason, it reinforces its commitment to providing employees with the tools, resources, and opportunities needed to develop key skills, adapt to technological advancements, and achieve their professional goals.

Initiatives in this area include internal training programs, online certifications, and peer mentoring. These

efforts not only enhance team capabilities but also contribute to reducing turnover and fostering a fair and equitable work environment that drives engagement and excellence.

Alestra Institute

Following its consolidation in 2023, Axtel continued in 2024 to strengthen the work of the Alestra Institute for Technological and Talent Development, known as Instituto Alestra, its internal university recognized by the Ministry of Public Education (SEP).

During the year, two officially recognized master's programs were offered, further expanding professional development opportunities for the workforce. With the aim of strengthening the technological competencies essential to the operation, commercialization, and management of strategic products, Instituto Alestra offers a wide range of training programs and specialized master's degrees.

The programs delivered included the Master's in Innovation in Digital Business Management and the Master's in Strategic Cybersecurity Management, reflecting Axtel's commitment to enhancing technical knowledge and key skills for the success of both employees and the Company.

In 2024:

- 31 employees were enrolled across two academic periods.
- A total of 14 tutors, both internal and external, participated as instructors.
- The student satisfaction rate for Instituto Alestra reached 90%.

CapInHouse

CapInHouse is an internal educational program at Axtel that strengthens employee knowledge and skills through weekly agile-focused training sessions delivered by experienced staff members in key areas.

The sessions, averaging two hours in duration, cover topics such as data equipment, transport, microwave, fiber optic cabling, IP addressing, administrative topics, and more. This initiative promotes cross-departmental collaboration, enhances operational efficiency, and ensures accessibility to learning resources through recorded sessions available to all employees.

In addition, the program includes an executive course on telecommunications fundamentals, designed to support leadership and facilitate the integration of new team members. CapInHouse not only increases Axtel's market competitiveness and business growth, but also delivers significant savings by leveraging internal expertise and avoiding the use of external trainers.

CapInHouse in numbers 2024:

- 4,474 man-hours of training
- 17 sessions conducted
- Average session duration: 4 hours
- 13 participating instructors
- 1,252 employees trained
- 73 average attendees per session
- Participation of 918 employees (24% of total workforce)
- Estimated savings: Ps. \$2.2 million by avoiding external trainer costs

Institutional Training Program

Axtel's institutional training program is designed to improve employee skills, covering both basic needs and advanced competency development. In addition to essential courses such as mandatory compliance and occupational safety training, Axtel offers opportunities that go beyond minimum requirements.

These include development programs in leadership, project management, and strategic topics such as sustainability, innovation, and hybrid work. These initiatives aim to strengthen individual competencies, foster innovation, and promote professional growth within the organization.

Training and Certified Workforce in 2024:

- Institutional training program: 3,841 employees
- Tower climbing and working-at-heights certification: 319
- Welcome kit (operational area onboarding): 158
- Welcome kit (commercial area onboarding): 59
- Instructor training (annual event): 119
- Profitability workshop: 416
- Firefighting course: 129
- First aid course: 129
- Product and service knowledge: 414
- Leadership exercise workshop: 23

Note: The institutional training program includes content on sustainability, agility and innovation, Axtel identity, hybrid work and collaboration, information security, culture of integrity, diversity and inclusion, human rights, code of ethics, and environmental responsibility.

2.11.6) Occupational Health and Safety

Axtel recognizes that the physical, mental, and emotional well-being of its employees is essential to their performance, satisfaction, and the overall success of the organization. For this reason, the Company continuously works to ensure that every team member feels safe, whether working from home, at the office, or in on-site operational areas. This commitment is reflected in its Health and Safety Policy, which applies to all Company operations, including employees, contractors, and individuals under Axtel's supervision.

The Policy:

- Complies with international Occupational Health and Safety (OHS) standards.
- Is developed in consultation with workers and their representatives.
- Establishes a commitment to continuous improvement in OHS management system performance.
- Sets quantitative targets to improve performance metrics.

As part of this commitment, Axtel has established a Health and Safety Commission that represents the entire workforce and ensures the protection of health and safety within the organization. This team is responsible for supervising the implementation of preventive measures, managing health emergencies, conducting regular inspections in work areas, and investigating any safety-related incidents.

In addition, Axtel has a Civil Protection Brigade and a Safety Committee that support institutional efforts by providing ongoing oversight of safety policies, reinforcing a preventive culture, and ensuring an efficient response to any risk-related situations.

Occupational Health and Safety Management System

Axtel has implemented an Occupational Health and Safety Management System aligned with recognized standards and developed under the following frameworks: STPS Standards, TRe

Distinction, and ISO 45001.

System Coverage:

- 60 individuals: Workers not directly employed by the Company, but whose work or workplace is under Axtel's control.
- 30 individuals: Non-direct workers covered by the system and subject to internal audit.
- 10 individuals: Non-direct workers covered by the system and subject to external audit or third-party certification.

Note: No workers have been excluded from this system.

The Management System includes the following elements:

- Risk and hazard assessments in the workplace to identify potential sources of harm.
- Regular internal inspections.
- Procedures for investigating injuries, illnesses, conditions, and workplace incidents.
- Occupational Health and Safety training for employees and other relevant parties to raise awareness and reduce operational incidents.
- Inclusion of OHS criteria in procurement processes and contractual requirements.

All procurement agreements and contracts entered into by Axtel include, at a minimum, the requirements established by the Social Security Law, the Federal Labor Law, and the Company's internal safety policies for contractors. Although OHS criteria are not explicitly stated in these documents, all suppliers are required to sign the Code of Conduct, which incorporates safety provisions.

Occupational Health and Safety Risk Management

For Axtel, occupational health and safety is a priority. To that end, the Company has established processes to identify, assess, and mitigate workplace risks, with the goal of ensuring a safe working environment for all employees.

Identification and Evaluation of Occupational Risks

To guarantee safety in the workplace, Axtel applies methodologies and procedures that allow for the detection and classification of occupational hazards based on their risk level, including:

- Probability and Consequence Methodology, based on ISO 31000, SWOT, MODE, and HAZARD
- PRO-RH-SH-035 Guidelines for Identifying Occupational Health and Safety Risks
- Control Hierarchy, prioritizing risks with the highest probability and consequence on a 100% scale
- Job Safety Analysis (JSA) for the detection of specific risks
- Initial Site Review, conducted prior to the start of any activity to identify potential hazards

Axtel continuously monitors and evaluates its occupational safety practices to ensure processes are properly implemented and that employees possess the skills required to execute them effectively.

To support this, the following measures are applied:

- Monitoring of operational health and safety indicators
- Ongoing oversight of safety measure implementation
- Sustained reduction in incidence, frequency, severity, and accident rates, thereby ensuring a safer workplace

As part of its commitment to continuous improvement, Axtel uses the outcomes of risk

identification and monitoring to evaluate and strengthen its occupational health and safety management system, thereby fostering a safer work environment.

These results allow the Company to:

- Focus efforts on preventive actions based on operational indicators
- Track progress of the occupational health and safety program
- Make informed decisions grounded in the reduction of risk and impact metrics

Occupational Health and Safety Training

As part of its commitment to employee safety and well-being, Axtel offers a comprehensive training program in health and safety. These training sessions are divided into two categories: general courses, focused on emergency prevention and response, and specific courses, aimed at high-risk workplace activities. This approach enables the development of key skills for timely and safe action, protecting both employees and their work environment.

Health and Prevention Campaigns – A Commitment to Personnel and Their Families

Axtel actively participates in health and prevention campaigns aimed at promoting the well-being of its employees and their families. Among these initiatives, vaccination campaigns stand out, facilitating access to immunizations to protect personnel against common and contagious diseases.

In 2024, a total of 1,400 vaccines were administered to employees and their families.

These campaigns contribute not only to individual well-being but also to creating a safer and healthier workplace. Additionally, Axtel organizes educational activities to raise awareness among its personnel about the importance of vaccination and other preventive practices, thereby ensuring holistic care for its workplace community.

Axtel's Comprehensive Wellness Strategy

Axtel's commitment to employee health goes beyond accident and infection prevention. It also focuses on mental health and fostering a positive work environment, in accordance with NOM-035 on psychosocial risk factors in the workplace. To this end, the Company has implemented a Comprehensive Well-Being Strategy structured around three key dimensions:

- **Health:** Talks with specialists are offered on topics such as psychosocial risks, trauma care, and mental health. Virtual workshops are also held to promote family interaction, and self-help groups have been created for employees who have experienced difficult situations.
- **Professional Development:** Axtel maintains a hybrid training model that adapts to the needs of its workforce. The Company also celebrates employee achievements in in-person ceremonies, recognizing loyalty and career milestones within the organization.
- **Balance:** All employees have access to monthly virtual workshops on topics such as personal finance, nutrition, and environmental stewardship, encouraging holistic development in all areas of life.

Through this strategy, Axtel seeks to create a collaborative, healthy, and positive environment that prevents violence and discrimination and promotes a healthy work-life balance.

Emotional Health Talks Program

In 2024, Axtel continued to strengthen employee well-being through its online emotional health talk program. Employees and their families were invited to participate in interactive sessions led by a specialized psychologist. These sessions addressed key topics such as empathy, stress management, resilience, belief systems, and emotional regulation, providing useful tools to support emotional well-being at both home and work.

Health and Well-Being Initiatives

Axtel reinforces its commitment to employee health through wellness campaigns carried out throughout the year. These actions are focused on prevention, holistic care, and the promotion of healthy habits, contributing to a safer and more balanced work environment.

- Vaccination campaigns against influenza, COVID-19, and tetanus
- General health screenings (triglycerides and cholesterol) for more than 200 employees in technical roles
- Ongoing medical follow-up for personnel performing high-risk tasks
- Health and Safety Fair
- Vision health campaign
- Dental health campaign
- Ongoing nutrition program
- Relaxation activities such as massages, yoga, and hand spa
- Mental health talks
- Multifunctional brigades trained in first aid, search and rescue, evacuation, and fire extinguisher use

Registration of Accidents and prevention measures in the workplace

Axtel rigorously tracks workplace accidents to implement preventive actions and ensure the safety of its employees, including both direct staff and third parties.

For direct employees:

- Workplace accident fatalities: 0
- Severe injuries: 0
- Reported occupational injuries: 11
- Main types of injuries: same-level falls and cuts
- Occupational injury rate: 1.018
- Total hours worked: 10,804,000

Note: The incident rate is calculated per 200,000 hours worked.

For workers not directly employed by Axtel, but whose work or workplace is controlled by the Company:

- Workplace accident fatalities: 0
- Severe injuries: 0
- Reported occupational injuries: 0
- Total hours worked: 292,000

Main Occupational Hazards Identified

Using its Job Safety Analysis (JSA) methodology and in accordance with NOM-001-STPS-2011, Axtel has identified falls from height and traffic accidents as the primary occupational hazards with the potential to cause serious injuries.

To reduce these risks, Axtel implemented measures including training in working at heights and tower climbing, medical verification and health monitoring, on-site work permits, and the mandatory completion of JSAs prior to performing operational tasks.

Healthy Work Environment

Axtel recognizes that the work environment is fundamental to the development and well-being of its team. With this perspective, an organizational climate survey is conducted every two years to assess the level of employee engagement with the Company.

In 2024, 3,823 employees were invited to participate, with 3,296 responses received. The results showed a 90% level of active engagement, in alignment with the parameters established by NOM-035, reaffirming the Company's commitment to a positive and motivating work environment.

Of the total respondents, 72.5% expressed satisfaction, 18.3% were neutral, and 9.2% reported dissatisfaction.

For 2025, the Company has set a goal to exceed 90% satisfaction, using the 2024 result of 90.8% as a benchmark.

Additionally, the survey addresses the following aspects: job satisfaction, related to external motivation; purpose, linked to internal motivation; happiness, assessing overall well-being; and stress, analyzing emotional burden.

These elements help to better understand the employee experience and support the design of strategies to enhance their well-being.

2.11.7) Environment

Environmental Management

Axtel's Environmental Policy guides the responsible use of resources across its operations, services, distribution and logistics, waste management, and relationships with suppliers, contractors, and strategic partners. It addresses key topics such as climate change, water, and biodiversity, while promoting cooperation among all employees to optimize resources and continuously improve services.

The organization is committed to complying with mandatory regulations and standards, as well as undertaking environmental actions that go beyond regulatory compliance. It aligns its practices with international frameworks such as the United Nations Global Compact, GRI guidelines, and other key recommendations, allowing it not only to comply, but to take proactive measures that meet environmental requirements from initiatives such as CDP and CSA.

Environmental Commitments:

- Compliance with mandatory environmental regulations and standards.
- Implementation of environmental actions that exceed regulatory requirements.
- Participation in integrated and cross-sectoral initiatives to promote shared sustainability goals.
- Promotion of stakeholder engagement and training on environmental issues.

Climate Commitments:

- Promotion of renewable energy use.
- Reduction in energy consumption and greenhouse gas (GHG) emissions.

Water Commitments:

- Reduction in water consumption volumes.

This policy reinforces Axtel's commitment to sustainability and its goal of meaningfully contributing to the transition toward a more environmentally responsible future.

Energy Management

Energy is a critical resource for Axtel's operations, essential for powering electronic devices, climate control in facilities, and lighting in workspaces. To safeguard this essential resource, Axtel's Energy Saving Policy establishes guidelines for efficient energy use and the reduction of greenhouse gas emissions.

Compliance with this policy is overseen by the Human Resources and ESG Department, while the Security, Real Estate and Service, Network Engineering, and Operations areas are responsible for monitoring the results of programs implemented to achieve energy efficiency. This document reaffirms Axtel's commitment to the efficient and responsible use of electricity, as well as the promotion of renewable energy use in administrative buildings and operations centers.

To strengthen this commitment, the Company has implemented Energy Management Programs that encompass a range of actions, including the deployment of strategies to reduce energy consumption, periodic evaluation of progress in reducing energy use, adoption of clean or green energy sources, and employee training on energy efficiency. These initiatives aim not only to optimize energy use, but also to foster an organizational culture grounded in environmental awareness and sustainability.

As part of its sustainability training courses, Axtel includes modules on energy efficiency to raise employee awareness about energy consumption.

Axtel Energy Consumption [kWh]

To evaluate and monitor the energy efficiency of its data centers, Axtel uses the Power Usage Effectiveness (PUE) indicator. This metric measures the ratio between the total energy consumed by the facility and the amount of energy delivered specifically to IT equipment. This analysis provides a detailed understanding of the energy performance of its operations, facilitating the identification and exploitation of opportunities for continuous optimization.

In 2024, the average PUE was 1.87, based on 9,601 MWh of energy used across the data centers, of which 8.2% came from renewable sources.

PUE by data center:

- H1 Center: 1.63
- H2 Center: 1.93
- H3 Center: 1.93
- HGDL Center: 2.00

Axtel's goal is to maintain current renewable energy levels in its data centers as a percentage of total energy consumption. Its broader objective is to consistently maintain a PUE value below 2.

In addition, the organization monitors energy mix and consumption by source to identify areas for improvement in efficiency optimization and emissions reduction.

Greenhouse Gas Emissions (GHG)

Each year, Axtel conducts a detailed analysis of its greenhouse gas (GHG) emissions inventory to identify and record the direct and indirect emissions associated with its operations. This process establishes a solid framework for implementing emission reduction initiatives.

In 2024, the organization achieved a 39% reduction in total GHG emissions compared to its 2020 base year.

Axtel's commitment to emissions reduction is based on an absolute target that jointly considers Scope 1 and Scope 2 emissions:

- Base year: 2020
- Target year: 2027
- Base year emissions: 63,412 tCO₂e
- Reporting year emissions: 38,984.04 tCO₂e
- Reduction achieved vs. base year: 39%

Scope 1

Scope 1 emissions result from fuel consumption in both stationary and mobile sources. Stationary sources include the use of LP gas, diesel, and gasoline in backup power plants. Mobile sources account for emissions derived from diesel and gasoline consumption by the Company's vehicle fleet.

Scope 1 emissions represent 11.4% of Axtel's total reported emissions.

Scope 2

Axtel calculates Scope 2 emissions based on the purchase of electricity from conventional, photovoltaic, and efficient cogeneration sources used in its facilities. Both location-based and market-based approaches are applied. The location-based approach uses emission factors from the National Grid, which for 2023 is 0.438 tCO₂e/MWh. The market-based approach applies emission factors provided directly by each energy supplier.

Scope 2 emissions account for 86.2% of total emissions generated by the Company's operations.

Emissions Targets and Results

- Market-based emissions (tCO₂e):
 - 2024 Target: 41,484
 - 2024 Year-End Result: 34,532
 - 2025 Target: 39,658

Note: Axtel currently has defined emissions reduction targets but does not yet include Net Zero goals in its roadmap.

Scope 3

Within Scope 3, Axtel assessed emissions from indirect activities within its value chain, specifically categories 6 (business travel) and 7 (employee commuting).

- **Business Travel:** For this category, Axtel considered both national and international flights taken by employees. A total of 4,219,036 kilometers traveled generated 810.05 tCO₂e.
- **Employee Commuting:** This category includes emissions associated with fuel consumption from gasoline bonuses granted to executives, totaling 276.12 tCO₂e.

Scope 3 emissions represent 2.7% of Axtel's total emissions.

At present, the organization does not have a defined reduction target for Scope 3 emissions.

Energy Efficiency and Emissions Reduction Initiatives

As part of its commitment to energy efficiency and emissions reduction, Axtel implemented a variety of initiatives focused on operational optimization during 2024. These actions significantly reduced electricity consumption and, consequently, CO₂ emissions.

Main Switches Optimization 2024

- Shutdown of 1 switch site and 19 devices from 6 additional sites
- Energy savings: 180,161 kWh
- Emissions reduction: 73.24 tons of CO₂ avoided
- Economic impact: Ps. \$355,000 in savings
- Energy reduced: 648,581,710,548.41 joules (648.58 GJ)

Network Optimization (Site Decommissioning)

- Decommissioning of 10 sites
- Energy savings: 2,087,226 kWh
- Emissions reduction: 890.63 tons of CO₂ avoided
- Energy reduced: 7,514,013,600,000 joules (7,514.01 GJ)

Network Optimization (Site Shutdown)

- Shutdown of 40 sites
- Energy savings: 196,589 kWh
- Emissions reduction: 86.11 tons of CO₂ avoided
- Energy reduced: 707,720,400,000 joules (707.72 GJ)

Microwave Radio Optimization

- Shutdown of 305 microwave (MW) devices
- Energy savings: 935,835.8 kWh
- Emissions reduction: 38.015 tons of CO₂ avoided
- Economic impact: Ps. \$250,436 in energy cost savings
- Energy reduced: 147,426,532,884.00 joules (147.43 GJ)

Total energy reduced: 9,017,742,243,432.41 joules (9,017.74 GJ)

Note: The following principles were applied to quantify energy savings and emissions reductions:

- *Energy conversion: 1 watt = 3,600 joules*
- *Reduced energy calculation: Annual avoided consumption in kWh × 1,000 × 3,600*
- *GJ conversion: Total joules ÷ 1,000,000,000*

Other Initiatives: Technological Solutions and Green Services

Beyond energy conservation and efficiency actions, Axtel implements innovative technological solutions that contribute to reducing greenhouse gas (GHG) emissions and optimizing resource use across various sectors.

Connectivity and digital platforms:

Axtel facilitates access to remote collaboration platforms, reducing the need for travel and associated mobility emissions. It also provides connectivity services to vehicle-sharing platforms, helping reduce the carbon footprint in both urban and rural areas.

Connectivity services for the financial sector:

Supports responsible investment platforms that can finance sustainable business models, social projects, and initiatives aligned with the Sustainable Development Goals (SDGs).

Internet of Things (IoT) for energy efficiency and mobility:

Through IoT solutions, Axtel helps optimize transport and fleet management, thereby reducing fuel consumption.

Technology applied to industry and agriculture:

In the industrial and livestock sectors, Axtel offers solutions like Mobile Traffic, which support technology development to increase productivity with lower environmental impact. In agriculture, fixed and mobile connectivity allows crop monitoring, optimized pesticide use, and improved smart irrigation systems, enhancing soil efficiency and reducing environmental impacts.

Water

At Axtel, water consumption is primarily limited to office-related activities, such as sanitary services and air conditioning systems. While its operations do not rely heavily on this resource, the organization recognizes its importance and the critical role it plays in sustainability. For this reason, Axtel has implemented an Efficient Water Use Policy, which establishes the guidelines to ensure responsible management, promoting practices that optimize its use and contribute to its preservation.

As part of this commitment, Axtel's sustainability training programs include specific modules focused on water use reduction.

In 2024, total water consumption amounted to 12,512 m³, or 12.51 megaliters, primarily sourced from municipal supply systems in the regions where Axtel operates, with subsequent reintegration into those same systems. Of this total volume, 9,844.94 m³ or 9.84 megaliters came from areas classified as water-stressed, representing 78% of total consumption.

During 2024, Axtel identified 11 facilities located in water-stressed areas, of which 7 are in Nuevo León and 4 in Mexico City. This situation highlights the importance of efficient water management to minimize impact in these regions and to ensure the continuity of operations without compromising access to this resource for the surrounding communities.

As a service-oriented company, Axtel does not use hazardous substances in its processes or in the delivery of goods and services, significantly reducing the potential for water-related environmental impacts.

To strengthen its management efforts, Axtel conducts monthly monitoring of water consumption, enabling the detection of anomalies such as leaks and allowing for timely corrective actions to optimize usage. As a result of these measures, no negative impacts on water sources were reported during 2024, and no fines or sanctions related to water use were incurred.

Waste Management and Disposal

Since the services offered by Axtel are primarily intangible, material usage within the Company is concentrated in infrastructure and facilities. Among the main materials used are microwave links (MW), fiber optic access points (CPEs), and primary fiber optic distributors (DPs), which contain 20%, 20%, and 16% recycled material, respectively.

In alignment with its Waste and Waste Disposal Policy, and in compliance with Official Mexican Standards (NOMs) and current environmental legislation, Axtel implements strategies to ensure the responsible management of waste generated by its operations, securing proper handling and minimizing environmental impact.

Although it does not currently have a formal waste management program, Axtel acknowledges the importance of proper waste administration and is committed to optimizing its processes to minimize generation and promote responsible disposal practices. As part of this commitment, Axtel's sustainability training courses include specific modules on waste reduction for employees.

The following information presents a detailed breakdown of the waste generated in 2024, classified by type, volume, and disposal method. This data supports the evaluation of waste generation trends and the identification of future improvement opportunities.

In 2024, Axtel recorded a total of 302.05 tons of waste disposed, distributed as follows:

- 281 tons sent to landfill
- 21 tons recycled
- 0.05 tons securely confined

The following materials were recycled during the year:

- 16,989 kg of paper and cardboard
- 2,082 kg of iron
- 1,776 kg of electronic waste
- 225 kg of plastic

Carbon Footprint – Waste by Composition and Destination (2024)

Of the total waste generated (281.5 tons), all was directed to disposal. The composition was distributed as follows:

- Municipal solid waste: 281 tons
- Hazardous waste: 0.500 tons
- Biological-infectious hazardous waste (RPBI): 0.015 tons
- No special handling waste was generated.

The goal established for this reporting cycle was to recycle 20% of the waste generated, equivalent to 8.8 tons. In 2024, Axtel surpassed this goal by recycling a total of 12.8 tons of non-hazardous waste, of which 4 tons were recycled internally and 8.8 tons externally, outside the Company's facilities.

Among the recycled materials, electronic components used in telecommunications infrastructure were particularly notable. The breakdown by equipment type is as follows:

- Microwave links (MW): 8 tons recycled, representing a total recycling rate of 31.1%
- CPEs: 3 tons recycled, representing 26.2% of the total
- Fiber Optic Primary Distributors (PDs): 1.5 tons recycled, with a recycling rate of 25.9%

Note: Data is based on estimates calculated using the average weight per technology method.

Biodiversity

At Axtel, the commitment to environmental protection and biodiversity conservation is reflected in its Zero Deforestation Commitment, which applies to both its own operations and those of its suppliers, and is approved and endorsed by Executive Management. The organization recognizes the importance of forests in maintaining ecological balance, supporting biodiversity, and mitigating climate change, and implements practices that exclude any deforestation-related activities.

Although Axtel's core operations are located in urban areas, far from critical biodiversity zones, the Company focuses on initiatives such as reforestation and the preservation of green spaces. It works closely with suppliers and strategic partners who share its zero-deforestation principles. Additionally, it actively promotes

environmental education and awareness, reaffirming its commitment to biodiversity protection and the construction of a sustainable and responsible future.

At present, Axtel has not conducted a biodiversity-related risk assessment. However, it acknowledges the importance of the issue, as well as the associated risks and opportunities, and has therefore prioritized it for future consideration.

2.11.8) Corporate Governance

The highest governing body is the Board of Directors, which, together with the Chief Executive Officer, is responsible for the strategic direction of the business and for decision-making aligned with Axtel's values, ethical principles, and integrity. Its purpose is to ensure the creation of sustainable value for Axtel's clients, employees, investors, and suppliers.

The Tier 1 Board of Directors, co-chaired by Álvaro Fernández Garza and Tomás Milmo Santos, is composed of 10 proprietary directors, of which 6 are independent and 1 is an alternate.

In accordance with the Securities Market Law (LMV), at least 25% of the members of Axtel's Board of Directors must be independent. However, the Company aspires to exceed 50% independent directors. In line with the LMV and its internal policies, Axtel has successfully achieved this objective, with 60% of its board members currently classified as independent.

In 2024, the Board of Directors held five meetings. It meets at least quarterly, with an average attendance rate of 96%. Axtel requires a minimum attendance of 80% from all board members.

Average tenure of the Board members: 12.7 years

Nomination and Selection

Members of the Board of Directors are elected and re-elected annually through a rigorous and transparent process. The selection process considers knowledge and experience in economic, social, and environmental matters, as well as diversity and academic background. As part of the nomination mechanism, the Company evaluates the professional and ethical standards of the candidates, ensuring they understand their legal responsibilities, including the handling of confidential information. Additionally, individuals with potential conflicts of interest abstain from deliberations and are restricted from accessing sensitive information.

As stated in Axtel's Code of Ethics, the selection of board members is based on objective criteria, including professional qualifications, relevant competencies, experience, independence, and alignment with the Company's corporate values. This process ensures a strong and strategically capable governing body.

Axtel does not currently have a formal Board Diversity Policy. However, it is committed to promoting equal opportunity, ensuring that the selection of board members is not influenced by gender, origin, marital status, religion, sexual orientation, or any other discriminatory factor.

At Axtel, management is entrusted to the Chief Executive Officer (CEO) and the Board of Directors, the latter of which is co-chaired by non-executive, non-independent Co-Chairmen.

Board members were appointed and approved at the General Shareholders' Meeting held on March 18, 2025, in accordance with the provisions of the Securities Market Law (LMV), the Company's bylaws, Code of Ethics, the OECD Code of Principles and Best Practices for Corporate Governance, and the UN Global Compact Principles.

The Board of Directors conducts an annual review of the strategy and metrics defined in Axtel's Sustainability Plan. As part of this review, environmental topics, formally established in the Environmental Policy PL-SOS-02, are evaluated. These topics are also part of the Board's agenda, with at least one annual session scheduled for their analysis and follow-up.

Additionally, the Executive Committee, composed of the Co-Chairmen, the CEO, and the Chief Financial Officer, reviews the execution and progress of the plan on a quarterly basis. These sessions track the strategy, objectives, and progress in environmental, social, and corporate governance (ESG) matters.

Axtel has institutional policies that are part of the company's corporate governance, in which it establishes guidelines to conduct and to develop itself in an ethical and upright manner with stakeholders.

Likewise, it promotes transparency and accountability through the publication of policies that address key aspects of sustainability, allowing clients, investors and the community to access clear information. This approach seeks to build trust, engage the community in sustainable practices, provide a framework for stakeholders, and contribute to the global conversation on sustainability.

The compensation of the members of the Board of Directors considers their experience, knowledge and contributions to the strategy fulfillment; in line with applicable regulations and laws, during 2024 was Ps. \$80,000 per session.

Starting in 2025, the compensation for members of Axtel's Board of Directors is set at Ps. \$85,000 per Board meeting and Ps. \$65,000 per Committee meeting. In cases of virtual participation, compensation will be equivalent to 50% of the respective amount.

The Board of Directors receives support from the Audit and Corporate Practices Committee, integrated by three independent directors and is chaired by Alejandro Elizondo Barragán. This committee studies and issues recommendations to the board on matters related to auditing matters, corporate practices and the study of accounting policies, in addition to being responsible for maintaining communication between the directors and the Board of Directors and also avoiding conflicts of interest. It is also responsible for making decisions and managing impacts on the economy, the environment and people.

Regarding the management team, their remunerations are defined in accordance with the Salary Administration Policy, market surveys that are carried out and taking into consideration economic indicators such as inflation, growth expectations and the situation of the company. Independent consultants do not participate in this process; however, proposals for general increases and/or adjustments to benefits are presented to the General Management for approval.

The management team receives fixed and variable compensation, an annual bonus plan in accordance with the fulfillment of operational and strategic objectives, hiring incentives, severance payments, reimbursements, retirement benefits, benefits based on market references; in addition of social benefits such as major health expenses insurance, life insurance, emergency insurance and periodic medical check-ups.

Some of the Executive Directors receive monetary incentives such as compensation and bonuses, which are linked to the achievement of the company's results, which in turn are closely linked to Axtel's risk management metrics, energy efficiency, emissions goals, achievement of objectives and commitments. The objectives specifically related to ESG issues are reduction of GHG emissions and increase in training hours.

For more information, see section 4.3) *the Management and Shareholders* of this Annual Report.

2.12) Market Information – Mexican Telecommunications Industry

2.12.1) Markets

Axtel, a company that serves the Mexican ICT market, through three segments: enterprise, government; and wholesale.

With a high focus on convergent Digital Transformation managed services (Cloud, Cybersecurity and Collaboration) and Value-Added solutions (System Integration and Managed Services), Axtel has positioned itself as a brand that has the experience, infrastructure and leading services to energize the ICT industry and contribute to the development of a new generation of more innovative, efficient and competitive companies. This is backed by strong partnerships with world leading technology partners and a service philosophy that strives for excellence.

The Company has the necessary experience and reputation of providing highest standards of service required by corporations and companies in the most significant sectors of the Mexican economy. Axtel currently has ongoing contracts with most of the international and domestic financial groups in the country, which emphasizes Axtel's important positioning within the financial sector, as in many others.

Enterprise market penetration by service

Service	Market Penetration '24 (%)
Telecom	20%
Connectivity and Managed Networks	17%
Voice and Data	61%
Collaboration	13%
Information Technologies	6%
Cybersecurity	12%
Data Centers and Cloud Services	4%
System Integration	5%

**Company estimates with information from third parties including industry analysts, such as IDC, Gartner, and Select.*

2.12.2) Market Size and Projected Growth

According to industry analysts, including IDC, Gartner, Frost & Sullivan and Select, the Mexican Telecommunications market generated Ps. 93 billion in 2024, a 5% annual increase. For the next 3 years, the Information and Communication technology market is expected to have an annual compounded growth of 4%; mainly driven by double-digit growth in Cloud Services, Cybersecurity and Collaboration.

The Mexican infrastructure addressable market for Axtel Networks is estimated to be around Ps. 15 billion for 2024 and a 3% annual growth is expected for the next 3 years; mainly driven by fiber growth.

2.12.3) Competition

The main competitors in the telecommunications sector are: Telmex (Triara, Scitum, Global Hits, RedUno), Grupo Televisa Telecom (Bestel, Metrored), KIO Networks (MasNegocio, Smart, TibaIT, Wingu), Grupo Megacable (MCM, Ho1a, Metrocarrier) Fló Networks and Total Play Empresarial.

Telmex. Axtel's main competitor, was formerly the state-owned Telecommunications monopoly. It has the largest nationwide infrastructure covering the full spectrum of the market (enterprise, government, residential, telecom, IT, OTT), additionally America Móvil participates in the mobile market business through Telcel. Its revenues come mainly from the residential market. In 2015, Telmex was declared a preponderant economic agent under the new telecommunications reform, because of its market power and focus on providing local telephony and internet

services. Strengthened in the public sector; it has been awarded important multi-year contracts in the current federal administration.

Televisa Telecom. Televisa, the largest Spanish-speaking media company in the world, is the majority owner of Cablevisión, TVI, Cablemás, Telecable and Cablecom. By leveraging its position in the media sector, as well as its strong capitalization, Televisa has entered the Telecommunications industry. For the enterprise and government segment it offers solutions through Bestel (with more than 15 years of experience and part of Grupo Televisa Telecom since 2007), providing voice, networks, internet, information technology and managed services. Televisa offers CATV services, broadband internet and telephony services through double-play and triple-play packages. In November 2014, it rebranded its cable service as “Izzi Telecom”.

Kio Networks. This company provides an information technology and infrastructure portfolio. It has data centers located in Mexico, Central America, the Caribbean and Europe.

Megacable. It provides internet services, paid television, fixed and mobile telephony services to the residential and business segments. In addition, it owns Metrocarrier, MCM, Ho1a and PCTV, providing value-added services that include managed services, equipment and content.

Totalplay. The company is part of Grupo Salinas and offers internet access, pay TV and telephony services, to the residential segment. Through its enterprise segment, it serves government and corporate institutions with multiple telecommunications services.

Fló Networks (formerly known as Transtelco) was founded as a data transport company specializing in cross-border connectivity. Over the past few years, it has consolidated a robust portfolio of data and cloud services. Between 2020 and 2023, the company acquired Neutrona, Maxcom, and rediT.

Competitive position – Positive aspects:

Axtel is the leading service provider in the business segment in Mexico with more than 25 years of experience in the market consolidating technological innovation, strategic alliances and high specialization in global technological trends.

Axtel has a focus on target markets, providing a high level of specialization and customer service through its businesses, Axtel Networks with a focus on Infrastructure for wholesale customers, and Alestra with a focus on services to the enterprise and government segments.

The strength of Alestra's service portfolio is a market differentiator due to its broad technological coverage based on 4 business lines: Telecom, Information Technology, Cybersecurity and Mobility. As well as in our Strategic Verticals: Financial, Commerce, and Transportation & Logistics.

Axtel Networks has an extensive metropolitan and long-distance fiber optic network that provides a unique position to offer world-class services that meet the needs of transporting large volumes of data with maximum performance.

Axtel is recognized for being the first provider of cloud services in Mexico, having the first experience center in Mexico and Latin America (more than 15 years of operation), being the only one to offer a Mobility solution in Mexico with a total connection guarantee and have more than 60 leading technology partners globally.

Competitive position – Negative aspects / risks:

Global and Mexican economic and political conditions may adversely affect business and financial performance. Likewise, the telecommunications industry in Mexico is very competitive, which is why Axtel always seeks to offer differentiators in its service offering to maintain its technological leadership.

On the other hand, there is significant pressure on rates, especially connectivity services. Axtel year after year increases the base of services and their capacity to mitigate this risk.

If any of the suppliers does not provide the services, technologies and/or equipment, it could negatively affect the Company's results of operations. Therefore, contracts, service standards and operating agreements with suppliers are essential to guarantee the promise to customers.

Loss of market share or revenue from government sector customers could have a negative impact on the financial condition and results of the operation. Due to the above, Axtel has restructured its service to this market segment in order to serve federal, state and municipal agencies.

2.12.4) Reforms in Mexico's Telecommunication Sector

Constitutional Decree: On June 11, 2013, the "DECREE amending and adding various provisions of articles 6, 7, 27, 28, 73, 78, 94 and 105 related to telecommunications matters of the Political Constitution of the United Mexican States was published in the *DOF*", by which reforms were created to promote healthy competition and free concurrence in the sector.

AEP Resolution: On March 6, 2014, the plenary session of the IFT approved the "Resolution by which it determines that the economic interest group integrated by América Móvil S.A.B DE C.V, Telefónica de México S.A.B DE C.V and Telefónica del Noreste S.A. DE C.V, Radiomóvil DIPSA S.A.B DE C.V, Grupo Carso S.A.B DE C.V and Grupo Financiero Inbursa S.A.B DE C.V as Preponderant Economic Agent in the Telecommunications sector ("*AEP*") and imposes necessary measures to prevent affecting competition and free concurrence".

The concessionaire companies of the Preponderant Economic Agent (Telmex, Telnor and Telcel) have the following obligations towards other concessionaires:

- The sharing of its fixed and mobile passive infrastructure (for example: use of poles, pipelines, rights of way and towers, to mention the most relevant).
- Lease of dedicated links.
- The resale and unbundling of all the provided services through the Telmex local network.
- The resale of mobile voice, data and SMS services through the figure of the Mobile Virtual Operator (MVNO); and
- The national and international visitor user agreements (roaming) that Telcel had signed with other carriers.

Law Decree: On July 14, 2014, it was published in the *DOF* the "Decree by which are issued the Federal Telecommunications and Broadcasting Law; and various provisions on telecommunications and broadcasting are reformed, added and repealed".

On August 13, 2014, the *Ley Federal de Telecomunicaciones y Radiodifusión (LFTR)* became effective, empowering the IFT to undertake any and all duties and responsibilities set forth in the Federal Law of Economic Competition (*Ley Federal de Competencia Económica*) (*LFCE*) in respect to the telecommunications and broadcasting sectors, including, among others, (i) analysis of concentrations; (ii) opinions in bidding processes; (iii) investigation of anticompetitive or monopolistic practices; and (iv) application of sanctions.

The LFTR authorizes the IFT to regulate competition in the telecommunications and broadcasting sectors using a variety of regulatory mechanisms, including:

Determination of the Existence of Preponderant Economic Agents. The IFT may declare, at any time, the existence of a "preponderant agent" in the telecommunications and broadcasting sectors. The LFTR considers a preponderant

economic agent to be any person who, directly or indirectly, owns more than fifty percent of the subscribers, users, audience, traffic on their networks, or capacity used on such networks, measured on a national basis, in the provision of broadcasting or telecommunications services.

Asymmetric Regulation. The IFT may impose “asymmetric regulation.” Any economic agents that are declared by the IFT to be preponderant economic agents shall be subject to asymmetrical regulation as determined by the IFT, which could be applied in respect to rates, information, quality of services, exclusivity, divestiture of assets, among others. The IFT must verify, on a quarterly basis, compliance with any asymmetric regulation that was issued and apply any appropriate sanctions. In such process, the IFT may be aided by an external auditor. If the IFT determines that the conditions of effective competition have been restored in a market where an entity was declared preponderant economic agent, then the provisions of the asymmetric regulation shall cease to apply. Similarly, if the IFT determines that an entity no longer accounts for more than fifty percent of the subscribers, users, audience and traffic on their networks, or capacity used on such networks, considering the national participation of such entity, such entity shall be deemed to no longer be a preponderant agent. The LFTR also provides that any entity declared a preponderant economic agent may submit to the IFT a plan with actions it proposes to take to stop being considered a preponderant economic agent.

The LFTR sets forth, among others, the following asymmetric regulations, some of which are applicable to Telmex and Telcel, the current preponderant economic agents in the telecommunications sector:

- To provide annually and for the approval of the IFT, a public offer in connection with interconnection matters, including a proposed form of agreement to be entered with other operators, disaggregation of its network and share of infrastructure matters, roaming and resale of wholesale services;
- To submit for approval of the IFT, the rates offered regarding services to the public and intermediate services to other concessionaries;
- To provide annual information regarding its wired, wireless and broadcast network, including its development and modernization plans, as well as its infrastructure;
- To allow other operators, disaggregated access to its network and infrastructure on a basis of nondiscriminatory rates and which do not exceed those rated authorized by the IFT;
- To allow other operators to resell its services;
- To not discriminate between the interconnection traffic of its own network and the interconnection traffic of other concessionaries;
- Provide its services observing the minimal quality standards set forth by the IFT;
- To not establish obligations, penalty fees or restrictions of any kind that may result in the inhibition of the consumers;
- Provide to the IFT detailed accounting information, separated by each service offered;
- Offer and provide services to the other concessionaries, in the same terms, conditions and quality as offered to itself; and
- Abstain from establishing technical or any kind of barriers that may block the development of infrastructure of other concessionaries.

Determination of the Existence of Dominant Agents. The IFT may declare, at any time, the existence of a “dominant agent” in the telecommunications and broadcasting sectors and, similarly to the asymmetric regulations which may be imposed on preponderant economic agents in order to avoid any distortion to the process of free competition, the IFT has the authority to impose specific obligations in order to limit agents with substantial economic power, with respect to information, quality of services, rates, commercial offers and billing.

Consolidation without Notice. Consolidation between economic agents holding concessions may occur without the need to notify the IFT provided that, among other requirements, there is a preponderant economic agent in the market where such transaction takes place, and such preponderant economic agent is not one of the parties involved in the concentration.

Interconnection Rates. While there is a service provider that is considered a preponderant economic agent, the preponderant economic agent, as of 2018, must charge the other concessionaires' rates for the termination of calls in their network based on a cost and asymmetric methodology with respect to those charged by other concessionaires. The other service providers (excluding the preponderant economic agent) shall freely negotiate among themselves the applicable rates and, if no agreement is reached, the tariffs shall be determined by the IFT in accordance with the costing methodology determined by the IFT. When there is no longer a service provider considered as a preponderant economic agent, the service providers shall maintain mandatory reciprocal compensation agreements, by means of which payments for termination of traffic shall be avoided.

Functional separation of Telmex. The IFT has ordered Telmex to carry out the functional separation so it will have to create, within two years from 2018, a subsidiary of Telmex, which offers only local wholesale services, both to competitors and to other divisions of Telmex, but must operate independently of the latter.

Competitive Neutrality. Public entities are permitted to obtain titles or concessions for commercial purposes. Therefore, and to protect the dynamics of competition, the LFTR determines that the state-owned service providers shall act as private enterprises and shall not create distortions to the market since they are public entities.

Sanctions. The IFT is authorized to impose sanctions on the entities or individuals involved in practices that violate the LFCE in the telecommunications and broadcasting sectors. In this regard, the IFT may apply, among others, the following sanctions: (i) fines on the sanctioned operators of up to 10% of their accrued income and, in case such violation is repeated, for up to twice of the amount set forth by the original corresponding sanction; (ii) fines on individuals who participated in monopolistic practices; and (iii) prohibitions on individuals who participated in monopolistic practices, restraining them from serving as directors or business managers.

Other. In addition to the above, the LFTR effects the following important changes:

- Elimination of charges for national long-distance calls, effective January 1, 2015;
- Opening of the mobile telephony market to new service providers, through the Mobile Virtual Network Operator figure;
- Opening of the industry to foreign investment of up to 100% in telecommunications and 49% in broadcasting activities;
- Access to advertising in an equitable and non-discriminatory basis;
- Introduction of certain rights to the users through the participation of the Procuraduría Federal del Consumidor (Federal Consumers Agency) as authority;
- Confers rights to disabled users to access telecommunications services;
- Confers rights to audiences;
- Introduction of rules to cooperate with the authorities in the field of justice; and the
- Introduction of the National Single Emergency Number 9-1-1.

Biennial Resolution: On February 27, 2017, the IFT approved the resolution by which it suppresses, modifies and adds the measures imposed on the Preponderant Economic Agent by the resolution of March 6, 2014.

Implementation of the functional separation: On February 27, 2018, the plenary session of the IFT resolved on the Final Implementation Plan for the Functional Separation, which established, among other elements, the terms and conditions under which Telmex and Telnor had to implement the functional separation during the transition period, which expired on March 6, 2020.

T-MEC: In December 2019, the governments of Mexico, Canada and the United States reached an agreement to sign modifications to the Free Trade Agreement called T-MEC. This agreement considers the main measures applicable to telecommunications in Mexico, intended to promote healthy competition through an autonomous entity. On the other hand, various principles are also included in the agreement to facilitate digital trade, which will encourage the services and goods availability through information and communication technologies.

Second Biennial Preponderance Resolution: On December 2, 2020, the Plenary of the Institute approved the "Resolution whereby the Plenary of the *Instituto Federal de Telecomunicaciones* suppresses, modifies and adds measures imposed on the preponderant economic agent in telecommunications". As a result, the possibility of granting tariff freedom in the Indirect Loop Access Service ("SAIB") in some geographical areas was determined, depending on the criteria and thresholds defined by the IFT.

Third Biennial Preponderance Resolution: On October 30, 2024, the Plenary of the Institute approved the "Resolution whereby the Plenary of the Federal Telecommunications Institute suppresses, modifies, and adds to the measures imposed on the preponderant economic agent in telecommunications." As a result, the IFT was granted the authority to request information from the Preponderant Economic Agent (PEA) regarding the public tenders in which it is awarded contracts.

2.13) Corporate Structure

Axtel is a public corporation whose shares are registered in the National Securities Registry and listed on the BMV through Ordinary Participation Certificates ("CPOs") issued under the Trust whose trustee is Nacional Financiera, Sociedad Nacional de Crédito, Institution of Development Banking. The Company is a subsidiary of Controladora Axtel, which exercises control and owns 54.9% of the shares representing the Company's capital stock, through the Trust Agreement of Administration No. 2673 held with Banco Invex, S.A.

ALFA's shareholders, who met in an Extraordinary General Assembly on July 12, 2022, approved the partial spin-off of their total share ownership in the Company, as well as other assets and capital, to Controladora Axtel, the spun-off company.

On May 19, 2023, the Company announced that Controladora Axtel received authorization from the CNBV to register its shares in the National Securities Registry. The distribution of the shares of Controladora Axtel represents the end of the spin-off process. As a result of the transaction, ALFA shareholders received one share of Controladora Axtel for each ALFA share they owned.

The number of Axtel's shares remained unchanged. Controladora Axtel began trading on the Stock Exchange on May 29, 2023, date as of which the Company is a subsidiary of Controladora Axtel. Controladora Axtel, the Group's last holding company, exercises control and is the owner of 54.9% of the shares representing Axtel's capital stock.

Axtel carries out its activities through subsidiary companies which it owns or in which it directly controls most of the common shares representing their capital stock.

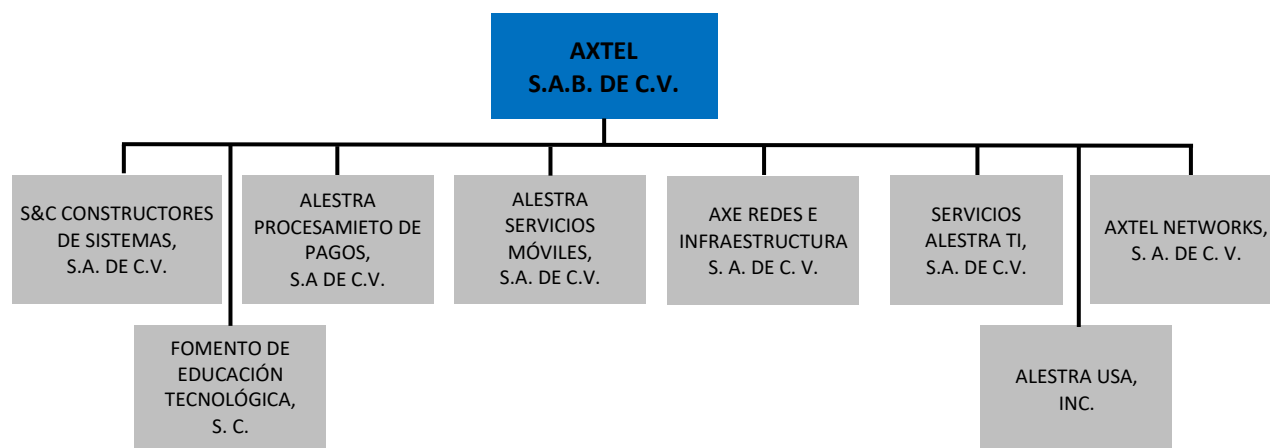
As of December 31, 2024, 2023 and 2022, the main subsidiaries of Axtel are the following:

NAME	COUNTRY	Percentage (%) of ownership			Functional currency
		2024	2023	2022	
Axtel, S. A. B. de C. V. (Controladora) (2) (5)	México				Peso
Alestra Innovación Digital, S. de R. L. de C. V. (2) (5)	México	-	-	100	Peso
Alestra USA, Inc. (1)	USA	100	100	100	Dólar
S&C Constructores de Sistemas, S. A. de C. V. ("S&C")	México	100	100	100	Peso
Estrategias en Tecnología Corporativa, S. A. de C. V. ("Estratel") (2) (5)	México	-	-	100	Peso
Servicios Alestra TI, S. A. de C. V. (2)	México	100	100	100	Peso
Alestra Procesamiento de Pagos, S. A. de C. V. (2)	México	100	100	100	Peso
Alestra Servicios Móviles, S. A. de C. V. (2)	México	100	100	100	Peso

Fomento de Educación Tecnológica, S. C. (3)	México	100	100	100	Peso
Axtel Networks, S. A. de C. V.	México	100	100	100	Peso
AXE Redes e Infraestructura, S. A. de C. V.	México	100	100	100	Peso
Allied Inmuebles, S.A. de C.V. (4) (5)	México	-	-	100	Peso

1. Leasing of telecommunications equipment and infrastructure.
2. Provider of telecommunications services.
3. Training and development services.
4. Real estate administration. Acquired in March 2022
5. At the Extraordinary General Shareholders' Meeting held on March 7, 2023, it was approved the merger by incorporation of Alestra Innovación Digital, S. de R.L. de C.V., Estrategias en Tecnología Corporativa, S.A. de C.V. and Allied Inmuebles, S.A. of C.V. (merged companies) in Axtel S.A.B. of C.V., which subsisted with the same corporate name as a merging company and took charge of the rights and obligations of the merged companies. In addition, it was resolved that the merger takes full effect between parties and third parties as of April 1, 2023; This merger has no impact on the Company's consolidated operation.

As of December 31, 2024, 2023 and 2022, there are no significant restrictions for investment in shares of the subsidiary companies.



2.14) Description of Main Assets – The Company's Network

2.14.1) *Facilities*

All Company's properties are in Mexico. Its headquarters are in San Nicolás de los Garza, Nuevo León, Mexico. The Company's corporate office has 12,693 square meters of construction (CIT). Additionally, the Company owns and leases properties in different cities of Mexico which are used for offices, work centers or warehouses, switches, call centers, etc. Properties of more than 3 thousand square meters of surface, excluding base stations, are detailed as follows:

Name	Use	Location	Area in m2	Ownership	Contract Maturity	Contract Starting Date
CIT	Technology	Monterrey	31,931 land 12,693 construction	Axtel	-	-
Padre Mier	Tecnología	Monterrey	1,400 land 3,167 construction	Axtel	-	-

Switch 1 Gdl. - La Paz	Technology	Guadalajara	575 land 4,068 construction	Axtel	-	-
CIC Apodaca	Operating Center	Monterrey	3,441 leased	Leasing	30/03/2024	01/04/2019
Óptima Tower	Administrative	Mexico	1,685 land 3,159 leased	Leasing	31/12/2028	31/01/1996
Switch 2 Mex – Uxmal	Technology	Mexico	2,062 land	Axtel	-	-
Switch 1 Mex – Nextengo	Technology	Mexico	2,106 land 3,475 leased	Axtel	-	-
CIC Puente	Technology	Estado de Mexico	3,104 land 4,935 leased	Axtel	-	-
Switch POP México	Technology	Estado de Mexico	9,716 land 3,476 leased	Axtel	-	-
Switch Puebla	Technology	Puebla	2,281 land 1,390 leased	Axtel	-	-

2.14.2) Telecommunications Network

The Company has a network infrastructure of approximately 53,600 kilometers of fiber (including 14,300 km of capacity use agreement). Axtel provides network transport using a national fiber optic network combined with a local hybrid access designed to optimize capital investments through the deployment of equipment to access the network, based on the specific needs of each customer. The Company's access options include last mile fiber optic, point-to-point and copper, all connected through 28,900 kilometers of metropolitan fiber optic rings.

The Company's wireless network uses microwave radios, TDM telephone centrals and next generation centrals (Softswitch) and other types of infrastructure provided by recognized providers including Motorola, Nokia, Siemens Networks, Ericsson, Ribbon, among others. Axtel's internet platform is based on Cisco, Alcatel Nokia & Huawei routers. Local fiber networks or metropolitan fiber optic rings use OFS Optical Fibers of Mexico, Samsung, Huawei and AFL and optical transmission equipment from Alcatel-Lucent (Nokia), Nokia-Siemens Networks (Infinera), Huawei and PacketLight. The combination of these components allows the Company to offer superior reliability to the network used by other providers.

In general, the ability to access advanced technologies directly increases the cost of the solutions. The capacity of Axtel's local hybrid access allows the Company to:

- Provide a variety of IT and Telecom services;
- Meet demand quickly;
- Penetrate specific markets and
- Dimension the deployed infrastructure to meet the market demand and the individual needs of customers.

This network infrastructure enables Axtel to meet the needs of various market segments while pursuing investment efficiencies.

Access Connectivity

The last-mile connectivity portion of Axtel's network is comprised of a mix of fiber optics technology and microwave links for enterprise, finance and government sectors, located within the coverage range. The access technology to be used is determined based on a cost-benefit analysis, based on customers' needs and service availability. Using the ethernet technology in last mile fiber optic access, Axtel also provides advanced data and voice services with high security standards to large companies and financial institutions.

Network Overview

Long Distance Network

Voice Switching

The Company uses 6 Ribbon digital switching centers called the DMS-100 to route local and long-distance traffic, 1 Ericsson AXE TL4 Digital Switching Central for local service, 6 next generation Ribbon Call Server 2000 switches (Softswitches), 4 Sonus SoftSwitch that route local and long-distance traffic. It Additionally has a Broadsoft platform to offer VoIP service (SIP lines), 3 Ribbon SBC 5400 clusters that switch VoIP traffic from clients and 3 Ribbon SBC 7000 clusters that switch national and international VoIP traffic from the United States and the rest of the world. The coverage of Voice/VoIP Services is over 70 cities.

Network Administration

Axtel has six network monitoring and administration centers, located in Monterrey. These centers supervise the correct operation nationwide using next generation management systems that allow attention of incidents and infrastructure maintenance remotely. The monitoring occurs 24 hours a day, seven days a week. Any event detected by the centers is registered and attended through a diagnostic process until its solution.

- NOC: Network Operation Center; Monitoring and restoration of network infrastructure
- CASTI: IT Operation Center; Business continuity
- MSNOC: Managed Services Operation Center; Monitoring and restoring client networks
- CDC: Cyber Defense Center; Cyber threat detection and response
- HD: Help Desk; Support to corporate market requirements
- COC: Cloud Operations Center; Cloud infrastructure monitoring and restoration

2.14.3) Network reliability – Business Continuity

As part of its risk management framework, Axtel is aware of various factors that may cause service interruptions for its customers, such as weather events, natural disasters, cyberattacks, criminal activities, and technical failures, among others.

To ensure the stability and reliability of its network, Axtel has implemented a Business Continuity Management System, certified under ISO 22301 and ISO 31000. Through this system, the Company strengthens its cyber resilience by applying Risk Management, Business Impact Analysis (BIA), and Business Continuity and Disaster Recovery Planning (BCP and DRP). It also has backup systems and DRPs in place, as defined by service agreements, which enable the recovery of service continuity when needed.

Axtel manages critical business operations that support its cloud-based services, covering both in-house and third-party infrastructure, to ensure that its platforms remain operational under any contingency.

As part of its commitment to business continuity and systems readiness, in 2024, Axtel achieved 38 certifications for 18 employees in various fields including Public Cloud, SAP, and Artificial Intelligence. This enhances the Company's ability to understand and manage the technologies that comprise its network and respond with agility to operational challenges.

As part of its operational evolution, Axtel successfully automated 100% of monitoring events and incidents, integrating 18 tools across different IT layers into its framework. Leveraging artificial intelligence, the following benefits were achieved:

- Over 20% reduction in events and incidents compared to 2023
- Over 95% incident proactivity, thanks to a trained AI model capable of translating events into incidents for predictive decision-making

- Development of correlated dashboards in Grafana, organized by client, enabling the identification of potential issues and capacity concerns

Despite its efforts to prevent service interruptions, in 2024, Axtel recorded five IT service interruptions, two related to Telco operations and two due to technical failures, with an average duration of 4.24 hours. The total impact, in terms of the installed customer base, amounted to 0.9 days, representing 0.24% of annual availability. This reflects a 20% decrease in the number of incidents and an 18% reduction in total downtime compared to 2023.

It is important to note that this disclosure refers exclusively to wireline communications, wireless communications, and Internet Service Provider (ISP) services.

The development and continuous improvement of Axtel's TIMOB system has significantly enhanced response times and observability in detecting customer issues.

In 2024, the Company launched TIMOB 2.0, developed by its IT Services Administration Center (CASTI), taking the platform to a new level of efficiency and functionality. The system now automatically integrates IT monitoring tools into a centralized, fully correlated, and 100% automated platform, eliminating the need for manual intervention.

TIMOB 2.0 introduces new features, including:

- 5 Executive Dashboards for decision-making
- Integration with 18 monitoring tools
- Field personnel geolocation (entry/exit log)
- Heat Map displaying customer health status across various components
- +800 new clients onboarded (Cloud and System Integration)
- Integration with Service Manager for immediate incident registration, push notifications, and automated phone escalations to ensure SLA compliance

Through TIMOB 2.0, Axtel continues to optimize operations, deliver faster and more efficient service, and improve customer satisfaction.

2.14.4) Environmental Risk and Opportunity Management

Axtel is exposed to various social, environmental, and economic factors in the markets where it operates. Therefore, a comprehensive process is carried out to identify, manage, and monitor potential risks. This process is conducted annually by the Internal Control area, under the Executive Legal Department, the Corporate Quality area for risk and opportunity management, from the perspective of customer experience and business processes, and the Information Security area, focused on cybersecurity and business continuity.

The risk management approach is both top-down and bottom-up, allowing the detection and escalation of risks at all levels of the organization and enabling informed, risk-based decision-making with clearly defined responsibilities. The results of the risk assessment, along with the proposed mitigation strategies, are presented to Management and the Audit and Corporate Practices Committee, ensuring oversight and alignment with corporate objectives.

Risk Identification and Treatment Flow

The risk identification and management process begins with an analysis of the business operating environment. This serves as the foundation for structuring the steps needed to effectively identify, assess, prioritize, and mitigate risks:

- **Identification:** This stage involves identifying the risks and opportunities that could impact operations, considering internal and external factors and relevant material topics. For climate-

related risks, the analysis includes an assessment of the local and global industry, especially in more advanced economies and regulatory frameworks, allowing the identification of key risks and opportunities in the coming years. As part of the risk review process, a description of the company's specific exposure is prepared, taking into account the likelihood and magnitude of at least two identified risks.

- **Assessment:** Each identified risk and opportunity is then analyzed, evaluating their potential impact and likelihood to prioritize those requiring immediate attention or specific action plans.
- **Mitigation Response:** For the prioritized risks and opportunities, management strategies are defined to reduce or enhance impacts through preventive controls. This process includes mitigation measures for at least two identified risks, ensuring effectiveness and alignment with the company's broader strategy.
- **Monitoring and Management:** Ongoing monitoring is conducted to assess the effectiveness of mitigation actions, ensuring strategies are adapted as internal or external conditions evolve.

To reinforce a risk-aware culture across the organization, a Risk Workshop is held with Executive Directors, who in turn communicate the information to Functional Directors for implementation.

Throughout each step of the process, Axtel uses a comprehensive approach that incorporates internal analysis tools, ISO 31000: Risk Management – Guidelines, materiality analysis, risk evaluation models, national and regional databases, and the support of external consultants.

Climate-Related Risks and Opportunities

As part of the annual exercise conducted with each business unit and with the participation of all areas of the organization, Axtel incorporates the evaluation of climate-related risks and opportunities, considering both the national context and global trends in regulation and economics. The criticality and impact of these elements are determined, action plans are established, and opportunities associated with climate change are analyzed in order to strengthen Axtel's long-term stability and success.

To this end, the company has developed a rule-based framework that enables it to classify and assess risks and opportunities by type, level of impact, location of occurrence, time horizon, and expected type of impact. This analysis includes risks and opportunities within Axtel's own operations. The risk assessment also considers various types of climate-related risks across short-, medium-, and long-term timeframes.

These include physical risks, which may be acute, such as the impact of hurricanes or floods on infrastructure and the supply chain, or chronic, such as the sustained rise in temperatures, which may affect water availability and operational efficiency.

The company also evaluates transition risks. These include regulatory risks, such as the potential implementation of carbon taxes that may increase operating costs; legal risks, derived from litigation related to noncompliance with environmental regulations; technological risks, due to the adoption of new energy solutions that may render certain industrial practices obsolete; market risks, linked to changes in product demand driven by preferences for more sustainable alternatives; and reputational risks, arising from public perception regarding the company's commitment to sustainability.

These climate risks, along with other strategic risks, are consolidated into a risk matrix that identifies the ten most critical risks and defines strategies for their management.

This matrix is presented annually to the Chief Executive Officer, Senior Management, and the Audit and Corporate Practices Committee. The most relevant risks are reviewed each year to determine appropriate follow-up and monitoring actions, ensuring proactive and effective risk management.

Climate Risk Monitoring and Reporting

At Axtel, climate-related risks are continuously monitored and reported to ensure informed and timely decision-making. As with other strategic matters within the organization, these topics are addressed in periodic meetings where risks, impacts, and potential mitigation actions are analyzed.

When necessary, extraordinary meetings are convened to assess emerging situations and define strategic responses. If a climate risk requiring immediate attention is identified, it can be reported through the ESG Operational Committee meetings. Should the situation have a significant impact on the organization, it is escalated to the ESG Executive Committee sessions, thereby ensuring alignment with the sustainability strategy and comprehensive risk management.

All ESG risks and those related to climate change are overseen by the Board of Directors in annual sessions.

Climate incident monitoring, prevention and management program

At Axtel, extreme weather events are recognized as critical risks to the continuity of operations and the services provided to customers. For this reason, the company has implemented a comprehensive program for monitoring, preventing, and managing climate-related incidents, designed to mitigate the potential impacts of natural phenomena such as hurricanes, storms, and floods.

As part of its climate risk management strategy, in 2024 Axtel conducted over 14,000 preventive maintenance routines per month, ensuring network availability and operational continuity in challenging scenarios.

Additionally, there is a comprehensive contingency response process for climate-related events, managed by a multidisciplinary committee made up of personnel from various areas across Axtel. This approach ensures that the entire operation is prepared to respond to any eventuality.

To minimize the impacts of these phenomena, Axtel fosters a strong culture of prevention during hurricane season, which begins in May for the Pacific and June for the Atlantic. Preparations start as early as March and include activities such as:

- Verification meetings and closure of maintenance tasks
- Validation of spare parts, essential materials, and consumables
- Thorough testing of emergency plants
- Local and remote backups of critical technologies
- Validation of necessary operational equipment and tools

Mexico, where Axtel's operations are concentrated, is highly vulnerable to hurricanes due to its geographical location between the Pacific and Atlantic oceans. In 2024, the national hurricane forecast totaled 41. Of these:

- 12 hurricanes were recorded in the Pacific Ocean; all 12 events were monitored and 2 made landfall

This preventive and timely response approach strengthens operational resilience and reinforces the company's commitment to maintaining service continuity for its customers.

Life Cycle - Critical Incident:

To effectively manage extreme weather events, Axtel employs a structured approach based on the critical incident lifecycle. This model enables the company to identify, plan, mitigate, respond to, and quickly restore services in the event of a potential disruption. Through this approach, Axtel ensures a comprehensive and proactive management strategy in the face of any climate-related contingency.

1. Alert Phase - Network Operation Center
 - Contingency declaration, notification and identification of elements at risk
 - Attention and monitoring protocol for contingencies (earthquakes, hurricanes, power failures, extreme weather)
2. Transition phase – Field Operation
 - Gathering of teams, transportation and implementation of contingency plan.
 - Contracts with specialized suppliers for electrical failures attention
 - Minimum fuel level (70%) that guarantees a 24-hour autonomy
 - Fuel suppliers
 - Direct contacts with CFE for contingencies follow-up
3. Recovery phase – Network Operation Center + Field
 - Restoration procedures, field support management and customer coordination
 - Continuous communication scheme
 - 7x24 monitoring @ site telemetry (force, temperature, humidity)
4. Normalization phase – Network operation management
 - Impact analysis, normalization of contingencies and lessons learned.

2.14.4) Information Technology Systems

Axtel has an information technology architecture that is based up on Pega for customer relationship management system (CRM), SAP software for enterprise resource planning (ERP) and financial and administrative functions, Netcracker software for billing; Net Boss and MicroFocus for network management and monitoring. These systems enable Axtel to perform on-line sales, manage customer requests, generate accurate bills and produce timely financial statements. Also, they allow the Company to respond to customer requests with speed, quality and accuracy.

Additionally, the new digital architecture evolution included new software assets. In Alestra, low-code and micro-services licensing (Pega) have made possible to streamline sales cycles, simplify operational processes and improve data analytics. Strategies like “Alestra OneTouch” represent an important intellectual property in Customer Service strategy. For Axtel Networks, new digital platforms support machine-to-machine interaction, enabling international standards (Metro-Ethernet Forum-MEF) position it as a world-class operator. Also, platforms have been added for the automation of field engineers (OfficeTrack); collaboration and analytics platforms (Microsoft Teams), design-thinking (Miro/Trello) and robotic process automation (Automation Anywhere) to enable collaborator interactions and increase productivity.

2.14.5) Other Topics Related to the Company's Assets

At the date of this report, no asset has been granted as collateral for any credit, therefore the Company's assets are free of encumbrance. The Company's main assets comply with the industry's own environmental and maintenance safety standards. The telecommunications network was built and operated based on international standards of reliability, redundancy and restoration.

Axtel has no plans to build or expand its fiber network, except those that consist of the normal maintenance and operation of the business, which will be financed with the cash flow generated by the Company.

Axtel is insured with coverage against five categories of risks: (i) assets; (ii) transportation, (iii) civil liability, (iv) Cyber and (v) Crime. The all-risk policy insures assets for hydrometeorological events, hurricanes and other weather

conditions, earthquakes, equipment breakdown, fire, among other catastrophes. Transportation policies offer coverage for all import and export equipment, whether shipped by air, land and or sea. There are also civil liability policies, which provide coverage for damages to third parties and insure goods, products and people, including advisors and managers, in addition to professional civil liability for technology services. Cyber policies are to protect and restore damage to data and systems, cyber extortion, regulatory fines, business interruption, data confidentiality and third-party liability caused by ransomware, phishing, spyware, malware, among others and crime that also restores the financial damage of all the above as well as financial losses due to internal or external fraudulent acts. In addition, as required, insurance policies are contracted to comply with local regulations or specific needs, such as commercial automobiles, workers' compensation and employee practices. Axtel considers that the insurance coverage is reasonable in amount and consistent with industry standards and do not anticipate having any difficulties in renewing any of its insurance policies.

2.15) Judicial, Administrative and other Legal Proceedings

As of December 31, 2024, there are the following commitments and contingencies with respect to Axtel and subsidiaries:

I. Contingencies of Axtel, S.A.B. de C.V.

a. Radiomóvil Dipsa, S. A. de C. V. (Telcel).

2019 rates

- i. An amparo lawsuit, regarding ITX and virtual mobile networks, where Axtel is recognized as an interested third party.
- ii. January 2019: The Company received a notice of judgment filed by Telcel against the rates determined by the Federal Telecommunications Institute ("IFT", for its acronym in Spanish), in terms of ITX and as Axtel's Virtual Mobile Operator ("OMV", for its acronym in Spanish), for the period of 2019.
- iii. Current status: Case closed in August 2024 in favor of Axtel.

2020 rates

- i. An amparo lawsuit, regarding ITX and virtual mobile networks, where Axtel is recognized as an interested third party.
- ii. January 2020: The Company received a notice of judgment filed by Telcel against the rates determined by the IFT, in terms of ITX and as Axtel's OMV, for the year 2020.
- iii. Current status: In second instance, given the precedents resolved by the SCJN, the outlook is favorable.

2021 rates

- i. An amparo lawsuit regarding ITX and virtual mobile networks, where Axtel is recognized as an interested third party.
- ii. January 2021: The Company received a notice of judgment filed by Telcel against the rates determined by the IFT, in terms of ITX and as Axtel's OMV, for the year 2021.
- iii. Current status: First instance, appeal denied to Telcel (2023), review in progress, an adhesion contract was presented, the outlook is favorable given the precedents of the SCJN.

2022 Rates

- i. An amparo lawsuit regarding ITX, where Axtel is recognized as an interested third party.
- ii. January 2022: The Company received a notice of judgment filed by Telcel against the rates determined by the IFT, in terms of ITX, for the year 2022.
- iii. Current status: Given the precedents resolved by the SCJN, the outlook is favorable.

2023 Rates

- i. An amparo lawsuit, regarding ITX, where Axtel is recognized as an interested third party.
- ii. January 2023: The Company received a notice of judgment filed by Telcel against the rates determined by the IFT, in terms of ITX, for the year 2023.
- iii. Current status: First instance denied the appeal requested by Telcel, review in progress, an adhesion contract was presented, the outlook is favorable given the precedents of the SCJN.

2024 Rates

- i. An amparo lawsuit regarding ITX, where Axtel is recognized as an interested third party.
- ii. December 2023: The Company received a notice of judgment filed by Telcel against the rates determined by the IFT, in terms of ITX, for the year 2024.
- iii. Current status: In first instance, given the precedents resolved by the SCJN, the outlook is favorable

As of the date of issuance of the Audited Financial Statements, the Company and its advisers consider that the rates will prevail based on the resolutions obtained before the IFT, especially since the precedents resolved by the SJCJN are favorable to Axtel's interests, therefore, it is estimated that there is no longer an adverse scenario.

As of the date of issuance, Axtel has recognized and paid the cost based on the rates determined by the IFT, and there are no provisions associated with this contingency.

b. Grupo Telefónica.

2018 rates

- i. Two amparo lawsuits, regarding ITX and virtual mobile networks, where Axtel is recognized as an interested third party.
- ii. January 2018: The Company received two notices of judgment filed by Telefonica against the rates for the 2018 period determined by the IFT.
- iii. June 2018: the Company was notified of an amparo lawsuit filed by Telefonica against OMV's ITX rates for the period of 2018, determined by the IFT.
- iv. Current status: Both cases closed in April 2024 in favor of Axtel.

2019 rates

- i. An amparo lawsuit, regarding ITX and virtual mobile networks, where Axtel is an interested third party.
- ii. June 2019: the Company was notified of a lawsuit filed by Telefonica against the rates for the period of 2019, determined by the IFT.
- iii. Current status: Case closed in May 2024 in favor of Axtel.

2020 rates

- i. Two amparo lawsuits, regarding ITX and virtual mobile networks, where Axtel is an interested third party.
- ii. June 2020: the Company was notified of a lawsuit filed by Telefonica against the rates for the year 2020, determined by the IFT.
- iii. Current status: Case closed in February 2024 in favor of Axtel.

As of the date of issuance of the Audited Financial Statements, the Company and its advisers consider that the rates will prevail based on the resolutions obtained before the IFT, especially since they have precedent in the Máximo Tribunal, therefore, it's estimated that an adverse scenario no longer exists.

The Company has recognized and paid the cost based on the rates determined by the IFT, and there are no provisions associated with this contingency.

c. Telmex & Telnor.

2024 rates

- i. A lawsuit regarding ITX / OMV, Axtel is recognized as an interested third party.
- ii. December 2023: The Company was notified of an amparo lawsuit against the rates for the year 2024, determined by the IFT.
- iii. Current status: Trial in first instance, given the precedents resolved by the SCJN, the outlook is favorable.

As of December 31, 2024, the Company and its advisers consider that the rates will prevail based on the resolutions obtained before the IFT, especially since there are favorable precedents in the Máximo Tribunal and a series of litigation precedents favorable to Axtel, therefore, it is estimated that an adverse scenario no longer exists.

As of the date of issuance of Audited Financial Statements, Axtel has recognized and paid the cost based on the rates determined by the IFT, and there are no provisions associated with this contingency.

II. Commitments of Alestra Servicios Moviles.

a. Radiomovil Dipsa, S. A. de C. V. (Telcel).

2022 rates

- i. An amparo lawsuit in matters of ITX and virtual mobile networks, where Alestra Servicios Moviles (ASM) is recognized as an interested third party.
- ii. January 2022: The Company received a notice of judgment filed by Telcel against the rates determined by the IFT, in terms of ITX and ASM's OMV, for the year 2022.
- iii. Current status: First instance favorable, second instance in progress. Given the precedents of the SCJN, the outlook is favorable.

2023 rates

- i. An amparo lawsuit, in matters of ITX and virtual mobile networks, Alestra Servicios Moviles (ASM) is recognized as an interested third party.
- ii. January 2023: The Company received a notice of judgment filed by Telcel against the rates determined by the IFT, in terms of ITX and ASM's OMV, for the year 2023.
- iii. Current status: First instance favorable, second instance in progress. Given the precedents of the SCJN, the outlook is favorable.

2024 rates

- i. An amparo lawsuit in matters of ITX and virtual mobile networks, where Alestra Servicios Moviles (ASM) is recognized as an interested third party.
- ii. December 2023: The Company received a notice of judgment filed by Telcel against the rates determined by the IFT, in terms of ITX and ASM's OMV, for the year 2024.
- iii. Current status: In first instance, given the precedents resolved by the SCJN, the outlook is favorable.

As of the date of issuance of Audited Financial Statements, the Company and its advisers consider that the rates will prevail based on the resolutions obtained before the IFT, especially since the precedents resolved by the SJCN are favorable to ASM's interests, therefore, it is estimated that there is no longer an adverse scenario.

Axtel has recognized and paid the cost based on the rates determined by the IFT, and there are no provisions associated with this contingency.

III. Strategic Commercial Litigation.

a. Litigation between Axtel and Integradores y Operadores del Norte S. A. de C. V.

In 2007, Axtel hired Integradores y Operadores del Norte S.A. de C.V. (ION).

In 2017, ION filed a lawsuit asking for Axtel to pay \$113,000 for services, interest, damages and costs. In October 2020, ION obtained a favorable protection, managing to modify the sentence in his favor to collect \$12,199. The Company has made the corresponding reserve to face this contingency.

In 2022, the Company obtained an amparo ruling in its favor, modifying the sentence against it.

In December 2024, a new judgment was issued in compliance with an injunction granted to ION condemning Axtel. Resolutions of new appeals against said judgment filed by the Company will remain pending; considering that the effects of the contested judgment are contradictory and reiterate aspects already judged that favored the Company, a suspension has been granted with the purpose of not executing the established sentence.

b. Compensatory Procedures in the Federal Superior Auditors ("ASF" for its acronym in Spanish)

In May 2019, the ASF determined a compensation liability of \$34.1 million against S&C Constructores de Sistemas, S.A. de C.V., which was disputed by the TFJA.

With respect to the aforementioned, in March 2023, the Tax Administration Service ("SAT" for its acronym in Spanish) calculated an updated amount and surcharges of \$45.2 million, a determination that was challenged by an administrative lawsuit, which is currently suspended. The tax credit is guaranteed.

In this regard, the Company and its advisors consider a big possibility of obtaining a highly favorable outlook for both litigations given the ruling issued by the SCJN.

c. Litigation between Axtel and Secretariat of Welfare

In 2022, Axtel filed an annulment lawsuit before the Federal Court of Administrative Justice, against the Secretariat of Welfare, in which a payment of \$24.3 million is claimed for the provision of services in the year 2020, in addition to financial expenses.

The matter concluded favorably in the first and second instance for Axtel; a review is currently being processed to improve the scope of the ruling.

In this sense, the Company and its advisers consider the possibility of obtaining a result with favorable prospects for said trial.

IV. Other contingencies and notes:

The Company is involved in various lawsuits and claims, derived from the normal course of its operations, which are expected not to have a significant effect on its financial position and future results, and provisions, were recorded in the books associated with these contingencies.

2.16) Capital Stock

Subscribed and Paid in Capital

In accordance with the provisions of the LMV, Axtel may issue different series of non-voting shares, limited voting shares and other restricted corporate rights. The shareholders' meeting that decides on the issuance of such series of shares shall determine the rights that will correspond to the new series of shares.

Since the Company is a public stock company with variable capital, its capital stock must be made up of a fixed portion and may have a variable portion. As of the date of this Annual Report, the capital stock of Axtel, being the fixed minimum with no right to withdrawal is the amount of *encuentra* Ps. \$446'276,559.83, represented by 19,460'372,893 ordinary, nominative shares, without expression of nominal value, of Class "I" Series "B", fully subscribed and paid; and does not have shares issued or subscribed in its variable part. Axtel and its subsidiaries may not own Shares representing Axtel's capital stock, notwithstanding the foregoing, in certain cases, the Company may repurchase its own Shares.

As of December 31, 2024, there were 363,818,224 shares in Axtel's treasury, equivalent to 51,974,032 AXTELCPOs, from the share repurchase program, of which their cancellation was approved at the Extraordinary General Shareholders' Meeting held on March 18, 2025. As of the date of this Annual Report, Axtel is taking the necessary steps to request the shares and AXTELCPOs registration update in the National Securities Registry; see section 1.3) Recent relevant events.

Repurchase of Shares

In accordance with the provisions of the LMV, the Company's bylaws provide for the possibility for Axtel to acquire its own shares on the BMV at the quoted market price at that time. The Repurchase of Shares will be on the account of the stockholders' equity of the Company if the Shares stay in possession of Axtel, or on the account of the capital stock if the repurchased Shares are converted into treasury shares. The ordinary general meeting of shareholders will have to approve the total amount destined for the purchasing of own Shares for each fiscal year, amount which shall not exceed the total amount of net income of the Company, including the retained earnings. The Board of Directors must designate the persons responsible for carrying out said repurchase of Shares, as well as their sale. The repurchased Shares shall not be represented at the shareholders' meetings. The repurchase of Shares will be carried out and will be reported and disclosed in accordance with applicable legal provisions.

At the Ordinary General Shareholders' Meeting held on March 18, 2025, it was approved, among other matters, Ps. \$100 million as the maximum amount that may be allocated to the purchase of own shares during fiscal year 2025.

At the Ordinary General Shareholders' Meeting held on March 8, 2024, it was approved, among other matters, Ps. \$100 million as the maximum amount that may be allocated to the purchase of own shares during fiscal year 2024. For 2024, repurchases totaled 334,879,853 shares, representing a Ps. \$60.8 million fund reduction.

At the Ordinary General Shareholders' Meeting held on March 7, 2023, it was approved to create a reserve for shares repurchase of Ps. \$100 million. Additionally, it was resolved that such maximum amount of resources remain in force during the following fiscal years, unless an Ordinary Shareholders' Meeting resolves to allocate a different amount for own shares purchasing. For the year 2023, repurchases were carried out for a total of 28,938,371 shares, which represented a decrease of Ps. \$4.0 million in the fund.

At the Ordinary General Shareholders' Meeting held on March 7, 2022, it was approved to create a reserve for the repurchase of shares of Ps. 200 million. Additionally, it was resolved that said maximum amount of resources remains in force during the following fiscal years, unless an Ordinary Shareholders' Meeting resolves to allocate a different amount to the purchase of its own shares. For the year ended 2022, no share repurchases were made.

As of December 31, 2024, 2023 and 2022, the balance of the reserve for the repurchase of share is Ps. \$39 million, Ps. \$96 million and Ps. \$200 million, respectively.

Movements on the number of common shares of the Company during the year was as follows:

	Number of shares
Shares as of December 31, 2021	19,824,236,117
Repurchase of shares in 2022	0
Shares as of December 31, 2022	19,824,236,117
Repurchase of shares in 2023	28,938,371
Shares as of December 31, 2023	19,795,297,746
Repurchase of shares in 2024	334,879,853
Cancellation of shares in 2024	45,000
Final balance as of December 31, 2024	19,460,372,893

Variations in the Capital Stock of the Company in the last three years

As of December 31, 2024, there were 363,818,224 shares in Axtel's treasury, equivalent to 51,974,032 AXTELCPOs, from the share repurchase program, of which their cancellation was approved at the Extraordinary General Shareholders' Meeting held on March 18, 2025. As of the date of this Annual Report, Axtel is taking the necessary steps to request the shares and AXTELCPOs registration update in the National Securities Registry; see section 1.3) Recent relevant events.

At the extraordinary General Shareholders' Meeting, on March 8, 2024, the cancellation of 45,000 Class "I" Series "B" shares, not subscribed or paid, was approved, which were deposited in the Company's treasury to support the conversions of the convertible obligations, as a result that its owners did not exercise the respective conversion right and having been paid the entirety of such obligations.

As a consequence of such cancellation of shares, it was resolved to reduce the fixed part of the capital stock in Ps. \$1,031.96; amount equal to the theoretical value of the cancelled shares, to leave the fixed part of the capital stock at Ps. \$454'619,850.35.

At the Extraordinary General Shareholders' Meeting held on March 7, 2022, it was approved to cancel 424,991,364 ordinary shares, Class I, Series "B" representing the Company's capital stock, equivalent to 60,713,052 AXTELCPOs, from the acquisition program of own shares that were in the treasury of the Company.

As a consequence of the foregoing, the reduction of the capital stock in its fixed part in the amount of \$9.7 million was resolved, an amount that is equal to the theoretical value of the canceled shares.

2.17) Dividends

In accordance with Mexican law, the power to decree dividends is reserved to the Company's shareholders, meeting in a general assembly, and subject to compliance with certain quorum requirements. Generally, the dividend decree is based on a recommendation made by the Company's Board of Directors, although such recommendation is not required by law. Additionally, in accordance with Mexican legislation, the Company can only pay dividends charged to retained earnings reflected in the financial statements approved by the shareholders' meeting once the losses of previous years have been amortized and after setting aside at least 5% of its net income (after profit sharing and other mandatory deductions under Mexican law) to constitute a legal reserve until the amount thereof is equivalent to at least 20% of its capital stock.

The amount and payment of future dividends will be subject to the provisions of the law and will depend on the factors that the Board of Directors or the Assembly of Shareholders of the Company deem appropriate to take into consideration, including the results of operation, the financial situation, the capital needs, investments in acquisitions and other growth opportunities, legal restrictions, contractual restrictions established in the contracts and other documents related to the debt instruments issued by it or issued in the future, as well as the capacity of the subsidiaries of the Company to generate and channel resources to the latter. Said factors may limit or prevent the payment of dividends in the future and may be taken into consideration both by its Board of Directors when recommending, and by the Shareholders' Meeting when approving, any payment of dividends in the future.

In addition, the Company's credit agreements may contain provisions that limit the Company's ability to declare or pay cash dividends.

Currently, the Board of Directors of the Company does not contemplate adopting a fixed dividend policy. In any case, the dividends that it decrees and pays could be limited by its operating and financial results, including those derived from extraordinary events, as well as by the risks described in the "Risk Factors" section of this Annual Report, which could affect the financial situation and liquidity of the Company. In this context, the Company cannot guarantee that it will pay dividends in the future, nor the amount thereof in case they were paid.

3. FINANCIAL INFORMATION

Concept (in thousands of pesos)	2024	2023	2022
Revenues	11,556,488	10,955,886	10,479,596
Gross profit (loss)	6,164,659	5,686,578	5,315,571
Operating profit (loss)	1,334,348	575,741	173,872
Net profit (loss)	(691,193)	314,306	(38,814)
Net profit (loss) per share	(0.035)	0.016	(0.002)
Property and equipment acquisition	(1,301,509)	(1,340,407)	(1,331,461)
Depreciation and amortization	2,275,177	2,450,587	2,806,263
Total assets	17,236,246	16,709,153	18,351,397
Total long-term liabilities	12,032,346	11,274,505	12,251,419
Acc. Receivables Rotation	6.05	6.59	6.22
Acc. Payables Rotation	5.52	4.96	4.62
Inventory Rotation	57.73	54.69	62.91
Total Capital	2,350,690	3,116,835	2,850,407
Cash dividends per share	0	0	0

3.1) Selected Financial Information

On January 1, 2012, the Company adopted International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") as its accounting framework to prepare and present its Audited Financial Statements.

Some of the figures included in this Report were rounded to facilitate their presentation. The percentages included in this Report are not necessarily calculated based on rounded figures, but in some cases are based on non-rounded figures. For this reason, it is possible that some of the percentages included in this Report are different from those that would be obtained in the corresponding calculation based on the figures included in the Audited Financial Statements. In addition, it is possible that some of the figures included in this Report do not equal the arithmetic sum of the corresponding items due to rounding.

The following table contains a summary of the consolidated financial information as of December 31, 2024, 2023 and 2022 and for the years then ended, derived from the information contained in the audited consolidated Audited Financial Statements attached to this Annual Report.

The information presented below should be read in conjunction with "Management's Comments and Analysis on the Financial Situation and Results of Operations" and the Audited Financial Statements and notes attached to the Annual Report.

(in million pesos)

	Years ended December 31,		
	2024	2023	2022
Income Statement			
Revenues	11,556.5	10,955.9	10,479.6
Operating costs and expenses ⁽¹⁾	(10,222.1)	(10,380.1)	(10,305.7)
Operating Income	1,334.3	575.8	173.9
Interest expense, net	(1,206.9)	(977.9)	(772.2)
Exchange (loss) gain, net	(1,212.8)	655.4	511.3
Profit (Loss) gain before taxes	(1,085.4)	253.3	(87.0)
Income Taxes	394.2	61.0	48.2
Net (Loss) Profit	(691.2)	314.3	(38.8)
(Loss) Profit per share:			
(Loss) Profit per basic share: Basic and diluted	(0.035)	0.016	(0.002)
Weighted average of common outstanding shares (in millions):	19,694.5	19,809.6	19,824.2
Dividends decreed per share	—	—	—
Other Financial information:			
Depreciation, amortization and impairment of long-life assets	2,317.4	2,466.6	2,837.1
EBITDA ⁽²⁾	3,669.1	3,429.9	3,011.0
EBITDA as percentage of revenues	31.7%	31.3%	28.7%

- (1) Cost of sale and services, plus administrative and selling expenses, plus depreciation and amortization, plus other operating income (expenses).
- (2) For the purposes of the Company, it has been defined as the result of adding to the operating (loss) income, the depreciation and amortization and impairment of assets. Not audited.

(in million pesos)

	Years ended December 31,		
	2024	2023	2022
Statement of Cash Flows:			
Net Cash Flow from:			
Operating Activities	3,284.4	2,809.9	3,207.9
Investing Activities	(1,160.6)	(1,310.8)	(1,207.3)
Financing Activities	(2,191.5)	(1,731.0)	(2,040.3)
(Net decrease) Net increases in cash or cash equivalents	(67.7)	(231.9)	(39.7)

(in million pesos)

	Years ended December 31,		
	2024	2023	2022
Balance Sheet:			
Cash and equivalents	1,255.7	1,207.2	1,542.8
Net working capital ⁽³⁾	807.4	655.6	183.1
Total Assets	17,236.2	16,709.2	18,351.4
Total Debt	11,261.7	10,630.5	11,881.1
Total Liabilities	14,885.6	13,592.3	15,501.0
Total stockholders' equity	2,350.7	3,116.8	2,850.4
Net Assets ⁽⁴⁾	8,310.1	8,909.2	9,227.2
Capital common stock	454.6	454.6	454.6
Weighted average of outstanding shares (millions)	19,694.5	19,809.6	19,824.2

- (3) Net Working Capital is calculated by subtracting cash and equivalents, accounts payable, payable taxes and other accounts payable from current assets.
- (4) Net assets is calculated by adding net working capital to property, plant and equipment.

3.2) Financial Information per Line of Business

The Company's Board of Directors and the CEO evaluate the Company's performance by monitoring the results by segment and by type of service.

(in million pesos)	2024				2023				2022			
	1 Trim	2 Trim	3 Trim	4 Trim	1 Trim	2 Trim	3 Trim	4 Trim	1 Trim	2 Trim	3 Trim	4 Trim
TOTAL REVENUES	2,649	2,742	2,869	3,298	2,746	2,631	2,782	2,798	2,547	2,544	2,736	2,652
WHOLESALE	426	426	420	491	445	462	475	407	400	490	586	457
ENTERPRISE	2,009	2,089	2,115	2,271	1,942	1,961	2,016	2,018	1,857	1,866	1,902	1,914
Standard Services	1,271	1,269	1,282	1,284	1,233	1,225	1,223	1,216	1,214	1,198	1,218	1,225
Value-added	284	332	313	320	250	277	302	319	241	281	243	271
Digital Transformation	454	487	519	666	459	459	491	483	402	387	441	418
Government:	214	227	333	536	358	208	291	372	290	188	249	281
Standard Services	83	89	94	98	97	116	119	92	124	86	92	147
Value-added	62	61	166	280	205	58	112	188	85	41	104	88
Digital Transformation	68	78	73	158	56	34	59	92	81	61	53	46
COSTS & OPERATING EXPENSES⁽¹⁾	(1,852)	(1,927)	(2,051)	(2,098)	(2,072)	(1,922)	(2,018)	(1,912)	(1,835)	(1,847)	(1,988)	(1,905)
Reorganization Charges	-	-	-	(17)	(189)	-	-	(198)	-	-	-	-
OTHER REVENUES (EXPENSES)	3	9	27	0	63	55	37	243	6	4	42	56

(1) Does not include depreciation, amortization and impairment of long-term assets.

Revenues

The Company obtains its revenues from the following categories:

Alestra (Services):

- (i) *Enterprise Segment:* The Company provides services to the enterprise segment, including medium and large companies, corporations and financial institutions.
 - *Standard:* The main services provided are:
 - *Voice:* Local and international long-distance calls to fixed and mobile phones, international traffic (transportation or termination of calls originated outside of Mexico), 800 number services and voice over IP, among others.
 - *Data and Internet:* Private lines, links and dedicated internet.
 - *VPN & Ethernet.*
 - *Value-added:* The main services provided are:
 - *Systems Integration*
 - *Managed services*
 - *Digital Transformation:* The Company generates revenues by providing cloud, cybersecurity, managed applications and collaboration services.
- (ii) *Government Segment:* The Company provides the same Standard, Value-added and Digital Transformation services previously described to federal, state and municipal government entities.

Axnet (Infrastructure):

The Company provides fixed (including Alestra) and mobile (national and international) operators, data center and tower operators, internet giants, a wide range of services based on its fiber optic network and spectrum, such as last-mile access, IP transit, fiber (dark and lit), fiber-to-the-tower, fiber-to-the-data center, spectrum and collocation.

The following table summarizes the revenues and percentage of revenues by business unit.

<i>(in million pesos)</i>	2024	2023	2022	2024	2023	2022
TOTAL REVENUES	11,556	10,956	10,480	100%	100%	100%
WHOLESALE	1,763	1,790	1,933	15%	16%	18%
ENTERPRISE	8,483	7,937	7,539	73%	72%	72%
Standard Services	5,107	4,897	4,856	44%	45%	46%
Value-added	1,250	1,148	1,037	11%	10%	10%
Digital Transformation	2,127	1,892	1,647	18%	17%	16%
GOVERNMENT	1,310	1,229	1,007	11%	11%	10%
Standard Services	364	424	448	3%	4%	4%
Value-added	569	563	318	5%	5%	3%
Digital Transformation	378	242	241	3%	2%	2%

Costs and Operating Expenses

The Company's costs are classified as follow:

- Cost of sales and services includes charges for leased lines, normally paid on a per circuit per month basis to last-mile access suppliers, interconnection costs, including local and resale access charges, paid on a per minute basis and payments to international operators paid on a per minute basis to complete international calls originated in Mexico. Also, costs related to billing, receipt of payments, operator services and private leased links.
- Operating expenses consist mainly of selling and administrative expenses, such as: wages and salaries, maintenance expenses, advertising, energy and fuel consumption, travel expenses, leasing expenses, professional fees, among others.
- Depreciation and amortization include the depreciation of all the telecommunications network infrastructure and equipment and the amortization of pre-operative expenses, as well as the cost of licenses for the use of radioelectric spectrum and others.

3.3) Relevant Credit Agreements

As of December 31, 2024, 2023 and 2022, the balance of Axtel's debt was Ps. \$11,262, Ps. \$10,631 million and Ps. 11,881 million, respectively. The following table shows the integration in million Pesos:

Description	As of December 31, 2023	As of December 31, 2023	As of December 31, 2022
Bank loan with Bancomext at TIIE + 2.1% maturing on August 31, 2028. Interests are payable quarterly.	\$3,026	\$ 3,026	\$ 3,026
Syndicated bank loan with nine financial institutions maturing on April 15, 2028. Interest payable quarterly at a rate of 3-month SOFR + 3.25% per year.	3,689	3,548	-
Syndicated bank loan with nine financial institutions maturing on April 15, 2028. Interest is payable monthly at a rate of TIIE 28 days + 3.25% per year.	842	972	-
Bilateral loan with Export Development Canada maturing on January 26, 2028. Interest is payable monthly at a rate of TIIE 28 days+ 3.55%.	2,027	1,689	-

Bilateral loan with the International Finance Corporation maturing on November 15, 2030. Interests payable quarterly SOFR 3M + 3.40%.	1,216	1,014	-
Senior Notes maturing on November 14, 2024. Interest is payable semi-annually at a rate of 6.375% per year.	-	-	7,788
Bilateral Credit with Export Development Canada maturing on June 24, 2024. Interest is payable monthly at a rate of TIE 28 days + 1.75%.	-	-	-
Bilateral Credit with Export Development Canada maturing on June 24, 2024. Interest is payable monthly at a rate of SOFR 1M + 2.00%.	-	-	523
Lease liabilities	274	261	321
Other credits	81	42	122
Accrued interest payable	173	172	104
Debt issuance costs	-66	-93	-53
TOTAL	\$11,262	\$10,631	\$11,881

In addition to short and long-term financial liabilities that are reflected in the Audited Financial Statements, the Company does not have any tax debts and the principal and interest payments have been made on time. There is no priority in the payment of the credits mentioned above.

Axtel's current long-term bank debt contracts contain restrictions, mainly in terms of compliance with certain financial ratios, including:

- Interest coverage ratio. Defined as profit before the financial result, income taxes, depreciation, and amortization for a period of the last four quarters, divided by the net financial expenses of the last four quarters. As of December 31, 2024, this factor cannot be less than 2.75 times.
- Leverage ratio. Defined at any time of its determination, as the result of dividing the consolidated net debt as of such date, by the profit before financial result, income taxes, depreciation and amortization for a period of the last four preceding quarters. As of December 31, 2024, this ratio should not exceed 3.75 times.

As of the date of this Annual Report, Axtel is in compliance with the obligations to do and not to do contained in its credit agreements. Said obligations, among other conditions and subject to certain exceptions, require or limit the ability of Axtel's subsidiaries to:

- Issue certain financial information;
- Maintain accounting books and records;
- Maintain the assets in adequate conditions;
- Comply with applicable laws, regulations and provisions;
- Incur additional indebtedness;
- Pay dividends;
- Grant liens on assets;
- Enter into operations with affiliates;
- Carry out a consolidation, merger or sale of assets, and;
- Enter into sales operations with a lease agreement (*sale and lease back*).

3.4) Management's Discussion and Analysis on the Company's Operating Results and Financial Situation

The operating results for the years ended December 31, 2024, 2023 and 2022 are presented below, as well as the financial situation as of December 31, 2024, 2023 and 2022.

3.4.1) Operating results for the years ended December 31, 2024 and December 31, 2023

Revenues

Total revenues for 2024 reached Ps. 11,556 million, representing a 5.5% increase compared to Ps. 10,956 million in 2023, due to increases of 6.9% and 6.5% in the Enterprise and Government segments, respectively, which offset a 1.5% decrease in the Wholesale segment.

The Company's revenues come from the following segments according to the market they serve:

Enterprise Segment

Revenues for 2024 reached Ps. \$8,483 million, an increase of 6.9% compared to Ps. \$7,936 million in 2023, posting growth across all business lines, driven by the commercial strategy focused on selected business lines and verticals or selected industries.

Standard Services. Revenues for 2024 totaled Ps. \$5,107 million, an increase of 2.6% compared to Ps. \$4,977 million in 2023, largely due to a 4.4% growth in *connectivity* from multi-year contracts with new customers and additional services with existing customers. However, this was partially mitigated by a 6.6% decline in *voice*, which represented 8% of total enterprise segment revenues in 2024.

Value Added. Revenues for 2024 totaled Ps. \$1,250 million, an 8.9% increase compared to Ps. \$1,148 million in 2023; this result was led by a 21.8% increase in *system integration* and a 3.9% growth in *managed services*. The increase was attributed to higher non-recurring equipment sales and incremental services for existing customers.

Digital Transformation. Revenues for 2024 reached Ps. \$2,127 million, 17.4% higher than Ps. \$1,812 million in 2023, primarily as a result of combined growth of 33.4% in *cybersecurity* and *cloud* solutions, related to incremental services for existing customers and extraordinary licensing and equipment sales.

Government Segment

Revenues for 2024 were Ps. \$1,310 million, a 6.5% increase compared to Ps. \$1,230 million in 2023, primarily driven by a 16.8% increase in recurring revenues. In 2024, the government segment successfully renewed 99% of the contracts expiring during the year.

Standard Services. Revenues for 2024 represented Ps. \$364 million, a 17.7% decrease compared to Ps. \$442 million in 2023, primarily due to a decrease in *connectivity* solutions.

Value Added. Revenues for 2024 were Ps. \$569 million, a 0.9% increase compared to Ps. \$563 million in 2023, as the increase in *system integration* revenues was offset by a decrease in *managed services*.

Digital Transformation. Revenues for 2024 reached Ps. \$378 million, a 68.6% increase compared to Ps. \$224 million in 2023, driven by significant growth in *cybersecurity* and *collaboration* solutions.

This increase was attributed to additional services for federal and local governments, as well as low-margin, non-recurring projects.

Wholesale Segment

Revenues for 2024 reached Ps. \$1,763 million, reflecting a 1.5% decrease compared to Ps. \$1,790 million in 2023. The decrease is due to the phase-out of continuity services related to the 2019 mass market divestment and lower wholesale connectivity access revenues from multinational operators, which offset the growth in up-front dark fiber contract revenues. Adjusting for the termination of continuity services, 2024 revenues grew 1.9%.

Gross profit

Gross profit is defined as sales minus cost of revenues. For the year 2024, gross profit was Ps. \$6,165 million, 8.4% greater than 2023. Gross profit by segment, without considering the depreciation and amortization cost of sales, is explained below.

Enterprise. Gross profit for 2024 recorded Ps. \$6,179 million, a 7.2% year-over-year increase, in line with revenue growth.

Government. Gross profit for 2024 reached Ps. \$542 million, a 1.3% increase compared to 2023. However, this growth was lower than the increase in revenues, primarily due to a higher level of low-margin extraordinary projects.

Wholesale. Gross profit for 2024 totaled Ps. \$1,430 million, a 3.8% year-over-year decrease, reflecting the revenue trend.

Operating expenses and Other income (expenses)

Selling and administrative expenses reached Ps. \$4,822 million in 2024, a 5.5% decrease compared to 2023. Selling, and administrative expenses, excluding depreciation and amortization, decreased 4.7%, explained by lower bad debt provisions in Axnet, partially compensating for increases in personnel expenses and tower leases. Other income (expenses) in 2024 was Ps. \$(8) million, compared to Ps. \$(6) million (including Ps. \$388 million of an extraordinary reorganization charge) in 2023. Excluding asset impairment and reorganization expenses, other income in 2024 was Ps. \$34 million, compared to Ps. \$398 million in 2023, a decrease of Ps. \$364 million.

EBITDA

Comparable EBITDA for 2024 was Ps. \$3,669 million (excluding extraordinary reorganization expenses), a 7.0% increase compared to Ps. \$3,430 million in 2023, driven by higher gross profit and lower operating expenses, as well as a decrease in other income. The margin increased from 31% in 2023 to 32% in 2024.

Operating Income

Operating income for 2024 amounted to Ps. \$1,334 million compared to Ps. \$576 million in 2023, a 132% increase explained by a higher EBITDA, along with a lower depreciation and amortization.

Comprehensive Financing Result

The comprehensive financing cost for 2024 of Ps. \$2,420 million was significantly higher than a cost of Ps. \$322 million in 2023, explained by a foreign exchange loss of Ps. \$1,213 million in 2024 compared to a foreign exchange gain of Ps.

\$655 million in 2023, coupled with a 72% drop in interest income as a result of the benefit from the US\$89 million Senior Notes repurchase in 2023.

Taxes

In 2024, income tax represented a tax benefit of Ps. \$394 million, compared to a tax benefit of Ps. \$61 million in 2023. The variation is primarily due to the recognition of the inflation effects on the company's assets and the increase in deductible interest for future periods.

Net income (Loss)

In 2024, the company recorded a net loss of Ps. \$691 million, compared to a net income of Ps. \$314 million in 2023.

Capital Investments

For 2024, capital expenditures on acquisitions of property, plant and equipment, and intangible assets totaled Ps. \$1,302 million, a 2.9% decrease compared to Ps. \$1,340 million in 2023. Capex as a percentage of total revenues reached 11% in 2024, compared to 12% a year ago.

Operating results for the years ended December 31, 2023 and December 31, 2022

Revenues

Full-year 2023 revenues totaled Ps. \$10,956 million, a 4.5% gain compared to Ps. \$10,480 million during 2022, due to 5.3% and 22.1% increases in Enterprise and Government segment revenues, respectively, mitigating a 7.4% decrease in the Wholesale segment.

The Company's revenues come from the following segments according to the market they serve:

Enterprise Segment

During 2023, revenues from the Enterprise Segment totaled Ps. \$7,936 million, a 5.3% increase compared to Ps. \$7,539 million during 2022, mainly driven by increases of 10.7% and 14.9% in value-added services and digital transformation, respectively.

Standard Services. In 2023, Standard Services revenues totaled Ps. \$4,897 million, a marginal increase of 0.8% compared to Ps. \$4,856 million during 2022, due to a 3.5% gain in connectivity and hosting revenues, mitigated by a 12.7% decrease in voice, which represented 9% of total Enterprise revenues in 2023, compared to 11% in 2022.

Value-Added Services. Value-Added revenues in the Enterprise Segment in 2023 totaled Ps. \$1,148 million, representing a 10.7% gain in comparison to Ps. \$1,037 million during 2022, due to an increment of 28.7% in managed services, mitigated by an 18.5% decrease in system integration.

Digital Transformation. During 2023, revenues totaled Ps. \$1,892 million, a 14.9% gain compared to Ps. \$1,647 million during 2022, showing a positive performance across all its business lines, particularly cybersecurity and cloud.

Government Segment

Government Segment revenues during 2023 totaled Ps. \$1,230 million, compared to Ps. \$1,007 million during 2022, a 22.1% increase, evidencing the success of the strengthened commercial vision and Government segment team, implemented more than a year ago.

Standard Services. In 2023, revenues totaled Ps. \$424 million, representing a 5.4% decrease compared to 2022, mainly due to a decline in Data and Internet solutions, partially mitigated by higher revenues from VPN and Ethernet services.

Value-Added Services. During 2023, revenues totaled Ps. \$563 million, 77.4% greater compared to 2022, due to a strong increase in system integration solutions.

Digital Transformation. Digital Transformation revenues in the Government Segment for 2023 totaled Ps. \$242 million, remaining unchanged compared to 2022.

Wholesale Segment (Infrastructure)

Full-year 2023 revenues totaled Ps. \$1,790 million, a 7.4% decrease compared to Ps. \$1,933 during 2022, mainly explained by a decline in wholesale connectivity access revenues with multinational operators and a lower level of up-front, dark fiber contract revenues.

Gross profit

Gross profit is defined as sales minus cost of revenues. For the year 2023, gross profit was Ps. \$5,687 million, 7.0% greater than 2022. Gross profit by segment, without considering the depreciation and amortization cost of sales, is explained below.

Enterprise. Gross profit in 2023 was Ps. \$5,765 million, a 4.3% increase compared to 2022, in line with revenues.

Government. Gross profit in 2023 totaled Ps. \$535 million, a 5.1% decrease compared to 2022. This is explained by higher non-recurring low-margin revenues and cancelations of excess cost provisions during 2022.

Wholesale. Gross profit was Ps. \$1,487 million, a 6.9% decline year-over-year; aligned with the drop in revenues.

Operating expenses and Other income (expenses)

Selling and administrative expenses reached Ps. \$5,105 million in 2023, a 2.2% decrease compared to 2022. Selling and administrative expenses, excluding depreciation and amortization, decreased 0.6%, mainly due to a decline in bad debt provisions with a mobile wholesale operator customer recorded in 2022, mitigated by increases in personnel and tower lease expenses due to inflationary pressures in 2023.

Other income (expenses) in 2023 was Ps. \$(6) million (including an extraordinary reorganization charge of Ps. \$388 million), compared to Ps. \$76 million a year ago. Excluding asset impairment and reorganization expenses, other income in 2023 was Ps. \$398 million, compared to Ps. \$107 million in 2022, an increase of Ps. \$290 million.

EBITDA

Full-year 2023 Comparable EBITDA totaled Ps. \$3,430 million, excluding Ps. \$388 million extraordinary reorganization expenses, a 13.9% increase compared to Ps. \$3,011 million in 2022, explained by the increase in gross profit, decrease in expenses, and increase in other income, as previously mentioned. Margin increased from 29% in 2022 to 31% in 2023.

Operating Income

Full-year 2023 operating income totaled Ps. \$576 million compared to Ps. \$174 million in 2022, the increase is explained by lower D&A and higher Comparable EBITDA, partially mitigated by the extraordinary reorganization expenses in 2023 previously mentioned.

Comprehensive Financing Result

Full-year 2023 comprehensive financial cost of Ps. \$322 million was 24% higher than Ps. \$261 million cost in 2022, explained by a 17% increment in interest expense, mainly explained by the 2024 Senior Notes refinancing, including the redemption premium in July and higher interest rates. This was partially compensated by a higher FX gain of Ps. \$655 million in 2023 compared to Ps. \$511 million in 2022.

Taxes

During 2023, income tax represented a benefit in taxes of Ps. \$61 million, compared to a tax benefit of Ps. \$49 million in 2022. The variation is mainly due to the recognition of the effects of inflation in the Company's assets and an increase in provisions for liabilities.

Net Profit

For 2023, net profit was Ps. \$314 million, compared to a net loss of Ps. \$39 million in 2022.

Capital Investments

For the year 2023, the capital investment in acquisitions of property, plant and equipment and intangibles totaled Ps. \$1,340 million, a 3.8% increase compared to Ps. \$1,291 million in 2022. Capex as a percentage of total revenues reached 12% in 2023, the same as the previous year.

3.4.2) Financial Position as of December 31, 2024 and as of December 31, 2023

Assets. As of December 31, 2024, total assets amounted Ps. \$17,236 million compared to Ps. \$16,709 million as of December 31, 2023, an increase of Ps 527 million, or 3%.

Cash and equivalents. As of December 31, 2024, cash and equivalents totaled Ps. \$1,256 million compared to Ps. 1,207 million as of December 31, 2023, an increase of Ps. \$49 million, or 4%.

Accounts Receivable. As of December 31, 2024, accounts receivable totaled Ps. \$2,263 million compared to Ps. \$1,391 million as of December 31, 2023, an increase of Ps. 873 million, or 63%.

Property, systems and equipment, net. As of December 31, 2024, property, systems and equipment, net, were Ps. \$7,503 million compared to Ps. \$8,254 million as of December 31, 2023. Property, systems and equipment without discounting accumulated depreciation totaled Ps. \$49,874 million and Ps. 48,962 million as of December 31, 2024 and 2023, respectively.

Liabilities. As of December 31, 2024, total liabilities amounted to Ps. \$14,886 million compared to Ps. \$13,592 million as of December 31, 2023, an increase of Ps. \$1,293 million or 10%, mainly due to an increase in accounts payable and long-term debt.

Accounts payable. As of December 31, 2024, accounts payable amounted to Ps. \$1,938 million compared to Ps. \$1,361 million as of December 31, 2023, an increase of Ps. \$577 million, or 42%.

Debt. As of December 31, 2024, net debt was US \$497 million, a decrease of 12% or US \$66 million in comparison with 4Q23; comprised of a US \$33 million decrease in debt, a US \$43 million non-cash decrease in debt caused by a 17% depreciation of the Mexican peso year-over-year and a US \$10 million decrease in cash. Total debt reduction of US \$33 million year-over-year is explained by i) a US \$36 million decrease related to the partial prepayment of the syndicated bank loan with nine financial institutions; and ii) a US \$3 million increase in other loans and financial leases.

Stockholders' equity. As of December 31, 2024, the Company's stockholders' equity amounted to Ps. \$2,351 million compared to Ps. \$3,117 million as of December 31, 2023, a decrease of Ps. \$766 million or 25%. Capital stock was Ps. \$455 million as of both December 31, 2023 and December 31, 2024.

Cash Flow

As of December 31, 2024, cash flow from operating activities reached Ps. \$3,284 million, compared to a cash flow of Ps. \$2,810 million as of December 31, 2023.

As of December 31, 2024, the Company had generated (used) cash flows from investing activities for Ps. \$(1,161) million, compared to Ps. \$(1,311) million as of December 31, 2023. Investments in property, systems and equipment, and intangibles were Ps. \$(1,302) million as of December 31, 2024 and Ps. \$(1,340) million as of December 31, 2023.

As of December 31, 2024, cash flow (used in) generated by financing activities was Ps. \$(2,191) million, compared to Ps. \$(1,731) million as of December 31, 2023.

As of December 31, 2024, net debt to Comparable EBITDA ratio and the interest coverage ratio were 2.5x and 3.1x, respectively. Likewise, as of December 31, 2023 the net debt to EBITDA and interest coverage ratios were at 2.9x and 3.5x, respectively. Comparable EBITDA excludes extraordinary losses (gains), such as the expense related to organizational efficiencies.

Financial Position as of December 31, 2023 and as of December 31, 2022

Assets. As of December 31, 2023, total assets amounted Ps. \$16,709 million compared to Ps. \$18,351 million as of December 31, 2022, a decrease of Ps 1,642 million, or 9%.

Cash and equivalents. As of December 31, 2023, cash and equivalents totaled Ps. \$1,207 million compared to Ps. 1,543 million as of December 31, 2022, a decrease of Ps. \$336 million, or 22%.

Accounts Receivable. As of December 31, 2023, accounts receivable totaled Ps. \$1,391 million compared to Ps. \$1,194 million as of December 31, 2022, an increase of Ps. 196 million, or 16%.

Property, systems and equipment, net. As of December 31, 2023, property, systems and equipment, net, were Ps. \$8,254 million compared to Ps. \$9,044 million as of December 31, 2022. Property, systems and equipment without discounting accumulated depreciation totaled Ps. \$48,962 million and Ps. 48,412 million as of December 31, 2023 and 2022, respectively.

Liabilities. As of December 31, 2023, total liabilities amounted to Ps. \$13,592 million compared to Ps. \$15,501 million as of December 31, 2022, a decrease of Ps. \$1,909 million or 12%, due to a reduction in debt.

Accounts payable. As of December 31, 2023, accounts payable amounted to Ps. \$1,361 million compared to Ps. \$1,833 million as of December 31, 2022, a decrease of Ps. \$472 million, or 26%.

Debt. As of December 31, 2023, net debt was US \$563 million, an increase of 5% or US \$27 million in comparison with 4Q22; comprised of a US \$15 million decrease in debt, a US \$33 million non-cash increase in debt caused by a 15% appreciation of the Mexican peso year-over-year and a US \$8 million decrease in cash.

Total debt reduction of US \$15 million year-over-year is explained by i) a US \$402 million decrease related to the 2024 Senior Notes refinancing; ii) a US \$260 million increase related to the new 5-year syndicated bank loan with nine financial institutions; iii) a US \$100 million increase related to the 5-year bilateral loan with an export credit agency; iv) a US \$60 million increase related to the new 7-year bilateral loan with the International Finance Corporation; v) a US \$30 million decrease related to the prepayment of the committed facilities and vi) a US \$3 million decrease in other loans and financial leases.

Stockholders' equity. As of December 31, 2023, the Company's stockholders' equity amounted to Ps. \$3,117 million compared to Ps. \$2,850 million as of December 31, 2022, an increase of Ps. \$266 million or 9%. Capital stock was Ps. \$455 million as of both December 31, 2022 and December 31, 2023.

Cash Flow

As of December 31, 2023, cash flow from operating activities reached Ps. \$2,810 million, compared to a cash flow of Ps. \$3,208 million as of December 31, 2022.

As of December 31, 2023, the Company had generated (used) cash flows from investing activities for Ps. \$(1,311) million, compared to Ps. \$(1,207) million as of December 31, 2022. Investments in property, systems and equipment, and intangibles were Ps. \$(1,340) million as of December 31, 2023 and Ps. \$(1,291) million as of December 31, 2022.

As of December 31, 2023, cash flow (used in) generated by financing activities was Ps. \$(1,731) million, compared to Ps. \$(2,040) million as of December 31, 2022.

As of December 31, 2023, net debt to EBITDA ratio and the interest coverage ratio were 2.9x and 3.5x, respectively. Likewise, as of December 31, 2022 the net debt to EBITDA and interest coverage ratios were at 3.6x and 3.9x, respectively. Comparable EBITDA excludes extraordinary losses (gains), such as the expense related to organizational efficiencies.

Liquidity and Capital Resources applicable for years 2024, 2023 and 2022

On November 9, 2017, Axtel issued Senior Notes in the international market and listed on the Irish Stock Exchange under a private offering under Rule 144A and Regulation S of the Securities Law from 1933 of the United States of America for an amount of US\$500 million and that accrue interest at an annual coupon of 6.375% maturing in 7 years (the "Notes"). The proceeds were mainly used to prepay the existing debt related to the syndicated loan signed on January 15, 2016 and various transaction costs and expenses. In March 2021, Axtel prepaid US \$60 million of its Notes at a price of 104.781%, with the remaining resources from the data center sale transaction formalized in January 2020.

During the second semester of 2022, the Company made repurchases in the open market of its Notes for a total amount of US\$38 million with its own resources. Additionally, in January 2023, Axtel launched an offer to purchase up to US\$120 million of principal of its Notes. The company received and accepted offers from the holders for US\$89 million of principal of the Notes, with its own resources and from existing credit lines.

On January 26, 2023, the Company executed a US \$60 million bilateral loan with the International Finance Corporation (IFC), member of the World Bank Group, for a period of seven years, linked to commitments in environmental and

social matters. The resources of said loan, in addition to financing the strategic deployment of the Axtel's fiber optic network towards telecommunications towers and data centers, were used to prepay the total balance drawn from its revolving line with Export Development Canada for an amount of US \$40 million (for up to US \$50 million), and of which the Company was able to renew it for 3 additional years with a new expiration date in January 2027.

On December 16, 2024, and March 26, 2025, AXTEL partially prepaid its syndicated bank loan for US\$34 million and US\$39 million, respectively, with the Company's internally generated cash flow. This loan was reduced by 28% to US\$185 million, between dollars and pesos equivalent, while the Company's total debt decreased by 13%.

Although the Company believes that it will be able to meet its debt obligations and finance its operating needs in the future with the operating cash flow, the Company may periodically seek to obtain additional financing in the capital market depending on market conditions and its financial needs. The Company will continue to focus its investments on fixed assets and manage its working capital, including the collection of its accounts receivable and the management of its accounts payable.

Tax Liabilities

As of December 31, 2024, the Company did not have relevant tax liabilities.

Commitments regarding Capital Investments

As of December 31, 2024, the Company did not have relevant capital investment commitments.

Non-registered Relevant Transactions

As of December 31, 2024, the Company had no relevant off-record transactions in the Balance Sheet or the Income Statement. As of the date of this report, the Company is in compliance with the obligations to do and not to do contained in its credit agreements. For more information see section 2.15) *Judicial, Administrative or Arbitration Processes*.

3.4.3) Internal Control applicable to years 2024, 2023 and 2022

The Company, through its internal control department, has established adequate control policies and procedures that provide reasonable assure that all operations are carried out, accounted for and reported in accordance with the guidelines established by its management, in accordance with IFRS and its application criteria. The Company considers that its leading information technology platform, along with its organizational structure, provide the necessary tools to apply such policies and procedures correctly. Likewise, the Company has established and periodically applies internal auditing procedures to its different operating processes.

The Company's internal control is governed by several policies, procedures and controls (automated and manual), ranging from the delivery of services provided by the Company to the way in which goods and services required by the Company are acquired. The following describe some of the Company's internal policies:

- ***Expenses and Procurement Policy.*** The objective of this policy is to ensure that all costs or expenses incurred are consistent with the Company's interest and strategies and delegates its authorization to the executive level. This policy includes from the budget allocation that contemplates the expenditure in any concept, until the delivery of the good or service to be acquired, passing through a series of filters such as: the selection of a determined supplier, payment term agreed upon, the form of payment and its execution. The expense and investment budget is authorized at the corporate offices of the Company. The expense budget considers the concept of expenses, the form of requesting for authorization, as well as the levels of the executive personnel that should authorize. In the case of purchase of fixed assets, regardless of the amount, it will be authorized upon delivery of a capital investment authorization request ("SAIC" for its Spanish translation). Any project

that is not within the original budget will have to be authorized by Executive management level of the Company.

- **Accounting Policy.** It contemplates the general guidelines to ensure the correct and timely recording of quantitative transactions and estimates essential for the preparation of the Company's financial statements, attached and in accordance with IFRS.
- **Uncollectible Reserve Accounts Policy.** The objective of this policy is to supervise the collection of the accounts receivables portfolio and make the required provisions in a timely manner. This policy establishes the necessary requirements for the determination of the provision of uncollectible accounts and informs the accounting records to be carried out by means of certain provisions and the tax treatment to be applied at the time of the cancellation of the uncollectible accounts.
- **Treasury Policy.** Policy intended to properly plan and manage the financial resources necessary for Axtel to develop its operation and expansion plans and maintain effective relations with financial institutions and investors.
- **Financial Policy:** The Corporate Finance area will be responsible for anticipating, analyzing, obtaining when applicable, and managing the credit lines or financing required for the development of Axtel's operation and expansion plans, striving to optimize the terms, conditions and obligations established in the financing contracts. In adherence to Axtel's Financing Policy, it is the responsibility of the CFO with the support of the Investor Relations and Financing Manager: (i) to define the financing or refinancing strategy, as well as to negotiate and contract Corporate Financing with prior authorization from the Axtel Executive Committee or Axtel Board of Directors; (ii) for the drawdown and administration of the credit lines; (iii) for debt servicing and strict compliance in a timely manner with all contractual obligations; and (iv) for the definition of the banks and financial intermediaries with which operations must be conducted and the assignment of their roles and/or mandates.

Treasury Policies

Establishes the general framework of the Treasury that allows planning and adequate management of the necessary financial resources so that the Company can develop its operating and expansion plans and maintain effective relationships with financial institutions and investors.

General Guidelines

- **Cash Reserves.** - The Treasury Department will be responsible for having sufficient Cash Reserves to ensure the liquidity and solvency necessary to comply with the commitments related to the normal development of operations, those derived from capital investments and the financial obligations.
- **Risk-to-return ratio.** - Treasury activities should be focused on optimizing the risk-return ratio of Axtel's financial assets, in compliance with the guidelines defined in Axtel's General Treasury Policy and the obligations established in the financing agreements.
- **Risk Management:** The Treasury Department will be responsible for managing insurance and guarantees in accordance with the General Treasury Policy. On the other hand, the Corporate Finance and Investor Relations area will be responsible for the administration of the financial derivative instruments that hedge Axtel's financial position in accordance with the Financial Derivatives Guidelines Annex derived from Axtel's Financing Policy.
- **Cash flow planning.** - The Treasury department will have the responsibility to plan and regulate the available financial cash flow, based on the analysis of Cash Flow, the scheduling of expenditures, projected revenues and available financing alternatives.

- Payment to suppliers. - The Treasury Department will be responsible for planning and managing Axtel's Cash Reserves, to honor the payment terms agreed with suppliers, subject to receipt of the invoice with the established requirements by Axtel and according to the financial resources available.
- Contingency Measures. - If Cash Reserves do not ensure the minimum level of liquidity required to comply with Axtel's commitments, the Treasury Department will be responsible for submitting a plan to the Finance Executive Department to restore the minimum level.
- Waiver. - In the event that a waiver is anticipated due to non-compliance, the Corporate Financing area, with authorization from the Executive Finance Department, must immediately initiate the application process of requesting the waiver.
- Authorizations. - Only those officers of Axtel appointed by the General Shareholders' Meeting, filed through a Public Notary, or persons empowered in the Treasury Department by such attorneys, may perform the following operations on behalf of Axtel:
 - Grant or subscribe for credit instruments.
 - Guarantee, negotiate, or discount credit securities.
 - Open, operate and close investment and/or checking accounts in the normal course of business operations.
 - Grant bonds, mortgages, pledges or any other general or specific guarantee, or constitute any kind of right in favor of third parties.

General Guidelines for Expenditure Control and Cash Management

- Minimum Cash Reserves. - Axtel must have the Cash Reserves necessary to ensure the daily financial operation of Axtel, considering contingencies. The Cash Reserves must maintain an established minimum daily balance.
- Concentration of collection. - The Treasury Department will be responsible for transferring to the concentrating accounts, daily or whenever deemed necessary, the income received in the collection accounts, to optimize the use of available financial resources.
- Dispersion of funds. - The Treasury Department will be responsible for efficiently managing the Cash Flow available in the concentrating accounts, timely dispersing the required funds to the paying accounts to fulfill Axtel's acquired paying commitments.
- Payment to suppliers. - The Treasury Department will be responsible for planning and managing the Axtel's Cash Reserves, to honor the agreed payment terms with suppliers according to the liquidity situation. That is, to maintain an adequate liquidity that avoids any situation that jeopardizes the continuity of the operation of Axtel; which will be a priority of the Treasury, even over terms of payment agreed with suppliers. The minimum standard payment condition will be 90 calendar days after the date of the invoice reception, in justified situations the term will be based on the date of the invoice.
- Special payment conditions to suppliers. - The options of prompt payment, via factoring or extended payments proposed by suppliers will be evaluated jointly by the Treasury and Supply Departments. Any modification to the standard payment terms or terms agreed upon with suppliers, as well as the payment of advances, must be authorized by the Treasury Department and Supply Chain Department, and documented in the purchase file.
- Investment of Surpluses. - The Treasury will be responsible for the investment of surplus resources, optimizing the risk-return ratio and evaluating characteristics of term, rating and marketability, as well as taking care of reciprocity with the counterparts that support the relationship with Axtel. The investment of surplus resources must comply with the guidelines defined in the General Treasury Policy and the obligations established in current financing agreements (Covenants).
- Foreign currencies exchange. - Operations in the purchase or sale of foreign currency must be carried out with the financial institutions that offers the best available alternative in terms of price, security and timely delivery of resources will proceed. Before closing a foreign currency exchange purchase or sale operation, at least two financial institutions that comply with the current requirements established by the General Treasury Policy must be quoted, as well as documenting the Foreign Currency Purchase-Sale transaction.

- Operation of petty cash fund or fixed funds. - The Treasury Department will have the responsibility to review the proper use, apply periodic bills and endorsements in the areas where the Treasury has authority; in the places where the treasury has no presence, the responsibility will be in charge of the administrative coordinator of such area or of the Internal Control area of Axtel. The Treasury will have the power to authorize, reject or cancel the petty funds or fixed funds assigned to employees of Axtel, in order to ensure the optimal use of resources.
- Bank commissions. - The Treasury Department will be responsible for keeping track of the banking commissions charged to Axtel derived from cash management, establishing continuous monitoring and trying to optimize the costs generated by banking services, with the exception of collection commissions, which will be responsibility of the area of income assurance and payments application.
- Bank float. -The Treasury Department will be responsible for maintaining the minimum necessary bank float balance in checking accounts, in order to optimize the use of available financial resources
- Bank Accounts. - The Treasury Department will be responsible for controlling the opening of bank accounts and administration, to maintain the most appropriate account structure for the needs of Axtel's financial operation and seeking to optimize available monetary resources.
- Authorizations. - Only those officers of Axtel appointed by the General Shareholders' Meeting, filed through a Notary Public, or persons empowered in the Treasury Department by such attorneys, may perform banking or cash management operations on behalf of Axtel.

3.5) Critical accounting estimates and significant judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Axtel makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

a. Impairment and useful lives of long-lived assets

The Company reviews depreciable and amortizable assets on an annual basis for signs of impairment, or when certain events or circumstances indicate that the book value may not be recovered during the remaining useful life of the assets. For intangible assets with an indefinite useful life, the Company performs impairment tests annually and at any time that there is an indication that the asset may be impaired.

To test for impairment, the Company uses projected cash flows, which consider the estimates of future transactions, including estimates of revenues, costs, operating expenses, capital expenditures and debt service. In accordance with IFRS, discounted future cash flows associated with an asset or CGU are compared to the book value of the asset or CGU being tested to determine if impairment exists whenever the aforementioned discounted future cash flows are less than its book value. In such case, the carrying amount of the asset or group of assets is reduced to its value in use, unless its fair value is higher.

The Company estimates the useful lives of long-lived assets in order to determine the depreciation and amortization expenses to be recorded during the reporting period. The useful life of an asset is calculated when the asset is acquired and is based on past experience with similar assets, considering anticipated technological changes or any other type of changes. Were technological changes to occur faster than estimated, or differently than anticipated, the useful lives assigned to these assets could have to be reduced. This would lead to the recognition of a greater depreciation and amortization expense in future

periods. Alternatively, these types of technological changes could result in the recognition of a charge for impairment to reflect the reduction in the expected future economic benefits associated with the assets.

b. *Estimated impairment of goodwill and intangible assets with indefinite useful lives*

The Company conducts annual tests to determine whether goodwill and intangibles assets with indefinite useful lives have suffered any impairment (Note 11). For impairment testing, goodwill and intangibles assets with indefinite lives is allocated with those cash generating units (CGUs) of which the Company has considered that economic and operational synergies of the business combinations are generated. The recoverable amounts of the groups of CGUs were determined based on the calculations of their value in use, which require the use of estimates, within which the most significant are the following:

- Estimation of future gross and operating margins according to the historical performance and expectations of the industry for each CGU group.
- Discount rate based on the weighted cost of capital (WACC) of each CGU or CGU group.
- Long-term growth rates.

c. *Recoverability of deferred tax assets*

The Company has applicable tax-loss carryforwards, which can be used in the following years until maturity expires (See Note 19). Based on the projections of income and taxable income that the Company will generate in the following years through a structured and robust business plan, management has considered that current tax losses will be used before they expire and, therefore, it was considered appropriate to recognize a deferred tax asset for such losses.

d. *Commitments and contingencies*

The Company exercises its judgment in measuring and recognizing provisions and the exposures to contingent liabilities related to pending litigation or other pending claims subject to negotiation for liquidation, mediation, arbitration or government regulation, as well as other contingent liabilities. The Company applies its judgment to evaluate the probability that a pending claim is effective, or results in recognition of a liability and to quantify the possible range of the liquidation. Due to the uncertainty inherent to this evaluation process, actual losses could differ from the provision originally estimated.

Contingencies are recorded as provisions when a liability has probably been incurred and the amount of the loss can be reasonably estimated. It is not practical to conduct an estimate regarding the sensitivity to potential losses, of all other assumptions have been made to record these provisions, due to the number of underlying assumptions and to the range of reasonable results possible, in connection with the potential actions of third parties, such as regulators, both in terms of probability of loss and estimates of said loss.

e. *Default probability and recovery rate to apply the expected credit losses model in the impairment measurement of financial assets*

The Company assigns to customers with whom it has an account receivable at each reporting date, either individually or as a group, an allowance for the probability of default in the account receivable and the estimated recovery rate, in order to reflect the cash flows expected to be received from the outstanding balances as of that date.

f. *Estimation of the discount rate to calculate the present value of future minimum lease payments*

The Company estimates the discount rate to use in the determination of the lease liability, based on the incremental borrowing rate ("IBR").

The Company uses a three-tier model, with which it determines the three elements that comprises the discount rate: (i) reference rate, (ii) credit risk component and (iii) adjustment for characteristics of the underlying asset. In this model, management also considers its policies and practices to obtain financing, distinguishing between the one obtained at the corporate level (that is, the holding company), or at the level of each subsidiary. Finally, for real estate leases, or in which there is significant and observable evidence of their residual value, the Company estimates and evaluates an adjustment for characteristics of the underlying asset, based on the possibility that said asset is granted as collateral or guarantee against the risk of default.

g. *Estimation of the lease term*

The Company defines the lease term as the period for which there is a contractual payment commitment, considering the non-cancelable period of the contract, as well as the renewal and early termination options that are probable to be exercised. The Company participates in lease contracts that do not have a defined non-cancellable term, a defined renewal period (in case it contains a renewal clause), or automatic annual renewals, so, to measure the lease liability, it estimates the contracts term considering their contractual rights and limitations, their business plan, as well as management's intentions for the use of the underlying asset.

Additionally, the Company considers the clauses of early termination of its contracts and the probability of exercising them, as part of its estimate of the lease term.

4. MANAGEMENT

4.1) External Auditors

The Company's independent auditor as of January 1, 2017 is Galaz, Yamazaki, Ruíz Urquiza, S.C. member of Deloitte Touche Tohmatsu Limited ("Deloitte"), whose offices are located at Av. Juárez 1102 Piso 40 Centro 64000 Monterrey, Nuevo León, México. The Company's external auditors were appointed by the Company's Board of Directors exercising its powers of legal representation.

For the last three years, the external auditors have issued favorable opinions.

The Certified Public Accountant who, as partner of Galaz, Yamazaki, Ruíz Urquiza, S.C., has signed the opinion issued by the external auditor is Efraín Omar Fernández Mendoza for years 2024, 2023 and 2022.

The Audit and Corporate Practices Committee approves the annual hiring and, if applicable, ratification of the independent external auditor. The external auditor presents a work plan to the Company each year, which is reviewed and approved by the Company and sometimes complemented with specific activities that Management or the Board require. The Company evaluates annually that its external auditor is among the four largest audit firms, that is not part of a situation that could question its impartiality, prestige or experience of its activities, that its economic requirements are within market, among others. Once the Company has performed this evaluation and is aware of the work plan, the proposal is then submitted to the Audit and Corporate Practices Committee for approval.

Fees paid for other professional services during 2024 amounted to Ps. \$0.8 million. The total fees paid to the external auditors have been in market terms and do not exceed 10% of the Company's total revenues.

4.2) Certain Relationships and Related Transactions

Balances with related parties as of December 31, 2024, 2023 and 2022, were as follows:

(in thousands)

December 31, 2024		
	Accounts receivable	Accounts payable
Affiliates	\$42,610	\$15,916
Total	<u>\$ 42,610</u>	<u>\$ 15,916</u>
December 31, 2023		
	Accounts receivable	Accounts payable
Affiliates	\$ 21,922	\$ 14,523
Total	<u>\$ 21,922</u>	<u>\$ 14,523</u>
December 31, 2022		
	Accounts receivable	Accounts payable
Affiliates	\$ 15,158	\$ 11,012
Total	<u>\$ 15,158</u>	<u>\$ 11,012</u>

Transactions with related parties for the years ended December 31, 2024, 2023 and 2022, which were carried out in terms similar to those of arm's-length transactions with independent third parties, were as follows:

(in thousands)

	Year ended December 31, 2024		
	Revenues	Costs & Expenses	
	Telecommunication services	Interests	Others
Affiliates	\$ 176,056	\$ -	\$ 47,662
Total	<u>\$ 176,056</u>	<u>\$ -</u>	<u>\$ 47,662</u>

	Year ended December 31, 2023		
	Revenues	Costs & Expenses	
	Telecommunication services	Interests	Others
Affiliates	\$ 160,637	\$ -	\$ 45,933
Total	<u>\$ 160,637</u>	<u>\$ -</u>	<u>\$ 45,933</u>

	Year ended December 31, 2022		
	Revenues	Costs & Expenses	
	Telecommunication services	Interests	Others
Affiliates	\$ 166,096	\$ -	\$ 38,884
Total	<u>\$ 166,096</u>	<u>\$ -</u>	<u>\$ 38,884</u>

For the year ended December 31, 2024, 2023 and 2022 compensation and benefits paid to the Company's main officers totaled Ps. \$109,376 thousand Ps. \$95,565 thousand and Ps. \$67,357 thousand respectively, comprised of base salary and benefits required by law, complemented by a program of variable compensation basically based on the Company's results and the market value of Axtel's shares.

4.3) Senior Management and Shareholders

Pursuant to the Company's bylaws and Mexican Securities Market Law, the Board of Directors is composed of 10 regular members and 1 alternate director. Currently, six proprietary board members are independent pursuant to Mexican Securities Market Law. The Audit and Corporate Practices Committee is currently comprised of three independent proprietary directors.

The information regarding the composition of the executive directors and members of the Board of Directors is detailed below:

Name	Position	Ownership percentage*
Álvaro Fernández Garza ⁽¹⁾	Co-Chairman	
Tomás Milmo Santos ⁽¹⁾	Co-Chairman	6%

Name	Position	Ownership percentage*
Armando de la Peña González.....	Chief Executive Officer	
Adrián G. de los Santos Escobedo.....	Chief Financial Officer	
Alicia de la Concepción Saucedo Gutiérrez..	Commercial Development Director	
Andrés E. Cordovez Ferretto.....	Executive Director Infrastructure and Systems	
Bernardo García Reynoso.....	Executive Director Business Lines	
Carlos G. Buchanan Ortega	Executive Director Human Capital	
Wilson Edward Rojas Sifuentes	Executive Director Legal and Regulatory	
Sergio Antonio Bravo García	Executive Director Government Segment	
Armando Garza Sada.....	Proprietary Board member	
Patricio Jiménez Barrera.....	Proprietary Board Member	
Alejandro Miguel Elizondo Barragán ^(A)	Proprietary Independent Board member	
Eduardo Alberto Escalante Castillo ^(A)	Proprietary Independent Board member	
Juan Ignacio Garza Herrera.....	Proprietary Independent Board member	
Jaime Muguíro Domínguez.....	Proprietary Independent Board member	
Ricardo Saldívar Escajadillo ^(A)	Proprietary Independent Board member	
Alberto Santos Boesch	Proprietary Independent Board member	
José Antonio González Flores	Alternate Director	

(A) Member of Audit and Corporate Practices Committee.

* Note: Axtel states that, to the best of its knowledge and belief, no relevant director or director of the Company owns more than 1% of its capital, except for those mentioned in this Annual Report.

The aforementioned Board Members were appointed at the Annual General Shareholders Meeting held on March 18, 2025. In accordance with the applicable legislation and the Company's bylaws, the members of the Board of Directors remain in office for thirty days after their resignation unless replaced.

Set forth below is a summary of the experience, functions and areas of expertise of the main officers, board members and alternate board members of Axtel. The business address for said officers and board members is Av. Munich 175, Col. Cuauhtémoc, San Nicolás de los Garza, N.L., México, C.P. 66240.

Co-Chairmen:

Álvaro Fernández Garza

March 27, 1968 (56 years old)

Board Member and Co-Chairman of the Board of Axtel since February 2016 (9 years).

Board Member and Chairman of the Board of Controladora Axtel since November 2022 (2 years).

CEO and Chairman of the Board of ALFA, S.A.B. de C.V. (ALFA). Chairman of the Board of Universidad de Monterrey (UDEM), Alpek and Nematik. Member of the Board of Cydsa, Vitro and Consejo Mexicano de Negocios (CMN).

He holds a Bachelor's degree in Economics from the University of Notre Dame, a Master's degree in Administration from ITESM, and an MBA from Georgetown University.

Experience:

- ICT Industry: Alestra's Executive Director from 1996 to March 2003.
- Functions: Finance, Operations and Strategic Planning.
- Industries: Telecommunications, Automotive, Consumer Goods and Petrochemical.

Tomás Milmo Santos

November 3, 1964 (60 years old)

Board Member and Co-Chairman of the Board of Axtel since February 2016. Prior to the merger between Axtel and Alestra, he was Board Member of Axtel since 1994 (31 years).

He was Axtel's CEO from 1994 to February 2016, he has been a Board Member since 1994 and was Chairman of the Board from 2003 to February 2016 and was a Board Member of CEMEX from 2006 to 2022. He is a member of the Board of Directors of ITESM and Promotora Ambiental. He is also Chairman of the Board of Tec Salud.

He holds a degree in Business Economics from Stanford University.

Experience:

- ICT Industry: Axtel's CEO from 1994 to February 2016.
- Functions: Entrepreneurship, Business Management and Administration.
- Industries: Telecommunications and Energy.

Proprietary Directors:

Armando Garza Sada

June 29, 1957 (67 years old)

Axtel Board Member since February 2016 (9 years).

Member of the Board of Directors of Controladora Axtel since November 2022 (2 years).

Member of the Board of Directors of ALFA, Alpek, Nampak, BBVA Mexico, CEMEX, Lamosa and Liverpool.

He holds a BA from the Massachusetts Institute of Technology and an MBA from Stanford University.

Experience:

- Functions: Strategic Planning, Finance and Operations.
- Industries: Industrial, Consumer goods, Petrochemical, Automotive, Construction and Telecommunications.

Patricio Jiménez Barrera

October 29, 1965 (59 years old)

Axtel Board Member since February 2018. Prior to the merger between Axtel and Alestra, he was Board Member of Axtel from 2005 to 2016 (18 years).

Chairman of Abstrix. Member of the Boards of Grupo Tredec and Jumbocel.

He is a Certified Public Accountant and holds a degree from ITESM.

Experience:

- ICT Industry: Axtel's CFO from 1998 to February 2009.

- Functions: Finance, Investment Banking, Administration, Human Resources and Treasury.
- Industries: Telecommunications, Banking and Brokerage House.

Independent Board Members:

Alejandro Miguel Elizondo Barragán
October 14, 1953 (71 years old)

Axtel Board Member since February 2016 (9 years).
 Board Member of Controladora Axtel since November 2022 (2 years).

He is a member of the Board of Directors of Arca Continental, Grupo Stiva and Museo de Acero.

He holds a degree in Mechanical and Electrical Engineering from ITESM and an MBA from Harvard University.

Experience:

- Functions: Planning, Finance, Business Development and Administration.
- Industries: Steel, Petrochemical and Food and Beverages.

Eduardo Alberto Escalante Castillo
March 27, 1958 (66 years old)

Axtel Board Member since February 2019 (6 years).
 Board Member of Controladora Axtel since November 2022 (2 years).

Chief Financial Officer of ALFA since 2018 and Chief Executive Officer of Axtel from January 2021 to April 2022. He was President of the National Association of the Chemical Industry (ANIQ) in Mexico.

He is an Electronics and Communications Engineer from ITESM and holds a master's degree from Stanford University.

Experience:

- Telecommunications (ICT) Industry: CEO of Axtel from January 2021 to April 2022. Marketing VP of Alestra from 1996 to 1999.
- Functions: Finance, Strategic Planning, Marketing and Human Capital.
- Industries: Telecommunications, Petrochemicals, Food and Steel.

Juan Ignacio Garza Herrera
November 26, 1966 (58 years old)

Axtel Board Member since February 2016 (9 years).
 Board Member of Controladora Axtel since November 2022 (2 years).

CEO of Xignux. He was Chairman of COMCE Noreste and has been a Board Member of Xignux, *Consejo Mexicano de Negocios* (CMN), BBVA Mexico (Regional Noreste), UDEM, ICONN, Cleber and of the *Instituto Nuevo Amanecer, A.B.P.* He was Chairman of *Cámara de la Industria de Transformación de Nuevo León*.

He holds a degree in Mechanical Engineering from ITESM and an MBA from the University of San Francisco.

Experience:

- Functions: Manufacturing, International Trade and Human Capital.
- Industries: Electrical and Food.

Jaime Muguero Domínguez

October 4, 1968 (56 years old)

Director of Axtel since March 2025 (0 years).

President of Cemex USA until March 31, 2025. CEO of CEMEX as of April 1, 2025.

He holds a Bachelor's degree in Business Administration from CEU San Pablo University, Spain, a Law degree from the Complutense University of Madrid, and an MBA from the Massachusetts Institute of Technology.

Experience:

- Functions: Strategic Planning, Business Development, and Human Resources
- Industries: Steel and Heavy Construction Materials

Ricardo Saldivar Escajadillo

November 20, 1952 (72 years old)

Axtel Board Member since February 2016 (9 years).

Board Member of Controladora Axtel since November 2022 (2 years).

Private investor. Member of the Boards of FEMSA and Grupo Industrial Saltillo and current Chairman of the Board of Directors of Tecnológico de Monterrey. Former President and CEO of The Home Depot Mexico, a position he held for eighteen years until June 2017 when he retired. Previously, he worked in various ALFA companies for nearly 21 years.

He holds a degree in Mechanical Engineering Administration from ITESM, with a Master's degree of Science in Systems Engineering from Georgia Tech, with studies in Senior Management from IPADE.

Experience:

- ICT Industry: CFO of Alestra from 1996 to January 1999.
- Functions: CEO.
- Industries: Industrial, Construction and Real Estate.

Alberto Santos Boesch

August 26, 1971 (53 years old)

Axtel Board Member since February 2016, prior to the merger between Axtel and Alestra, he was a Board Member of Axtel since 2013 (12 years).

President and CEO of Ingenios Santos. Board member of Gruma, BBVA, Interpuerto Monterrey, Comité del Desarrollo del ITESM, Instituto Nuevo Amanecer, Renace, Red de Filantropía de Egresados y Amigos del Tec, Comité del Consejo Consultivo de la Facultad de Ciencias Políticas y Administración Pública de la UANL, Unidos por el Arte contra el Cáncer Infantil (UNAC) and Patronato del Hospital Metropolitano.

He holds a degree in International Studies from UDEM.

Experience:

- ICT Industry: CFO of Alestra from 1996 to January 1999.
- Functions: Business Management and Philanthropy.
- Industries: Aviation, Food and Entertainment.

Alternate Directors:***José Antonio González Flores***

May 5, 1970 (53 years old)

Alternate Board Member of Axtel since February 2016.

Executive Vice President of Strategic Planning and Business Development of CEMEX.

He holds an Industrial and Systems Engineering degree from ITESM and an MBA from Stanford University.

Experience:

- Functions: Finance and Strategic Planning.
- Industries: Heavy construction materials.

Senior Management:***Armando de la Peña González***

Chief Executive Officer (58 years old)

Appointed CEO of Axtel in April 2022. Prior to his current position, he served as Director of Sigma Foodservice. During 20 years he held administrative positions within ALFA and its subsidiaries Sigma and Terza. He was Director of Latin America and Director of Talent and Culture in Sigma, in addition to having been Director of Human Capital at ALFA and General Director of Terza.

He is an Industrial and Systems Engineer from the Tecnológico de Monterrey (ITESM) and has Executive programs at Stanford University, Wharton, Harvard and IPADE, among others. He is a member of Sociedad Americana de Avalúos.

Adrian de los Santos Escobedo

Chief Financial Officer (56 years old)

He held the position of Corporate Finance and Investor Relations Director at Axtel until February 15th, 2017. Prior to joining Axtel in April 2006, he worked at Operadora de Bolsa y Banca Serfin (now Santander México) and Standard Chartered Bank, where he held positions in Institutional and Corporate Banking in the cities of Monterrey, London and New York.

He holds a Bachelor's Degree in Business Administration from ITESM, and has a Master's Degree in Finance from the Carroll School of Management of Boston College.

Alicia de la Concepción Saucedo Gutiérrez

Commercial Development Director (51 years old)

Joined Alestra in 1999, where she has held different positions in areas such as: Offerings and Go to Market IT. In 2021, she assumed the position of Telecom Solutions Design Director, laying the foundations for the business line specialization strategy. Currently, as head of the Commercial Development Department at Axtel, she is responsible for the company's marketing strategy.

She holds a Bachelor's degree in Marketing from ITESM, with Diplomas in Telecommunications from the same institution, as well as in Commercial Strategies and Finance from ITAM.

Andrés Eduardo Cordovez Ferretto

Executive Director Infrastructure and Systems (56 years old)

He served as Executive Director of Technology and Operations in Axtel from October 2013 to January 2016. Prior to this position, he was the Director of Information Technologies and Processes. He has held executive positions in national and multinational companies in the telecommunications, financial and services sectors, being responsible for functions such as technology, innovation, operations, customer service and sales.

He holds a bachelor's degree in Computer Systems Engineering from ITESM and holds a certificate degree in Senior Management from IPADE, in addition to have completed executive development courses at the universities of Wharton, Stanford and the London Business School.

Bernardo García Reynoso

Executive Director Business Lines (66 years old)

Joined Alfa in 1985 and joined Alestra as of its founding in 1996, holding various positions in the Sales, Marketing, Strategic Alliances, Administration and Human Resources departments. He was Finance Director of Alestra for seven years prior to the merger between Axtel and Alestra, upon which he took over the position of Executive Director of Planning and Development for Axtel in 2016.

He holds a degree in Industrial and Systems Engineering from ITESM, with a Master's in International Commerce from Universidad de Monterrey and an MBA from the International Institute for Management Development (IMD) of Luusanne, Switzerland.

Carlos Guillermo Buchanan Ortega.

Executive Director Human Capital (65 years old)

Former Managing Partner of B&S Consultores and Human Resources Director at Alestra. He served as the Human Resources Director at Telefónica Movistar, Commercial Banking at Grupo Financiero Bancomer, Bimbo, Black & Decker and Prolec G.E. He was Executive Chairman of ERIAC Capital Humano and is now a member of the board. He is also Curriculum Advisor at UDEM, Employability Advisor at Tec Milenio, Advisor to Movimiento Congruencia A.C., a member of the Study Group and guest monitor for the D1, D2 and Medex programs at the IPADE. He has experience as a speaker and professor at UDEM, ITESM and ITESO.

He holds a bachelor's degree in Psychology with a Master's in Organizational Development and Administration from UDEM, as well as having postgraduate studies at IPADE and Kellogg University.

Wilson Edwards Rojas Sifuentes

Executive Director Legal and Regulatory (60 years old)

He was appointed Executive Director of Legal and Regulatory in January 2025. He joined Alestra in 1996, where he has held various positions, including Director of Telecom Regulatory and Manager of Competition

and IT. He also served as Director of Telecommunications Policy and International Negotiations at the Ministry of Communications and Transportation (SCT Mexico).

He holds a degree in Engineering Economics from the National University of Engineering of Peru and a Master's degree in Economics from CIDE. He also completed executive development courses at Thunderbird University.

Sergio Antonio Bravo García

Executive Director Government Segment (59 years old)

He joined Alestra in 1996, where he has held different executive positions in areas such as Corporate Sales, Finance and Marketing. From 2020 to April 28, 2022, he served as Director of Government Customer Service, position from where he now assumes the Executive Position.

He is a Computer Systems Engineer from ITESM with a Master's degree in Administration from the same institution. He has attended various executive programs at the Universities of Stanford, Wharton, Chicago and London Business School.

A description of the relationship of some of the members of the Board of Directors and Executive officers of the Company is presented as follows:

- Álvaro Fernandez Garza and Armando Garza Sada are cousins.
- Tomás Milmo Santos is cousin of Alberto Santos Boesch and is Patricio Jiménez Barrera's brother-in-law.

Axtel declares that, to the best of its knowledge, no director or senior officer of the Company owns more than 1% of its capital, except for Co-Chairman Tomás Milmo Santos.

Beneficiary shareholders of more than 10% of the issuer's capital stock, shareholders who exercise significant influence and shareholders who exercise control or power of command

On July 12, 2022, ALFA's shareholders approved the spin-off of their shareholding in Axtel into a new entity called Controladora Axtel. On May 29, 2023, Controladora Axtel began trading on the Mexican Stock Exchange (BMV), where ALFA's shareholders received one share of Controladora Axtel for each of their ALFA shares.

Therefore, the beneficiary shareholder with more than 10% of the Company's capital stock is Controladora Axtel, which holds 54.9% of the Issuer's capital stock through a trust agreement entered into with Banco Invex, S.A., Institución de Banca Múltiple, Invex Financial Group.

Controladora Axtel and a group of shareholders holding 20.1% of the Capital stock of Axtel (the "Obligated Shareholders"), which entered into a shareholders' agreement for the purpose of regulating their relationship as shareholders of the Company, as well as the transfer of shares by such shareholders. This shareholders' agreement includes, among other provisions, rules for the appointment of Axtel's board of directors, qualified majority matters at general shareholders' meetings, preferential rights in the case of share transfers, joint sale rights and forced sales rights (the "Shareholders' Agreement"). In order to implement the agreements established in the Shareholders' Agreement, Controladora Axtel and the Obligated Shareholders entered into a management trust agreement, to which all their shares were deposited, which together represent approximately 75.1% of the total shares of Axtel. The minimum percentage adjustments were derived from the cancellation of treasury shares approved at the

Extraordinary General Shareholders' Meeting on March 7, 2022, March 8, 2024 and March 18, 2025, in which the fixed portion of the share capital was reduced.

The Issuer is not controlled, directly or indirectly, by a foreign government, or by any other physical or legal person. Additionally, Axtel declares that there have been no significant changes in the last three years in the ownership percentage held by the main shareholders, except for what is mentioned in the previous paragraph. The Issuer is not aware of any commitment that could mean a change of control.

The Issuer is not aware of any commitment that could mean a change of control in its shares.

Axtel has a Code of Ethics that establishes the basic guidelines governing relationships between board members, employees, customers, competitors, creditors, suppliers, government, shareholders, business partners and other stakeholders. This code contains the main guidelines and norms related to the values and ethical principles on which the organization is based and which must be observed and fulfilled in the development of activities, seeking a productive work environment, promoting the conservation of natural resources and the environment, the best corporate governance practices, compliance with current legislation, respect for human rights, equity and diversity, avoiding situations of conflict of interest, bribery, corruption, discrimination and harassment.

Additionally, in accordance with the Internal Regulations of the Mexican Stock Exchange, the Secretary of Axtel annually informs the members of the Board of Directors of the obligations, responsibilities and recommendations of the Professional Code of Ethics of the Mexican Stock Exchange Community, of the Code of Best Corporate Practices and of the other applicable legal provisions of the LMV, the Provisions, the Regulations and other applicable.

Description of the Personal Inclusion Policy / Program

Axtel has internal programs for labor inclusion, considering, among others, the academic formation, professionalism, professional trajectory and congruence with the values of the Company, without making distinction by diversity factors such as gender, race, nationality and/or personal beliefs.

Powers of the Board of Directors

The following are the main functions of the Board of Directors and its Committees:

The Board of Directors is responsible for the legal representation of the Company and is authorized to perform any act which is not expressly reserved to the Shareholders' meetings. Under the LMV, some of the main matters that must be approved by the Board of Directors include:

- transactions with related persons that arise from the regular course of operations of the Company;
- acquisitions or transfers of a substantial part of the assets of the Company;
- the granting of guarantees with respect to third party obligations and
- other relevant transactions.

The sessions of the Board of Directors, as well as the sessions of the Board of Directors' auxiliary committees, may be held in person or through the use of electronic, optical or any other technology means, as if they were in-person sessions, with some or all attendees participating either in person or through electronic, optical or any other technological means, all having the same validity. The decisions of the Board, as well as those of the Board of Directors' auxiliary committees, may be made through the use of electronic, optical or any other technology means.

The meetings of the Board of Directors are deemed legally convened when the majority of its members are present and its resolutions are valid when adopted by vote of a majority of Directors present whose personal interests with respect to a particular case are not contrary to the Company. The Co-Chairmen of the Board of Directors have the casting vote in case of a tie.

Under the LMV, the board of directors must resolve on the following matters, among others:

- establish the overall strategies for managing of the Company;
- approve, subject to prior review of the Audit and Corporate Practices committee, (i) the policies and guidelines for the use of the property the Company by related persons and (ii) each individual transaction with related persons the Company might intend to carry out, subject to certain restrictions and any transaction or series of unusual or nonrecurring transactions involving the acquisition or disposition of property, the granting of guarantees or assumption of liabilities totaling not less than 5% in the consolidated assets of the Company;
- appointment and dismissal of the CEO of the Company and its integral compensation and policies for the appointment of other key officers;
- financial statements, accounting policies and guidelines on internal control of the Company;
- hiring of external auditors;
- approve the disclosure policies of relevant events; and
- make decisions regarding any other matter of interest.

Axtel has a Code of Conduct, which covers the application to all employees, including members of the Board of Directors and Relevant Executives, however, the Secretary of the Board of Directors makes it known annually to the Directors and Relevant Executives of the obligations, responsibilities and recommendations of the Code of Professional Ethics of the Mexican Stock Market Community, of the Code of Principles and Best Practices of Corporate Governance and of the other applicable legal provisions of the LMV, of the General Provisions , of the Internal Regulations of the Mexican Stock Exchange and others applicable.

In addition to the Code of Ethics and the Code of Conduct of the Company, the LMV requires the board members to have duties of care and loyalty.

All members of the Board of Directors and Relevant Directors of public limited companies, upon accepting their position as such, assume certain obligations, responsibilities and duties, which must be adhered to for the performance of their duties, always subject in accordance with the applicable legal, statutory and regulatory provisions, of which the main rules and guidelines, among others, are: act in accordance with the applicable provisions and sound market practices, act with honesty and integrity, prevail the interest of the investors, avoid conflicts of interest, provide truthful and clear information, provide security in the handling of confidential and/or privileged information, seek fair competition of services, act with the duty of fiduciary responsibility seeking to create value, comply with the duty of diligence, and act with the duty of loyalty before the Company.

The duty of care means that the directors of the Company must act in good faith and in the best interest of it. The board members of the Company are required to ask the CEO, managers and external auditors for any relevant information reasonably required for decision making. Board members meet their duty of care primarily through attendance at meetings of the Board and its committees and the disclosure during such sessions, of any important information obtained by them. The board members who fail in their duty of care may be jointly liable for the damages caused to the Company or its subsidiaries.

The duty of loyalty means that board members of the Company must maintain confidentiality regarding information which they acquire by reason of their positions and should not participate in the deliberation and vote on any matter in which they have a conflict of interest. Board members will incur disloyalty against the Company when they obtain economic benefits for themselves, when knowingly promote a particular shareholder or group of shareholders or take advantage of business opportunities without a waiver from the board. The duty of loyalty also means that directors must (i) inform the audit committee and external auditors all the irregularities of acquiring knowledge during the performance of their duties and (ii) to refrain from spreading false information and order or cause the omission of the registration of operations carried out by the Company, affecting any concept of its financial statements. Board

members who fail in their duty of loyalty may be subject to liability for damage caused to the Company or its subsidiaries as a result of acts or omissions described above.

Board members can be subject to criminal penalties consisting of up to 12 years imprisonment for committing acts of bad faith involving the Company, including the alteration of its financial statements and reports.

Responsibility for damages resulting from the violation of the duties of care and loyalty of directors may be exercised by the Company or for the benefit of it by shareholders who individually or collectively, hold shares representing 5% or more of its capital stock. Criminal proceedings may only be brought by the *Secretaría de Hacienda y Crédito Público* ("SHCP") after hearing the opinion of the CNVB.

Board members will not incur in the responsibilities described above (including criminal liability) when acting in good faith, they: (i) comply with the requirements established by applicable laws for the approval of matters concerning the board of directors or its committees, (ii) make decisions based on information provided by relevant executives or others whose capacity and credibility are not subject to reasonable doubt and (iii) select the most suitable alternative to the best of their knowledge and understanding, or the negative economic effects of the alternative selected were not foreseeable.

Audit and Corporate Practices Committee

Under the LMV, the Board of Directors may be assisted by one or more committees.

For purposes of corporate practices, the committee must (i) provide feedback to the Governing Board on matters within its competence, (ii) seek the advice of independent experts whenever it sees fit, (iii) convene shareholders' meetings, (iv) support the Board of Directors in preparing annual reports and compliance with the obligations of information delivery and (v) prepare and submit to the Board an annual report on its activities.

In its audit functions in accordance with the LMV, the authority of the committee includes, among others, (i) evaluating the performance of external auditors, (ii) discussing the financial statements of the Company, (iii) monitoring internal control systems (iv) evaluating the conclusion of transactions with related parties, (v) request reports from relevant officers as it deems necessary, (vi) inform the board of directors of all the irregularities they acknowledge, (vii) receive and analyze comments and observations made by shareholders, directors and key executives and perform certain acts that in their judgment are appropriate in connection with such observations, (viii) convene shareholders' meetings, (ix) evaluate the performance of the CEO of the Company and (x) prepare and submit an annual report of its activities to the Board of Directors.

Additionally, the Audit Committee has new functions, responsibilities and activities stipulated in the General Provisions applicable to entities and issuers supervised by the CNBV that hire external audit services for basic financial statements ("CUAE").

In accordance with the LMV and the bylaws of the company, the Audit and Corporate Practices Committee should be composed solely of independent directors and at least three members of the Board of Directors.

To date, the Company's Audit and Corporate Practices Committee members are Eduardo Escalante Castillo, Alejandro M. Elizondo Barragán and Ricardo Saldivar Escajadillo as proprietary members. The appointment of Alejandro Elizondo Barragán as Chairman of said Committee was ratified at the Ordinary General Shareholders' Meeting on March 18, 2025, who is also Axtel's financial expert.

Compensation and Benefits

During the year concluded on December 31, 2024, each Board Member received as net compensation after the withholding of corresponding taxes, the amount of Ps. \$80,000 for each attendance to Board meetings. Members of

the Audit and Corporate Practices Committee received a net compensation after the withholding of corresponding taxes of Ps. \$60,000 for each attendance to the Committee's meetings.

Beginning in 2025, the compensation of Board members from Axtel is Ps. \$85,000 per Board meeting and Ps. \$65,000 per Committee meeting. As for virtual participation, compensation will be equivalent to fifty percent of the respective compensation.

For the year ended December 31, 2024, 2023 and 2022 compensation and benefits paid to the Company's main officers totaled Ps. \$109 million, Ps. \$96 million and Ps. \$67 million, respectively, comprised of base salary and benefits required by law, complemented by a program of variable compensation based on the Company's results and the market value of Axtel's shares. The total amount accumulated by the Company for the pension plan of its key management personnel amounted to Ps. \$115.6 million. On the other hand, there is no agreement of program to involve board members, executives and other employees in Axtel's capital stock.

4.4) Company's Bylaws and Other Agreements

Modifications in the Bylaws

The Company was incorporated on July 22, 1994, originally under the corporate name of Telefonía Inalámbrica del Norte, S.A. de C.V. Subsequently, through an Extraordinary General Shareholders' Meeting held on January 28, 1999, it changed its corporate name to Axtel, S.A. de C.V. and by means of an Extraordinary General Shareholders' Meeting held on November 11, 2005, the Company resolved, among others, to carry a public and private offering of shares and as a result, the Company's bylaws were fully amended.

On November 29, 2006, by means of the General Ordinary and Extraordinary Shareholders' Meeting, the corporate bylaws were once again fully amended, including the adoption of the stock exchange regime in accordance with the applicable legal provisions.

On August 31, 2007, by means of an Extraordinary General Shareholders' Meeting, among others, the following resolutions were adopted: (i) to carry out a split of the shares that were outstanding, by issuing and delivering to the shareholders three new shares for each of the shares of the same class and series that they owned; and (ii) amend the Sixth Clause of the Company's bylaws.

Additionally, in accordance with the resolutions adopted by the Extraordinary General Shareholders' Meeting held on January 25, 2013, the Company issued 972,814,143 Series "B" Class "I" shares which were held in the Company's treasury, to be subscribed subsequently upon the conversion of Convertible Senior Notes. Likewise, 1,114,029 Series "A" shares were issued.

On January 15, 2016, Axtel and Onexa held Extraordinary Shareholders' Meetings where the merger between Axtel and Onexa was approved, date on which ALFA became the majority shareholder of Axtel, surviving entity under its current corporate name Axtel, S.A.B. de C.V.

Subsequently, on July 21, 2016, the shareholders of the Company through an Extraordinary General Shareholders' Meeting resolved, among other matters, to rectify the number of outstanding shares and shares in the Company's treasury previously approved by the Extraordinary General Shareholders' Meeting held on January 15, 2016, in which among others, the merger between Axtel, as the merging company and Onexa, as the merged company, was approved; the latter being extinguished, in which it was stated that it would proceed to reflect the relevant changes and adjustments in the capital stock derived, among others, from the conversions exercised by the holders of convertible Notes issued pursuant to the resolutions adopted by Axtel on January 25, 2013. Accordingly, it was approved to cancel 182,307,349 ordinary Class "I" Series "B" shares with no par value, representative of Axtel's capital stock in its fixed minimum part, not subscribed or paid, which had been deposited in the treasury of the Company, intended to support the conversions of the convertible Notes, whose holders did not exercise their respective conversion rights; as a consequence, the capital stock reduction was resolved in the amount of Ps. 92,398,010.82 due

to the cancellation of the 182,307,349 shares representing the minimum fixed part of the capital stock. In addition, it was resolved to consolidate Axtel's capital stock into a single series by converting all outstanding Series "A" shares, representing the Company's capital stock, into Series "B" shares, of the same characteristics.

On March 10, 2017, by means of an Extraordinary General Shareholders' Meeting, the shareholders of the Company resolved to reduce the capital stock in its fixed minimum part in the amount of Ps. 9,868,331,650.99 to remain in the amount of Ps. 464,367,927.49, in order to partially absorb the negative balance of the account called "Cumulative Fiscal Year Results", a resulting balance after the application of the results of fiscal year 2016, having previously applied to said account the balance as of December 31, 2016 of the account " Share Issuance Premium ".

Subsequently, on February 27, 2018, by means of an Extraordinary General Shareholders' Meeting, the shareholders resolved to amend Clause Six of the Company's bylaws, for the sole purpose of adjusting the wording to reflect that all the shares previously held in the Company's treasury were then fully subscribed, paid and released, in accordance with the resolutions adopted at the Extraordinary General Shareholders' Meeting of the Company held on January 15, 2016, by which ALFA received 1,019,287,950 Class "I" Series "B" shares on July 18, 2017, adjustment equivalent to an increase of 2.50% of ALFA's ownership in Axtel's capital stock; shares held in the Company's treasury and released on that date, as part of the consideration agreed in the merger agreement and approved in the aforementioned Shareholders' Meeting.

Likewise, on February 26, 2019; the merger was carried out by incorporation of Avantel, S. de R.L. de C.V. and Servicios Alestra, S.A. de C.V., as merged entities, in Axtel, as merging entity.

On March 7, 2022, the Extraordinary General Shareholders' Meeting approved, among other issues, the cancellation of 424'991,364 Class "I" Series "B" common, nominative shares, with no par value, equivalent to 60,713,052 AXTELCPOs, that remained in the Company's Treasury derived from its share buyback program. As a result, the fixed portion of the Company's capital stock was reduced in the amount of Ps. \$9,747,045.18, amount equal to the theoretical value of the canceled shares, remaining at \$454'620,882.31 and represented by 19,824,236,117 Class "I" Series "B" shares.

Likewise, in accordance with the resolutions adopted at the Extraordinary General Shareholders' Meeting held on March 7, 2022, it was approved to reform the text of the Second Clause of Axtel's bylaws, regarding the corporate purpose, to adjust it to legislative reforms in labor matters, for which subsections a) and b) were modified, so that the text of said subsections remains as indicated below (translation from Spanish):

SECOND.- The corporate purpose of the Company will be the following: a).- Operate and exploit a public telecommunications network, the provision of telecommunications services through wired or wireless technologies, as well as using and exploiting frequency bands spectrum, infrastructure use rights, dark fiber rental, integration and management of connectivity, cybersecurity, internet of things, information technology and managed collaboration solutions, integration of turnkey projects and integration and management of data centers solutions as well as the administration of telecommunications infrastructure projects and turnkey projects b).- Marketing, distribution, export and sale of all kinds of telecommunications, computer and electronic equipment and the acquisition and/or operation of equipment and installation of telecommunications, national and international and of any type of technology. ..."

Through resolutions adopted at the Extraordinary General Shareholders' Meeting held on March 8, 2024, the amendment of the text of Clauses 6, 8, 20, 30, 32, 33, 34 and 36 of the corporate bylaws was approved to reflect the various reforms enacted to the General Corporations Law, as well as to the Securities Market Law, in order to adjust them to the reforms of various legal provisions, which are:

- Rules for holding shareholders' meetings, sessions of the governing bodies and auxiliary bodies of the board, to be held in person or through the use of electronic, optical or any other technology means;
- Publication of calls for meetings by means of a notice in the electronic system established by the Ministry of Economy;
- Legal books may be signed by handwritten or electronic signature;

- Elimination of the limit or percentage in the issuance of shares other than ordinary shares.
- In capital increases, to update the registration in the National Securities Registry, after the placement of shares;
- Possibility for the Shareholders' Meeting to delegate to the Board of Directors the power to increase the capital stock and modify the rules regarding the subscription of corresponding shares, even excluding pre-emptive rights.

At the same Extraordinary General Shareholders' Meeting held on March 8, 2024, shareholders approved the cancellation of 45,000 Class "I" Series "B" shares, not subscribed or paid, which were deposited in the Company's treasury for the conversions of convertible notes, whose holders did not exercise the respective right of conversion, and said notes having been fully redeemed.

Thus, the fixed capital of the Company was reduced in the total amount of Ps. \$1,031.96; equal to the theoretical value of the canceled shares, thus the fixed capital reached Ps. \$454,619,850.35.

On March 18, 2025, the Extraordinary General Shareholders' Meeting approved, among other issues, the cancellation of 363,818,224 Class "I" Series "B" common, nominative shares, with no par value, representative of the Company's capital stock, equivalent to 51,974,032 AXTELCPOs, that remained in the Company's Treasury derived from its share buyback program. As a result of such cancellation, the fixed portion of the Company's capital stock was reduced in the amount of Ps. \$8'343,290.52, an amount equal to the theoretical value of the canceled shares, remaining at \$446'276,559.83. Axtel is managing the update procedures for the registration of the shares and AXTELCPOs in the National Securities Registry, as a result of said agreements

As of the date of this Annual Report, the Company has a total of 19,460'372,893 Class "I" Series "B" common shares, with no par value. See section 1.3) *Recent relevant events*.

Shareholders' Meetings and Voting Rights

The general shareholders' meetings may be ordinary or extraordinary. At each general shareholders' meeting, each shareholder shall be entitled to one vote per share.

The extraordinary general shareholders' meetings shall be those convened to decide on the following matters:

- Extending the duration of the Company or early dissolution;
- increases or reductions to the fixed part of the capital stock;
- amendment to the Company's corporate purpose and changes of nationality;
- mergers or transformations;
- issuance of bonds and preferred stock;
- any amendment to the bylaws;
- spin-offs;
- cancellation of shares at the expense of retained earnings; and
- cancellation of the registration of shares in the RNV or any other stock market (except for automatic trading systems).

Ordinary shareholders' meetings are those convened to decide on any matter not reserved for extraordinary meetings. The ordinary general shareholders' meeting shall meet at least once a year, within the first four months after the end of the fiscal year, to resolve, among other things, the following:

- Discussion and approval of the reports of the Board of Directors and the CEO referred to in the LMV and discussion about the application of the results of the immediately preceding fiscal year;
- appointment of members of the Board of Directors and the Audit and Corporate Practices Committee, as well as any other committee that may be created, as well as the determination of their compensation;
- determine the maximum amount that may be used for the share buyback program and
- discussion and approval of the annual report presented by the Chairman of the Audit and Corporate Practices Committee to the Board of Directors.

In accordance with the provisions of the LMV, the general ordinary shareholders' meeting shall, in addition to the matters described above, approve any operation involving 20% or more of the Company's consolidated assets within the same fiscal year.

To attend the shareholders' meeting, shareholders must be registered in the Company's registry book or provide sufficient evidence of the ownership of their stocks.

Shareholders' meetings, whether ordinary or extraordinary, may be held in person, or through the use of electronic, optical or any other technology means, that allow the participation by such means of all or part of the shareholders and/or their duly accredited representatives, provided that the participation is simultaneous and allows interaction in the deliberations in a functionally equivalent way to an in-person meeting; with the understanding that, in any case, there must be mechanisms or measures that allow access, accreditation of the identity of the participants, as well as, where applicable, the way in which they vote, and the corresponding evidence is generated.

For an ordinary shareholders' meeting to be considered legally gathered by virtue of a first call, at least half of the Company's capital stock must be represented, and its resolutions will be valid when taken by a majority vote of the shares with voting rights represented in the meeting. In the case of second or subsequent call, ordinary shareholders' meetings may be held valid regardless of the number of shares represented and their resolutions shall be valid when taken by a majority vote of the shares with voting rights represented in the meeting. For an extraordinary shareholders' meeting to be considered legally gathered by virtue of the first call, at least three-quarters of the capital stock must be represented, and its resolutions will be valid when taken by the favorable vote of at least more than half of the stock with voting rights. In the event of a second or subsequent call, the extraordinary shareholders' meetings may be held valid if at least fifty-one percent of the Company's capital stock is represented, and their resolutions shall be valid if taken by the favorable vote of at least half of such capital stock.

Notices to call for shareholders' meetings must be made by the Board of Directors, its Chairman, its Secretary, or by one or more committees that carry out the functions of corporate and audit practices. Shareholders holding shares with voting rights, including limited or restricted vote, that individually or jointly hold at least 10% of the Company's capital stock shall be entitled to request the Chairmen of the Board of Directors or the Chairmen of the committees that carry out the functions of audit and corporate practices, to gather a general shareholders' meeting on the terms set out in Article 184 of the *Ley General de Sociedades Mercantiles*, this, notwithstanding the applicable percentage specified in such Article. Any shareholder shall have the same right referred to in both cases specified in Article 185 of the *Ley General de Sociedades Mercantiles*. If the notice for the shareholders' meeting is not done within 15 (fifteen) days following the application date, a Civil or District Judge of the Company's domicile will, at the request of any interested shareholder, issue such notice. Notices for ordinary, extraordinary, or special general meetings, must be published in the electronic system established by the Ministry of Economy, at least 15 calendar days prior to the date set for the meeting (the day in which the publication of the call is made, will be computed within the 15-day period). When the quorum has not been sufficient for a meeting, record shall be taken in the respective book, stating that fact, along with the signatures in such records of the President and Secretary and the appointed Scrutineers, stating the date of issuance of the newspaper on which such call for shareholders' meeting was published. In a second or subsequent call, the publication referred to above, must be made with no less than seven (7) calendar days prior to the date set for the new meeting. Notices shall state the place, date and time that the Meeting should be held, shall contain the agenda which may not include matters under the heading of general matters or equivalent and shall be signed by the person or persons who make them. With at least fifteen (15) calendar days prior to the date of a shareholders' meeting, all the appropriate information and documents related to each of the points contained in the agenda of the meeting must be available to shareholders at the Company's offices, free of charge. In accordance with the second paragraph of Article 178 of the *Ley General de Sociedades Mercantiles* ("LGSM"), resolutions taken outside the shareholders' meeting, by the unanimous vote of the shareholders representing all of the shares with voting rights, or special series shares if that were the case, shall for all legal purposes be deemed as valid as if they were adopted at a general or special shareholders' meeting, provided that such decisions are confirmed in writing by the shareholders.

Only persons registered as shareholders in the Share Registry Book, as well as those holding certificates stating the amount of such securities held by such person, issued by the institution for the deposit of securities, along with the list of holders of such securities issued by such institution, shall be entitled to appear or be represented at the shareholders' meeting, for which the provisions of the LMV shall be applied.

The minutes of the shareholders' meetings shall be prepared by the Secretary of the Board, or the person who had acted as Secretary of the shareholders' meeting; to be entered in the respective book and signed handwritten or electronically by the Chairman, Secretary and the designated scrutineers.

Dividend Payment and Settlement

Prior to the payment of any dividend, the Company shall set aside 5% of its net profits to integrate the legal reserve fund referred to in Article 20 of the *LGSM*, until such fund reaches the equivalent to 20% of the subscribed capital paid by the Company. Shareholders may agree to allocate additional amounts to the legal reserve fund, including the amounts destined for repurchase of stock. The remainder, if any, may be paid as a dividend to shareholders. Where appropriate, the payment of cash dividends to shares that are not deposited in *Indeval* will be made against delivery of the applicable coupon, if any.

To the extent that dividends are declared and paid to shareholders, holders of shares purchased in the U.S. or any other country other than Mexico are entitled to receive such dividends in Pesos. Currently there is no tax or withholding tax in accordance with Mexican law on shares acquired outside of Mexico or the dividends declared on such shares.

At the time of dissolution and liquidation of the Company, the ordinary general shareholders' meeting shall designate one or more liquidators, who must liquidate the Company. In the event of liquidation, all shares fully subscribed and paid shall be entitled to receive their proportional participation in the distribution of the Company's assets.

Purchase of Shares by Subsidiaries of Axtel

Any company in which Axtel is the majority shareholder may not, directly or indirectly, acquire shares of the Company or companies who own the majority of the Company's shares. In accordance with the LMV, this restriction does not apply to the acquisition of shares representing the Company's capital stock, through mutual funds.

Vote of Foreign Investors holding CPOs

On March 26, 2018, a Modification Agreement of the Irrevocable Trust Agreement No. 80471 called Axtel CPO's was signed, for the purpose of modifying, among others, the elimination of the restrictions on corporate rights to foreign holders. Therefore, the amendment to the CPOs Issuance Act was formalized on May 23, 2018 as well as the respective exchange of the CPOs before the *S.D. Indeval, Institución para el Depósito de Valores, S.A. of C.V.*, executed on July 31, 2018.

Measures to prevent the change of control in Axtel

General

The Company's bylaws provide, subject to certain exceptions, that: (A) any person who individually, or jointly with one or more Related Parties, seeking to acquire Shares or rights over Shares, by any means or title, directly or indirectly, either in an act or a succession of acts without a time limit between each other and as a result of such acquisition its shareholdings as an individual and/or jointly with the Related Party(ies) represent a participation of 5% or more, of all Series "B" Shares, shall require prior written consent from the Board of Directors and/or the Shareholders meeting, as provided below, (B) any person who individually or jointly with one or more Related Parties, which holds 5% or more of the total of Series "B" Shares, intend to acquire Shares or rights over Shares, by any means or title, directly or indirectly, whether in one transaction or a series of events without a time limit between each other and as a result, its shares holding as an individual and/or jointly with the Related Party(ies) represent a participation of 15% or more of all Series "B" Shares, as applicable, shall require prior written consent from the Board of Directors

and/or the Shareholders' meeting, as provided below, (C) any person who individually or jointly with one or more Related Parties, which maintain a 15% or more of the total of Series "B" shares, intend to acquire Shares or rights over Shares, by any means or title, directly or indirectly, whether in one transaction or a series of events without a time limit between each other and as a result, its shares holding as an individual and/or jointly with the Related Party(ies) represent a participation of 25% or more of all Series "B" Shares, as applicable, shall require prior written consent from the Board of Directors and/or the Shareholders' Meeting, as provided below; (D) any person who individually or jointly with one or more Related Parties, which maintaining a 25% or more of the Series "B" Shares, intends to acquire Shares or rights over Shares, by any means or title, directly or indirectly, whether in an act or a succession of acts without a time limit between each other and as a result, its shareholding as an individual and/or jointly with the Related Party(ies) represent 35% or more of all Series "B" Shares, as applicable, shall require prior written consent from the Board of Directors and/or the Shareholders' Meeting, as provided below, (E) any person who individually or jointly with one or more Related Parties, which maintained a 35% or more of the Series "B" Shares, intends to acquire Shares or rights over Shares, by any means or title, directly or indirectly, whether in one transaction or a series of events without a time limit between each other and as a result its shareholding as an individual and/or in conjunction with the Related Party(ies) represent 45% or more of all Series "B" Shares, as applicable, shall require prior written consent from the Board of Directors and/or the Shareholders' Meeting, as provided below, (F) any person who is a competitor of the Company or of any Subsidiary of the Company, who individually or together with one or more Related Parties, intend to acquire Shares or rights over Shares, by any means or title, directly or indirectly, whether in one transaction or a series of events without a time limit between each other and as a result their shareholding as an individual and/or jointly with the Related Party(ies) represent 3% or more of all Series "B" Shares, or its multiples thereof, shall require prior written consent of the Board of Directors and/or the Shareholders' Meeting, as applicable.

The person who acquires shares without having complied with any of the procedures, requirements, authorizations and other provisions set forth in the corporate bylaws, shall not be registered in the Company's share registry and consequently, such person will not be able to exercise the corporate rights corresponding to such Shares, specifically including the right to vote at shareholders' meetings, unless the Board of Directors or the general extraordinary shareholders' meeting authorizes otherwise. In the case of Persons who already are shareholders of the Company and, therefore, the ownership of their shares has already been entered in the Company's shares registry, the shares acquired without having complied with the procedures, requirements, authorizations and other provisions of such clause of the bylaws will not be entered in the Company's registry of shares and, accordingly, such persons may not exercise the corporate rights that apply to such actions, specifically including the right to vote in shareholders' meetings, unless the Board of Directors or the general extraordinary shareholders' meeting authorizes otherwise. In the cases in which any of the procedures, requirements, authorizations and other provisions provided for in the Company's bylaws, the certificates or listing of records referred to in the first paragraph of Article 290 of the LMV are not met, ownership of the Shares shall not be proved, neither the right to attend shareholders' meetings and the inscription in the shares registration, nor exercise of any actions, including those of a procedural nature, shall be deemed as legitimated, unless the Board of Directors or the general extraordinary shareholders' meeting authorizes otherwise. Additionally, and in accordance with Article 2117 of the Federal Civil Code, any person who acquires shares in violation of the provisions of the Company's bylaws, shall be required to pay a penalty to the Company for an amount equivalent to the price paid for all the Shares that were wrongfully acquired. In the case of shares acquired in violation of the provisions of the bylaws and free of charge, the penalty shall be for an amount equal to the market value of the wrongfully acquired Shares. Approvals granted by the Board of Directors or the Shareholders' Meeting as provided in the bylaws, shall cease to have effect if the information and documentation based on which these approvals were granted is not or ceases to be true. Likewise, the person who acquires shares in violation of the provisions of the bylaws, must transfer the wrongfully acquired Shares, to a third party approved by the Board of Directors or the Company's general extraordinary shareholders' meeting, in which case, the provisions for such matters contained in the Company's bylaws must be followed and complied with in order to carry out such disposal, including delivery to the Board of Directors of the Company, through its Chairman and Secretary, of the information referred to in the bylaws.

Requirements and Approvals of the Board of Directors and Shareholders Meeting

To obtain the prior consent of the Board of Directors, the potential acquirer must submit an authorization request, which must contain certain specific information. During the authorization process, certain terms must be met. The Board of Directors may, without liability, submit the request for authorization to the general extraordinary shareholders' meeting for resolution. The determination of the Board of Directors to submit for the consideration of the Shareholders' Meeting must consider different factors such as the potential conflict of interest, equity in the proposed price or when the Board is not able to meet having been convened more than twice, among other factors. The Board of Directors may reject any authorization previously granted before the date on which the transaction is consummated, in the event the Board receives a better offer for the Company's shareholders. If the Board of Directors or the Shareholders' Meeting does not resolve, in a negative or positive sense, on the terms and forms established in Axtel's bylaws, it is understood that the request for authorization to acquire shares in question has been denied.

Mandatory Public Tender Offer to Purchase in Certain Acquisitions

In the event that the Board of Directors authorizes the requested acquisition of Shares and said acquisition involves the acquisition of a participation of between 20% or 40% in the Company and notwithstanding the approval, the Person who intends to acquire such Shares must make a public tender offer to purchase, in cash and at a price determined in accordance with the procedure established in the following paragraph, for an additional 10% of the Company's capital stock, without such acquisition, including the additional, exceeding half of the ordinary shares with voting rights or implying a change of Control in the Company.

In the case that the Board of Directors or the General Extraordinary Shareholders' Meeting, as the case may be, approves an acquisition that may result in a change of control, the acquirer in question must make a public tender offer to purchase 100% minus one, of the existing Shares of the Company, at a price payable in cash that shall not be less than the price that is greater than the following:

- a) The book value of the shares, according to the latest quarterly income statement approved by the Board of Directors; or b) the highest closing price of the shares during the 365 days prior to the date of the authorization granted by the Board of Directors; or c) the highest price paid in the purchase of Shares at any time by the Person who individually or jointly, directly or indirectly, acquires the Shares subject to the authorization by the Board of Directors; or d) the highest enterprise value multiple of the Company for the last 36 months, multiplied by the EBITDA known for the last 12 months minus the most recent known net debt. The aforementioned enterprise value multiple corresponds to the market value of the Company (the share or CPO closing price multiplied by the total number of shares or CPOs outstanding representative of 100% of the Company's capital stock) plus the known net debt, divided by the known last 12-months EBITDA.

Any public tender offer that must be conducted in relation to the foregoing shall be subject to certain specific requirements. All shareholders of the Company must be paid the same price for their shares in the public tender offer. The provisions of the Company's bylaws summarized in this paragraph, related to the mandatory tender offer for certain acquisitions, is generally more rigid than the provisions of the LMV. Some of the provisions of the bylaws relating to the public tender offer in the case of certain acquisitions differ from the requirements established in the LMV, in the understanding that the provisions of the bylaws grant greater protection to minority shareholders than those provided by law. In these cases, the provisions contained in the bylaws and not the corresponding provisions of the LMV, will apply to the acquisitions specified herein.

Exceptions

The provisions of the Company's bylaws summarized above, do not apply to acquisitions or transfers of Shares that are carried out by succession, to those acquired by the Person(s) who control the Company and those managed by Axtel, its subsidiaries or affiliates or by any trust created by the Company or any of its subsidiaries, among others.

Amendments to the Provisions on the Protection against hostile takeover

Any amendment to the provisions relating to protection against hostile takeover must be made in accordance with the terms established by the LMV and registered in the Public Registry of Commerce at the Company's domicile.

Other provisions

Appraisal Rights and Other Minority Rights

If shareholders agree to modify the Company's corporate purpose, nationality or agree to transform it into other type of corporation, any shareholder who voted against the amendment may exercise its withdrawal right, receiving the book value of shares (in accordance with the last balance sheet approved by the shareholders), provided that the withdrawal request is submitted within 15 days following the day in which such amendments were adopted.

In accordance with the LMV, issuers are required to observe certain minority rights, including rights that allow:

- shareholders representing at least 10% of the duly subscribed and paid capital stock of the Company, to call for a meeting in which they are entitled to vote;
- shareholders representing at least 15% of the Company's capital stock, to claim, subject to certain legal requirements, certain civil responsibilities against the members of the Board of Directors of the Company;
- shareholders representing at least 10% of the stock with voting rights who are present or represented at a shareholders' meeting, may request to postpone the voting of issues on which there are not sufficiently informed; and
- shareholders representing at least 20% of the duly subscribed and paid capital stock, to oppose and stop any resolution adopted by the shareholders, subject to compliance with certain legal requirements.

Additionally, and in accordance with the LMV, Axtel is subject to comply with certain corporate governance issues, including the requirement to maintain a committee performing the functions of Audit and corporate practices and the election of independent directors.

The rights granted to minority shareholders and the liabilities of the Company's directors under Mexican law are different from those given by law in the United States and other countries. Mexican courts have not ruled exhaustively in relation to the responsibilities of board members, unlike the courts of different states of the United States, where court rulings in this matter have identified some of the rights attributable to minority shareholders. Mexican procedural law does not contemplate the possibility of class actions or shareholder lawsuits, which in the United States allow shareholders to incorporate other shareholders into their claims or to exercise rights attributable to the Company. Shareholders of Mexican companies do not have the power to oppose resolutions adopted at shareholders' meetings unless they strictly comply with procedural requirements. As a result of the foregoing, it is usually more complicated for the minority shareholders of Mexican corporations to file lawsuits against the Company or its board members, in comparison with the shareholders of companies in the United States.

Responsibilities of Board Members and Committee Members

Liability claims against board members and committee members will be subject under the provisions stated in the LMV. In accordance with the LMV, shareholders representing at least 5% of the Company's capital stock may exercise liability claims against board members in case of breach of duties of due diligence and loyalty and may obtain for the benefit of the Company, the payment of an indemnity equivalent to the amount of damages and losses. These liability actions are prescribed at the end of five years and may not be exercised if the board members are protected by the exceptions stated in the LMV.

Conflicts of Interest

A shareholder who votes on any resolution in which there is a conflict of interest may incur in a responsibility for direct and consequential damages incurred to the Company, provided that the resolution could not have been approved without the affirmative vote of such shareholder. Additionally, a member of the Board of Directors or a

committee member that performs audit and corporate governance functions, that have any conflict of interest must inform the other members of such board or committee, or of the Company and restrain from voting on any resolution regarding such matter. Failure to comply with these obligations by a board member or committee member that performs audit and corporate governance functions may result in liability to such board member or committee member in question as well as in the payment of damages.

The Board of Directors shall carry out all acts not reserved by law or by the bylaws to the shareholders' meeting and shall have the functions, duties and powers established and provided for in the LMV and other applicable legal provisions. See Section *Powers of the Board of Directors* on this *Annual Report*.

Suspension of the Resolutions Adopted by Shareholders

Holders of shares with voting rights, including limited or restricted vote, who individually or jointly hold 20% or more of the Company's capital stock, may judicially oppose the resolutions of the general shareholders' meetings in which they were entitled to vote. The above, subject to the terms and conditions set forth in Article 201 of the *Ley General de Sociedades Mercantiles*, without the percentage referred to that article and Article 202 of the aforementioned law being equally applicable.

Admission of Foreigners

In accordance with applicable law, the Company's bylaws state that when acquiring Company's shares, foreign shareholders are obliged to: (i) be considered as Mexican in everything relating to their shares, properties, rights, concessions, participations or interests in which the Company is the holder and the rights and obligations resulting from any contract between the Company and the federal government and (ii) do not seek the protection of their government. If a shareholder invokes such protection, in contravention with the provisions of the bylaws, it's bound to lose its Shares in benefit of the Mexican Nation. This prohibition does not apply to legal proceedings before foreign courts.

Jurisdiction

The Company's bylaws state that any dispute between the shareholders and the Company, or between the shareholders on matters relating to the Company, the parties hereby agree to submit such matters to the jurisdiction of the courts located on the state of Nuevo Leon, Mexico.

CPO Trust and other agreements

The Company is listed on the BMV through non-redeemable CPOs issued under the CPO Trust, each representing 7 Series "B" Class "I" shares of the capital stock of Axtel. The holders of CPOs that are considered investors, may instruct the Trustee to exercise the right to vote with respect to the Shares underlying the CPOs of their ownership, in the event that the investors do not issue the respective instruction up to 3 days before the respective Shareholders' Meeting, the Trustee shall cast their vote in the same way as most of the holders of Series "B" Shares considered investors do so.

On the other hand, Controladora Axtel and a group of shareholders holding approximately 19.8% of the capital stock of Axtel, entered into a Shareholders' Agreement to regulate their relationship as shareholders of the Company, as well as the transfer of shares by themselves. This Shareholders' Agreement contains, among other provisions, rules for the appointment of the board of directors of Axtel, matters of qualified majority in general shareholders' meetings, preferential rights in the case of transfers of shares, joint selling rights and forced sales rights.

Except as provided by the Company's bylaws, by the CPO Trust and the Shareholders' Agreement, there are no other statutory clauses or agreements between shareholders or other mechanisms that limit or restrict the Company's management or its shareholders.

5. STOCK MARKET

5.1) Shareholders' Structure

The CPOs of the Company are conformed by Class "I" Series "B" Shares of Axtel's capital stock. They represent 7 Shares of the aforementioned Series and are listed on the BMV. Controladora Axtel owns approximately 54.9% of the shares representing Axtel's capital stock, this derived from the Spin-off.

5.2) Stock Performance in the Stock Market

The following table shows the maximum and minimum prices of AXTELCPOs.

	Maximum	Minimum	Volume
	(Pesos per CPO)		(in thousands)
Annual Maximum and Minimum:			
2020.....	8.45	2.57	411,676
2021.....	6.78	3.75	271,929
2022.....	4.23	1.26	247,914
2023.....	1.49	0.61	432,250
2024.....	1.89	0.60	222,190
2022:			
First quarter.....	4.23	2.70	63,724
Second quarter.....	2.81	1.52	128,081
Third quarter.....	1.59	1.26	27,676
Fourth quarter.....	1.64	1.36	27,939
2023:			
First quarter.....	1.49	1.24	121,058
Second quarter.....	1.45	0.67	185,702
Third quarter.....	0.87	0.61	78,457
Fourth quarter.....	0.87	0.62	47,029
2024:			
First quarter.....	0.86	0.60	31,973
Second quarter.....	1.89	0.83	68,704
Third quarter.....	1.47	0.96	65,547
Fourth quarter.....	1.27	0.99	55,967
Monthly Maximum and Minimum:			
2024:			
January.....	0.67	0.60	12,883
February.....	0.84	0.66	9,710
March.....	0.86	0.80	9,380
April.....	1.06	0.83	15,720
May.....	1.89	1.20	41,348
June.....	1.55	1.38	11,636
July.....	1.47	1.28	11,905
August.....	1.32	1.18	16,404
September.....	1.26	0.96	37,238
October.....	1.20	0.99	15,601
November.....	1.27	1.11	19,016
December.....	1.16	1.07	21,350
2025:			
January.....	1.14	1.00	12,906
February.....	1.86	1.20	69,665
March.....	2.48	1.84	27,013

5.3) Market Maker

As of December 31, 2024, Axtel has not entered into a Market Maker contract with any intermediary.



De conformidad con el Artículo 33 fracción I, inciso b), párrafo 1 de las “Disposiciones de Carácter General Aplicables a las Emisoras de Valores y otros Participantes del Mercado de Valores”, emitidas por la Comisión Nacional Bancaria y de Valores y publicadas en el Diario Oficial de la Federación (“DOF”), el 19 de marzo de 2003, y sus respectivas actualizaciones, y con relación al Reporte Anual 2024 de Axtel, S.A.B. de C.V., hacemos constar que:

“Los suscritos manifestamos bajo protesta de decir verdad que, en el ámbito de nuestras respectivas funciones, preparamos la información relativa a la emisora contenida en el presente reporte anual, la cual, a nuestro leal saber y entender, refleja razonablemente su situación. Asimismo, manifestamos que no tenemos conocimiento de información relevante que haya sido omitida o falseada en este reporte anual o que el mismo contenga información que pudiera inducir a error a los inversionistas.”

Atentamente,

A handwritten signature in dark ink, appearing to read "Armando", written over a horizontal line.

Ing. Armando de la Peña González
Director General

A handwritten signature in blue ink, appearing to read "Gerardo", written over a horizontal line.

Ing. Adrián Gerardo de los Santos Escobedo
Director de Finanzas

A handwritten signature in blue ink, appearing to read "Carlos", written over a horizontal line.

Lic. Carlos Jiménez Barrera
Director Jurídico

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

Manifestación de consentimiento para
la inclusión en el reporte anual del
informe de auditoría externa y de
revisión de la información del informe
anual al 31 de diciembre de 2024



Al Presidente del Comité de Auditoría de
Axtel, S. A. B. de C. V.

En los términos del Artículo 39 de las Disposiciones de carácter general aplicables a las Entidades y Emisoras supervisadas por la Comisión Nacional Bancaria y de Valores que contraten servicios de auditoría externa de estados financieros básicos, publicadas en el Diario Oficial de la Federación ("DOF") del 26 de abril de 2018 y sus modificaciones posteriores (las "Disposiciones") y del Artículo 84 Bis de las Disposiciones de carácter general aplicables a las emisoras de valores y otros participantes del mercado de valores publicadas en el DOF del 19 de marzo de 2003 y sus modificaciones posteriores (la "Circular Única de Emisoras"), en nuestro carácter de auditores externos independientes de los estados financieros básicos consolidados por los años que terminaron el 31 de diciembre de 2024, 2023 y 2022 de Axtel, S. A. B. de C. V., manifestamos lo siguiente:

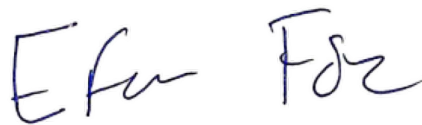
- I. Que expresamos nuestro consentimiento para que la Emisora incluya en el reporte anual, el Informe de Auditoría Externa que al efecto emitimos.
- II. Lo anterior en el entendido de que previamente nos cercioramos que la información contenida en los Estados Financieros Básicos consolidados incluidos en el reporte anual, así como cualquier otra información financiera comprendida en dichos documentos cuya fuente provenga de los mencionados Estados Financieros Básicos consolidados o del Informe de Auditoría Externa que presentamos coincide con la auditada, con el fin de que dicha información sea hecha del conocimiento público.

Atentamente,

Galaz, Yamazaki, Ruiz Urquiza, S.C.
Afiliada a una Firma Miembro de Deloitte Touche Tohmatsu Limited



C.P.C. Manuel Silverio Villalón Lopez
Apoderado (Representante Legal)
Monterrey, Nuevo León, México
28 de abril de 2025



C.P.C. Efraín Omar Fernández Mendoza
Auditor externo
Monterrey, Nuevo León, México
28 de abril de 2025

* * * * *



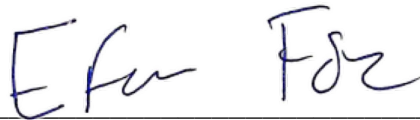
El suscrito manifiesta bajo protesta de decir verdad, que los estados financieros de Axtel, S. A. B. de C. V. (la "Emisora"), que contiene el presente reporte anual por los ejercicios 2024, 2023 y 2022 fueron dictaminados con fecha 31 de enero de 2025, 2024 y 2023, respectivamente, de conformidad con las Normas Internacionales de Auditoría.

Asimismo, manifiesta que ha leído el presente reporte anual y basado en su lectura y dentro del alcance del trabajo de auditoría realizado, no tiene conocimiento de errores relevantes o inconsistencias en la información que se incluye y cuya fuente provenga de los estados financieros dictaminados señalados en el párrafo anterior, ni de información que haya sido omitida o falseada en este reporte anual o que el mismo contenga información que pudiera inducir a error a los inversionistas.

No obstante, el suscrito no fue contratado, y no realizó procedimientos adicionales con el objeto de expresar su opinión respecto de la otra información contenida en el reporte anual que no provenga de los estados financieros por el dictaminados.



C.P.C. Manuel Silverio Villalón Lopez
Apoderado (Representante Legal)
Monterrey, Nuevo León, México
28 de abril de 2025



C.P.C. Efrain Omar Fernández Mendoza
Auditor externo
Monterrey, Nuevo León, México
28 de abril de 2025



**Axtel, S. A. B. de C. V. and subsidiaries
(Subsidiary of Controladora Axtel, S. A.
B. de C. V.)**

Consolidated Financial Statements as of
and for the Years Ended December 31,
2024, 2023 and 2022, and Independent
Auditors' Report Dated January 31,
2025



Axtel, S. A. B. de C. V. and subsidiaries
(Subsidiary of Controladora Axtel, S. A. B. de C. V.)

Independent Auditors' Report and Consolidated Financial Statements as of and for the years ended December 31, 2024, 2023 and 2022

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Consolidated Statements of Changes in Stockholders' Equity	8
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Independent Auditors' Report to the Board of Directors and Stockholders of Axtel, S. A. B. de C. V. and Subsidiaries

Opinion

We have audited the consolidated financial statements of Axtel, S. A. B. de C. V. and Subsidiaries (the "Company" or the "Group"), which comprise the consolidated statements of financial position as of December 31, 2024, 2023 and 2022, the consolidated statements of income, the consolidated statements of comprehensive income (loss), the consolidated statements of changes in stockholders' equity and the consolidated statements of cash flows for the years then ended, and the explanatory notes to the consolidated financial statements, that include information on material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Axtel, S. A. B. de C. V. and Subsidiaries, as of December 31, 2024, 2023 and 2022, and their consolidated financial performance and their consolidated cash flows for the years then ended, in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audits in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the Code of Ethics issued by the Mexican Institute of Public Accountants (IMCP Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and with the IMCP Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

The accompanying consolidated financial statements have been translated from Spanish to English for the convenience of readers.

This matter has not changed our opinion.

Key Audit Matter

The key audit matter is the matter that, in our professional judgment, is of most significance in our audit of the 2024 consolidated financial statements. This matter was addressed in the context of our audit of the consolidated financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. We have determined that the matter described below is the key audit matter that should be communicated in our report.

Assessment of Impairment of Long-lived Assets

As described in Note 3 and 5 to the consolidated financial statements, the Company performs impairment tests to the long-lived assets.

We have identified management's assessment of impairment of long-lived assets with definite useful life and goodwill as a key audit matter, mainly due to the fact that impairment tests involve the application of judgments and significant estimates by the Company's management in determining the assumptions, premises, cash flows, budgeted income, and the selection of discount rates used to estimate the recoverable value of the cash generating unit ("CGU"), besides the relevance of the balance for the consolidated financial statements of the Company, which is made up of property, plant and equipment for \$7,502,607 thousand pesos, goodwill of \$322,782 thousand pesos, and intangible assets with a definite useful life of \$660,973 thousand pesos. This requires a high level of judgement, an important level of audit effort and the incorporation of our expert valuation specialists.



We performed, among others, the following audit procedures on the following significant assumptions that the Company considered when estimating future projections to evaluate the recovery value of long-lived assets, among others; projections of income and expenses, expected gross and operating profit margins, discount rate, the industry growth rate, comparison of the expected gross profit margin, projected flows. As follows:

- We tested the design and implementation of the controls on the determination of the recovery value and the assumptions used.
- We evaluated with the assistance of our valuation specialists, the reasonableness of the i) methodology for determining the recovery value of intangible assets with definite useful lives and goodwill and ii) we challenge the financial projections, comparing them with the performance and historical trends of the business and corroborating the explanations of the variations with the administration. Likewise, we evaluated internal processes and management's ability to accurately carry out projections, including the approval of these by the Board of Directors.
- We analyzed the projection assumptions used in the impairment model, specifically including the projections of cash flow, operating margins, gross margin, profit margin before financial result, taxes, depreciation and amortization ("EBITDA") and long-term growth. We test the mathematical accuracy, completeness, and accuracy of the impairment model. The valuation specialists performed a sensitivity analysis for the CGU, independent calculations of the recovery value to assess whether the assumptions used would need to be modified and the probability that such modifications would occur.
- We independently evaluated the applicable discount rates, comparing them with the discount rates used by management.

The results of our procedures were satisfactory.

Information other than the Consolidated Financial Statements and Auditors' Report thereon

The Company's management is responsible for the additional information presented. Additional information includes: i) the Annual Stock Exchange Filing, ii) the information to be incorporated into the Annual Report that the Company is required to prepare in accordance with Article 33, section I, subsection b) of Title Four, Chapter One of the General Provisions Applicable to Issuers and other Participants of the Stock Market in Mexico and the Instructions that accompany these provisions (the "Provisions"). It is expected that the Annual Stock Exchange Filing and the Annual Report to be available for our reading after the date of this audit report; and iii) other additional information, which corresponds to measures that are not required by IFRS, and have been incorporated for the purpose of providing additional explanation to its investors and main readers of its consolidated financial statements to evaluate the performance of each of the operating segments and other indicators on the ability to meet obligations regarding the Earnings before interest, taxes, depreciation, amortization and asset impairment ("adjusted EBITDA") and the Business Unit Contribution ("BUC") of the Company, this information is presented in Note 28.

Our opinion of the consolidated financial statements will not cover the additional information and we will not express any form of assurance about it.

In connection to our audit of the consolidated financial statements, our responsibility will be to read the additional information, when available, and in doing so, consider whether the financial information contained therein is materially inconsistent with the consolidated financial statements or with our knowledge obtained during the audit, or otherwise appears to contain a material error. When we read the Annual Report, we will issue the declaration on its reading, required in Article 33, Section I, subsection b), number 1.2. of the Provisions. Additionally, and in relation to our audit of the consolidated financial statements, our responsibility is to read and recalculate the additional information, which in this case are the measures not required by IFRS and in doing so, consider whether the other information contained therein is inconsistent in material form with the consolidated financial statements or with our knowledge obtained during the audit, or that seems to contain a material error. If based on the work we have performed, we conclude that there is a material error in the additional information, we are required to communicate the matter. As of the date of this report, we have nothing to inform in this regard.



Responsibilities of Management and those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those responsible with governance are responsible for overseeing the Company's consolidated financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the evasion of internal control.
- Obtain knowledge of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision, and review of the work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

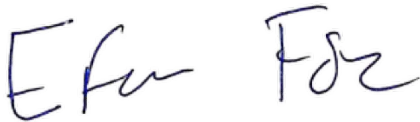
We communicate with those charged with governance regarding, among other matters, the scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and have communicated to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the current period and are, therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Galaz, Yamazaki, Ruiz Urquiza, S. C.
Affiliated member firm of Deloitte Touche Tohmatsu Limited

A handwritten signature in blue ink, appearing to read 'Efraín' followed by a stylized 'F' and 'M'.

C. P. C. Efraín Omar Fernández Mendoza
Monterrey, Nuevo León México
January 31, 2025



Axtel, S. A. B. de C. V. and Subsidiaries
(Subsidiary of Controladora Axtel, S. A. B. de C. V.)

Consolidated Statements of Financial Position

As of December 31, 2024, 2023 and 2022

Thousands of Mexican pesos

	Note	2024	2023	2022
Assets				
Current assets:				
Cash and cash equivalents	6	\$ 1,255,690	\$ 1,207,174	\$ 1,542,831
Trade and other accounts receivable, net	7	2,474,803	1,814,136	1,928,725
Inventories	8	36,490	62,856	169,838
Derivative financial instruments	4	32,743	-	4,696
Prepayments	3.i	752,952	603,818	739,229
Total current assets		<u>4,552,678</u>	<u>3,687,984</u>	<u>4,385,319</u>
Non-current assets:				
Property, plant and equipment, net	9	7,502,607	8,253,618	9,044,067
Right-of-use asset, net	10	306,021	312,698	364,711
Goodwill and intangible assets, net	11	983,755	1,064,179	1,163,740
Deferred income taxes	19	3,363,046	2,961,659	2,957,955
Other non-current assets	12	528,139	429,015	435,605
Total non-current assets		<u>12,683,568</u>	<u>13,021,169</u>	<u>13,966,078</u>
Total assets		<u>\$17,236,246</u>	<u>\$16,709,153</u>	<u>\$18,351,397</u>
Liabilities and Stockholders' Equity				
Current liabilities:				
Debt	16	\$ 277,754	\$ 214,351	\$ 375,506
Lease liability	17	109,080	107,755	220,968
Trade and other accounts payable	13	2,350,940	1,798,753	2,582,573
Provisions	14	11,844	98,176	25,316
Deferred income	15	103,592	66,791	45,208
Derivative financial instruments	4	-	31,987	-
Total current liabilities		<u>2,853,210</u>	<u>2,317,813</u>	<u>3,249,571</u>
Non-current liabilities:				
Debt	16	10,709,965	10,155,319	11,184,614
Lease liability	17	164,915	153,109	99,990
Employee benefits	18	1,157,430	965,673	891,255
Deferred income taxes	19	36	404	75,560
Total non-current liabilities		<u>12,032,346</u>	<u>11,274,505</u>	<u>12,251,419</u>
Total liabilities		<u>14,885,556</u>	<u>13,592,318</u>	<u>15,500,990</u>
Stockholders' equity:				
Capital stock	20	454,620	454,621	454,621
Retained earnings		1,974,637	2,726,588	2,416,317
Other comprehensive loss		(78,567)	(64,374)	(20,531)
Total controlling interest		<u>2,350,690</u>	<u>3,116,835</u>	<u>2,850,407</u>
Non-controlling interest		-	-	-
Total stockholders' equity		<u>2,350,690</u>	<u>3,116,835</u>	<u>2,850,407</u>
Total liabilities and stockholders' equity		<u>\$17,236,246</u>	<u>\$16,709,153</u>	<u>\$18,351,397</u>

The accompanying notes are an integral part of these consolidated financial statements.



Axtel, S. A. B. de C. V. and subsidiaries
(Subsidiary of Controladora Axtel, S. A. B. de C. V.)

Consolidated Statements of Income

For the years ended December 31, 2024, 2023 and 2022

Thousands of Mexican pesos, except for earnings per share amounts

	Note	2024	2023	2022
Revenues	21	\$11,556,488	\$10,955,886	\$10,479,596
Cost of sales	22	(5,391,829)	(5,269,308)	(5,164,025)
Gross profit		6,164,659	5,686,578	5,315,571
Administration and selling expenses	22	(4,821,971)	(5,105,107)	(5,218,193)
Other (expenses) income, net	23	(8,340)	(5,730)	76,494
Operating income		1,334,348	575,741	173,872
Financial income	24	71,034	256,720	286,179
Financial expenses	24	(1,277,969)	(1,234,589)	(1,058,354)
Exchange fluctuation (loss) gain, net	24	(1,212,810)	655,391	511,257
Financial result, net		(2,419,745)	(322,478)	(260,918)
(Loss) income before income taxes		(1,085,397)	253,263	(87,046)
Income taxes	19	394,204	61,043	48,232
Net consolidated (loss) income		<u>\$ (691,193)</u>	<u>\$ 314,306</u>	<u>\$ (38,814)</u>
(Loss) income attributable to:				
Controlling interest		(691,193)	314,306	(38,814)
Non-controlling interest		-	-	-
		<u>\$ (691,193)</u>	<u>\$ 314,306</u>	<u>\$ (38,814)</u>
(Loss) income per basic and diluted share		<u>\$ (0.035)</u>	<u>\$ 0.016</u>	<u>\$ (0.002)</u>
Weighted average common outstanding shares (thousands of shares)		<u>19,694,527</u>	<u>19,809,648</u>	<u>19,824,236</u>

The accompanying notes are an integral part of these consolidated financial statements.



Axtel, S. A. B. de C. V. and subsidiaries
(Subsidiary of Controladora Axtel, S. A. B. de C. V.)

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2024, 2023 and 2022

Thousands of Mexican pesos

	Note	2024	2023	2022
Net consolidated (loss) income		\$ (691,193)	\$ 314,306	\$ (38,814)
Other comprehensive income (loss) for the year:				
<i>Items that will be reclassified to the consolidated statement of income:</i>				
Effect of currency translation	19	3,514	(2,881)	(1,446)
Fair value of derivative financial instruments, net of taxes		34,094	(25,964)	24,284
<i>Items that will not be reclassified to the consolidated statement of income:</i>				
Remeasurements of employee benefits, net of taxes	19	<u>(18,129)</u>	<u>(14,998)</u>	<u>(3,473)</u>
Total other comprehensive income (loss) for the year		<u>19,479</u>	<u>(43,843)</u>	<u>19,365</u>
Total comprehensive (loss) income of the year		<u><u>\$ (671,714)</u></u>	<u><u>\$ 270,463</u></u>	<u><u>\$ (19,449)</u></u>
Attributable to:				
Controlling interest		\$ (671,714)	\$ 270,463	\$ (19,449)
Non-controlling interest		<u>-</u>	<u>-</u>	<u>-</u>
Comprehensive (loss) income of the year		<u><u>\$ (671,714)</u></u>	<u><u>\$ 270,463</u></u>	<u><u>\$ (19,449)</u></u>

The accompanying notes are an integral part of these consolidated financial statements.



Axtel, S. A. B. de C. V. and Subsidiaries
(Subsidiary of Controladora Axtel, S. A. B. de C. V.)

Consolidated Statements of Changes in Stockholders' Equity

For the years ended December 31, 2024, 2023 and 2022

Thousands of Mexican pesos

	Capital stock	Retained earnings	Other comprehensive income	Total controlling interest	Non- controlling interest	Total stockholders' equity
Balances as of January 1, 2022	\$ 464,368	\$ 2,445,384	\$ (39,896)	\$ 2,869,856	\$ -	\$ 2,869,856
Transactions with stockholders:						
Cancellation of shares	(9,747)	9,747	-	-	-	-
Total transactions with stockholders	(9,747)	9,747	-	-	-	-
Net consolidated loss	-	(38,814)	-	(38,814)	-	(38,814)
Total other comprehensive income for the year	-	-	19,365	19,365	-	19,365
Comprehensive loss	-	(38,814)	19,365	(19,449)	-	(19,449)
Balances as of December 31, 2022	454,621	2,416,317	(20,531)	2,850,407	-	2,850,407
Transactions with stockholders:						
Repurchase of shares	-	(4,035)	-	(4,035)	-	(4,035)
Total transactions with stockholders	-	(4,035)	-	(4,035)	-	(4,035)
Net consolidated income	-	314,306	-	314,306	-	314,306
Total other comprehensive loss for the year	-	-	(43,843)	(43,843)	-	(43,843)
Comprehensive income	-	314,306	(43,843)	270,463	-	270,463
Balances as of December 31, 2023	454,621	2,726,588	(64,374)	3,116,835	-	3,116,835
Transactions with stockholders:						
Repurchase of shares	-	(60,759)	-	(60,759)	-	(60,759)
Cancellation of shares	(1)	1	-	-	-	-
Adjustment to employee benefits	-	-	(33,672)	(33,672)	-	(33,672)
Total transactions with stockholders	(1)	(60,758)	(33,672)	(94,431)	-	(94,431)
Net consolidated loss	-	(691,193)	-	(691,193)	-	(691,193)
Total other comprehensive income for the year	-	-	19,479	19,479	-	19,479
Comprehensive loss	-	(691,193)	19,479	(671,714)	-	(671,714)
Balances as of December 31, 2024	<u>\$ 454,620</u>	<u>\$ 1,974,637</u>	<u>\$ (78,567)</u>	<u>\$ 2,350,690</u>	<u>\$ -</u>	<u>\$ 2,350,690</u>

The accompanying notes are an integral part of these consolidated financial statements.



Axtel, S. A. B. de C. V. and subsidiaries
(Subsidiary of Controladora Axtel, S. A. B. de C. V.)

Consolidated Statements of Cash Flows

For the years ended December 31, 2024, 2023 and 2022

Thousands of Mexican pesos

	2024	2023	2022
Cash flows from operating activities			
(Loss) income before income taxes	\$(1,085,397)	\$ 253,263	\$ (87,046)
Depreciation and amortization	2,275,177	2,450,587	2,806,263
Exchange fluctuation loss (gain), net	1,212,810	(655,391)	(511,257)
Allowance for doubtful accounts	(188,114)	179,824	346,861
Loss (gain) from sale of property, plant and equipment	3,160	(78,417)	(25,449)
Interest income	(71,034)	(256,720)	(286,179)
Interest expense	1,277,969	1,234,589	1,058,354
Employee profit sharing	(3,013)	9,968	10,545
Impairment of investments	-	-	22,844
Others	46,210	(28,763)	6,318
Changes in working capital:			
Trade and other accounts receivable, net	(642,925)	(287,175)	145,531
Inventories	18,884	108,874	(81,592)
Trade accounts payable and other accounts payable	291,672	(186,088)	(268,569)
Employee benefits	117,756	52,992	119,794
Paid PTU	(3,284)	(4,830)	(5,411)
Deferred income	36,801	21,583	(40,844)
Subtotal	3,286,672	2,814,296	3,210,163
Income taxes paid	(2,288)	(4,428)	(2,312)
Net cash flows generated by operating activities	3,284,384	2,809,868	3,207,851
Cash flows from investing activities			
Acquisitions of property, plant and equipment	(1,276,578)	(1,311,101)	(1,306,677)
Disposal of property, plant and equipment	73,000	-	40,209
Acquisition of intangible assets	(24,931)	(29,306)	(24,784)
Interest received	70,793	29,637	83,945
Notes receivable	(2,931)	(25)	-
Net cash flows used in investing activities	(1,160,647)	(1,310,795)	(1,207,307)
Cash flows from financing activities			
Proceeds of current and non-current debt	-	7,992,451	-
Payments of current and non-current debt	(743,078)	(8,060,864)	(776,735)
Lease payments	(188,891)	(218,498)	(276,453)
Repurchase of shares	(60,759)	(4,035)	-
Interest paid and other financial expenses	(1,198,754)	(1,440,072)	(987,103)
Net cash flows used in financing activities	(2,191,482)	(1,731,018)	(2,040,291)
Net decrease of cash and cash equivalents	(67,745)	(231,945)	(39,747)
Effect of changes in exchange rates	116,261	(103,712)	(31,119)
Cash and cash equivalents at the beginning of the year	1,207,174	1,542,831	1,613,697
Cash and cash equivalents at the end of the year	\$ 1,255,690	\$1,207,174	\$1,542,831
Non-cash investing activities	\$ -	\$ -	\$ 36,769

The accompanying notes are an integral part of these consolidated financial statements.



Axtel, S. A. B. de C. V. and subsidiaries
(Subsidiary of Controladora Axtel, S. A. B. de C. V.)

Notes to the Consolidated Financial Statements

As of and for the years December 31, 2024, 2023 and 2022

Thousands of Mexican pesos, unless otherwise indicated

1. General information

Axtel, S. A. B. de C. V. and subsidiaries (“Axtel” or the “Company”) was incorporated in Mexico as a capital stock company. Axtel’s corporate offices are located at Avenida Munich No. 175 Colonia Cuauhtémoc, 66450 San Nicolás de los Garza, Nuevo León, Mexico.

Axtel is a publicly owned corporation, whose shares are registered at the National Securities Registry and are traded at the Mexican Stock Exchange (“Bolsa Mexicana de Valores” in Spanish) through Certificates of Participation (“CPOs”) issued under the Trust whose trustee is Nacional Financiera, Sociedad Nacional de Crédito, Development Finance Institution. The Company is a subsidiary of Controladora Axtel, S. A. B. de C. V. (“Controladora Axtel”) as of May 29, 2023, due to the fact that, on that date, the conditions precedent defined in the Extraordinary General Meeting of Alfa S.A.B. de C.V. (“ALFA”) held on July 12, 2022, with retroactive effect to that date (Note 2.f and 2.i).

The Company is an Information and Communication Technology company that serves the enterprise, government and wholesale markets, through its business units. The business and government portfolios include advanced solutions for managed networks, collaboration and information technology (IT) such as systems integration, cloud services, cybersecurity, among others. On the other hand, the connectivity solutions of the wholesale unit for wholesale clients or operators include last-mile access, IP transit, spectrum, fiber to the tower and fiber to the data center, among others. Concessions are required to provide these services and conducting the Company’s business activities. See Note 11.

Axtel conducts its activities through subsidiary companies of which it is the owner or of which it controls directly most of the common shares representing their capital stock. See Note 3.c.

When reference is made to the controlling entity Axtel, S. A. B. de C. V. as an individual legal entity, it will be referred to as “Axtel SAB”.

In the following notes to the consolidated financial statements, references to pesos or “\$” mean thousands of Mexican pesos; additionally, reference to dollars or “US\$” mean thousands of U.S. dollars, unless otherwise indicated for both cases.

2. Relevant events

2024

a. Debt

On December 16, 2024, Axtel announced the partial prepayment of a US\$34 million bank loan, paid from the cash flow generated by the Company. This loan, obtained from nine institutions, was reduced by 13% to US\$224 million, equally in dollars and pesos, while the Company's total debt decreased by 6%.

Derived from this transaction, the corresponding debt issuance costs, related to the aforementioned bank loan, recognized by the Company in the consolidated statements of income was \$4,248.

2023

b. Purchase of Senior Notes

On January 17, 2023, the Company announced that it had initiated a tender offer to buy back up to \$75 million of its 6.375% Senior Notes due 2024 (the “Notes”). On January 31, 2023, the results of the tender offer were announced, and the Notes tendered by the holders and accepted by the Company totaled US\$77.7 million. Given this, the Company increased the tender offer from US\$75 million to US\$120 million, and extended the tender offer date to February 13, 2023, the expiration date of said offer. As of February 13, 2023, the Notes tendered by the holders and accepted for purchase by Axtel totaled US\$88.6 million, leaving a balance of US\$313.6 million for the Notes, which were then repurchased during the year (Note 2.g).



Derived from this transaction, the corresponding debt issuance costs, related to the aforementioned Senior Notes due 2024, recognized by the Company in the consolidated statements of income was \$8,711.

c. Debt

On January 26, 2023, the Company entered into a loan credit agreement with Export Development Canada for an aggregate amount of US \$100 million, of which US\$40 million was drawn down on February 13, 2023, with maturities from January 2027 to January 2028, and a one-month term SOFR plus an applicable margin of 3.55%. On July 19, 2023, the remaining US\$60 million was drawn down with the same maturity and rate.

On January 27, 2023, the Company drew down \$200 million pesos from its revolving committed line with BBVA México, due in July 2024 and with a 28-day TIIE + 1.75 percentage points variable interest rate. This credit was settled on April 26, 2023.

The cash resources obtained from these loans were used to repurchase the Senior Notes mentioned in the previous event.

On May 25, 2023, the Company drew down \$180 million pesos from its Export Development Canada credit line, due on June 25, 2024, and with a TIIE plus 1.75% variable interest rate.

On April 27, 2023, the Company entered into a syndicated loan agreement for US\$210 million and \$971.5 million to refinance all Senior Notes due 2024. The loan redemption became effective on July 21, 2023. The new agreement has quarterly payments of the principal amounts starting in July 2025 and until maturity in April 2028, has a TIIE plus 3.25% interest rate for the peso portion and a SOFR plus 3.25% interest rate for the dollar portion.

Derived from this transaction, the corresponding debt issuance costs, related to the aforementioned Senior Notes due 2024, recognized by the Company in the consolidated statements of income was \$25,219.

d. Merger of subsidiary companies

At the Extraordinary General Stockholders' Meeting held on March 7, 2023, the merger by incorporation of Alestra Innovación Digital, S. de R.L. de C.V., Estrategias en Tecnología Corporativa, S.A. de C.V. and Allied Inmuebles, S.A. de C.V. (merged companies) in Axtel S.A.B. de C.V. was approved; which will subsist with the same corporate name as a merging company and will take charge of the rights and obligations of the merged companies. In addition, it was resolved that the merger takes full effect between parties and third parties as of April 1, 2023. This merger has no impact on the Company's consolidated operations.

e. Reserve for the repurchase of shares

At the Ordinary General Stockholders' Meeting held on March 7, 2023, a reserve of \$100 million pesos was approved and created for share repurchases. Additionally, it was resolved that said maximum amount of resources remain in place during the following fiscal years, unless an Ordinary Stockholders' Meeting resolves to allocate a different amount to the purchase of own shares.

As of December 31, 2023, 28,938,371 shares were repurchased.

As of December 31, 2023, the balance of the reserve for share repurchase is \$95,965.

f. Spin-off of ALFA's equity participation in Axtel and creation of Controladora Axtel

On May 19, 2023, the Company announced that Controladora Axtel, S.A.B. de C.V. ("Controladora Axtel"), a company resulting from the spin-off of Alfa, S.A.B. de C.V., received authorization from the National Banking and Securities Commission ("CNBV" for its acronym in Spanish) for the registration of its shares in the National Securities Registry.

The distribution of Controladora Axtel shares represents the end of the spin-off process approved by ALFA stockholders on July 12, 2022, with retroactive effect to that date. As a result of the transaction, ALFA stockholders received one share of Controladora Axtel for each ALFA share they owned.



The number of shares of the Company remained unchanged. Controladora Axtel began trading on the Stock Exchange on May 29, 2023, date from which the Company is now a subsidiary of Controladora Axtel due to the fact that, on said date, the suspensive conditions defined at the Alfa Shareholders' Meeting were met. Controladora Axtel, the latest holding company of the Group, exercises control and is the owner of 53.9% of the shares representing the Company's capital stock.

g. *Prepayment of Senior Notes*

On June 16, 2023, Axtel announced that it decided to prepay the entire principal amount totaling US\$313.6 million of its 6.375% Senior Notes due 2024 (Note 2.b). The prepayment occurred on July 21, 2023, at a price equal to 101.594% of the total principal, plus accrued interest. Axtel financed the prepayment of the Notes with existing bank loans announced on May 9, 2023, including a 5-year loan with development banks, as well as a bank loan with nine financial institutions for a 5-year term. Once the prepayment is made, the Company extended the average life of its debt by approximately 3 to 5 years.

h. *Debt*

On December 6, 2023, Axtel entered into a US\$60 million loan with the International Finance Corporation ("IFC"), a member of the World Bank Group, due on November 15, 2030, linked to commitments in environmental and social matters. The long-term loan will allow Axtel to finance the strategic deployment of its fiber optic network to telecommunications towers and data centers, promoting the development of digital infrastructure in Mexico, as well as extending the maturity profile of its debt.

2022

i. *Approval of the spin-off of ALFA's equity participation in Axtel and creation of Controladora Axtel*

On July 12, 2022, Alfa SAB Stockholders approved the spin-off of its entire ownership interest in Axtel. Alfa SAB carried out the process as a spinnor company and a variable capital stock corporation was incorporated as the spinnee company ("Controladora Axtel"), has been listed on the Mexican Stock Exchange.

The process was subject to certain conditions precedent, among which is the registration of Controladora Axtel as an issuer listed on the Mexican Stock Exchange, which as of December 31, 2022, had not been completed.

j. *Appointment of new CEO*

The Company announced Armando de la Peña González as its Chief Executive Officer ("CEO") as of May 1, 2022.

On April 26, Axtel's Board of Directors unanimously approved this appointment. Eduardo Escalante Castillo, Axtel's Acting CEO since January 22, 2021, returned full-time to his duties as Alfa's Finance Director.

k. *Impairment in investment in shares and accounts receivable from Altán Redes S.A.P.I. de C.V. ("Altán")*

The Company had a share ownership of 0.42% in Altán's capital stock as of December 31, 2022. Likewise, Axtel is a supplier of telecommunications and IT services for Altán.

On November 12, 2021, Altán was declared in "*concurso mercantil*", or bankruptcy, and from the day of publication of the judgment in the Official Federal Gazette, Altán has an initial conciliation period of 185 calendar days that may be extended for two more periods of 90 calendar days.

In November 2022, Altán announced that, on October 28, 2022, the First District Court for Commercial Bankruptcy agreed to approve the bankruptcy agreement as an enforceable judgment, thus concluding its "*concurso mercantil*" process.

As a result of the foregoing, Management recognized an impairment of \$21,966 in 2022 for the value of its investment (See Note 23). As of December 31, 2024, 2023 and 2022, the net balance receivable from Altán amounts to \$336,734, \$25,736 and \$31,262, respectively, before considering value added tax.



1. Repurchase of Senior Notes

During fiscal year 2022, the Company repurchased a principal amount of \$754,318 (US\$37,777) of its 6.375% Senior Notes due 2024. As of December 31, 2024, the Senior Notes due in 2024 were prepaid, leaving no outstanding balance as of that date.

Derived from this transaction, the corresponding debt issuance costs, related to the aforementioned Senior Notes, recognized by the Company in the consolidated statements of income was \$4,505.

3. Summary of material accounting policies

The following are the most material accounting policies followed by Axtel and its subsidiaries, which have been consistently applied in the preparation of their financial information in the years presented, unless otherwise indicated:

a. Basis of preparation

The consolidated financial statements of Axtel have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). IFRS include International Accounting Standards (“IAS”) in force and all related interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”), including those previously issued by the Standard Interpretations Committee (“SIC”).

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are measured at fair value.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. Additionally, it requires management to exercise judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, as well as the areas where judgments and estimates are significant to the consolidated financial statements, are disclosed in Note 5.

b. Changes in accounting policies and disclosures

i. New standards and modifications adopted by the Company

In the current year, the Company has applied a series of modifications to IFRS issued by the IASB that are mandatorily effective for an accounting period that begins on or after January 1, 2024. The conclusions related to their adoption are described as follows:

Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16, adding subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 *Revenue from Contracts with Customers* to be accounted for as a sale. The amendments require the seller-lessee to determine ‘lease payments’ or ‘revised lease payments’ such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

These amendments do not affect the gain or loss recognized by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognized a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of these amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15 is a lease liability.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

The Company evaluated the amendments to IFRS 16 and determined that the implementation of these amendments had no effect on its financial information, since it does not have any sale and leaseback transactions.



Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements

In May 2023, the IASB issued amendments to IAS 7 and IFRS 7 to clarify the characteristics of supplier financing arrangements and require additional disclosures about such arrangements.

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The amendments contain specific transition provisions for the first annual reporting period in which the Company applies the amendments.

The Company applied these amendments to disclose the impact on its liabilities and cash flows, specifically addressing liquidity risk and associated risk management in Note 4 to its consolidated financial statements.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

In January 2020 and November 2022, the IASB issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current and the classification of debt with covenants.

The amendments affect the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of assets, liabilities, income or expenses, or the information disclosed about those items.

The amendments seeks to clarify that liabilities are classified as current or non-current based on rights that exists at the end of the reporting period and that classification is unaffected by the entity's expectations to defer settlement of a liability, explains that rights exist if covenants are met at the end of the reporting period, and introduces a definition of 'settlement' to clarify that it refers to the transfer of cash, equity instruments, or other assets or services to the counterparty.

The amendments also specify that only covenants that an entity must meet at or after the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and should be considered in assessing the liability's classification as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed after the reporting date.

The Company evaluated the amendments to IAS 1 and reviewed the classification of its liabilities as necessary to reclassify between current and non-current and did not identify that these amendments to IAS 1 affected its current accounting policies applicable to its financial information, since it already classifies its liabilities according to contractual terms, without considering future refinancing plans defined in its liquidity financial risk management strategy.

Amendments to IAS 1 - Non-current Liabilities with Covenants

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity is only required to comply with the covenant after the reporting date. However, if the entity's right to defer payment of a liability is subject to compliance with covenants within twelve months after the reporting date, it should disclose information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of the related liabilities, and the facts and circumstances, if any, that indicate that the entity may have problems complying with the covenants.

The Company evaluated the amendments to IAS 1 and classifies liabilities as current or non-current based on what is expected to occur at the end of the period and discloses information about its covenants in Note 16 to its consolidated financial statements.



ii. *New, revised and issued IFRS, but not yet effective*

As of December 31, 2024, the Company has not applied the following amendments to IFRS that have been issued, but are not yet effective, and the adoption of these amendments is not expected to have a material impact on the consolidated financial statements in future periods, considering that they are not of significant applicability. The amendments to the IFRS are included below:

- Amendments to IAS 21 – Lack of exchangeability ⁽¹⁾
- Amendments to IFRS 7 and IFRS 9 – Classification and Measurement of Financial Instruments ⁽²⁾
- IFRS 7 and IFRS 9 – Nature-dependent Electricity Contracts ⁽²⁾
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures ⁽³⁾

(1) Effective for annual reporting periods beginning on January 1, 2025

(2) Effective for annual reporting periods beginning on January 1, 2026

(3) Effective for annual reporting periods beginning on January 1, 2027

IFRS 18 – Presentation and Disclosure in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33.

IFRS 18 introduces new requirements to:

- Present specified categories and defined subtotals in the statement of profit or loss
- Provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- Improve aggregation and disaggregation

The IFRS 18 is effective for annual periods beginning on or after 1 January 2027. Early adoption is permitted. The amendments to IAS 7, IAS 33, IAS 8 and IFRS 7 are effective when an entity first adopts IFRS 18. An entity is required to apply IFRS 18 retrospectively by applying the temporary specific terms.

The Company is conducting an analysis to determine the applicable amendments to the presentation of the consolidated income statement and the consolidated statement of cash flows, and to identify the MPMs to be disclosed within its consolidated financial statements.

c. Consolidation

i. Subsidiaries

The subsidiaries are all the entities over which the Company has control. The Company controls an entity when it is exposed or has the right to variable returns from its interest in the entity and it is capable of affecting the returns through its power over the entity. When the Company's interest in subsidiaries is less than 100%, the interest attributed to external stockholders is recorded as non-controlling interest. Subsidiaries are fully consolidated in the date on which control is transferred to the Company and up to the date it loses such control.

The accounting method used by the Company for business combinations is the acquisition method. The Company defines a business combination as a transaction in which it gains control of a business, and through which it is able to direct and manage the relevant activities of the set of assets and liabilities of such business with the purpose of providing a return in the form of dividends, smaller costs or other economic benefits directly to stockholders.

The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred, and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable acquired assets and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values at the acquisition date. The Company recognizes any non-controlling interest in the acquire based on the share of the non-controlling interest in the net identifiable assets of the acquired entity.



The Company accounts for business combinations using the predecessor method in a jointly controlled entity. The predecessor method involves the incorporation of the carrying amounts of the acquired entity, which includes the goodwill recognized at the consolidated level with respect to the acquiree. Any difference between the transferred consideration and the carrying amount of the net assets acquired at the level of the subsidiary are recognized in equity.

The acquisition-related costs are recognized as expenses when incurred.

Goodwill is initially measured as excess of the sum of the consideration transferred and the fair value of the non-controlling interest in the subsidiary acquired over the net identifiable assets and liabilities assumed. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the consolidated statements of income.

If the business combination is achieved in stages, the book value at the acquisition date of the interest previously held by the Company in the acquired entity is remeasured at its fair value at the acquisition date. Any loss or gain resulting from such remeasurement is recognized in the consolidated statements of income for the year.

Transactions and intercompany balances, as well as unrealized gains on transactions between Axtel companies are eliminated in preparing the consolidated financial statements. In order to ensure consistency with the policies adopted by the Company, the amounts reported by subsidiaries have been modified where it was deemed necessary.

As of December 31, 2024, 2023 and 2022, the main subsidiary companies of Axtel were as follows:

	Country	Stockholding interest (%)			Functional currency
		2024	2023	2022	
Axtel, S. A. B. de C. V. (Holding company) ^{(2) (5)}	Mexico				Mexican Peso
Alestra Innovacion Digital, S. de R. L. de C. V. ^{(2) (5)}	Mexico	-	-	100	Mexican Peso
Alestra USA, Inc. ⁽¹⁾	USA	100	100	100	U.S. dollar
S&C Constructores de Sistemas, S. A. de C. V. ("S&C")	Mexico	100	100	100	Mexican peso
Estrategias en Tecnología Corporativa, S. A. de C. V. ("Estratel") ^{(2) (5)}	Mexico	-	-	100	Mexican peso
Servicios Alestra TI, S. A. de C. V. ⁽²⁾	Mexico	100	100	100	Mexican peso
Alestra Procesamiento de Pagos, S. A. de C. V. ^{(2) (3)}	Mexico	100	100	100	Mexican Peso
Alestra Servicios Móviles, S. A. de C. V. ⁽²⁾	Mexico	100	100	100	Mexican Peso
Fomento de Educación Tecnológica, S.C. ⁽³⁾	Mexico	100	100	100	Mexican Peso
Axtel Networks, S. A. de C. V.	Mexico	100	100	100	Mexican Peso
AXE Redes e Infraestructura S. A. de C. V.	Mexico	100	100	100	Mexican Peso
Allied Inmuebles, S.A. de C.V. ^{(4) (5)}	México	-	-	100	Mexican Peso

⁽¹⁾ Leasing of telecommunications and infrastructure equipment.

⁽²⁾ Provider of telecommunication services.

⁽³⁾ Training and development services.

⁽⁴⁾ Real estate administration. Acquired in March 2022.

⁽⁵⁾ At the Extraordinary General Stockholders' Meeting held on March 7, 2023, the merger by incorporation of Alestra Innovación Digital, S. de R.L. de C.V., Estrategias en Tecnología Corporativa, S.A. de C.V. and Allied Inmuebles, S.A. of C.V. (merged companies) into Axtel S.A.B. of C.V. was approved; these will subsist with the same corporate name as a merging company and will take charge of the rights and obligations of the merged companies. In addition, it was resolved that the merger takes full effect between parties and third parties as of April 1, 2023; this merger has no impact on the Company's consolidated operations.

As of December 31, 2024, 2023 and 2022, there are no significant restrictions for the investment in shares of the subsidiary companies mentioned above.



ii. Absorption (dilution) of control in subsidiaries

The effect of absorption (dilution) of control in subsidiaries, that is, an increase or decrease in the percentage of control, is recorded in stockholders' equity, directly in retained earnings, in the period in which the transactions that cause such effects occur. The effect of absorption (dilution) of control is determined by comparing the book value of the investment in shares before the event of dilution or absorption against the book value after the relevant event. In the case of loss of control, the dilution effect is recognized in income.

When the Company issues a call option on certain non-controlling interests in a consolidated subsidiary and the non-controlling stockholders retain the risks and benefits over such interests in the consolidated subsidiary, these are recognized as financial liabilities at the present value of the amount to be reimbursed from the options, initially recorded with the corresponding reduction in equity and subsequently accruing through financial charges in results during the contractual period.

iii. Sale or disposal of subsidiaries

When the Company ceases to have control, any retained interest in the entity is remeasured at fair value, and the change in the carrying amount is recognized in the consolidated statement of income. The fair value is the initial carrying amount for accounting purposes for any subsequent retained interest in the associate, joint venture or financial asset. Any amount previously recognized in comprehensive (loss) income in respect of that entity is accounted for as if the Company had directly disposed of the related assets and liabilities. This results in the amounts previously recognized in comprehensive (loss) income being reclassified to income for the year.

d. Foreign currency translation

i. Functional and presentation currency

The amounts included in the financial statements of each of the Company's subsidiaries should be measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Mexican pesos, which is the Company's presentation currency. Note 3.c. describes the functional currency of the Company and its subsidiaries.

When there is a change in the functional currency of one of the subsidiaries, according to the International Accounting Standard 21 – *Effects of Changes in Foreign Currency Exchange Rates* ("IAS 21"), this change is accounted for prospectively, translating at the date of the functional currency change, all assets, liabilities, equity and income items at the exchange rate on that date.

ii. Transactions and balances

Transactions in foreign currencies are translated into the functional currency using the foreign exchange rates prevailing at the transaction date or valuation date when the amounts are remeasured. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing exchange rates are recognized as foreign exchange gain or loss in the consolidated statement of income, except for those which are deferred in comprehensive (loss) income and qualify as cash flow hedges.

The exchange differences in monetary assets classified as financial instruments at fair value with changes through profit or loss are recognized in the consolidated statement of income as part of the gain or loss in fair value.

Translation of subsidiaries with recording currency other than the functional currency

The financial statements of foreign subsidiaries, having a recording currency different from their functional currency were translated into the functional currency in accordance with the following procedure:

- a. The balances of monetary assets and liabilities denominated in the recording currency were translated at the closing exchange rate.
- b. To the historical balances of monetary assets and liabilities and stockholders' equity translated into the functional currency the movements that occurred during the period were added, which were translated at historical exchange rates. In the case of the movements of non-monetary items recognized at fair value, which occurred during the period stated in the recording currency, these were translated using the historical exchange rates in effect on the date when the fair value was determined.



- c. Revenues, costs, and expenses of the periods, expressed in the recording currency, were translated at the historical exchange rates of the date they were accrued and recognized in the consolidated statement of income, except when they arose from non-monetary items, in which case the historical exchange rate of the non-monetary items was used.
- d. The exchange differences arising in the translation are recognized in the consolidated statement of income in the period they arose.

The primary exchange rates in the different translation procedures are listed below:

Country	Local currency	Local currency to Mexican pesos					
		Closing exchange rate as of December 31,			Average annual exchange rate		
		2024	2023	2022	2024	2023	2022
United States	U.S. dollar	20.27	16.89	19.36	18.52	17.61	20.06

e. Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits available for operations and other short-term investments of high credit-quality and liquidity with original maturities of three months or less, all of which are subject to insignificant risk of changes in value.

f. Financial instruments

Financial assets

The Company classifies and measures its financial assets based on the Company's business model to manage financial assets, and on the characteristics of the contractual cash flows of such assets. This way financial assets can be classified at amortized cost, at fair value through other comprehensive (loss) income, and at fair value through profit or loss. Management determines the classification of its financial assets upon initial recognition. Purchases and sales of financial assets are recognized at settlement date.

Financial assets are entirely written off when the right to receive the related cash flows expires or is transferred, and the Company has also substantially transferred all the risks and rewards of its ownership, as well as the control of the financial asset.

Classes of financial assets

i. Financial assets at amortized cost

Financial assets at amortized cost are financial assets that i) are held within a business model whose objective is to hold said assets in order to collect contractual cash flows and ii) the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the amount of outstanding principal.

ii. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss, in addition to those described in point *i* in this section, are financial assets that do not meet the characteristics to be measured at amortized cost or fair value through other comprehensive (loss) income, since i) they have a business model different to those that seek to collect contractual cash flows, or collect contractual cash flows and sell the financial assets, or otherwise ii) the generated cash flows are not solely payments of principal and interest on the amount of outstanding principal.

Impairment of financial assets

The Company uses a new impairment model based on expected credit losses rather than losses incurred, applicable to financial assets subject to such assessment (i.e., financial assets measured at amortized cost and at fair value through other comprehensive (loss) income), as well as lease receivables, contract assets, certain written loan commitments, and financial guarantee contracts. The expected credit losses on these financial assets are estimated from the initial recognition of the asset at each reporting date, using as a reference the past experience of the Company's credit losses, adjusted for factors that are specific to the debtors or groups of debtors, the general economic conditions and an assessment of both, the current management and the forecast of future conditions.



a) Trade accounts receivable

The Company adopted a simplified expected loss calculation model, through which expected credit losses during the accounts payable's lifetime are recognized.

The Company carries out an analysis of its portfolio of accounts receivable from clients, in order to determine if there are significant clients for whom it requires an individual evaluation; on the other hand, customers with similar characteristics that share credit risks (participation in the portfolio of accounts receivable, market type, sector, geographic area, etc.), are grouped to be evaluated collectively.

In its impairment assessment, the Company may include indications that the debtors or a group of debtors are experiencing significant financial difficulties, as well as observable data indicating that there is a significant decrease in the estimate of the cash flows to be received, including delays.

For purposes of the previous estimate, the Company considers that the following constitutes an event of default, since historical experience indicates that financial assets are not recoverable when they meet any of the following criteria:

- The debtor incompletes the financial agreements; or
- The information developed internally or obtained from external sources indicates that it is unlikely that the debtor will pay its creditors, including the Company, completely (without considering any guarantee held by the Company).

The Company set a default threshold, defined as the period from which the recovery of the account receivable subject to analysis is marginal; in this case, 120 days for the business clients, 150 days for the government clients, and 120 days for the wholesale segment, which is in line with the management of internal risks.

Other financial instruments

The Company recognizes credit losses expected during the asset's lifetime of all financial instruments for which credit risk has significantly increased since its initial recognition (assessed on a collective or individual basis), considering all the reasonable and sustainable information, including the one referring to the future. If at the presentation date, the credit risk a financial instrument has not significantly increased since its initial recognition, the Company calculates the loss allowance for that financial instrument as the amount of expected credit losses in the following 12 months.

In both cases, the Company recognizes in profit or loss of the period the decrease or increase in the expected credit loss allowance at the end of the period, as an impairment gain or loss.

Management assesses the impairment model and the inputs used therein at least once every year, in order to ensure that they remain in effect based on the current situation of the portfolio.

Financial liabilities

Financial liabilities that are not derivatives are initially recognized at fair value and subsequently valued at amortized cost using the effective interest rate method. Liabilities in this category are classified as current liabilities if they are expected to be settled within the following 12 months; otherwise, they are classified as non-current liabilities.

Trade accounts payable are obligations to pay for goods or services that have been purchased or received from suppliers in the ordinary course of business. Loans are initially recognized at fair value, net of transaction costs incurred. Loans are subsequently recognized at amortized cost; any difference between the resources received (net of transaction costs) and the settlement value is recognized in the consolidated statement of income during the loan's term using the effective interest method.

Derecognition of financial liabilities

The Company derecognizes financial liabilities if, and only if, the obligations of the Company are met, canceled or have expired. The difference between the carrying value of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Additionally, when the Company carries out a refinancing transaction and the previous liability qualifies to be derecognized, the costs incurred in the refinancing are recognized immediately in results as of the date of termination of the previous financial liability.

Offsetting of financial assets and liabilities



Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle them on a net basis or to realize the asset and settle the liability simultaneously.

g. Derivative financial instruments and hedging activities

All derivative financial instruments are identified and classified as fair value hedges or cash flow hedges, for trading or hedging of market risk, are recognized in the consolidated statement of financial position as assets and/or liabilities at fair value and subsequently measured at fair value. Fair value is determined based on recognized market prices and when non-quoted in an observable market, it is determined using valuation techniques accepted in the financial sector.

Fair value of hedging derivatives is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months.

Derivative financial instruments classified as hedges are contracted for risk hedging purposes and meet all hedging requirements; their designation at the beginning of the hedging operation is documented, describing the objective, primary position, risks to be hedged and the effectiveness of the hedging relationship, characteristics, accounting recognition and how the effectiveness will be measured, applicable to that operation.

Cash flow hedges

The changes in the fair value of derivative instruments associated to cash flow hedges are recorded in stockholders' equity. The effective portion is temporarily recorded in comprehensive (loss) income, within stockholders' equity and is reclassified to profit or loss when the hedged position is affected; the ineffective portion is immediately recorded in profit or loss.

Suspension of hedge accounting

The Company suspends hedge accounting when the derivative financial instrument or the non-derivative financial instrument has expired, is cancelled or exercised, when the derivative or non-derivative financial instrument is not highly effective to offset the changes in the fair value or cash flows of the hedged item. The substitution or successive renewal of a hedge instrument by another is not an expiration or resolution if said replacement or renewal is part of the Company's documented risk management objective and is consistent with it.

On suspending hedge accounting, in the case of fair value hedges, the adjustment to the carrying amount of a hedged amount for which the effective interest rate method is used, is amortized to profit or loss over the maturity period. In the case of cash flow hedges, the amounts accumulated in equity as part of comprehensive (loss) income remain in equity until the time when the effects of the forecasted transaction affect profit or loss. In the event the forecasted transaction is not likely to occur, the gain or loss accumulated in comprehensive (loss) income are immediately recognized in profit or loss. When the hedge of a forecasted transaction is satisfactory and subsequently does not meet the effectiveness test, the cumulative effects in comprehensive (loss) income in stockholders' equity are proportionally transferred to profit or loss, to the extent the forecasted transaction impacts it.

Fair value of derivative financial instruments reflected in the Company's consolidated financial statements, is a mathematical approximation of their fair value. It is computed using proprietary models of independent third parties using assumptions based on past and present market conditions and future expectations at closing date.

h. Inventories

Inventories are shown at the lesser of its cost and net realization value. The cost is determined using the weighted average cost method. The cost of inventories corresponding to materials and consumables, includes equipment installation costs, other direct costs and indirect expenses. Excludes borrowing costs. The net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.



i. Prepayments

Prepayments mainly comprise insurance and prepayments to service providers. The amounts are recorded on the basis of contractual values and are recorded monthly in the consolidated statement of income every month over the lifetime of the corresponding prepayment: the amount corresponding to the proportion to be considered over the following 12 months is shown under current assets and the remaining amount is shown under non-current assets.

j. Property, plant and equipment

Items of property, plant and equipment are recorded at cost less accumulated depreciation and any accrued impairment losses. Costs include expenses directly attributable to the asset acquisition.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be reliably measured. The carrying amount of the replaced part is derecognized. Repairs and maintenance are recognized in the consolidated statement of income during the year they are incurred. Major improvements are depreciated over the remaining useful life of the related asset.

Depreciation is calculated using the straight-line method, considering separately each of the asset's components, except for land, which is not subject to depreciation. The estimated useful lives of the assets classes indicated below:

	Years
Buildings	40 – 60
Computers	3 – 5
Vehicles	4
Office equipment	10
Telecommunications network	3 to 28

Spare parts to be used after one year and attributable to specific machinery are classified as property, plant and equipment in other fixed assets.

Borrowing costs related to financing of property, plant and equipment whose acquisition or construction relates to qualifying assets, that require a substantial period of time to be ready for their use or sale, are capitalized as part of the cost of acquiring such qualifying assets, up to the moment when they are suitable for their intended use or sale.

Assets classified as property, plant and equipment are subject to impairment tests whenever events or circumstances occur indicating that the carrying amount of the assets may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount in the consolidated statement of income in other expenses, net. The recoverable amount is the higher of its fair value less costs to sell and its value in use.

Residual value, useful lives and depreciation method of assets are reviewed at least at the end of each reporting period and, if expectations differ from previous estimates, the changes are accounted for as a change in accounting estimate.

Gains and losses on disposal of assets are determined by comparing the sale value with the carrying amount and are recognized in other expenses, net, in the consolidated statement of income.

k. Leases

The Company as lessee

The Company evaluates whether a contract is or contains a lease agreement at inception of a contract. A lease is defined as an agreement or part of an agreement that conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. The Company recognizes a right-of-use asset and the corresponding lease liability, for all lease agreements in which it acts as lessee, except in the following cases: short-term leases (defined as leases with a lease term of less than 12 months); leases of low-value assets (defined as leases of assets with an individual market value of less than US\$5,000 (five thousand dollars)); and, lease agreements whose payments are variable (without any contractually defined fixed payment). For these agreements, which exempt the recognition of a right-of-use asset and a lease liability, the Company recognizes the rent payments as an operating expense in a straight-line method over the lease period.



The right-of-use asset comprises all lease payments discounted at present value; the direct costs to obtain a lease; the advance lease payments; and the obligations of dismantling or removal of assets. The Company depreciates the right-of-use asset over the shorter of the lease term and the useful life of the underlying asset; in this sense, when the lessee will exercise a purchase option, the lessee shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Depreciation begins on the lease commencement date.

The lease liability is initially measured at the present value of the future minimum lease payments that are not paid at that date, using a discount rate that reflects the cost of obtaining funds for an amount similar to the value of the lease payments, for the acquisition of the underlying asset, in the same currency and for a similar period to the corresponding contract (incremental borrowing rate). When lease payments contain non-lease components (services), the Company has chosen, for some class of assets, not to separate them and measure all payments as a single lease component; however, for the rest of the class of assets, the Company measures the lease liability only considering lease payments, while all of the services implicit in the payments, are recognized directly in the consolidated statement of income as operating expenses.

To determine the lease term, the Company considers the non-cancellable period, including the probability to exercise any right to extend and/or terminate the lease term.

Subsequently, the lease liability is measured increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and reducing the carrying amount to reflect the lease payments made.

When there is a modification in future lease payments resulting from changes in an index or a rate used to determine those payments, the Company remeasures the lease liability when the adjustment to the lease payments takes effect, without reassessing the discount rate. However, if the modifications are related to the lease term or exercising a purchase option, the Company reassesses the discount rate during the liability's remeasurement. Any increase or decrease in the value of the lease liability subsequent to this remeasurement is recognized as an adjustment to the right-of-use asset to the same extent.

Finally, the lease liability is derecognized when the Company fulfills all lease payments. When the Company determines that it is probable that it will exercise an early termination of the contract that leads to a cash disbursement, such disbursement is accounted as part of the liability's remeasurement mentioned in the previous paragraph; however, in cases in which the early termination does not involve a cash disbursement, the Company cancels the lease liability and the corresponding right-of-use asset, recognizing the difference immediately in the consolidated statement of income.

I. Intangible assets

Intangible assets are recognized when they meet the following conditions: they are identifiable, they provide future economic benefits, and the Company has control over such benefits.

Intangible assets are classified as follows:

i. Finite useful life

These assets are recognized at cost less accumulated amortization and accrued impairment losses. They are amortized on a straight-line basis over their estimated useful life, determined based on the expectation of generating future economic benefits, and are subject to impairment tests when triggering events of impairment are identified.

The estimated useful lives of intangible assets with finite useful lives are summarized as follows:

	Years
Software and licenses	3 to 7
Concessions	20 to 30
Capacity of communications network	13
Other	4
To do and not to do obligations	3
Trademarks	5
Relationships with customers	15



a. Trademarks

Trademarks acquired in a separate transaction are recorded at acquisition cost. Trademarks acquired in a business combination are recognized at fair value at the acquisition date.

Trademarks are amortized according to their useful life based on the Company's evaluation; if in this evaluation the useful life proves to be indefinite, then trademarks are not amortized but subject to annual impairment tests.

b. Licenses

Licenses acquired in a separate transaction are recorded at acquisition cost. Licenses acquired in a business combination are recognized at fair value at acquisition date.

Licenses that have a definite useful life are presented at cost less accumulated amortization. Amortization is recorded on a straight-line basis over its estimated useful life.

The acquisition of software licenses is capitalized based on the costs incurred to acquire and use the specific software.

ii. Indefinite useful life

These intangible assets are not amortized and are subject to annual impairment assessment. As of December 31, 2024, 2023 and 2022, intangible assets with an indefinite life corresponds to goodwill.

m. Goodwill

Goodwill represents the excess of the acquisition cost of a subsidiary over the Company's interest in the fair value of the identifiable net assets acquired, determined at the date of acquisition, and is not subject to amortization. Goodwill is shown under goodwill and intangible assets and is recognized at cost less accumulated impairment losses, which are not reversed. Gains or losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

n. Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not depreciable or amortizable and are subject to annual impairment tests. Assets that are subject to amortization are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels at which separately identifiable cash flows exist (cash generating units). Non-financial long-term assets other than goodwill that have suffered impairment are reviewed for a possible reversal of the impairment at each reporting date.

o. Income tax

The amount of income taxes in the consolidated statement of income represents the sum of current and deferred income taxes.

The amount of income taxes included in the consolidated statement of income represents the current tax of the year and the effects of deferred income tax determined in each subsidiary by the assets and liabilities method, applying the rate established by the legislation enacted or substantially enacted at the statement of financial position date, wherever the Company operates, and generates taxable income on the total temporary differences resulting from comparing the accounting and tax bases of assets and liabilities, and that are expected to be applied when the deferred tax asset is realized or the deferred tax liability is expected to be settled, considering, when applicable, any tax-loss carryforwards, prior to the recovery analysis. The effect of a change in current tax rates is recognized in profit or loss of the period in which the rate change is determined.

Management periodically evaluates positions taken in tax returns with respect to situations in which the applicable law is subject to interpretation. Provisions are recognized when appropriate based on the amounts expected to be paid to the tax authorities.

Deferred tax assets are recognized only when it is probable that future taxable profits will exist against which the deductions for temporary differences can be taken.



Deferred income tax on temporary differences arising from investments in subsidiaries, associates and joint agreements is recognized, unless the period of reversal of temporary differences is controlled by Axtel and it is probable that the temporary differences will not revert in the foreseeable future.

Deferred tax assets and liabilities are offset when a legal right exists and when taxes are levied by the same tax authority.

p. Employee benefits

i. Pension plans

Defined contribution plans:

A defined contribution plan is a pension plan under which the Company pays fixed contributions to a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to their service in the current and past periods. The contributions are recognized as employee benefit expense on the date that the contribution is required.

Defined benefit plans:

A defined benefit plan is a plan, which specifies the amount of the pension an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the consolidated statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the consolidated statement of financial position date less the fair value of plan assets. As of December 2024, 2023, and 2022, the Company does not have plan assets. The defined benefit obligation is calculated annually by independent third parties using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using discount rates in conformity with IAS 19 – *Employee Benefits*, which are denominated in the currency in which the benefits will be paid and have maturities that approximate the terms of the pension liability.

Actuarial remeasurements arising from adjustments and changes in actuarial assumptions are recognized directly in other items of the comprehensive (loss) income in the year as they occur, and there will be no reclassified to profit or loss of the period.

The Company determines the net finance expense (income) by applying the discount rate to the liability (asset) from net defined benefits.

Past-service costs are recognized immediately in the consolidated statement of income.

ii. Post-employment medical benefits

The Company provides medical benefits to retired employees after termination of employment. Eligibility for these benefits usually depends on the employee having worked up to the retirement age and having completed a minimum number of years of service. The expected costs of these benefits are accrued over the period of employment using the same criteria as those described for defined benefit pension plans.

iii. Termination benefits

Termination benefits are payable when the Company terminates the employment contract before the normal retirement date or when the employee accepts voluntary severance in exchange for these benefits. The Company recognizes benefits on the following dates, whichever occurs first: (a) when the Company can no longer withdraw the offer of these benefits, and (b) when the Company recognizes the costs from restructuring within the scope of the IAS 37 and it involves the payment of termination benefits. If there is an offer that promotes the termination of the employment relationship voluntarily by employees, termination benefits are valued based on the number of employees expected to accept the offer. Benefits that will be paid in the long term are discounted at their present value.

As of December 31, 2024, 2023 and 2022, the Company recognized a termination expense in the consolidated statement of income for \$17,344, \$387,553 and \$24,600, respectively.



iv. *Short-term benefits*

The Company provides benefits to employees in the short term, which may include wages, salaries, annual compensation and bonuses payable within 12 months. The Company recognizes an undiscounted provision when it is contractually obligated or when past practice has created an obligation.

v. *Statutory employee profit sharing (PTU in Spanish) and bonuses*

The Company recognizes a liability and an expense for bonuses and statutory employee profit sharing when it has a legal or assumed obligation to pay these benefits and determines the amount to be recognized based on the tax profit for the year after certain adjustments.

q. *Stockholders' equity*

Axtel's common shares are classified as capital stock within stockholders' equity. Incremental costs directly attributable to the issuance of new shares are included in equity as a reduction from the consideration received, net of tax.

Upon the occurrence of a repurchase of its own shares, they become treasury shares, and the amount is presented as a reduction to stockholders' equity at the purchase price. These amounts are stated at their historical value.

r. *Revenue recognition*

Revenues comprise the fair value of the consideration received or for the sale of goods and services in the ordinary course of the transactions, and are presented in the consolidated statement of income, net of the amount of variable considerations, which comprise the estimated amount of returns from customers, rebates and similar discounts and payments made to customers for the purpose of accommodating goods in attractive and favorable spaces at their facilities.

To recognize revenues from contracts with customers, the comprehensive model for revenue accounting is used, which is based on a five-step approach consisting of the following: (1) identify the contract; (2) identify performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to each performance obligation in the contract; and (5) recognize the revenue when the company satisfies a performance obligation.

The Company maintains managed service agreements with customers from the government and business portfolios, which may include multiple deliverables mainly consisting of the delivery of equipment and provision of telecommunications services and information technologies. The Company evaluates certain agreements, in which it identifies more than one separable performance obligation, which consists of the equipment used to provide the service and that is installed in the facilities of the customers. In addition to the equipment, telecommunications and information technologies are identified as another separable performance obligation.

Where the equipment delivered to the customer is a separable performance obligation of the service, the Company assigns the price of managed service agreements to the performance obligations identified and described in the preceding paragraph according to independent market values and related discounts.

The Company recognizes the revenue derived from managed services agreements, as follows:

- Revenues from equipment installed in the facilities of customers is recognized upon transfer of control or right to use them, i.e., at some point in time. This performance obligation has a financial component; therefore, revenues are recognized in accordance with the effective interest rate method over the term of the agreement.

- Revenues from services are recognized as they are provided, i.e. as the customer consumes them in relation to services of voice, data and general telecommunications.

Dividend income from investments is recognized once the rights of stockholders to receive this payment have been established (when it is probable that the economic benefits will flow to the Company and that the revenue can be reliably measured).

Interest income is recognized when it is likely that the economic benefits will flow to the entity and the amount of revenue can be reliably measured by applying the effective interest rate.

Costs of acquiring new contracts are recognized as contractual assets and are amortized over the period of those contracts in profit or loss, which is when they will generate economic benefits.



s. Earnings per share

Earnings per share are calculated by dividing the profit attributable to the stockholders by the weighted average number of common shares outstanding during the year.

4. Financial instruments and financial risk management

The Company's activities expose it to various financial risks: market risk (including exchange rate risks, interest rate risk on cash flows and interest rate risk on fair values), credit risk and liquidity risk.

The Company has a general risk management program focused on the unpredictability of financial markets and seeks to minimize the potential adverse effects on its financial performance.

The objective of the risk management program is to protect the financial health of the businesses, taking into account the volatility associated with foreign exchange and interest rates. Sometimes, regarding market risks, the Company uses derivative financial instruments to hedge certain exposures to risks.

Axtel has an Executive Committee, comprised of the Co-Chairmans of the Board, the Chief Executive Officer and Chief Financial Officer. The Executive Committee reviews derivative transactions proposed by the Company, in which a potential loss analysis surpasses US\$1 million.

All derivative transactions, which the Company proposes to enter into, as well as the renewal or cancellation of derivative arrangements, must be approved by Axtel's Chief Executive Officer, in accordance with the following schedule of authorizations:

	Maximum Possible Loss US\$1 million Annual cumulative transactions
Executive Committee	0 – 100
Board of Directors	>100

The proposed transactions must meet certain criteria, including that the hedges are lower than established risk parameters, and that they are the result of a detailed analysis and are properly documented. Sensitivity analysis and other risk analyses should be performed before the transactions are conducted.

Capital management

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns to stockholders and benefits to other stakeholders, as well as maintaining an optimal capital structure to reduce the cost of capital.

To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to stockholders, return equity to stockholders, issue new shares or sell assets to reduce debt.

Axtel monitors capital based on a leverage ratio. This percentage is calculated by dividing total liabilities by total equity.

The financial ratio of total liabilities/total equity is 6.33, 4.36 and 5.44 times as of December 31, 2024, 2023 and 2022, respectively, resulting on a leverage ratio that meets the Company's management and risk policies.

Financial instruments per category

Below are the Company's financial instruments by category:

	As of December 31,		
	2024	2023	2022
Cash and cash equivalents	\$ 1,255,690	\$ 1,207,174	\$ 1,542,831
Financial assets at amortized cost:			
Trade and other accounts receivable	2,357,209	1,698,833	1,854,465
Financial assets measured at fair value through profit or loss:			
Derivative financial instruments	32,743	-	4,696
	<u>\$ 3,645,642</u>	<u>\$ 2,906,007</u>	<u>\$ 3,401,992</u>



	As of December 31,		
	2024	2023	2022
Financial liabilities at amortized cost:			
Current debt	\$ 277,754	\$ 214,351	\$ 375,506
Lease liability	273,995	260,864	320,958
Trade accounts payable and related parties	1,953,445	1,375,315	1,844,234
Non-current debt	10,709,965	10,155,319	11,184,614
Financial liabilities measured at fair value through profit or loss:			
Derivative financial instruments ⁽¹⁾	-	31,987	-
	<u>\$13,215,159</u>	<u>\$12,037,836</u>	<u>\$13,725,312</u>

(1) The Company designated the derivative financial instruments that comprise this balance, as hedges for accounting purposes, in accordance with what is described later in Note 4.

Fair value of financial assets and liabilities valued at amortized cost

The amount of cash and cash equivalents, trade and other accounts receivable, other current assets, trade and other accounts payable, current debt, current provisions and other current liabilities approximate their fair value since their maturity date is less than 12 months. The net carrying amount of these accounts represents the expected cash flow as of December 31, 2024, 2023 and 2022.

The carrying amount and estimated fair value of financial assets and liabilities valued at amortized cost is presented below:

	As of December 31, 2024		As of December 31, 2023		As of December 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities:						
Debt ⁽¹⁾	\$10,880,967	\$11,162,946	\$10,290,217	\$10,784,708	\$11,508,447	\$10,226,268

(1) The carrying amount of debt, for purposes of calculating its fair value, is presented gross of interest payable and issuance costs.

Market risk

(i). *Exchange rate risk*

The Company is exposed to the exchange risk arising from exposure of its currency, mainly with respect to the U.S. dollar. Axtel's indebtedness, and part of its accounts payable, are stated in U.S. dollars, which means that it is exposed to the risk of variations in the exchange rate.

The Company's interest expense on the dollar debt, stated in Mexican pesos in the Axtel consolidated financial statements, varies with the movements in the exchange rate. Depreciation of the peso gives rise to increases in the interest expense recorded in pesos.

The Company records exchange gains or losses when the Mexican peso appreciates or depreciates against the U.S. dollar. Due to the fact that the Company's monetary liabilities denominated in dollars have exceeded (and are expected to continue exceeding) Axtel's monetary assets stated in that same currency, depreciation of the Mexican peso to the U.S. dollar will give rise to exchange losses.

The Company has the following assets and liabilities in foreign currency in relation to the functional currency of its subsidiaries, translated to thousands of Mexican pesos at the closing exchange rate as of December 31, 2024, 2023 and 2022.

	USD (converted to thousands of MXN)		
	2024	2023	2022
Financial assets	\$ 651,423	\$ 1,289,533	\$ 1,160,810
Financial liabilities	(8,024,900)	(7,194,222)	(9,519,008)
Foreign exchange monetary position	<u>\$(7,373,477)</u>	<u>\$(5,904,689)</u>	<u>\$(8,358,198)</u>

During 2024, 2023 and 2022, Axtel contracted several derivative financial instruments, mainly forward contracts, to hedge this risk. These derivatives have been designated at fair value with changes through profit or loss for accounting purposes as explained in the next section of this note.



Based on the financial positions in foreign currency maintained by the Company, a hypothetical variation of 10% in the MXN/USD exchange rate and keeping all other variables constant, would result in an effect of \$737,348 on the consolidated statement of income and consequently on the stockholders' equity.

Financial instruments and derivative financial instruments

Financial instruments

According to the contracts, in case of deciding for payment in cash, the amount to be settled will be calculated as per the following formula: *Number of options per option right per (reference price – exercise price)*.

Where:

Number of options = defined in the contract

Right of option = defined as 1 “share” per option, defining “share” as Bloomberg Code AxtelCPO MM.

Reference price = “The price per share that GBM receives upon settling the position of the hedges thereof, under commercially reasonable terms, discounting commissions and taxes”.

Exercise price = 0.000001 pesos

The Company determined the classification and measurement of these contracts as financial assets at fair value with changes through profit or loss.

Derivative financial instruments

As of December 31, 2024, 2023 and 2022, the Company does not have interest rate swaps due to their natural maturities.

a. Forward contracts to hedge risks related to the USD/MXN exchange rate variability.

As of December 31, 2024, 2023 and 2022, the Company uses forward contracts (USD/MXN) to hedge capital expenditures (Capex) made in a foreign currency other than its functional currency. Likewise, as of December 31, 2024, the Company uses forward contracts (USD/MXN) to hedge future interest payments related to diverse loans in U.S. dollars. As of December 31, 2022, the Company uses two forward contracts (USD/MXN) to hedge the coupon interest payments of the 6.375% Senior Notes due 2024 (the “Notes”), hence, a highly probable forecast transaction has been designated as a hedged item related to the Capex and interest payments incurred in U.S. dollars. The Company prepaid the principal amount outstanding of the Notes on July 21, 2023 (Note 2.g.).

For accounting purposes, the Company has designated these forwards as cash flow hedge relationships to hedge the items mentioned above, and formally documented these relationships, establishing the objectives, the management strategy to hedge the risk, the identification of the hedging instruments, the hedged items, the nature of the risk to be hedged and the effectiveness evaluation methodology.

The conditions of the derivative financial instruments and the considerations of their valuation as hedging instruments are mentioned below:

Forwards	Interest	Capex	Capex
Characteristics	USD/MXN	USD/MXN	USD/MXN
2024	2024	2024	2023
Currency	USD	USD	USD
Notional (thousands)	\$7,260	\$27,940	\$11,200
Strike (average)	19.5742	20.3990	19.8775
Maturity	March 24, 2025	March 24, 2025	January 24, 2024
Book value	\$15,054	\$17,689	\$(31,987)
Change in the fair value to measure ineffectiveness	\$10,877	\$1,372	\$(32,189)
Reclassification from OCI to income	\$16,024	-	-
Recognized in OCI, net of reclassifications	\$(970)	\$17,689	\$(31,987)
Change in the fair value of the hedged item to measure ineffectiveness	\$(8,212)	\$5,275	\$33,553



Forwards	Capex USD/MXN	Coupon USD/MXN
Characteristics	2022	2022
Currency	USD	USD
Notional (thousands)	\$77,400	\$12,900
Strike (average)	19.8950	19.7180
Maturity	August 24, 2023	May 11, 2023
Book value	\$1,532	\$3,163
Change in the fair value to measure ineffectiveness	\$(9,522)	\$1,318
Reclassification from OCI to income	-	\$(409)
Recognized in OCI, net of reclassifications	\$1,533	\$3,572
Change in the fair value of the hedged item to measure ineffectiveness	\$13,111	\$1,557

As of December 31, 2024, 2023 and 2022, the Company uses USD/MXN forward contracts to hedge against risk arising from a rise in the exchange rate. The Company determined that the hedging relationships are highly effective according to the characteristics and modeling of both hedged items, resulting in an effectiveness for the hedged Capex of 99%, 98% and 98% in 2024, 2023 and 2022, respectively. For the hedged interest payments on debt, a 98% effectiveness was obtained in 2024. Likewise, an effectiveness of 98% was obtained for the hedged coupons related to the Notes in 2022.

In accordance with the reference amounts described and the way in which the cash flows of the derivatives are exchanged, the average USD/MXN hedge ratio for Capex is 75%, 87% and 100% in 2024, 2023 and 2022, respectively, whereas the average USD/MXN hedge ratio for the hedged interest payments on debt is 100% in 2024 and 100% for the hedged coupons related to the Notes in 2022. If necessary, a rebalancing will be carried out to maintain this relationship for the strategy. As of December 31, 2024, there was no ineffectiveness recognized in the consolidated statements of income.

(ii). Interest rate and cash flow risk

The Company's interest rate risk arises from long-term loans. Loans at variable rates expose the Company to interest rate risks in cash flows that are partially offset by cash held at variable rates. Loans at fixed rates expose the Company to interest rate risk at fair value.

As of December 31, 2024, 4% of Axtel's total debt is at fixed interest rates, while the remaining 96% is at variable interest rates.

The Company analyzes its exposure to interest rate risk on a dynamic basis. Several scenarios are simulated, taking into account the refinancing, renewal of existing positions, financing and alternative coverage. Based on these scenarios, the Company calculates the impact on the annual result of a change in the interest rate defined for each simulation, using the same change in the interest rate for all currencies. The scenarios are produced only for liabilities that represent the main positions that generate the highest interest.

Axtel's results and cash flows can be impacted if additional financing is required in the future when interest rates are high in relation to the Company's current conditions.

As of December 31, 2024, if the interest rates on variable rate loans were increased or decreased by 100 basis points, the interest expense would affect the revenue and stockholders' equity by \$107,995 and \$(107,995), respectively.

Credit risk

Credit risk represents the risk of financial loss for the Company, if a customer or counterpart of a financial instrument defaults on its contractual obligations, mainly in connection with accounts receivable from customers, as well as from investment instruments.



Accounts receivable

The Company evaluates and aggregates groups of clients that share a credit risk profile, in accordance with the service channel in which they operate, in line with business management and internal risk management.

The Company is responsible for managing and analyzing the credit risk for each of its new customers prior to establishing the terms and conditions of payment to offer. Credit risk arises from exposure of credit to customers, including accounts receivable. If there is no independent rating in place, the Company evaluates the credit risk pertaining to its customers, taking into account the financial position, past experience and other factors such as historical lows, net recoveries and an analysis of accounts receivable balances aging with reserves that are usually increased to the extent the accounts receivable increases in age. The credit risk concentration is moderate due to the number of unrelated clients.

Axtel determines its allowance for impairment of accounts receivable taking into account the probability of recovery, based on past experiences, as well as current collection trends and overall economic factors. Accounts receivable are entirely reserved when there are specific collection problems; based on past experience. Moreover, collection problems such as bankruptcy or catastrophes are also taken into account.

Accounts receivable are analyzed monthly, and the allowance for impairment of accounts receivable is adjusted in profit or loss.

Additionally, the Company performs a qualitative evaluation of economic projections, in order to determine the possible impact on probabilities of default and the recovery rate assigned to its customers. Finally, in the evaluation of the derecognition of an account receivable, the Company evaluates whether there is any current expectation of recovery of the asset, before proceeding to execute the corresponding derecognition.

During the year ended December 31, 2024, there have been no changes in estimation techniques or assumptions.

Axtel conducts an economic evaluation of the efforts necessary to initiate legal proceedings for the recovery of past-due balances.

Other than Companies A and B, which are the Company's main customers, the Company has no significant exposure to credit risk involving a single customer or group of customers with similar characteristics. A group of customers is considered to have similar characteristics when they are related parties. The credit risk concentration of companies A and B must not exceed 20% of the gross amount of financial assets at any given moment during the year. The credit risk concentration of any other customer must not exceed 5% of the gross amount of monetary assets at any given moment during the year.

Company A accounts for 17%, 7% and 7% of the Company's total accounts receivable as of December 31, 2024, 2023 and 2022, respectively. Additionally, revenues associated to Company A for the years ended December 31, 2024, 2023 and 2022 was 4%, 4% and 3%, respectively.

Company B accounts for 9%, 4%, and 1% of the Company's total accounts receivable as of December 31, 2024, 2023 and 2022, respectively. Additionally, revenues related to Company B for the years ended December 31, 2024, 2023 and 2022 was 2%, 2% and 1%, respectively.

As of December 31, 2024, 2023 and 2022, the allowance for impairment totaled \$457,541, \$755,239 and \$614,108, respectively. Axtel considers this allowance to be sufficient to cover for the probable loss of accounts receivable; however, it cannot ensure that it will not need to be increased.

Investments

The Company's policies for managing cash and temporary cash investments are conservative, which allows for minimizing risk in this type of financial asset, taking into account also that operations are only conducted with financial institutions with high credit ratings.

The Company's maximum exposure to credit risk is equivalent to the total carrying amount of its financial assets.



Liquidity risk

The Company's finance department continuously monitors the cash flows' projections and the Company's liquidity requirements, ensuring that cash and investments in marketable securities are sufficient to meet operating needs.

The Company regularly monitors and makes its decisions based on not violating its limits or covenants established in its debt contracts. Projections consider the Company's financing plans, compliance with covenants, compliance with minimum internal liquidity ratios and legal or regulatory requirements.

Management's responsibility with respect to liquidity risk corresponds to the Company's board of directors, which has established a general framework for proper handling of liquidity risk in the short, medium and long term. The Company manages liquidity risks, maintaining a proper level of reserves, use of credit lines from banks, and is vigilant of real and projected cash flows.

The following table includes the Company's derivative and non-derivative financial liabilities grouped according to maturity from the reporting date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are required to understand the terms of the Company's cash flows.

The figures shown in the chart are the non-discounted contractual cash flows.

	Less than 1 year	Between 1 and 5 years	More than 5 years
December 31, 2024			
Current debt	\$ 277,754	\$ -	\$ -
Trade accounts payable and related parties	1,953,445	-	-
Non-current debt	-	8,380,703	2,395,531
Lease liability	109,080	148,684	16,231
Non-accrued interest payable	1,039,059	2,255,079	508,025
December 31, 2023			
Current debt	\$ 214,351	\$ -	\$ -
Trade accounts payable and related parties	1,375,315	-	-
Derivative financial instruments	31,987	-	-
Non-current debt	-	7,418,750	2,829,571
Lease liability	107,755	131,295	21,814
Non-accrued interest payable	1,111,695	2,994,078	790,646
December 31, 2022			
Current debt	\$ 375,506	\$ -	\$ -
Trade accounts payable and related parties	1,844,234	-	-
Non-current debt	-	10,332,507	904,888
Lease liability	220,968	89,980	10,010
Non-accrued interest payable	903,990	1,551,225	49,999

The Company expects to meet its obligations with the cash flows provided by operations and/or cash flows provided by its main stockholders. Furthermore, the Company has access to credit lines as mentioned in Note 16.

As of December 31, 2024, Axtel has committed credit lines for US\$50 million, of which 100% is available.

Supplier Finance Arrangements

The Company operates the following types of supplier finance arrangements:

In order to ensure easy access to credit for its suppliers and facilitate early settlement, the Company has supplier finance arrangements that permit the suppliers to obtain payment from the banks for the amounts billed up to 7 days before the invoice's due date, subject to a variable interest rate discount between TIE + 7 and SOFR + 7. The arrangements permit the banks to settle their invoices early, for up to the total amount published. The discount represents less than the discount for early repayment commonly used in the market. The Company repays the full invoice amount to the banks on the scheduled payment date, as required by the invoice. As the arrangements do not permit the Company to extend finance from the banks by paying them later than the Company would have paid its suppliers, the Company considers amounts payable to the banks should be presented as part of trade and other accounts payables.

As of December 31, 2024, 10% of the trade accounts payable were the amounts owed under these arrangements.



The following is a detailed account of supplier finance arrangements and their presentation within the consolidated statements of financial position:

	As of December 31,	
	2024	2023
Presented as part of “Trade and other accounts payable”:	235,628	214,348
Trade accounts payable for which suppliers have already received payment from the finance provider	186,197	-

As of December 31, 2024, a breakdown of the payment due dates of supplier finance arrangements is as follows:

	Days
For liabilities presented as “Trade and other accounts payable”:	
Liabilities that are part of supplier finance arrangements	83
Comparable trade accounts payable that are not part of supplier finance arrangements	90

Changes in liabilities that are subject to supplier finance arrangements are primarily attributable to additions resulting from purchases of goods and services and subsequent cash settlements. There were no material non-cash changes in these liabilities.

The Company does not face a significant liquidity risk as a result of its supplier finance arrangements given the limited amount of liabilities subject to supplier finance arrangements and the Company’s access to other sources of finance on similar terms.

Fair value hierarchy

The following is an analysis of financial instruments measured in accordance with the fair value hierarchy. Three different levels are used as presented below:

- Level 1: Quoted prices for identical instruments in active markets.
- Level 2: Other valuations including quoted prices for similar instruments in active markets, which are directly or indirectly observable.
- Level 3: Valuations made through techniques where one or more of their significant data inputs are unobservable.

The following table presents the Company’s assets and liabilities that are measured at fair value as of December 31, 2024, 2023 and 2022:

	As of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Financial assets (liabilities):				
Forwards	\$ -	\$ 32,743	\$ -	\$ 32,743
	<u>\$ -</u>	<u>\$ 32,743</u>	<u>\$ -</u>	<u>\$ 32,743</u>
	As of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Financial assets (liabilities):				
Forwards	\$ -	\$(31,987)	\$ -	\$(31,987)
	<u>\$ -</u>	<u>\$(31,987)</u>	<u>\$ -</u>	<u>\$(31,987)</u>
	As of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets (liabilities):				
Forwards	\$ -	\$ 4,696	\$ -	\$ 4,696
	<u>\$ -</u>	<u>\$ 4,696</u>	<u>\$ -</u>	<u>\$ 4,696</u>

There were no transfers between Level 1 and 2 or between Level 2 and 3 during the period.



The specific valuation techniques used to value financial instruments include:

- Market quotations or quotations for similar instruments.
- The fair value of forward exchange agreements is determined using exchange rates at the closing balance date, with the resulting value discounted at present value.
- Other techniques such as the analysis of discounted cash flows, which are used to determine fair value of the remaining financial instruments.

5. Critical accounting estimates and significant judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

a. *Impairment and useful lives of long-lived assets*

The Company reviews depreciable and amortizable assets on an annual basis for signs of impairment, or when certain events or circumstances indicate that the book value may not be recovered during the remaining useful life of the assets. For intangible assets with an indefinite useful life, the Company performs impairment tests annually and at any time that there is an indication that the asset may be impaired.

To test for impairment, the Company uses projected cash flows, which consider the estimates of future transactions, including estimates of revenues, costs, operating expenses, capital expenditures and debt service. In accordance with IFRS, discounted future cash flows associated with an asset or CGU are compared to the book value of the asset or CGU being tested to determine if impairment exists whenever the aforementioned discounted future cash flows are less than its book value. In such case, the carrying amount of the asset or group of assets is reduced to its value in use, unless its fair value is higher.

The Company estimates the useful lives of long-lived assets in order to determine the depreciation and amortization expenses to be recorded during the reporting period. The useful life of an asset is calculated when the asset is acquired and is based on past experience with similar assets, considering anticipated technological changes or any other type of changes. Were technological changes to occur faster than estimated, or differently than anticipated, the useful lives assigned to these assets could have to be reduced. This would lead to the recognition of a greater depreciation and amortization expense in future periods. Alternatively, these types of technological changes could result in the recognition of a charge for impairment to reflect the reduction in the expected future economic benefits associated with the assets.

b. *Estimated impairment of goodwill and intangible assets with indefinite useful lives*

The Company conducts annual tests to determine whether goodwill and intangibles assets with indefinite useful lives have suffered any impairment (Note 11). For impairment testing, goodwill and intangibles assets with indefinite lives is allocated with those cash generating units (CGUs) of which the Company has considered that economic and operational synergies of the business combinations are generated. The recoverable amounts of the groups of CGUs were determined based on the calculations of their value in use, which require the use of estimates, within which the most significant are the following:

- Estimation of future gross and operating margins according to the historical performance and expectations of the industry for each CGU group.
- Discount rate based on the weighted cost of capital (WACC) of each CGU or CGU group.
- Long-term growth rates.



c. *Recoverability of deferred tax assets*

The Company has applicable tax-loss carryforwards, which can be used in the following years until maturity expires (See Note 19). Based on the projections of income and taxable income that the Company will generate in the following years through a structured and robust business plan, management has considered that current tax losses will be used before they expire and, therefore, it was considered appropriate to recognize a deferred tax asset for such losses.

d. *Commitments and contingencies*

The Company exercises its judgment in measuring and recognizing provisions and the exposures to contingent liabilities related to pending litigation or other pending claims subject to negotiation for liquidation, mediation, arbitration or government regulation, as well as other contingent liabilities. The Company applies its judgment to evaluate the probability that a pending claim is effective, or results in recognition of a liability, and to quantify the possible range of the liquidation. Due to the uncertainty inherent to this evaluation process, actual losses could differ from the provision originally estimated.

Contingencies are recorded as provisions when a liability has probably been incurred and the amount of the loss can be reasonably estimated. It is not practical to conduct an estimate regarding the sensitivity to potential losses, of all other assumptions have been made to record these provisions, due to the number of underlying assumptions and to the range of reasonable results possible, in connection with the potential actions of third parties, such as regulators, both in terms of probability of loss and estimates of said loss.

e. *Default probability and recovery rate to apply the expected credit losses model in the impairment measurement of financial assets*

The Company assigns to customers with whom it has an account receivable at each reporting date, either individually or as a group, an allowance for the probability of default in the account receivable and the estimated recovery rate, in order to reflect the cash flows expected to be received from the outstanding balances as of that date.

f. *Estimation of the discount rate to calculate the present value of future minimum lease payments*

The Company estimates the discount rate to use in the determination of the lease liability, based on the incremental borrowing rate ("IBR").

The Company uses a three-tier model, with which it determines the three elements that comprises the discount rate: (i) reference rate, (ii) credit risk component and (iii) adjustment for characteristics of the underlying asset. In this model, management also considers its policies and practices to obtain financing, distinguishing between the one obtained at the corporate level (that is, the holding company), or at the level of each subsidiary. Finally, for real estate leases, or in which there is significant and observable evidence of their residual value, the Company estimates and evaluates an adjustment for characteristics of the underlying asset, based on the possibility that said asset is granted as collateral or guarantee against the risk of default.

g. *Estimation of the lease term*

The Company defines the lease term as the period for which there is a contractual payment commitment, considering the non-cancelable period of the contract, as well as the renewal and early termination options that are probable to be exercised. The Company participates in lease contracts that do not have a defined non-cancellable term, a defined renewal period (in case it contains a renewal clause), or automatic annual renewals, so, to measure the lease liability, it estimates the contracts term considering their contractual rights and limitations, their business plan, as well as management's intentions for the use of the underlying asset.

Additionally, the Company considers the clauses of early termination of its contracts and the probability of exercising them, as part of its estimate of the lease term.



6. Cash and cash equivalents

Cash and cash equivalents presented in the consolidated statement of financial position consist of the following:

	2024	2023	2022
Cash on hand and in banks	\$ 347,089	\$ 147,285	\$1,152,126
Short-term investments	908,601	1,059,889	390,705
Total cash and cash equivalents	<u>\$1,255,690</u>	<u>\$1,207,174</u>	<u>\$1,542,831</u>

7. Trade and other accounts receivable, net

Trade and other accounts receivable are comprised as follows:

	2024	2023	2022
Current:			
Trade accounts receivable	\$2,721,002	\$2,145,872	\$1,808,514
Allowance for impairment of accounts receivable ⁽¹⁾	(457,541)	(755,239)	(614,108)
Trade accounts receivable, net	2,263,461	1,390,633	1,194,406
Recoverable taxes	117,594	115,303	74,260
Notes and other accounts receivable	51,138	286,278	644,901
Related parties	42,610	21,922	15,158
	<u>\$2,474,803</u>	<u>\$1,814,136</u>	<u>\$1,928,725</u>

⁽¹⁾ Movements of the allowance for impairment of accounts receivable are as follows:

	2024	2023	2022
Initial balance	\$ 755,239	\$ 614,108	\$ 304,637
Allowance for doubtful accounts for the year ⁽²⁾	(188,114)	179,824	346,789
Write-off of doubtful accounts	(109,584)	(38,693)	(37,318)
Ending balance	<u>\$ 457,541</u>	<u>\$ 755,239</u>	<u>\$ 614,108</u>

⁽²⁾ The net variance in the allowance for doubtful accounts in 2024, 2023 and 2022 are mainly due to the increase in the probability of default assigned to certain customers with respect to the beginning of the year. In addition, they consider the reversals of impairment that arise when an account receivable, which had previously been impaired, becomes recoverable.



The following describes the probability of default ranges and the severity of loss allocated to the main customer groups with which the company has balances receivable in its different businesses:

As of December 31, 2024

Clients or group of clients	Probability of default range	Severity of loss
Carriers (Wholesale)	10.0% - 100.0%	46.98%
Business	7.5% - 100.0%	54.80%
Government	10.0% - 100.0%	89.39%

As of December 31, 2023

Clients or group of clients	Probability of default range	Severity of loss
Carriers (Wholesale)	10.0% - 100.0%	26.14%
Business	7.5% - 100.0%	41.24%
Government	10.0% - 100.0%	88.36%

As of December 31, 2022

Clients or group of clients	Probability of default range	Severity of loss
Carriers (Wholesale)	10.0% - 100.0%	47.10%
Business	7.5% - 100.0%	71.80%
Government	10.0% - 100.0%	29.20%

8. Inventories

As of December 31, 2024, 2023 and 2022, inventories of \$36,490, \$62,856, and \$169,838, respectively, were composed by materials and consumables.

The cost of inventories recognized as an expense and included in the cost of sales amounted to \$133,021, \$132,924, and \$136,060, for 2024, 2023 and 2022, respectively. As of December 31, 2024, 2023 and 2022, there were no inventories pledged as collateral.



9. Property, plant and equipment, net

	Depreciable assets					Non-depreciable assets			
	Buildings	Telecommunications network	Office equipment	Computers	Vehicles	Leasehold improvements	Land	Investments in process	Total
For the year ended December 31, 2022									
Net opening balance	\$ 220,454	\$ 8,684,492	\$ 53,577	\$ 83,782	\$ -	\$ 37,579	\$461,349	\$ 591,715	\$ 10,132,948
Translation effect	-	(868)	-	-	-	-	-	-	(868)
Additions	45,420	10,649	12	323	-	1,705	2,117	1,263,278	1,323,504
Transfers	488	1,227,126	227	4,814	80	2,049	-	(1,234,784)	-
Disposals, net	-	(17,237)	(240)	(99)	-	-	-	(8,015)	(25,591)
Depreciation charges recognized in the year	(12,499)	(2,297,935)	(26,686)	(34,793)	(2)	(14,011)	-	-	(2,385,926)
Ending balance as of December 31, 2022	<u>\$ 253,863</u>	<u>\$ 7,606,227</u>	<u>\$ 26,890</u>	<u>\$ 54,027</u>	<u>\$ 78</u>	<u>\$ 27,322</u>	<u>\$463,466</u>	<u>\$ 612,194</u>	<u>\$ 9,044,067</u>
As of December 31, 2022									
Cost	\$ 643,501	\$ 42,418,147	\$ 328,455	\$3,346,644	\$ 95,185	\$ 504,570	\$463,466	\$ 612,194	\$48,412,162
Accumulated depreciation	(389,638)	(34,811,920)	(301,565)	(3,292,617)	(95,107)	(477,248)	-	-	(39,368,095)
Net carrying amount as of December 31, 2022	<u>\$ 253,863</u>	<u>\$ 7,606,227</u>	<u>\$ 26,890</u>	<u>\$ 54,027</u>	<u>\$ 78</u>	<u>\$ 27,322</u>	<u>\$463,466</u>	<u>\$ 612,194</u>	<u>\$ 9,044,067</u>
For the year ended December 31, 2023									
Net opening balance	\$ 253,863	\$ 7,606,227	\$ 26,890	\$ 54,027	\$ 78	\$ 27,322	\$463,466	\$ 612,194	\$ 9,044,067
Translation effect	-	(1,835)	-	-	-	-	-	-	(1,835)
Additions	-	8,206	-	-	-	-	-	1,328,746	1,336,952
Transfers	1,705	1,270,488	3,735	3,399	-	1,563	-	(1,280,890)	-
Disposals, net	(3,350)	(10,502)	-	(90)	-	(2,539)	(7,821)	(11,900)	(36,202)
Depreciation charges recognized in the year	(12,943)	(2,034,719)	(7,275)	(23,359)	(20)	(11,048)	-	-	(2,089,364)
Ending balance as of December 31, 2023	<u>\$ 239,275</u>	<u>\$ 6,837,865</u>	<u>\$ 23,350</u>	<u>\$ 33,977</u>	<u>\$ 58</u>	<u>\$ 15,298</u>	<u>\$455,645</u>	<u>\$ 648,150</u>	<u>\$ 8,253,618</u>
As of December 31, 2023									
Cost	\$ 632,105	\$ 43,056,308	\$ 322,871	\$3,326,249	\$ 83,302	\$ 437,034	\$455,645	\$ 648,150	\$ 48,961,664
Accumulated depreciation	(392,830)	(36,218,443)	(299,521)	(3,292,272)	(83,244)	(421,736)	-	-	(40,708,046)
Net carrying amount as of December 31, 2023	<u>\$ 239,275</u>	<u>\$ 6,837,865</u>	<u>\$ 23,350</u>	<u>\$ 33,977</u>	<u>\$ 58</u>	<u>\$ 15,298</u>	<u>\$455,645</u>	<u>\$ 648,150</u>	<u>\$ 8,253,618</u>
For the year ended December 31, 2024									
Net opening balance	\$ 239,275	\$ 6,837,865	\$ 23,350	\$ 33,977	\$ 58	\$ 15,298	\$455,645	\$ 648,150	\$ 8,253,618
Translation effect	-	2,351	-	-	-	-	-	-	2,351
Additions	-	38,564	-	302	-	-	-	1,226,167	1,265,033
Transfers	(5,967)	1,275,349	2,004	5,521	207	11,755	(11,344)	(1,277,525)	-
Disposals, net	-	(21,053)	(32)	(18)	(51)	-	-	(3,389)	(24,543)
Impairment recognized in the year	(23,197)	-	-	-	-	-	-	-	(23,197)
Depreciation charges recognized in the year	(8,543)	(1,929,059)	(6,019)	(18,390)	(33)	(8,611)	-	-	(1,970,655)
Ending balance as of December 31, 2024	<u>\$ 201,568</u>	<u>\$ 6,204,017</u>	<u>\$ 19,303</u>	<u>\$ 21,392</u>	<u>\$ 181</u>	<u>\$ 18,442</u>	<u>\$444,301</u>	<u>\$ 593,403</u>	<u>\$ 7,502,607</u>
As of December 31, 2024									
Cost	\$ 584,698	\$ 44,082,111	\$ 322,218	\$3,330,106	\$ 68,676	\$ 448,409	\$444,301	\$ 593,403	\$ 49,873,922
Accumulated depreciation	(383,130)	(37,878,094)	(302,915)	(3,308,714)	(68,495)	(429,967)	-	-	(42,371,315)
Net carrying amount as of December 31, 2024	<u>\$ 201,568</u>	<u>\$ 6,204,017</u>	<u>\$ 19,303</u>	<u>\$ 21,392</u>	<u>\$ 181</u>	<u>\$ 18,442</u>	<u>\$444,301</u>	<u>\$ 593,403</u>	<u>\$ 7,502,607</u>

Of the total depreciation expense, \$1,942,646, \$2,055,752 and \$2,324,046 were charged to cost of sales, \$28,009, \$33,612 and \$61,880 to selling and administrative expenses for 2024, 2023 and 2022, respectively.



Projects in process mainly include telecommunications network equipment to extend the Company's infrastructure and the capitalization period is approximately twelve months.

For the years ended December 31, 2024, 2023 and 2022, the Company capitalized \$18,072, \$18,307 and \$11,086, respectively, of borrowing costs related to qualifying assets of \$425,320, \$458,243 and \$368,205, respectively. These amounts were capitalized based on an interest rate of 9.69%, 9.19%, and 7.10%, respectively.

10. Right of use asset, net

The Company leases a different set of fixed assets including, buildings, telecommunications network, office equipment, computer equipment and vehicles. The average term of the lease contracts is 4 years.

a) The right of use recognized in the consolidated statement of financial position as of December 31, 2024, 2023 and 2022, is as follows:

	Land & buildings	Telecommunications equipment and networks	Furniture and office equipment	Computer equipment	Vehicles	Total
Net book value						
Balances as of December 31, 2022	\$ 231,306	\$ 101,460	\$ 356	\$ 12,227	\$ 19,362	\$ 364,711
Balances as of December 31, 2023	\$ 171,261	\$ 79,004	\$ 288	\$ 13,847	\$ 48,298	\$ 312,698
Balances as of December 31, 2024	\$ 155,665	\$ 58,033	\$ 220	\$ 21,151	\$ 70,952	\$ 306,021
Accumulated depreciation 2022	\$ (155,427)	\$ (24,683)	\$ (79)	\$ (22,311)	\$ (13,336)	\$ (215,836)
Accumulated depreciation 2023	\$ (139,219)	\$ (22,435)	\$ (68)	\$ (11,195)	\$ (16,995)	\$ (189,912)
Accumulated depreciation 2024	\$ (113,458)	\$ (20,821)	\$ (68)	\$ (4,745)	\$ (20,672)	\$ (159,764)

Additions to the net book value of the right of use asset as of December 31, 2024, 2023 and 2022 amounted to \$153,994, \$137,981, and \$82,973, respectively.

b) Expenses recognized in the consolidated statement of income for the year ended December 31, 2024, 2023 and 2022, are as follows.

	2024	2023	2022
Rent expenses from short-term leases	\$ 1,084,339	\$1,007,233	\$ 948,345

The Company has not signed lease contracts, which at the date of the consolidated financial statements have not started.

During the year, the Company did not realize significant extensions to the term of its lease contracts.



11. Goodwill and intangible assets, net

			Definite life				Indefinite life	
	Concessions	Trademarks	Relationships with customers	Non- compete agreements	Software and licenses	Other	Goodwill	Total
As of January 1, 2022	\$ 414,984	\$ -	\$ 78,615	\$ -	\$ 207,608	\$ 276,215	\$ 322,782	\$1,300,204
Additions	-	-	-	-	57,316	10,721	-	68,037
Disposals	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Impairment recognized in the year	-	-	-	-	-	-	-	-
Amortization charges recognized in the year	(22,509)	-	(16,397)	-	(123,686)	(41,909)	-	(204,501)
Ending balance as of December 31, 2022	<u>\$ 392,475</u>	<u>\$ -</u>	<u>\$ 62,218</u>	<u>\$ -</u>	<u>\$ 141,238</u>	<u>\$ 245,027</u>	<u>\$ 322,782</u>	<u>\$1,163,740</u>
Cost	\$ 468,838	\$ 3,594	\$ 190,739	\$ -	\$1,576,674	\$ 577,249	\$ 322,782	\$3,139,876
Accumulated amortization	(76,363)	(3,594)	(128,521)	-	(1,435,436)	(332,222)	-	(1,976,136)
Ending balance as of December 31, 2022	<u>\$ 392,475</u>	<u>\$ -</u>	<u>\$ 62,218</u>	<u>\$ -</u>	<u>\$ 141,238</u>	<u>\$ 245,027</u>	<u>\$ 322,782</u>	<u>\$1,163,740</u>
As of January 1, 2023	\$ 392,475	\$ -	\$ 62,218	\$ -	\$ 141,238	\$ 245,027	\$ 322,782	\$1,163,740
Additions	-	-	-	-	67,350	4,400	-	71,750
Disposals	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Impairment recognized in the year	-	-	-	-	-	-	-	-
Amortization charges recognized in the year	(22,508)	-	(12,371)	-	(95,399)	(41,033)	-	(171,311)
Ending balance as of December 31, 2023	<u>\$ 369,967</u>	<u>\$ -</u>	<u>\$ 49,847</u>	<u>\$ -</u>	<u>\$ 113,189</u>	<u>\$ 208,394</u>	<u>\$ 322,782</u>	<u>\$1,064,179</u>
Cost	\$ 468,838	\$ 3,594	\$ 190,739	\$ -	\$1,571,998	\$ 581,649	\$ 322,782	\$3,139,600
Accumulated amortization	(98,871)	(3,594)	(140,892)	-	(1,458,809)	(373,255)	-	(2,075,421)
Ending balance as of December 31, 2023	<u>\$ 369,967</u>	<u>\$ -</u>	<u>\$ 49,847</u>	<u>\$ -</u>	<u>\$ 113,189</u>	<u>\$ 208,394</u>	<u>\$ 322,782</u>	<u>\$1,064,179</u>
As of January 1, 2024	\$ 369,967	\$ -	\$ 49,847	\$ -	\$ 113,189	\$ 208,394	\$ 322,782	\$1,064,179
Additions	-	-	-	-	62,125	2,209	-	64,334
Disposals	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Impairment recognized in the year	-	-	-	-	-	-	-	-
Amortization charges recognized in the year	(22,508)	-	(9,494)	-	(71,160)	(41,596)	-	(144,758)
Ending balance as of December 31, 2024	<u>\$ 347,459</u>	<u>\$ -</u>	<u>\$ 40,353</u>	<u>\$ -</u>	<u>\$ 104,154</u>	<u>\$ 169,007</u>	<u>\$ 322,782</u>	<u>\$ 983,755</u>
Cost	\$ 468,838	\$ 3,594	\$ 190,739	\$ -	\$1,634,122	\$ 583,858	\$ 322,782	\$3,203,933
Accumulated amortization	(121,379)	(3,594)	(150,386)	-	(1,529,968)	(414,851)	-	(2,220,178)
Ending balance as of December 31, 2024	<u>\$ 347,459</u>	<u>\$ -</u>	<u>\$ 40,353</u>	<u>\$ -</u>	<u>\$ 104,154</u>	<u>\$ 169,007</u>	<u>\$ 322,782</u>	<u>\$ 983,755</u>



The intangible assets with indefinite life of the Company include only goodwill. The rest of the intangible assets are of definite life.

Of the total amortization expense, \$22,508, \$22,508 and \$22,508 were charged to cost of sales and \$122,250, \$148,803 and \$181,993 to selling and administrative expenses in 2024, 2023 and 2022, respectively.

Company concessions

Axtel, as a group, has 3 (three) single concessions for commercial use granted by the Federal Telecommunications Institute (“IFT” for its acronym in Spanish), one in favor of Axtel S.A.B. de C.V., another one given to Alestra Servicios Móviles, S.A. de C.V., and another one in favor of Axe Redes e Infraestructura, S.A. de C.V, under which the Company is duly authorized to provide any telecommunications and/or broadcasting service, including, but not limited to the services of local fixed and mobile telephony; national and international long distance, SMS (short message service), purchase or rental of network capacity for the generation, transmission or reception of data, signals, writings, images, voice, sounds and other information of any nature; rental of digital circuits, etc.

In addition, Axtel S.A.B. de C.V. has concessions to use, take advantage of, and exploit frequency bands for specific use in the frequencies of 7 GHz. (2 concessions), 10 GHz. (17 concessions), 15 GHz. (4 concessions), 23 GHz. (6 concessions) and 38 GHz. (5 concessions).

The concession of Axtel S.A.B de C.V. is currently used to provide fixed services to the business, government and wholesale market. Alestra Servicios Móviles uses its only concession to provide mobile services in both the MVNE and MVNO modalities and the Axe Redes concession is used to provide residential services.

The Company's main concessions are as follows:

Service	Use	Period	Expiration
Single concession for commercial use of Axtel ⁽¹⁾	Commercial	30 years	2046
Single concession for commercial use of Alestra Servicios Móviles ⁽²⁾	Commercial	30 years	2048
Single concession for commercial use of Axe Redes ⁽³⁾	Commercial	30 years	2060
Various radio spectrum frequencies for the provision of point-to-point and point-to-multipoint microwave links ⁽⁴⁾	Commercial	20 years	2038

⁽¹⁾ Concession valid for 30 years and renewable for up to equal terms, provided that the Company is in compliance with all of its obligations under the concession, as well as those contained in the legal, regulatory and administrative provisions.

⁽²⁾ Concession valid for 30 years and renewable up to equal terms, provided that the Company is in compliance with all its obligations of the concession, as well as those contained in the legal, regulatory and administrative provisions.

⁽³⁾ In 2024, the AXE REDES concession was extended for a period of 30 additional years starting on November 9, 2030. Until the new concession comes into effect, AXE REDES operates under the conditions of the Concession that expires in 2030.

⁽⁴⁾ The radio spectrum concessions are to operate services in the following Radio Frequency Bands: 7 GHz, 10 GHz, 15 GHz, 23 GHz and 38 GHz.

Impairment testing of goodwill

At the date of issuance of the consolidated financial statements there was no impairment.

The following describes the discount rates and long-term growth rates used for the years ended December 31, 2024, 2023 and 2022:

	2024	2023	2022
Discount rate, after tax	12.7%	12.5%	12.1%
Long-term growth rate	3.8%	3.8%	3.0%



12. Other non-current assets

	2024	2023	2022
Investments of shares	\$ 825	\$ 825	\$ 825
Prepaid connection leases	4,313	7,820	10,815
Guarantee deposits	48,551	47,435	49,665
Prepaid maintenance	293,458	244,969	274,276
Other	180,992	127,966	100,024
Total other non-current assets	<u>\$528,139</u>	<u>\$429,015</u>	<u>\$ 435,605</u>

13. Trade and other accounts payable

Trade and other accounts payable are analyzed as follows:

	2024	2023	2022
Current:			
Trade accounts payable	\$1,937,529	\$1,360,792	\$1,833,222
Related parties	15,916	14,523	11,012
Value added tax and other federal and local taxes payable	222,315	190,586	498,962
Accrued expenses payable	80,102	147,875	115,544
Other	95,078	84,977	123,833
	<u>\$2,350,940</u>	<u>\$1,798,753</u>	<u>\$2,582,573</u>

14. Provisions

	Litigation	Restructuring ⁽¹⁾	Total
As of January 1, 2022	\$ 29,484	\$ -	\$ 29,484
Additions	-	-	-
Payments	(4,168)	-	(4,168)
As of December 31, 2022	<u>\$ 25,316</u>	<u>\$ -</u>	<u>\$ 25,316</u>
Additions	-	387,553	387,553
Payments	(11,573)	(303,120)	(314,693)
As of December 31, 2023	<u>\$ 13,743</u>	<u>\$ 84,433</u>	<u>\$ 98,176</u>
Additions	928	-	928
Payments	(2,827)	(84,433)	(87,260)
As of December 31, 2024	<u>\$ 11,844</u>	<u>\$ -</u>	<u>\$ 11,844</u>

⁽¹⁾ Provisions due to restructuring include indemnities due to personnel changes.

Provisions as of December 31, 2024, 2023 and 2022 are short-term.

15. Deferred income

Deferred income movements during the year are shown as follows:

	2024	2023	2022
Beginning balance	\$ 66,791	\$ 45,208	\$ 86,052
Increases	549,629	216,028	313,079
Recognized income of the year	<u>(512,828)</u>	<u>(194,445)</u>	<u>(353,923)</u>
Ending balance	<u>\$ 103,592</u>	<u>\$ 66,791</u>	<u>\$ 45,208</u>



16. Debt

	2024	2023	2022
Banco Nacional de Comercio Exterior, S.N.C (Bancomext)	\$ 3,026,182	\$ 3,026,182	\$ 3,026,182
Syndicated loan	4,530,375	4,519,180	-
Senior Notes	-	-	7,787,641
Export Development Canada (EDC)	2,026,830	1,689,350	572,761
International Finance Corporation (IFC)	1,216,098	1,013,610	-
Other loans	81,482	41,894	121,863
Accrued interest payable	173,020	172,456	104,453
Issuance costs	(66,268)	(93,002)	(52,780)
Total debt	10,987,719	10,369,670	11,560,120
Current portion of debt	(277,754)	(214,351)	(375,506)
Non-current debt	<u>\$10,709,965</u>	<u>\$10,155,319</u>	<u>\$11,184,614</u>

The terms, conditions and carrying amounts of debt are as follows:

Interest rate							As of December 31,		
	Country	Currency	Contractual	Effective	Maturity date	Interest payment periodicity	2024	2023	2022
Bancomext	Mexico	MXN	TIIE + 2.10%	12.73%	05/01/2033	Quarterly	\$ 3,026,182	\$ 3,026,182	\$ 3,026,182
Syndicated loan	International	MXN	TIIE + 3.00%	13.21%	15/04/2028	Monthly	841,545	971,545	-
Syndicated loan	International	USD	SOFR + 3.00%	7.28%	15/04/2028	Monthly	3,688,830	3,547,635	-
Senior Notes	International	USD	6.375%	6.72%	14/11/2024	Semi-annually	-	-	7,787,641
EDC	Canada	MXN	TIIE + 1.75%	12.51%	25/06/2024	Monthly	-	-	50,000
EDC	Canada	USD	SOFR + 3.05%	7.38%	26/01/2028	Monthly	2,026,830	1,689,350	-
EDC	Canada	USD	SOFR + 2.11%	6.47%	25/06/2024	Monthly	-	-	522,761
IFC	USA	USD	SOFR + 3.15%	7.46%	15/11/2030	Quarterly	1,216,098	1,013,610	-
Other loans	Mexico	MXN	Various	Various	Various	Quarterly	81,482	41,894	121,863
Total bank loans							10,880,967	10,290,216	11,508,447
Debt issuance costs							(66,268)	(93,002)	(52,780)
Accrued interest payable							173,020	172,456	104,453
Total debt							\$ 10,987,719	\$ 10,369,670	\$11,560,120

As of December 31, 2024, annual maturities of non-current debt are as follows:

	2026	2027	2028	2029 onwards	Total ⁽¹⁾
Bank loans	\$1,524,826	\$ 4,144,158	\$ 2,124,886	\$ 2,914,830	\$ 10,708,700
Senior Notes	-	-	-	-	-
Other loans	16,111	18,609	21,493	11,321	67,534
	<u>\$1,540,937</u>	<u>\$ 4,162,767</u>	<u>\$ 2,146,379</u>	<u>\$ 2,926,151</u>	<u>\$ 10,776,234</u>

⁽¹⁾ The total is presented gross of debt issuance costs.

Debt issuance costs are directly attributable to issuance of the Company's debt and is amortized according to the effective interest rate over the lifetime of the debt.

Fair value of non-current debt is disclosed in Note 4. Estimated fair values as of December 31, 2024, 2023 and 2022 were determined using rates that reflect a similar credit risk depending on the currency, maturity period and country where the debt was acquired, regarding financial liabilities with financial institutions, finance leases, other liabilities and related parties. In the case of Senior Notes placed in international markets, the Company uses the market price of such Notes at the date of the consolidated financial statements. Measurement at fair value of such financial liabilities valued at amortized cost is deemed within Level 1 and 2 of the fair value hierarchy.



Covenants:

Loan agreements currently in effect contain restrictions for the Company, mainly to comply with certain financial ratios, delivery of financial information, keeping accounting records, compliance with applicable laws, rules and provisions. Failure to comply with these requirements within a specific term to the satisfaction of the creditors could be considered a cause for early termination.

Financial ratios to be fulfilled include the following:

- a. Interest coverage ratio: which is defined as adjusted EBITDA (See Note 28) divided by financial expenses, net, for the last four quarters of the period analyzed. As of December 31, 2024, this ratio cannot be less than 2.75 times.
- b. Net leverage ratio: which is defined as net consolidated debt (current and non-current debt, net of debt issuance costs, less unrestricted cash and cash equivalents) divided by adjusted EBITDA (See Note 28) for the last four quarters of the analyzed period. As of December 31, 2024, this ratio cannot be greater than 3.75 times.

Covenants contained in credit agreements establish certain obligations, conditions and exceptions that require or limit the capacity of the Company to:

- Grant liens on assets;
- Enter into transactions with affiliates;
- Conduct a merger in which the Company is dissolved;
- Unfavorable sale of assets;
- Change of control; and
- Pay dividends

As of December 31, 2024, and as of the date of issuance of these consolidated financial statements, the Company and its subsidiaries complied satisfactorily with the covenants established in the credit agreements.

17. Lease liability

	As of December 31,		
	2024	2023	2022
Current portion:			
USD:	\$ 32,180	\$ 29,532	\$ 51,359
MXN:	76,900	78,223	169,609
Current lease liability	<u>\$ 109,080</u>	<u>\$ 107,755</u>	<u>\$ 220,968</u>
USD:	\$ 55,177	\$ 69,728	\$ 79,136
MXN:	218,818	191,136	241,822
	273,995	260,864	320,958
Less; Current portion of lease liability	<u>109,080</u>	<u>107,755</u>	<u>220,968</u>
Non-current lease liability	<u>\$ 164,915</u>	<u>\$ 153,109</u>	<u>\$ 99,990</u>
	2024	2023	2022
Beginning balance	\$ 260,864	\$ 320,958	\$ 484,254
Additions/New contracts	153,994	137,981	82,973
Write-offs	(221)	(766)	(1,284)
Interest expense from lease liability	36,475	29,927	37,695
Lease payments	(188,891)	(218,498)	(276,453)
Foreign exchange gain (loss)	11,774	(8,738)	(6,227)
Ending balance	<u>\$ 273,995</u>	<u>\$ 260,864</u>	<u>\$ 320,958</u>



The maturity of the lease liability is analyzed as follows:

	As of December 31,		
	2024	2023	2022
Less than 1 year	\$ 135,076	\$ 114,318	\$ 223,962
Over 1 year and less than 5 years	181,895	139,699	94,631
Over 5 years	22,157	21,814	6,016
Total	<u>\$ 339,128</u>	<u>\$ 275,831</u>	<u>\$ 324,609</u>

18. Employee benefits

Defined contributions plans:

The Company has a defined contribution plan. According to the structure of this plan, the reduction on labor liabilities is reflected progressively. The Company has established irrevocable trust funds for payment of the defined contribution plan. Due to the changes made in the 2014 tax reform, the Company interrupted the deposits to the trust; however, it has maintained this benefit and recognized labor obligations of \$559,291, \$502,661 and \$421,430 as of December 31, 2024, 2023 and 2022, respectively.

Defined benefit plans:

The valuation of employee benefits for retirement plans is based primarily on their years of service, current age and estimated salary at retirement date.

Following is a summary of the primary financial data of these employee benefits:

	2024	2023	2022
Obligations in the consolidated statement of financial position:			
Pension benefits	\$ 587,092	\$ 451,731	\$ 462,485
Post-employment medical benefits	11,047	11,281	7,340
Defined contribution additional liability	559,291	502,661	421,430
Liability recognized in the consolidated statement of financial position	<u>\$1,157,430</u>	<u>\$ 965,673</u>	<u>\$ 891,255</u>
Charge in the consolidated statement of income for:			
Pension benefits	\$ 64,520	\$ 69,977	\$ 59,284
Medical benefits to retirement	1,014	806	419
	<u>\$ 65,534</u>	<u>\$ 70,783</u>	<u>\$ 59,703</u>
Remeasurements for accrued employee benefit obligations recognized in other comprehensive income for the year	<u>\$ 25,898</u>	<u>\$ 21,426</u>	<u>\$ 4,961</u>

Pension and post-employment medical benefits

The Company manages defined benefit pension plans based on employees' pensionable remuneration and length of service. Most of the plans are externally funded. The Company operates post-employment medical benefit plans. The accounting method, assumptions and frequency of the valuations are similar to those used for defined benefits in pension schemes. These plans are not fully funded.

The movement in the defined benefit obligation during the year was as follows:

	2024	2023	2022
As of January 1,	\$ 463,012	\$ 469,824	\$ 416,336
Current service cost	26,201	28,979	27,532
Financial cost	39,333	41,804	32,171
Actuarial remeasurements	74,001	21,426	4,961
Benefits paid	(4,746)	(9,083)	(3,453)
Reductions	338	(89,938)	(7,723)
As of December 31,	<u>\$ 598,139</u>	<u>\$ 463,012</u>	<u>\$ 469,824</u>



The primary actuarial assumptions were as follows:

	2024	2023	2022
Discount rate	10.50%	9.75%	9.25%
Future wage increase	6.00%	5.50%	5.00%
Medical inflation rate	7.00%	7.00%	7.00%

The sensitivity analysis of the main assumptions for defined benefit obligations were as follows:

	Impact on defined benefit obligations		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	\$(38,359)	\$43,213
Medical inflation rate	1%	\$(13,126)	\$9,398

The sensitivity analyses mentioned above are based on a change in an assumption, while all other assumptions remain constant. In practice, this is not likely to happen, and there may be changes in other correlated assumptions. When calculating the sensitivity of pension plans to principal actuarial assumptions, the same method has been used as if it involved calculation of liabilities pertaining to pension benefit plans recorded in the consolidated statement of financial position. The methods and type of assumptions used in preparing the sensitivity analysis suffered no changes with respect to the prior period.

19. Income taxes

a) Income taxes recognized in the consolidated statement of income:

	2024	2023	2022
Current income tax	\$ -	\$ -	\$ (561)
Deferred income tax charge	394,204	61,194	48,887
Prior years' adjustment	-	(151)	(94)
Income tax expense	<u>\$ 394,204</u>	<u>\$ 61,043</u>	<u>\$ 48,232</u>

b)

	2024	2023	2022
(Loss) income before taxes	\$(1,085,398)	\$ 253,262	\$ (87,046)
Statutory rate	30%	30%	30%
Benefit (expense) at statutory rate	<u>325,619</u>	<u>(75,979)</u>	<u>26,114</u>
(Plus) less tax effect on:			
Tax effects of inflation	(101,735)	(115,018)	(248,144)
Non-deductibles	(30,748)	(33,892)	(26,150)
Other differences, net	<u>201,068</u>	<u>285,932</u>	<u>296,412</u>
Total income tax benefit recognized in income statement	<u>\$ 394,204</u>	<u>\$ 61,043</u>	<u>\$ 48,232</u>
Effective rate	<u>(36)%</u>	<u>24%</u>	<u>(55)%</u>

c) The detail of deferred income tax asset (liability) is as follows:

	2024	2023	2022
Tax loss carryforwards	\$1,408,114	\$1,102,946	\$1,060,135
Allowance for doubtful accounts	262,382	387,590	410,395
Property, plant and equipment	1,457,913	1,346,101	1,458,128
Provisions and other	180,624	134,683	18,052
Intangible assets and other	<u>54,013</u>	<u>(9,661)</u>	<u>11,245</u>
Deferred tax asset	<u>\$3,363,046</u>	<u>\$2,961,659</u>	<u>\$2,957,955</u>



	2024	2023	2022
Property, plant and equipment	\$ (1,141)	\$ (2,007)	\$ (126,602)
Intangible assets and other	1,105	1,603	(18,347)
Tax loss carryforwards	-	-	69,389
Deferred tax liability	<u>\$ (36)</u>	<u>\$ (404)</u>	<u>\$ (75,560)</u>

Deferred income tax assets are recognized over tax loss carryforwards to the extent the realization of the related tax benefit through future tax income is likely. Tax losses as of December 31, 2024, for which a tax asset was recognized amount to \$4,693,715.

Tax losses as of December 31, 2024, expire in the following years:

Year of expiration	Amount
2026	\$3,131,105
2029 onwards	1,562,610
	<u>\$4,693,715</u>

d) The tax charge/(credit) related to other comprehensive (loss) income is as follows:

	2024			2023			2022		
	Before taxes	Tax charged/(credited)	After taxes	Before taxes	Tax charged/(credited)	After taxes	Before taxes	Tax charged/(credited)	After taxes
Effect of currency translation	\$ 3,514	\$ -	\$ 3,514	\$ (2,881)	\$ -	\$ (2,881)	\$(1,446)	\$ -	\$(1,446)
Fair value of derivative financial instruments	48,706	(14,612)	34,094	(37,091)	11,127	(25,964)	34,691	(10,407)	24,284
Remeasurements of employee benefits	<u>(25,899)</u>	<u>7,770</u>	<u>(18,129)</u>	<u>(21,426)</u>	<u>6,428</u>	<u>(14,998)</u>	<u>(4,961)</u>	<u>1,488</u>	<u>(3,473)</u>
	<u>\$26,321</u>	<u>\$ (6,842)</u>	<u>\$19,479</u>	<u>\$(61,398)</u>	<u>\$ 17,555</u>	<u>\$(43,843)</u>	<u>\$ 28,284</u>	<u>\$ (8,919)</u>	<u>\$19,365</u>

20. Stockholders' equity

At the Extraordinary General Stockholders' Meeting held on March 8, 2024, a reserve for share repurchase of \$100 million pesos was approved. For the year ended December 31, 2024, 334,879,853 shares were repurchased.

At the Extraordinary General Stockholders' Meeting held on March 8, 2024, the cancellation of 45,000 Class "I", Series "B" shares was approved, and, as consequence of the foregoing, a reduction of the fixed capital stock in the amount of \$1.

At the Extraordinary General Stockholders' Meeting held on March 7, 2023, a reserve for share repurchase of \$100 million pesos was approved. For the year ended December 31, 2023, 28,938,371 shares were repurchased.

At the Ordinary General Stockholders' Meeting held on March 7, 2022, the Company approved the cancellation of 424,991,364 Class "I", Series "B" common nominative shares representing the Company's capital stock, equivalent to 60,713,052 Ordinary Certificates, from the acquisition of own shares program that were in the Company's treasury.

As a consequence of the foregoing, a reduction of the fixed capital stock in the amount of \$9,747, an amount that is equal to the theoretical value of the canceled shares.

At the Ordinary General Stockholders' Meeting held on March 7, 2022, a reserve for the repurchase of shares of \$200 million pesos was approved. Additionally, a maximum amount of resources remain in force during the following fiscal years, unless an Ordinary Stockholders' Meeting resolves to allocate a different amount to the purchase of treasury shares.

As of December 31, 2024, 2023 and 2022, the balance of the reserve for the repurchase of share is \$39,242, \$95,965 and \$200,000, respectively.



Following the aforementioned events, the Company's share capital, as of December 31, 2024, is \$454,620 and is comprised of 19,460,417,893 Class "I", Series "B" common nominative shares, with no par value, entirely subscribed and paid in. As of that date, all series "B" shares issued by the Company were placed in a trust (CPO Trust).

Movements on the number of common shares of the Company during the year was as follows:

	Number of shares
Shares as of January 1, 2022	19,824,236,117
Repurchase of shares	-
Shares as of December 31, 2022	<u>19,824,236,117</u>
Repurchase of shares	28,938,371
Shares as of December 31, 2023	<u>19,795,297,746</u>
Repurchase of shares	334,879,853
Shares as of December 31, 2024	<u><u>19,460,417,893</u></u>

Net income for the year is subject to the legal provision requiring at least 5% of the profit for each period to be set aside to increase the legal reserve until it reaches an amount equivalent to one fifth of the capital stock.

Dividends paid are not subject to income tax if paid from the Net Tax Profit Account ("CUFIN" for its acronym in Spanish). Dividends exceeding CUFIN will generate income tax at the applicable rate of the period in which they are paid. This tax incurred is payable by the Company and may be credited against income tax in the same year or the following two years. Dividends paid from previously taxed profits are not subject to tax withholding or additional tax payments. As of December 31, 2024, the tax value of the CUFIN and tax value of the Capital Contribution Account ("CUCA" for its acronym in Spanish) amounted to \$1,265,262 and \$9,266,062, respectively.

In case of capital reduction, the procedures established by the Income Tax Law provide that any surplus of stockholders' equity be given over the balances of the fiscal accounts of the capital contributed, the same tax treatment applicable to dividends.

21. Revenues

a. Income for services:

	2024	2023	2022
Voice	\$ 841,967	\$ 842,326	\$ 914,829
Managed networks	2,911,409	3,328,828	3,251,309
Internet data	4,808,632	4,233,654	4,192,632
Administrative applications	173,839	180,352	190,701
Hosting	351,390	343,124	273,832
System integration	919,750	829,230	652,537
Security	918,089	613,723	493,251
Cloud services	541,228	495,706	425,026
Other services	90,184	88,943	85,479
Total	<u><u>\$11,556,488</u></u>	<u><u>\$10,955,886</u></u>	<u><u>\$10,479,596</u></u>

b. Income by geographical areas:

	2024	2023	2022
Mexico	\$11,556,488	\$10,949,069	\$10,468,216
Outside Mexico	-	6,817	11,380
Total	<u><u>\$11,556,488</u></u>	<u><u>\$10,955,886</u></u>	<u><u>\$10,479,596</u></u>



22. Expenses classified by their nature

Total cost of sales and selling and administrative expenses, classified by nature of the expense, were as follows:

	2024	2023	2022
Service cost ⁽¹⁾	\$ 3,405,812	\$ 3,168,613	\$ 2,792,788
Employee benefit expenses (Note 25)	2,515,314	2,425,943	2,335,222
Maintenance	505,658	544,803	544,282
Depreciation and amortization	2,275,177	2,450,587	2,806,263
Advertising expenses	36,788	18,686	19,787
Energy and fuel consumption	242,130	261,981	277,250
Travel expenses	31,095	28,884	22,422
Lease expenses	1,084,339	1,007,233	948,345
Technical assistance, professional fees and administrative services	191,683	188,494	185,866
Other	(74,196)	279,191	449,993
Total	<u>\$10,213,800</u>	<u>\$10,374,415</u>	<u>\$10,382,218</u>

⁽¹⁾ Service cost consists mainly of interconnection costs and costs related to implementation of IT solutions, including:

- Charges related to leased lines, normally paid on a per-circuit basis per month to Telmex and to other suppliers of last-mile access.
- Interconnection costs, including charges for local and resale access, paid on a per-minute basis mainly to Telmex.
- International payments to foreign operators on a per-minute basis to complete international calls originating in Mexico.

23. Other income (expenses), net

	2024	2023	2022
Impairment of non-current assets	\$(42,259)	\$(16,011)	\$ (8,038)
Impairment of investments	-	-	(22,844)
(Loss) gain on sale of property, plant and equipment	(3,160)	78,417	25,449
Other income (expenses), net ⁽¹⁾	<u>37,079</u>	<u>(68,136)</u>	<u>81,927</u>
Total other (expenses) income, net	<u>\$ (8,340)</u>	<u>\$ (5,730)</u>	<u>\$ 76,494</u>

⁽¹⁾ Reorganization expenses of \$17,344 and \$387,553 for the years ended 2024 and 2023, respectively.

24. Financial result, net

	2024	2023	2022
Financial income:			
Interest income on short-term bank deposits	\$ 70,793	\$ 43,301	\$ 81,622
Other financial income	<u>241</u>	<u>213,419</u>	<u>204,557</u>
Total financial income	<u>\$ 71,034</u>	<u>\$ 256,720</u>	<u>\$ 286,179</u>
Financial expenses:			
Interest expense on bank loans	\$(1,192,907)	\$ (787,193)	\$ (355,636)
Interest expense on senior notes	-	(259,753)	(611,410)
Interest expense on leases	(36,475)	(29,927)	(37,695)
Financial expenses related to employee benefits	(39,333)	(41,804)	(32,171)
Other financial expenses	<u>(9,254)</u>	<u>(115,912)</u>	<u>(21,442)</u>
Total financial expenses	<u>\$(1,277,969)</u>	<u>\$(1,234,589)</u>	<u>\$(1,058,354)</u>



	2024	2023	2022
Exchange fluctuation gain (loss), net:			
Gain on exchange fluctuation	\$ 3,500,838	\$ 5,080,696	\$ 5,229,662
Loss on exchange fluctuation	(4,713,648)	(4,425,305)	(4,718,405)
Exchange fluctuation gain (loss), net	<u><u>\$(1,212,810)</u></u>	<u><u>\$ 655,391</u></u>	<u><u>\$ 511,257</u></u>

25. Employee benefit expenses

	2024	2023	2022
Salaries, wages and benefits	\$2,017,290	\$1,965,226	\$1,906,718
Social security fees	384,648	356,125	329,048
Employee benefits	26,201	28,979	27,532
Other fees	87,175	75,613	71,924
Total	<u><u>\$2,515,314</u></u>	<u><u>\$2,425,943</u></u>	<u><u>\$2,335,222</u></u>

Labor Reform Related to Vacations

On December 27, 2022, a decree was published by means of which articles 76 and 78 of the Federal Labor Law (“LFT” for its acronym in Spanish) for Mexico were reformed, which became effective on January 1, 2023. The main changes resulting from this labor reform considers the increase in the minimum annual vacation period for workers with more than one year of service.

The Company evaluated the accounting impacts generated by this labor reform and determined that the increases in the vacation and vacation premium provision, as a result of the increase in vacation days, were not significant as of December 31, 2024.

26. Transactions with related parties

Balances with related parties as of December 31, 2024, 2023 and 2022, were as follows:

	December 31, 2024	
	Accounts receivable	Accounts payable
Affiliates	\$42,610	\$15,916
Total	<u><u>\$42,610</u></u>	<u><u>\$15,916</u></u>
	December 31, 2023	
	Accounts receivable	Accounts payable
Affiliates	\$21,922	\$14,523
Total	<u><u>\$21,922</u></u>	<u><u>\$14,523</u></u>
	December 31, 2022	
	Accounts receivable	Accounts payable
Affiliates	\$15,158	\$11,012
Total	<u><u>\$15,158</u></u>	<u><u>\$11,012</u></u>

Transactions with related parties for the years ended December 31, 2024, 2023 and 2022, which were carried out in terms similar to those of arm’s-length transactions with independent third parties, were as follows:

	Year ended December 31, 2024		
	Income	Costs and expenses	
	Telecommunication services	Interests	Others
Affiliates	\$ 176,056	\$ -	\$ 47,662
Total	<u><u>\$ 176,056</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 47,662</u></u>



	Year ended December 31, 2023		
	Income	Costs and expenses	
	Telecommunication services	Interests	Others
Affiliates	\$ 160,637	\$ -	\$ 45,933
Total	<u>\$ 160,637</u>	<u>\$ -</u>	<u>\$ 45,933</u>

	Year ended December 31, 2022		
	Income	Costs and expenses	
	Telecommunication services	Interests	Others
Affiliates	\$ 166,096	\$ -	\$ 38,884
Total	<u>\$ 166,096</u>	<u>\$ -</u>	<u>\$ 38,884</u>

For the years ended December 31, 2024, 2023 and 2022, compensation and benefits paid to the Company's main officers totaled \$109,376, \$95,565 and \$67,357, respectively, comprised of base salary and benefits required by law, complemented by a program of variable compensation basically based on the Company's results and the market value of Axtel's shares.

27. Contingencies and commitments

As of December 31, 2024, there are the following commitments and contingencies with respect to Axtel and subsidiaries:

I. Contingencies of Axtel S.A.B. de C.V.

a. Radiomovil Dipsa, S. A. de C. V. (Telcel).

2019 rates

- An amparo lawsuit, regarding ITX and virtual mobile networks, where Axtel is recognized as an interested third party.
- January 2019: The Company received a notice of judgment filed by Telcel against the rates determined by the Federal Telecommunications Institute ("IFT", for its acronym in Spanish), in terms of ITX and as Axtel's Virtual Mobile Operator ("OMV", for its acronym in Spanish), for the period of 2019.
- Current status: Case closed in August 2024 in favor of Axtel.

2020 rates

- An amparo lawsuit, regarding ITX and virtual mobile networks, where Axtel is recognized as an interested third party.
- January 2020: The Company received a notice of judgment filed by Telcel against the rates determined by the IFT, in terms of ITX and as Axtel's OMV, for the year 2020.
- Current status: In second instance, given the precedents resolved by the SCJN, the outlook is favorable.

2021 rates

- An amparo lawsuit regarding ITX and virtual mobile networks, where Axtel is recognized as an interested third party.
- January 2021: The Company received a notice of judgment filed by Telcel against the rates determined by the IFT, in terms of ITX and as Axtel's OMV, for the year 2021.
- Current status: First instance, appeal denied to Telcel (2023), review in progress, an adhesion contract was presented, the outlook is favorable given the precedents of the SCJN.

2022 rates

- An amparo lawsuit regarding ITX, where Axtel is recognized as an interested third party.
- January 2022: The Company received a notice of judgment filed by Telcel against the rates determined by the IFT, in terms of ITX, for the year 2022.



- iii. Current status: Given the precedents resolved by the SCJN, the outlook is favorable.

2023 rates

- i. An amparo lawsuit, regarding ITX, where Axtel is recognized as an interested third party.
- ii. January 2023: The Company received a notice of judgment filed by Telcel against the rates determined by the IFT, in terms of ITX, for the year 2023.
- iii. Current status: First instance denied the appeal requested by Telcel, review in progress, an adhesion contract was presented, the outlook is favorable given the precedents of the SCJN.

2024 rates

- i. An amparo lawsuit regarding ITX, where Axtel is recognized as an interested third party.
- ii. December 2023: The Company received a notice of judgment filed by Telcel against the rates determined by the IFT, in terms of ITX, for the year 2024.
- iii. Current status: In first instance, given the precedents resolved by the SCJN, the outlook is favorable.

As of the date of issuance, the Company and its advisers consider that the rates will prevail based on the resolutions obtained before the IFT, especially since the precedents resolved by the SCJN are favorable to Axtel's interests, therefore, it is estimated that there is no longer an adverse scenario.

As of the date of issuance, Axtel has recognized and paid the cost based on the rates determined by the IFT, and there are no provisions associated with this contingency.

b. Grupo Telefónica.

2018 rates

- i. Two amparo lawsuits, regarding ITX and virtual mobile networks, where Axtel is recognized as an interested third party.
- ii. January 2018: The Company received two notices of judgment filed by Telefonica against the rates for the 2018 period determined by the IFT.
- iii. June 2018: the Company was notified of an amparo lawsuit filed by Telefonica against OMV's ITX rates for the period of 2018, determined by the IFT.
- iv. Current status: Both cases closed in April 2024 in favor of Axtel.

2019 rates

- i. An amparo lawsuit, regarding ITX and virtual mobile networks, where Axtel is an interested third party.
- ii. June 2019: the Company was notified of a lawsuit filed by Telefonica against the rates for the period of 2019, determined by the IFT.
- iii. Current status: Case closed in May 2024 in favor of Axtel.

2020 rates

- i. Two amparo lawsuits, regarding ITX and virtual mobile networks, where Axtel is an interested third party.
- ii. June 2020: the Company was notified of a lawsuit filed by Telefonica against the rates for the year 2020, determined by the IFT.
- iii. Current status: Case closed in February 2024 in favor of Axtel.

As of the date of issuance, the Company and its advisers consider that the rates will prevail based on the resolutions obtained before the IFT, especially since they have precedent in the Máximo Tribunal, therefore, it's estimated that an adverse scenario no longer exists.

As of the date of issuance, the Company has recognized and paid the cost based on the rates determined by the IFT, and there are no provisions associated with this contingency.

c. Telmex & Telnor.



2024 rates

- i. A lawsuit regarding ITX / OMV, Axtel is recognized as an interested third party.
- ii. December 2023: The Company was notified of an amparo lawsuit against the rates for the year 2024, determined by the IFT.
- iii. Current status: Trial in first instance, given the precedents resolved by the SCJN, the outlook is favorable.

As of December 31, 2024, the Company and its advisers consider that the rates will prevail based on the resolutions obtained before the IFT, especially since there are favorable precedents in the Máximo Tribunal and a series of litigation precedents favorable to Axtel, therefore, it is estimated that an adverse scenario no longer exists.

As of the date of issuance, Axtel has recognized and paid the cost based on the rates determined by the IFT, and there are no provisions associated with this contingency.

II. Commitments of Alestra Servicios Moviles.

a. Radiomovil Dipsa, S. A. de C. V. (Telcel).

2022 rates

- i. An amparo lawsuit in matters of ITX and virtual mobile networks, where Alestra Servicios Moviles (ASM) is recognized as an interested third party.
- ii. January 2022: The Company received a notice of judgment filed by Telcel against the rates determined by the IFT, in terms of ITX and ASM's OMV, for the year 2022.
- iii. Current status: First instance favorable, second instance in progress. Given the precedents of the SCJN, the outlook is favorable.

2023 rates

- i. An amparo lawsuit, in matters of ITX and virtual mobile networks, Alestra Servicios Moviles (ASM) is recognized as an interested third party.
- ii. January 2023: The Company received a notice of judgment filed by Telcel against the rates determined by the IFT, in terms of ITX and ASM's OMV, for the year 2023.
- iii. Current status: First instance favorable, second instance in progress. Given the precedents of the SCJN, the outlook is favorable.

2024 rates

- i. An amparo lawsuit in matters of ITX and virtual mobile networks, where Alestra Servicios Moviles (ASM) is recognized as an interested third party.
- ii. December 2023: The Company received a notice of judgment filed by Telcel against the rates determined by the IFT, in terms of ITX and ASM's OMV, for the year 2024.
- iii. Current status: In first instance, given the precedents resolved by the SCJN, the outlook is favorable.

As of the date of issuance, the Company and its advisers consider that the rates will prevail based on the resolutions obtained before the IFT, especially since the precedents resolved by the SCJN are favorable to ASM's interests, therefore, it is estimated that there is no longer an adverse scenario.

As of the date of issuance, Axtel has recognized and paid the cost based on the rates determined by the IFT, and there are no provisions associated with this contingency.



III. Strategic Commercial Litigation

a. Litigation between Axtel and Integradores y Operadores del Norte S. A. de C. V.

In 2007, Axtel hired Integradores y Operadores del Norte S.A. de C.V. (ION).

In 2017, ION filed a lawsuit asking for Axtel to pay \$113,000 for services, interest, damages and costs.

In October 2020, ION obtained a favorable protection, managing to modify the sentence in his favor to collect \$12,199. The Company has made the corresponding reserve to face this contingency.

In 2022, the Company obtained an amparo ruling in its favor, modifying the sentence against it.

In December 2024, a new judgment was issued in compliance with an injunction granted to ION condemning Axtel. Resolutions of new appeals against said judgment filed by the Company will remain pending; considering that the effects of the contested judgment are contradictory and reiterate aspects already judged that favored the Company, a suspension has been granted with the purpose of not executing the established sentence.

b. Compensatory Procedures in the Federal Superior Auditors (“ASF” for its acronym in Spanish)

In May 2019, the ASF determined a compensation liability of \$34.1 million against S&C Constructores de Sistemas, S.A. de C.V., which was disputed by the TFJA.

With respect to the aforementioned, in March 2023, the Tax Administration Service (“SAT” for its acronym in Spanish) calculated an updated amount and surcharges of \$45.2 million, a determination that was challenged by an administrative lawsuit, which is currently suspended. The tax credit is guaranteed.

In this regard, the Company and its advisors consider a big possibility of obtaining a highly favorable outlook for both litigations given the ruling issued by the SCJN.

c. Litigation between Axtel and Secretariat of Welfare

In 2022, Axtel filed an annulment lawsuit before the Federal Court of Administrative Justice, against the Secretariat of Welfare, in which a payment of \$24.3 million is claimed for the provision of services in the year 2020, in addition to financial expenses.

The matter concluded favorably in the first and second instance for Axtel; a review is currently being processed to improve the scope of the ruling.

In this sense, the Company and its advisors consider the possibility of obtaining a result with favorable prospects for said trial.

IV. Other contingencies and notes:

The Company is involved in various lawsuits and claims, derived from the normal course of its operations, which are expected not to have a significant effect on its financial position and future results, and provisions, were recorded in the books associated with these contingencies.

28. Segment information

Starting in 2023, the information used by the Chief Executive Officer, who is the highest authority in making operational decisions, allocation of resources and evaluation of performance, is presented through its business units: business, government and wholesale. Therefore, derived from the new approach of evaluating the business, the segment information of 2022 has been restructured for comparative purposes.

The service segment portfolio for the business and government clients includes advanced solutions for managed networks, collaboration and information technology (IT) such as systems integration, cloud services, cybersecurity, among others. On the other hand, the connectivity solutions of the wholesale unit for wholesale clients or operators (including the services unit) include last-mile access, IP transit, spectrum, fiber to the tower and fiber to the data center, among others.

Axtel has the second largest fiber network in Mexico, with an infrastructure of approximately 53,600 kilometers of fiber (including 14,300 kilometers of capacity).



In addition to the three operating segments focused on the client, the remaining operations of the Company are included in the “Unallocated expenses” category to be included in the consolidated statements of income of the Company. This category includes expenses associated with centralized functions, including procurement, supply chain and the Company’s senior management.

These operating segments are managed separately since the products and services offered and the markets in which they are focused are different. The resources are allocated to the operational segments considering the strategies defined by the Company’s Management. Transactions between the operating segments are carried out at market values.

The performance of the operating segments is measured based on the Business Unit Contribution (BUC), defined as the operating profit of each segment, including sales, costs per segment and direct segment expenses, as included in internal financial reports reviewed by the Chief Executive Officer.

The Company defines Adjusted EBITDA as the result of adding to the operating profit (loss), depreciation and amortization and the impairment of non-current assets; it is considered a useful measure of the operational performance of the business since it provides a significant analysis of commercial performance by excluding specific items reported separately due to their nature or incidence. Income or interest expenses are not allocated to reportable segments, since this activity is handled globally by central treasury.

When projects are not directly attributed to a particular operating segment, capital expenditure is allocated to each segment based on the rate of future economic benefits estimated as a result of capital expenditure.

Below is the consolidated financial information of the information segments:

I. Financial information by segments:

	2024			
	Business	Government	Wholesale	Total
Sales by segment	\$8,483,134	\$1,310,243	\$1,763,111	\$ 11,556,488
Service cost	(2,304,512)	(768,201)	(333,099)	(3,405,812)
Expenses	(792,679)	(162,795)	159,698	(795,776)
Business unit contribution (BUC)	5,385,943	379,247	1,589,710	7,354,900
Unallocated expenses				(3,685,772)
Adjusted EBITDA before reorganization expenses				3,669,128
Reorganization expenses				(17,344)
Adjusted EBITDA				3,651,784
Impairment of non-current assets				(42,259)
Depreciation and amortization				(2,275,177)
Operating income				1,334,348
Financial result, net				(2,419,745)
Profit (loss) before taxes				<u>\$ (1,085,397)</u>
	2023			
	Business	Government	Wholesale	Total
Sales by segment	\$ 7,936,314	\$1,229,730	\$ 1,789,842	\$ 10,955,886
Service cost	(2,171,388)	(694,516)	(302,709)	(3,168,613)
Expenses	(702,842)	(112,502)	(241,837)	(1,057,181)
Business unit contribution (BUC)	5,062,084	422,712	1,245,296	6,730,092
Unallocated expenses				(3,300,203)
Adjusted EBITDA before reorganization expenses				3,429,889
Reorganization expenses				(387,553)
Adjusted EBITDA				3,042,336
Impairment of non-current assets				(16,008)
Depreciation and amortization				(2,450,587)
Operating income				575,741
Financial result, net				(322,478)
Profit before taxes				<u>\$ 253,263</u>



		2022		
	Business	Government	Wholesale	Total
Sales by segment	\$7,539,397	\$1,007,310	\$1,932,889	\$ 10,479,596
Service cost	(2,013,915)	(443,221)	(335,652)	(2,792,788)
Expenses	(708,748)	(9,894)	(219,182)	(937,824)
Business unit contribution (BUC)	4,816,734	554,195	1,378,055	6,748,984
Unallocated expenses				(3,737,967)
Adjusted EBITDA				3,011,017
Impairment of non-current assets				(30,882)
Depreciation and amortization				(2,806,263)
Operating income				173,872
Financial result, net				(260,918)
Loss before taxes				\$ (87,046)

29. Subsequent events

In preparing the consolidated financial statements, the Company has evaluated the events and transactions for recognition or disclosure subsequent to December 31, 2024, and through January 31, 2025, (issuance date of the consolidated financial statements), has not identified any relevant events.

30. Authorization to issue the consolidated financial statements

On January 31, 2025, the issuance of the accompanying consolidated financial statements was authorized by Armando de la Peña González, Chief Executive Officer, Adrián de los Santos Escobedo, Chief Financial Officer, and José Salvador Martín Padilla, Corporate Controller.

These consolidated financial statements are subject to the approval of the Company's ordinary stockholders' meeting.

* * * * *





INFORME ANUAL DEL COMITÉ DE AUDITORÍA Y PRÁCTICAS SOCIETARIAS

28 de febrero de 2025

CONSEJO DE ADMINISTRACIÓN DE AXTEL, S.A.B. de C.V.

En cumplimiento de lo dispuesto por el Artículo 43 de la Ley del Mercado de Valores y en mi carácter de Presidente del Comité de Auditoría y Prácticas Societarias de Axtel, S.A.B. de C.V. ("Axtel" o la "Sociedad"), así como, en representación de los demás consejeros independientes integrantes de dicho Comité, les presentamos un reporte sumario de las actividades desempeñadas por dicho Comité durante el ejercicio social terminado el 31 de diciembre de 2024.

Este informe se presenta, con base a información recibida por este órgano, y tomando en cuenta los informes, opiniones y/o comunicados de directivos relevantes y de los auditores externos e internos, todos ellos de la Sociedad, sobre los temas que le competen al Comité.

I. Actividades en relación con los Estados Financieros.

1. Se revisaron los estados financieros de Axtel y subsidiarias, por los ejercicios terminados el 31 de diciembre de 2023 y 2024, formulados en base a las Normas Internacionales de Información Financiera (IFRS, por sus siglas en inglés) y se analizaron con los auditores externos de la Sociedad su dictamen sobre dichos estados financieros y las notas a los mismos, presentados al Consejo de Administración para su proposición a las correspondientes Asambleas Generales Ordinarias anuales de Accionistas;

2. Se analizaron los respectivos proyectos de aplicación de resultados de los ejercicios mencionados, presentados al Consejo de Administración para su proposición a las correspondientes Asambleas Generales Ordinarias anuales de accionistas de fechas 8 de marzo de 2024 y 18 de marzo de 2025, respectivamente; y
3. Se tuvo conocimiento y se aprobaron los estados financieros trimestrales divulgados por la Sociedad a través de la Bolsa Mexicana de Valores, S.A.B. de C.V., durante el ejercicio 2024

II. Actividades en relación con las operaciones de la Sociedad y sus subsidiarias, en materia de prácticas societarias.

1. Se analizó y revisó el desempeño y la remuneración integral de los directivos relevantes;
2. Se analizaron y revisaron los planes de sucesión de los directivos relevantes;
3. Se realizaron las investigaciones necesarias para estar en aptitud de informar respecto de: (i) la inexistencia de operaciones significativas con personas relacionadas; y (ii) la ausencia de dispensas para el aprovechamiento de negocios que correspondan a la Sociedad y/o a sus subsidiarias, por parte de personas relacionadas; y
4. Se dio seguimiento a la formalización de los acuerdos de las asambleas de accionistas y del Consejo de Administración en materia de prácticas societarias.

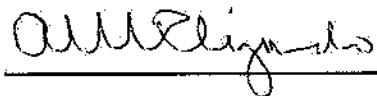
III. **Actividades en relación con la auditoría externa e interna de las operaciones de la Sociedad y sus subsidiarias.**

1. Se revisó el desempeño de la firma de auditoría externa de Axtel y subsidiarias, proponiendo después del análisis, el recomendar al Consejo de Administración, la ratificación de la contratación de los servicios de Galaz, Yamazaki, Ruiz, Urquiza, S.C. ("Deloitte"), así como el importe de los honorarios, tanto de los servicios de auditoría externa de estados financieros, como de los servicios distintos a los anteriores;
2. Se analizaron los programas de auditoría presentados por los auditores externos;
3. Se autorizó la contratación de los servicios distintos a los de auditoría externa de estados financieros proporcionados por Deloitte, no encontrándose situaciones que comprometan su independencia;
4. Se evaluó el desempeño de la firma de auditoría externa, así como el de la persona responsable de la misma;
5. Se revisó y analizó con los auditores externos de la Sociedad el dictamen sobre los mecanismos de control interno adoptados por la Sociedad y sus subsidiarias;
6. Se revisó el plan de acción con medidas preventivas y correctivas a las observaciones de la auditoría externa; particularmente lo relativo a (i) la corrección de las deficiencias no significativas señaladas; y (ii) la inmaterialidad de los ajustes propuestos no registrados;
7. Se tuvo conocimiento y se aprobaron los supuestos utilizados en la elaboración del presupuesto de la Sociedad;

8. Se dio seguimiento por parte de la Sociedad, del cumplimiento de las obligaciones aplicables en las "Disposiciones de carácter general aplicables a entidades y emisoras supervisadas por la Comisión Nacional Bancaria y de Valores que contraten servicios de auditoría externa de estados financieros básicos";
9. Se analizaron los avances y resultados de los programas de control y auditoría interna; incluyendo, la determinación de áreas de oportunidad para mejorar la efectividad de los sistemas de auditoría interna;
10. Se analizó la administración del programa de adquisición de acciones propias;
11. Se revisó y analizó las acciones implementadas para asegurar la debida protección de la información de Axtel y de terceros ante ataques de ciberseguridad;
12. Se analizaron los efectos de las modificaciones a las políticas contables aprobadas;
13. Se revisó la matriz de riesgos de la Sociedad, su probabilidad de ocurrencia y la existencia de acciones tendientes a la remediación o en su caso mitigación, de las consecuencias adversas que la materialización de dichos riesgos pudiese causar;
14. Se dio seguimiento a las diversas operaciones de financiamiento y refinanciamiento, realizadas por la Sociedad durante el ejercicio 2024;
15. Se dio seguimiento, a la intención del Presidente de este Comité, el Sr. Enrique Meyer Guzmán, de no continuar como integrante del mismo, así como la designación como Directivo Ejecutivo Jurídico y Regulatorio, del señor Wilson Rojas Sifuentes, como relevo de Raúl de Jesús Ortega Ibarra, quien se acogió a los beneficios del plan de pensiones y jubilaciones de la Sociedad;

16. Se dio seguimiento a las diversas revisiones fiscales realizadas por las autoridades fiscales del país; respecto del cumplimiento de la normatividad fiscal aplicable; y
17. Se dio seguimiento a la formalización de los acuerdos de las asambleas de accionistas y del Consejo de Administración, en materia de auditoría.

Atentamente,



Alejandro M. Elizondo Barragán
Comité de Auditoría y Prácticas Societarias



**INFORME ANUAL DEL COMITÉ DE AUDITORÍA
Y PRÁCTICAS SOCIETARIAS**

16 de febrero de 2024

**CONSEJO DE ADMINISTRACIÓN
DE AXTEL, S.A.B. de C.V.**

En cumplimiento de lo dispuesto por el Artículo 43 de la Ley del Mercado de Valores y en mi carácter de Presidente del Comité de Auditoría y Prácticas Societarias de Axtel, S.A.B. de C.V. ("Axtel" o la "Sociedad"), así como, en representación de los demás consejeros independientes integrantes de dicho Comité, les presentamos un reporte sumario de las actividades desempeñadas por dicho Comité durante el ejercicio social terminado el 31 de diciembre de 2023.

Este informe se presenta, con base a información recibida por este órgano, y tomando en cuenta los informes, opiniones y/o comunicados de directivos relevantes y de los auditores externos e internos, todos ellos de la Sociedad, sobre los temas que le competen al Comité.

I. Actividades en relación con los Estados Financieros.

1. Se revisaron los estados financieros de Axtel y subsidiarias, por los ejercicios terminados el 31 de diciembre de 2022 y 2023, formulados en base a las Normas Internacionales de Información Financiera (IFRS, por sus siglas en inglés) y se analizaron con los auditores externos de la Sociedad su dictamen sobre dichos estados financieros y las notas a los mismos, presentados al Consejo de Administración para su proposición a las correspondientes Asambleas Generales Ordinarias anuales de Accionistas;

2. Se analizaron los respectivos proyectos de aplicación de resultados de los ejercicios mencionados, presentados al Consejo de Administración para su proposición a las correspondientes Asambleas Generales Ordinarias anuales de accionistas de fechas 7 de marzo de 2023 y 8 de marzo de 2024, respectivamente; y
3. Se tuvo conocimiento y se aprobaron los estados financieros trimestrales divulgados por la Sociedad a través de la Bolsa Mexicana de Valores, S.A.B. de C.V.

II. **Actividades en relación con las operaciones de la Sociedad y sus subsidiarias, en materia de prácticas societarias.**

1. Se analizó y revisó el desempeño y la remuneración integral de los directivos relevantes;
2. Se analizaron y revisaron los planes de sucesión de los directivos relevantes;
3. Se realizaron las investigaciones necesarias para estar en aptitud de informar respecto de: (i) la inexistencia de operaciones significativas con personas relacionadas; y (ii) la ausencia de dispensas para el aprovechamiento de negocios que correspondan a la sociedad y/o a sus subsidiarias, por parte de personas relacionadas; y
4. Se dio seguimiento a la formalización de los acuerdos de las asambleas de accionistas y del Consejo de Administración en materia de prácticas societarias.

III. **Actividades en relación con la auditoría externa e interna de las operaciones de la Sociedad y sus subsidiarias.**

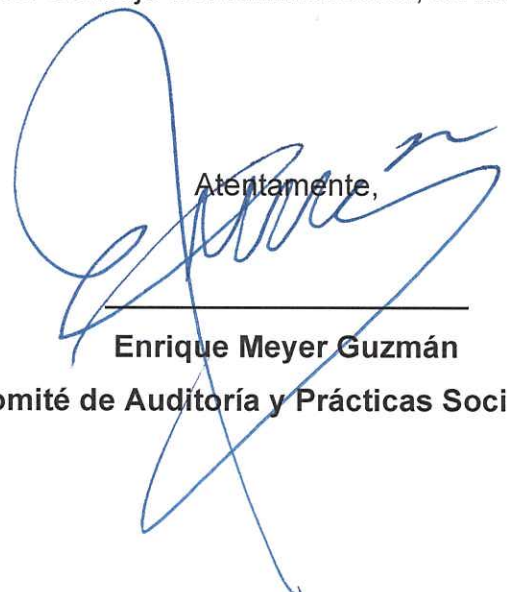
1. Se revisó el desempeño de la firma de auditoría externa de Axtel y subsidiarias, proponiendo después del análisis, el recomendar al Consejo de Administración, la ratificación de la contratación de los servicios de Galaz, Yamazaki, Ruiz, Urquiza, S.C. ("Deloitte"), así como el importe de los honorarios, tanto de los servicios de auditoría externa de estados financieros, como de los servicios distintos a los anteriores;
2. Se analizaron los programas de auditoría presentados por los auditores externos;
3. Se autorizó la contratación de los servicios distintos a los de auditoría externa de estados financieros proporcionados por Deloitte, no encontrándose situaciones que comprometan su independencia;
4. Se evaluó el desempeño de la firma de auditoría externa, así como el de la persona responsable de la misma;
5. Se revisó y analizó con los auditores externos de la Sociedad el dictamen sobre los mecanismos de control interno adoptados por la Sociedad y sus subsidiarias;
6. Se revisó el plan de acción con medidas preventivas y correctivas a las observaciones de la auditoría externa; particularmente lo relativo a (i) la corrección de las deficiencias no significativas señaladas; y (ii) la inmaterialidad de los ajustes propuestos no registrados;
7. Se tuvo conocimiento y se aprobaron los supuestos utilizados en la elaboración del presupuesto de la Sociedad;

8. Se dio seguimiento por parte de la Sociedad, del cumplimiento de las obligaciones aplicables en las “Disposiciones de carácter general aplicables a entidades y emisoras supervisadas por la Comisión Nacional Bancaria y de Valores que contraten servicios de auditoría externa de estados financieros básicos”;
9. Se analizaron los avances y resultados de los programas de control y auditoría interna; incluyendo, la determinación de áreas de oportunidad para mejorar la efectividad de los sistemas de auditoría interna;
10. Se analizó la administración del programa de adquisición de acciones propias;
11. Se revisó y analizó las acciones implementadas para asegurar la debida protección de la información de Axtel y de terceros ante ataques de ciberseguridad;
12. Se analizaron los efectos de las modificaciones a las políticas contables aprobadas;
13. Se revisó la matriz de riesgos de la Sociedad, su probabilidad de ocurrencia y la existencia de acciones tendientes a la remediación o en su caso mitigación, de las consecuencias adversas que la materialización de dichos riesgos pudiese causar;
14. Se tuvo conocimiento y se dio puntual seguimiento del proceso de la escisión parcial de Alfa, respecto a su patrimonio, mismo que fue el 29 de mayo de 2023, en que se dio la conclusión del proceso regulatorio de la inscripción de las acciones Controladora Axtel en el Registro Nacional de Valores y su correspondiente listado en la Bolsa Mexicana de Valores, S.A.B. de C.V.;
15. Se dio seguimiento a las diversas operaciones de financiamiento y refinanciamiento, realizadas por la Sociedad durante el ejercicio 2023;

particularmente a las operaciones mediante las cuales se pagaron de manera anticipada, los Bonos con cupón de 6.375% cuyo vencimiento correspondía a Noviembre 14, 2024. Así como, a la contratación a finales del ejercicio, de un financiamiento por la cantidad de US\$60 millones de dólares, con la Corporación Financiera Internacional, a un plazo de 7 años, ligado a compromisos en materia ambiental y social; y

16. Se dio seguimiento a la formalización de los acuerdos de las asambleas de accionistas y del Consejo de Administración, en materia de auditoría.

Atentamente,



Enrique Meyer Guzmán
Comité de Auditoría y Prácticas Societarias



**INFORME ANUAL DEL COMITÉ DE AUDITORÍA
Y PRÁCTICAS SOCIETARIAS**

10 de febrero de 2023

**CONSEJO DE ADMINISTRACIÓN
DE AXTEL, S.A.B. de C.V.**

En cumplimiento de lo dispuesto por el Artículo 43 de la Ley del Mercado de Valores y en mi carácter de Presidente del Comité de Auditoría y Prácticas Societarias de Axtel, S.A.B. de C.V. ("Axtel" o la "Sociedad"), así como, en representación de los demás consejeros independientes integrantes de dicho Comité, les presentamos un reporte sumario de las actividades desempeñadas por dicho Comité durante el ejercicio social terminado el 31 de diciembre de 2022.

Este informe se presenta, con base a información recibida por este órgano, y tomando en cuenta los informes, opiniones y/o comunicados de directivos relevantes y de los auditores externos e internos, todos ellos de la Sociedad, sobre los temas que le competen al Comité.

I. Actividades en relación con los Estados Financieros.

1. Se revisaron los estados financieros de Axtel y subsidiarias, por los ejercicios terminados el 31 de diciembre de 2021 y 2022, formulados en base a las Normas Internacionales de Información Financiera (IFRS, por sus siglas en inglés) y se analizaron con los auditores externos de la Sociedad su dictamen sobre dichos estados financieros y las notas a los mismos, presentados al Consejo de Administración para su proposición a las correspondientes Asambleas Generales Ordinarias anuales de Accionistas;

2. Se analizaron los respectivos proyectos de aplicación de resultados de los ejercicios mencionados, presentados al Consejo de Administración para su proposición a las correspondientes Asambleas Generales Ordinarias anuales de accionistas de fechas 7 de marzo de 2022 y 7 de marzo de 2023, respectivamente; y
3. Se tuvo conocimiento y se aprobaron los estados financieros trimestrales divulgados por la Sociedad a través de la Bolsa Mexicana de Valores, S.A.B. de C.V..

II. **Actividades en relación con las operaciones de la Sociedad y sus subsidiarias, en materia de prácticas societarias.**

1. Se dio continuidad a la revisión de las actividades desarrolladas por la Sociedad para enfrentar la pandemia causada por el Covid;
2. Se analizó y revisó el desempeño y la remuneración integral de los directivos relevantes;
3. Se dio seguimiento al proceso para la selección de candidatos a ocupar la dirección general de la Sociedad; aprobándose la recomendación de la administración respecto de la designación de la persona para ocupar dicho cargo;
4. Se analizaron y revisaron los planes de sucesión de los directivos relevantes;
5. Se realizaron las investigaciones necesarias para estar en aptitud de informar respecto de: (i) la inexistencia de operaciones significativas con personas relacionadas; y (ii) la ausencia de dispensas para el

aprovechamiento de negocios que correspondan a la sociedad y/o a sus subsidiarias, por parte de personas relacionadas; y

6. Se dio seguimiento a la formalización de los acuerdos de las asambleas de accionistas y del Consejo de Administración en materia de prácticas societarias.

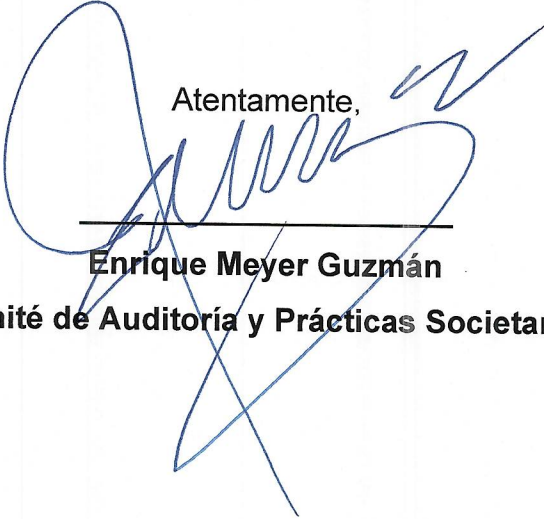
III. **Actividades en relación con la auditoría externa e interna de las operaciones de la Sociedad y sus subsidiarias.**

1. Se revisó el desempeño de la firma de auditoría externa de Axtel y subsidiarias, proponiendo después del análisis, el recomendar al Consejo de Administración, la ratificación de la contratación de los servicios de Galaz, Yamazaki, Ruiz, Urquiza, S.C. ("Deloitte"), así como el importe de los honorarios, tanto de los servicios de auditoría externa de estados financieros, como de los servicios distintos a los anteriores;
2. Se analizaron los programas de auditoría presentados por los auditores externos;
3. Se autorizó la contratación de los servicios distintos a los de auditoría externa de estados financieros proporcionados por Deloitte, no encontrándose situaciones que comprometan su independencia;
4. Se evaluó el desempeño de la firma de auditoría externa, así como el de la persona responsable de la misma;
5. Se revisó y analizó con los auditores externos de la Sociedad el dictamen sobre los mecanismos de control interno adoptados por la Sociedad y sus subsidiarias;

6. Se revisó el plan de acción con medidas preventivas y correctivas a las observaciones de la auditoría externa; particularmente lo relativo a (i) la corrección de las deficiencias no significativas señaladas; y (ii) la inmaterialidad de los ajustes propuestos no registrados;
7. Se tuvo conocimiento y se aprobaron los supuestos utilizados en la elaboración del Presupuesto 2023 de la Sociedad;
8. Se dio seguimiento por parte de la Sociedad, del cumplimiento de las obligaciones aplicables en las “Disposiciones de carácter general aplicables a entidades y emisoras supervisadas por la Comisión Nacional Bancaria y de Valores que contraten servicios de auditoría externa de estados financieros básicos”;
9. Se analizaron los avances y resultados de los programas de control y auditoría interna; incluyendo, la determinación de áreas de oportunidad para mejorar la efectividad de los sistemas de auditoría interna;
10. Se analizó la administración del programa de adquisición de acciones propias;
11. Se analizaron los efectos de las modificaciones a las políticas contables aprobadas;
12. Se revisó la matriz de riesgos de la Sociedad, su probabilidad de ocurrencia y la existencia de acciones tendientes a la remediación o en su caso mitigación, de las consecuencias adversas que la materialización de dichos riesgos pudiese causar;
13. Se revisaron y validaron las acciones desarrolladas por la administración para asegurar que los sistemas de informática de la Sociedad y de sus subsidiarias, cuentan con las medidas de protección y seguridad adecuadas para garantizar la continuidad de las operaciones sociales y en su caso mitigar las consecuencias de potenciales ataques cibernéticos;

14. Se tuvo conocimiento y se dio puntual seguimiento a la auditoría interna en la cual se revisaron y fortalecieron las políticas y procedimientos aplicables en la contratación de canales de distribución y en la contratación de terceros mediante asignación directa;
15. Se tuvo conocimiento y se dio puntual seguimiento a la decisión adoptada en asamblea general extraordinaria de accionistas de nuestra controladora Alfa, S.A.B. de C.V., para llevar a cabo una escisión parcial de su patrimonio, transfiriendo a una nueva sociedad (Controladora Axtel), el 100% de la participación accionaria que actualmente detentan en el capital social de Axtel, S.A.B. de C.V.;
16. Se dio seguimiento a las revisiones iniciadas por autoridades fiscales, respecto de operaciones realizadas por la Sociedad y/o sus subsidiarias en ejercicios anteriores; y
17. Se dio seguimiento a la formalización de los acuerdos de las asambleas de accionistas y del Consejo de Administración, en materia de auditoría.

Atentamente,



Enrique Meyer Guzmán

Comité de Auditoría y Prácticas Societarias