MEGA

ANNUAL REPORT

2022

CONTENT

2022 HIGHLIGHTS MEGA

Revenues
Ps. $27,156 million

Corporate Telecom Segment revenues
Ps. 4,814 million

Net income
Ps. $3,585 million

Employees
27,333

Unique subscribers
4’397,994

11’217,600
Revenue Generating Units (RGUs)

3’675,615
Video subscribers

4’137,860
Internet subscribers

3’404,125
Telephony subscribers

MESSAGE FORM THE CHAIRMAN OF THE BOARD OF DIRECTORS

To the Ordinary Annual Shareholders' Meeting of Megacable Holdings, S.A.B. de C.V.

Dear shareholders,

I am extremely pleased to present Megacable's sound results for 2022.

This year we experienced a transition to the new normality and with it, the distribution of household income among more activities. Nevertheless, connectivity has become an essential right, therefore our services continue to be a priority in offices, schools and homes, which has allowed us to continue growing and innovating in a challenging and dynamic market, reaffirming our commitment to offer the highest quality services with state-of-the-art technology.

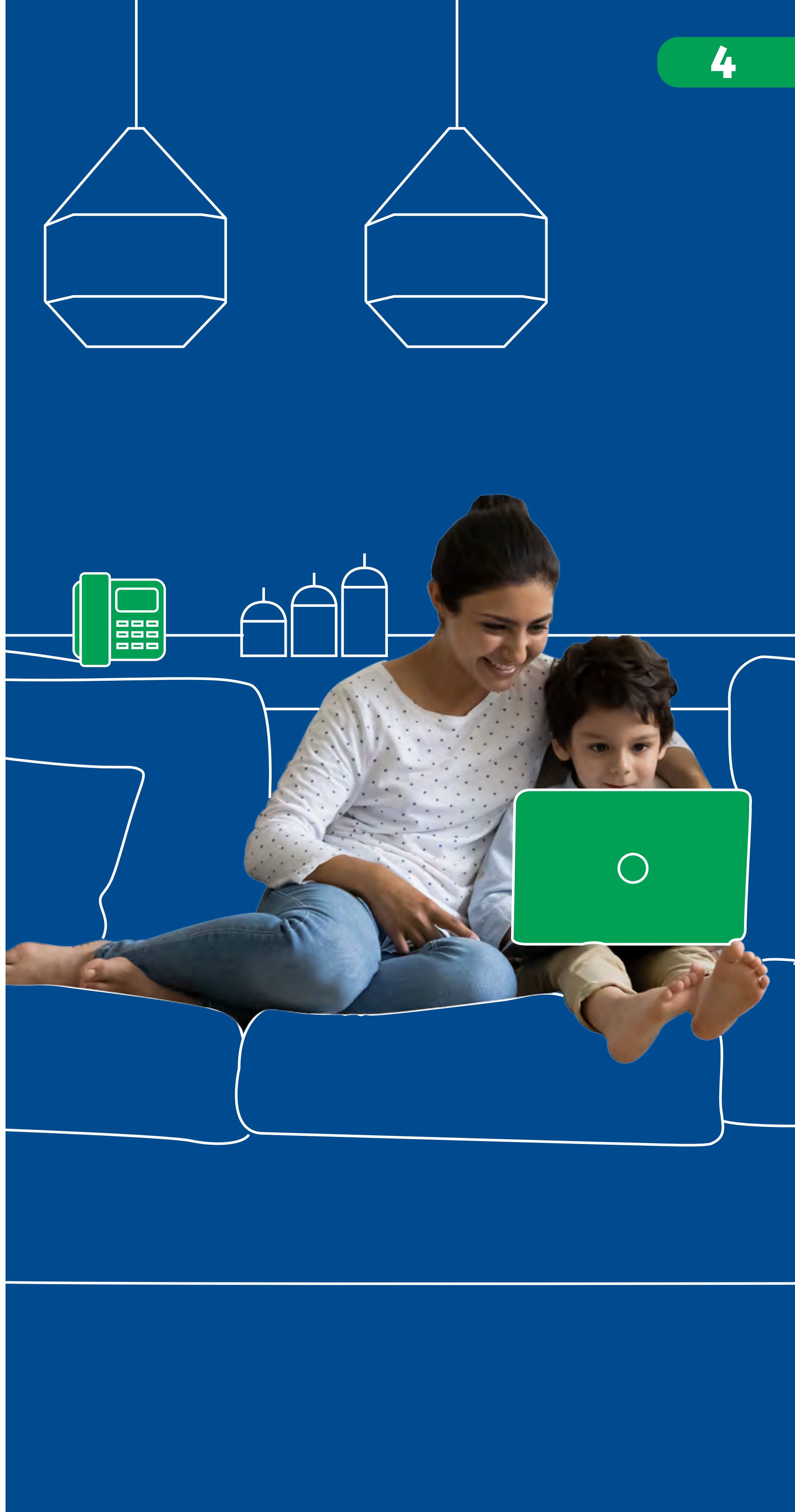
This was driven by the investments we made in the country, including the network migration project and our expansion plan, which will make us a company with national presence. In this sense, in 2022 we made important progress in our strategy to enter new territories and we began operations in more than 30 new cities; ending with a coverage that includes 31 states of Mexico and more than 500 localities. This has been achieved thanks to the solid teamwork of all the strategic, administrative and technical areas.

Our state-of-the-art infrastructure allows us to offer high-quality services at competitive prices in the markets to which we are expanding our operations, attracting new subscribers.

In our constant search for innovation and improvement, we have made significant efforts to adopt more efficient technologies that allow us to provide a better service in a sustainable manner. Additionally, we have launched new products for our customers, including our video service, which has proved to be the best in the market, offering a streaming product, with Internet speeds ranging from 50 megabytes to one gigabyte at affordable prices. Mobile telephony is another of our services that we are continuously innovating and improving, developing plans that adapt to the needs of our customers.

Additionally, the operational maturity of the Company was also reflected in the financial market, since, for the first time in our history, we carried out the placement of Stock Certificates in the Mexican Stock Exchange for an amount of Ps. 7 billion, as part of a Ps. 15 billion program. The great acceptance and demand obtained in this operation reflects the solid financial position of the Company. It is important to mention that even with this operation, we maintain the lowest leverage level in the industry with 1.03 times net debt over EBITDA.

Our objectives' achievement is, in part, due to the unwavering commitment and experience of our Board of Directors and management team. This great strength allows us to act efficiently, with agility and diligence in decision-making, as well as in the definition of strategies that guarantee continuous improvement.



Likewise, a large part of these results is due to the work of our talented team. We value our employees and we believe that the human factor is our greatest asset. Hence, we are committed to continue investing in their development and training so that they reach their full potential and continue to provide the best service to our customers.

Our commitment to sustainability remains strong and we have made significant progress towards adopting best practices that reduce the impact of our operations and maximize support for the communities where we have a presence.

During this year, we implemented a series of initiatives aimed at reducing our energy consumption and minimizing our impact on the environment, including the responsible disposal of waste, the dismantling and collection of obsolete material, and the elimination of paper in our operations. Our service orders are electronic, our agents and technicians use tablets or smartphones, and we have implemented LED lighting in our offices. At the same time, we support local communities through philanthropic efforts and strategic partnerships. We strive to create jobs and increase the welfare of society; in addition, we provide free connectivity to charities.

Looking forward, we remain committed to investing in our network and technology capabilities, while continuing to provide our customers with the highest level of service and innovation. Moreover, we will continue to prioritize sustainability, recognizing that our success as a company is closely linked to the well-being of the communities we serve.

As every year, we demonstrated our commitment to delivering results, and this will continue to be our strategic line to generate added value for our shareholders, employees, and customers. I thank all the employees, members of the Board and management team, for their hard work and commitment to our objectives, thus ensuring that we will continue working to stay at the forefront of the telecommunications industry in Mexico.

Sincerely,

Francisco Javier R. Bours Castelo
Chairman of the Board of Directors

Manuel Urquijo Beltrán
Secretary of the Board of Directors

In 2022, for the first time, we were awarded the Socially Responsible Company (ESR) distinction granted by Cemefi.

MESSAGE FROM THE CEO

Dear shareholders,

At Megacable, we are constantly in an evolution process. We are a mature company, with 40 years of existence; nonetheless, we continue to adapt and transform, which maintains us at the forefront, as one of the main leaders in a challenging market.

2022 was a challenging and transformational year for the Company. Starting with a complicated macroeconomic environment, with the highest inflation rates in the last two decades and moderate economic growth in our country after the pandemic, which resulted in the gradual recovery of economic activities.

During this year, the world continued the transition to the new normality. Schools and offices, as well as leisure businesses reopened, which put more pressure and competition on us. However, Internet service remained a priority in Mexican households, and it shows no signs of slowing down. Therefore and thanks to the Company's ability to adapt, improve and transform, we were able to maintain the loyalty of our subscribers and the quality of our services.

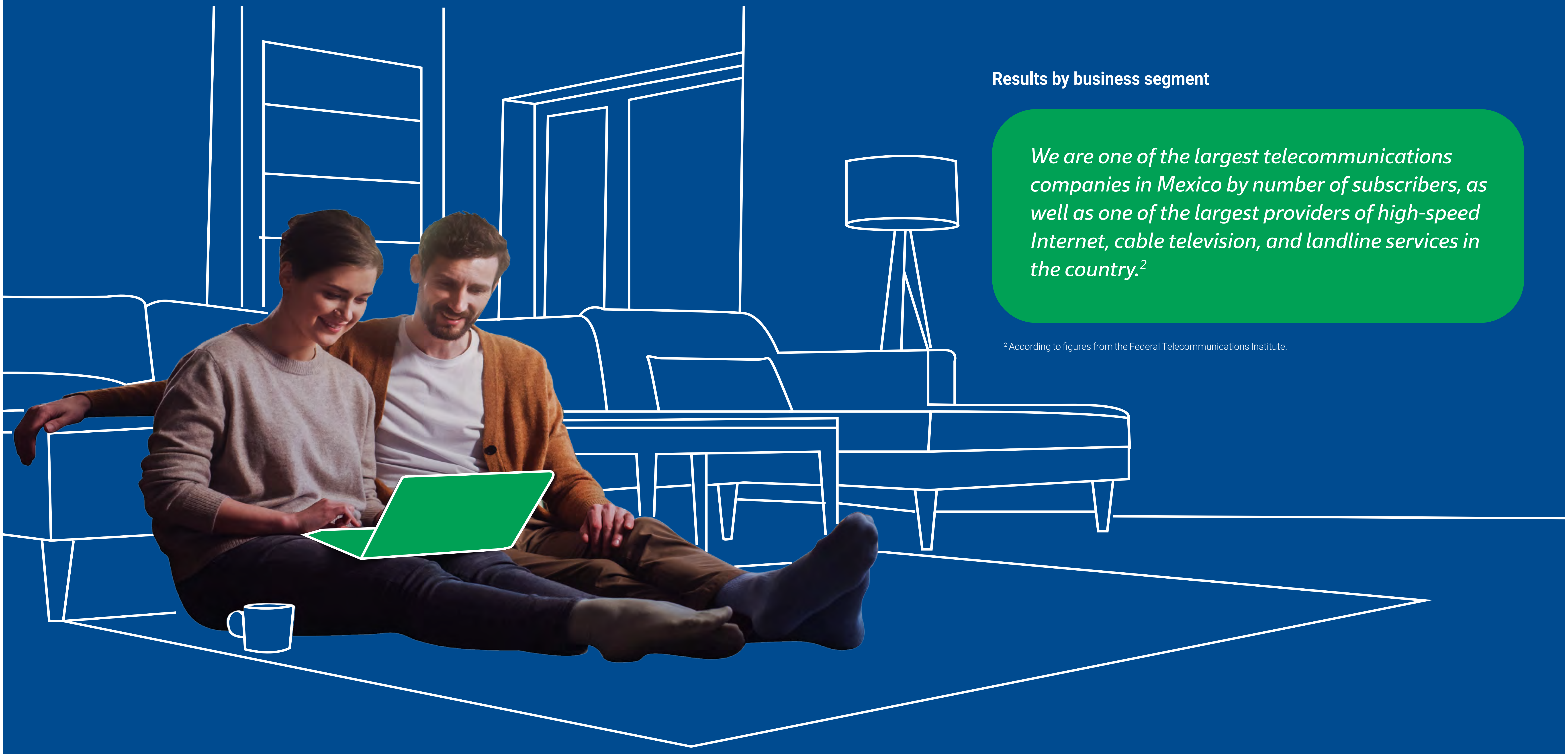
In this period, we achieved solid results that demonstrate the success of our expansion strategies and the transformation of the network to offer the best service. We reached 4'397,994 unique subscribers, 6% more than in 2021. On the other hand, the RGUs[1] increased 8% compared to 2021, reaching 11.2 million, and revenue generating units per unique subscriber maintained their growth trend and reached 2.55.

In 2022, we focused on maintaining the growth rate and effective execution of our expansion plan, we built more than 9,500 km of network, almost three times what was built in 2021, and we covered nearly 11.6 million homes, almost two million more of passed houses than in the previous period. As a result, we currently have presence in 31 states and more than 500 locations in the Mexican Republic. Likewise, we successfully concluded the evolution project of our network to migrate HFC subscribers to fiber to provide Internet services with the latest technology and with the most affordable prices in the market.

Total revenues for the year 2022 reached Ps. 27.15 billion; 10% higher than in 2021. This growth was driven by net additions, both in new cities and in existing territories, additional services and by the corporate segment, which had an extraordinary year, with large projects, both in the public and private sectors.

We have evolved telecommunications services, not only in the video service, but also in connectivity through the latest technology within homes.

[1] Revenue Generating Units.



Results by business segment

We are one of the largest telecommunications companies in Mexico by number of subscribers, as well as one of the largest providers of high-speed Internet, cable television, and landline services in the country.[2]

[2] According to figures from the Federal Telecommunications Institute.

Internet

We offer high-quality Internet service with the highest connection speeds in the market. This year we concluded the GPON Evolution project, through which we migrated approximately 24,000 km of HFC technology to fiber optics. Thus, we were able to expand bandwidth throughout HFC network and continue meeting the market's demand.

We have made improvements to our technology platform, offering higher bandwidth, better network stability and the best product to our more than 4.1 million subscribers.

4'137,860
subscribers; +7.9% vs 2021

Revenues
Ps. 8.995
billion; +9.4% vs 2021

Video

We continue changing the way subscribers understand entertainment. We provide several packages to satisfy the needs of the entire population, with a wide range of content, including linear television and integrated streaming platforms.

Our innovative platform based on Android TV, XView+, merges all streaming and video on demand applications in a single digital equipment with the latest technology, while providing a friendly, personalized, interactive and multi-device experience.

3'675,615
subscribers; +3.8% vs 2021

Revenues
Ps. 9.867
billion; +4.0% vs 2021

XView+ → **3.5 million** set top boxes in 2022; 45.9% growth

Our new-generation video platform, Xview+, has almost 90 million monthly interactions.

Telephony

Our fixed telephony service adjusts to the needs of each market segment, offering unlimited local, national and long-distance calls to the United States and Canada, both for the residential sector and for businesses.

3'404,125
subscribers; +12.3% vs 2021

Revenues
Ps. 2.462
billion; +4.8% vs 2021

Mobile services

During 2022, we continued offering mobile services. We achieved that most of the lines correspond to post-paid services, supporting the increase in revenue from this service.

356,769
subscribers

Revenues
Ps. 600
million; +91.6% vs 2021

Corporate Segment

Through this segment, we provide telecommunications services to the business and corporate market, as well as to the public sector nationwide, through a fiber optic and coaxial network of more than 124,000 kilometers.

Our corporate segment was one of the most affected by COVID-19, because large corporations and companies, including hotels, closed during the pandemic. In 2022, we noticed a pronounced recovery trend in the sector, for which we achieved a significant increase in revenue.

Revenues from the corporate segment reached Ps.

5.180 billion

a 23.4% increase compared to 2021.

The corporate segment maintained its growth trend; highlighting ho1a, with an increase of 43.6% year on year.

Furthermore, we remain firmly committed to society and the environment. Therefore, in 2022, as part of our materiality assessment, we carried out a stakeholder engagement to determine the sustainability strategy and model, as well as relevant KPIs on ESG[3] issues that we will implement in the coming years.

Likewise, in this report we publish our first sustainability model, which represents the approach and objectives that we established.

Our efforts to participate in the well-being of communities, preserve the environment and be a sustainable company, allowed us to obtain the Socially Responsible Company (ESR) distinction, granted by the Mexican Center for Philanthropy (Cemefi).

In recent years, we have demonstrated the strengths that make us one of the most solid and reliable companies in Mexico. Once again, we verified the resilience of our products, the efficiency of the business model and our ability to maintain the financial and operational stability of the Company. Overall, we have met the stipulated investment pace and we will continue with our expansion plan in the following years. We will maintain our strategy of offering the best services at the best price in the industry, increasing market penetration and adding more and more subscribers.

The exceptional commitment and dedication of employees, shareholders, managers, Board members and customers inspire the great expectations we have for our Company in the coming years. We sincerely appreciate your continued confidence.

Sincerely,

Enrique Yamuni Robles
Chief Executive Officer

[3] ESG. Environmental, Social and Governance.

MEGA

ABOUT MEGA

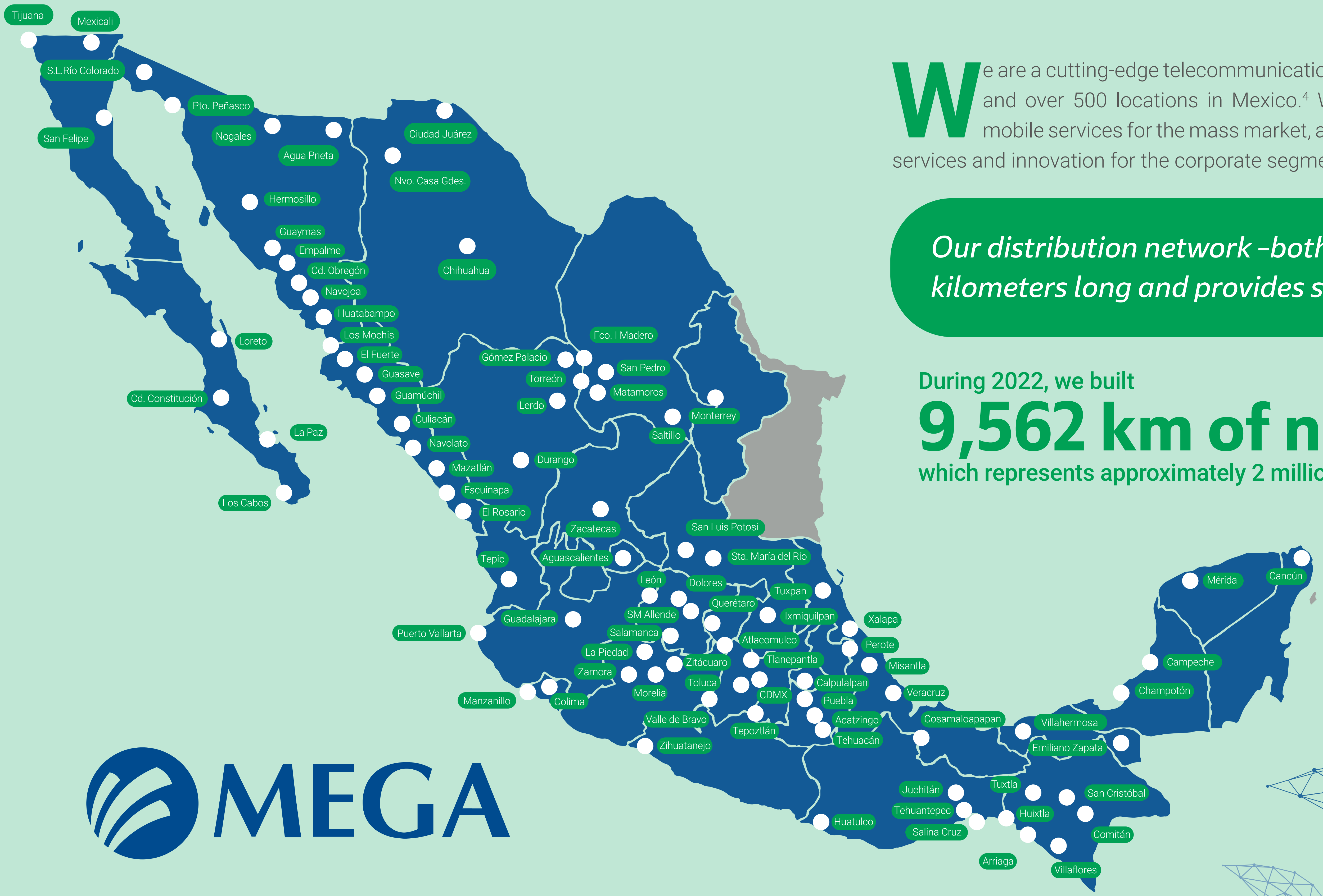
We are a cutting-edge telecommunication services company with operations in 31 states and over 500 locations in Mexico.[4] We provide Internet, video, fixed telephony and mobile services for the mass market, and we offer connectivity solutions, infrastructure services and innovation for the corporate segment.

Our distribution network –both HFC and GPON– is over 76,236 kilometers long and provides service to 11,560,218 homes in Mexico.

During 2022, we built

9,562 km of new network

which represents approximately 2 million additional homes passed.



OUR SERVICES AND PRODUCTS

We offer telecommunication and entertainment services in two segments:

MASS SEGMENT

Internet

Through our cutting-edge technology we provide Internet service of the highest quality, offering packages from 50 MB to 1GB for the residential market.

Video

We have a variety of packages that meet the entertainment needs of subscribers, with a wide range of content and the option of integrating streaming platforms into a single service through our innovative platform Xview+.

Telephony

We offer fixed telephony service that adjusts to the needs of each market segment.

Mobile services

As an added value for our subscribers, we provide mobile telephony with an attractive offer of prepayments and post payment.

CORPORATE SEGMENT

MetroCarrier

We provide telecommunications services such as managed secure Internet, business telephony, virtual private networks, managed Wi-Fi, last-mile links, among others.

MCM Telecom

We develop and combine technological platforms with a high level of integration in hybrid multi-cloud environments on secure environments. We provide solutions such as dedicated and virtual private lines, SD-WAN, data center hosting, data protection, recovery services and Cloud solutions, among others.

Ho1a Innovación

We provide information technology services and implement technical solutions that help solve critical business problems. Some of the solutions we offer are Data Center, Cloud services, cybersecurity and IT managed services.

Productora y Comercializadora de Televisión (PCTV)

PCTV produces five paid television channels: *MeganoticiasMX, TVC Deportes, Pánico, Platino* and *Cine Mexicano*, distributed in the cable systems of Mexico, Central America and the United States (only *MeganoticiasMX*). Likewise, we offer teleport services for the upload, download and transportation of television signals and production services.

MEGA

MISSION

To provide entertainment and telecommunication services as well as technological, business and residential solutions that exceed the expectations of our customers.

VISION

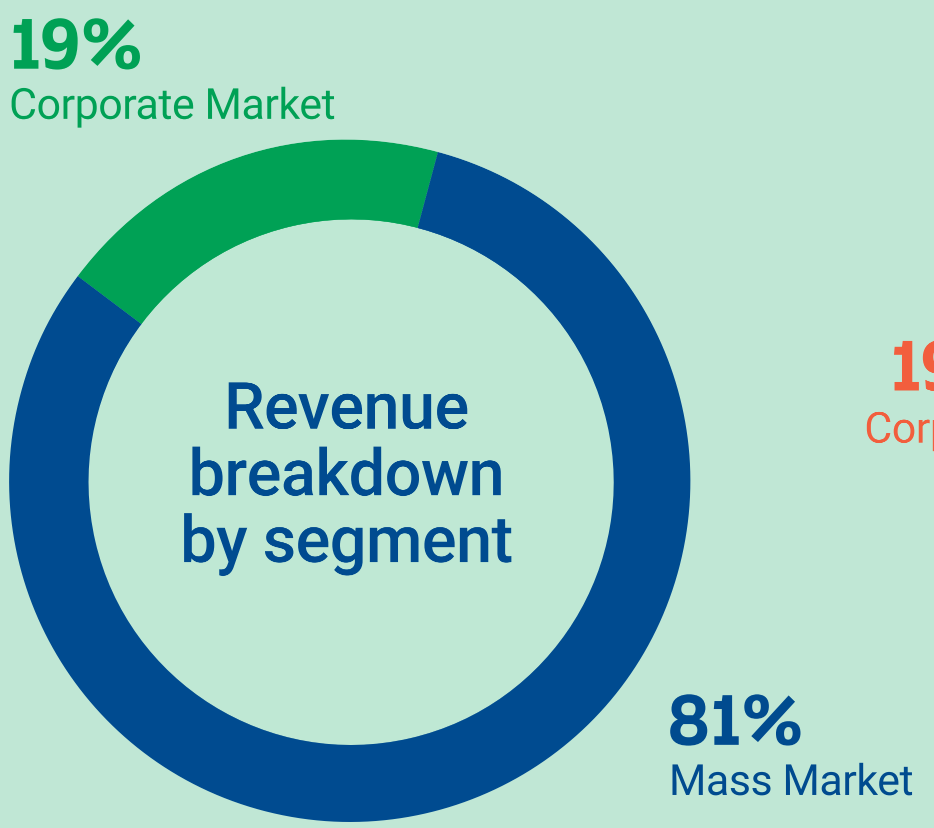
To be the best telecommunications company in Mexico.

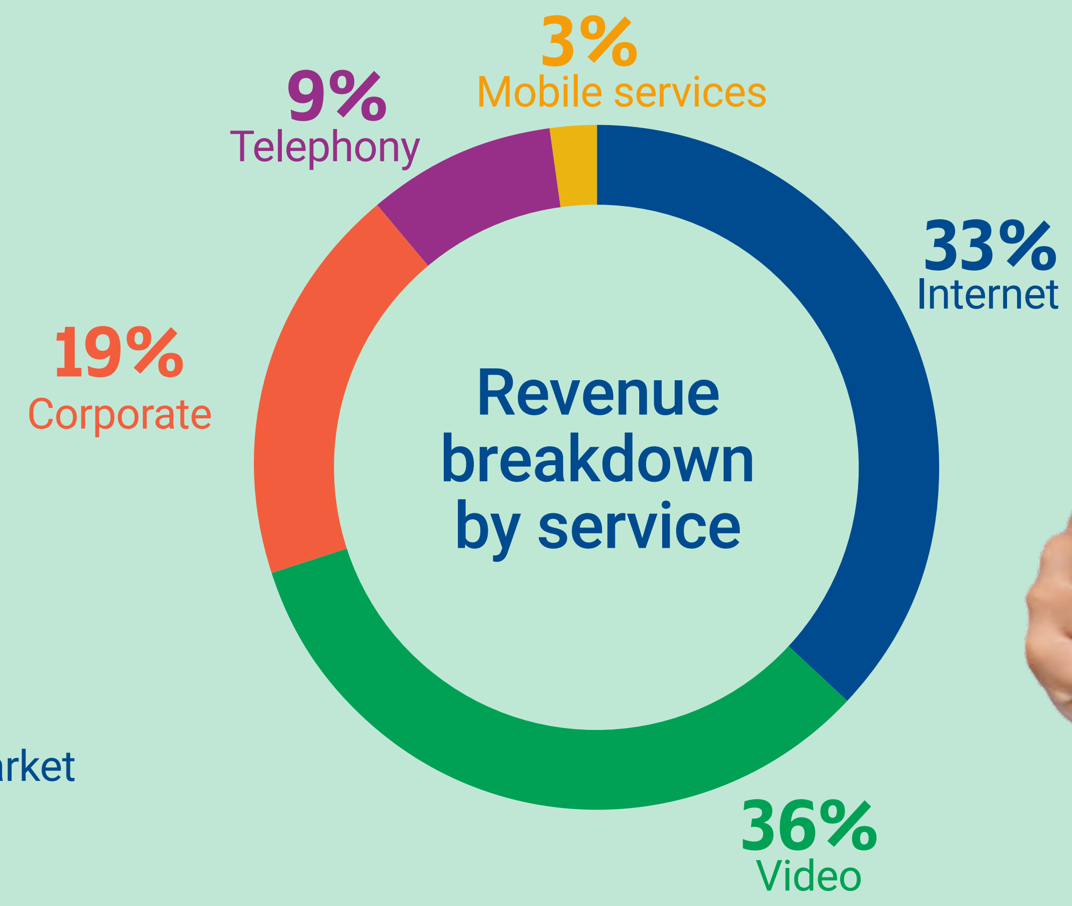
VALUES

- Honesty
- Work commitment
- Service attitude
- Respect for individuals
- Efficient resource use
- Loyalty

2022
PERFORMANCE

CONSOLIDATED FINANCIAL RESULTS





Audited consolidated financial results			
	2022	2021	2022 vs 2021
Service revenues	**27.156**	24.634	10%
Service cost	**7.403**	6.461	15%
OPEX	**13.238**	11.366	16%
Consolidated EBITDA	**12.734**	12.081	5%
Consolidated EBITDA margin	**46.9%**	49.0%	
Adjusted EBITDA for cable operations	**12.028**	11.444	5%
Adjusted EBITDA margin for cable operations	**49.0%**	50.8%	
Net profit (controlling interest)	**3.585**	3.469	3%
Total assets	**60.608**	53.785	13%
Cash and cash equivalents	**1.384**	3.696	-63%
Total liabilities	**24.427**	18.777	30%
Stockholders' equity	**36.182**	35.008	3%

*Figures in billions of pesos as of December 31, 2022.

Operating results			
	2022	2021	2022 vs 2021
Homes passed	**11'560,218**	9'568,600	21%
Network kilometers	**76,236**	66,674	14%
Internet subscribers	**4'137,860**	3'833,893	8%
Internet penetration rate / homes passed	**35.8%**	40.1%	
Video subscribers	**3'675,615**	3'539,822	4%
Video penetration rate / homes passed	**31.8%**	37.0%	
Telephony subscribers	**3'404,125**	3'031,119	12%
Telephony penetration rate / homes passed	**29.4%**	31.7%	
Unique subscribers	**4'397,994**	4'153,047	6%
Revenue Generating Units	**11'217,600**	10'404,834	8%
RGUs per unique subscriber	**2.55**	2.51	2%

REVENUES[5]	
2022	27.156
2021	24.634
2020	22.383

UNIQUE SUBSCRIBERS[6]	
2022	4,398
2021	4,153
2020	3,933

CONSOLIDATED EBITDA[5]	
2022	12.734
2021	12.081
2020	11.029

[5] Thousands of unique subscribers.

[6] Figures in billions of pesos.

MEGA'S SUSTAINABILITY MODEL

Between 2021 and 2022, aware of the importance of formalizing and promoting progress in the adoption of best practices and, above all, with the aim of defining the direction in which Mega should focus its efforts on sustainability issues, we carried out the process to develop a unique sustainability strategy and model for our business. This process, made up of three stages, concluded at the end of 2022 with a model that will guide the Company, focusing its efforts towards clear and quantifiable objectives, and will validate the multiple actions that we are adopting.

STAGE 1: MATERIALITY ASSESSMENT

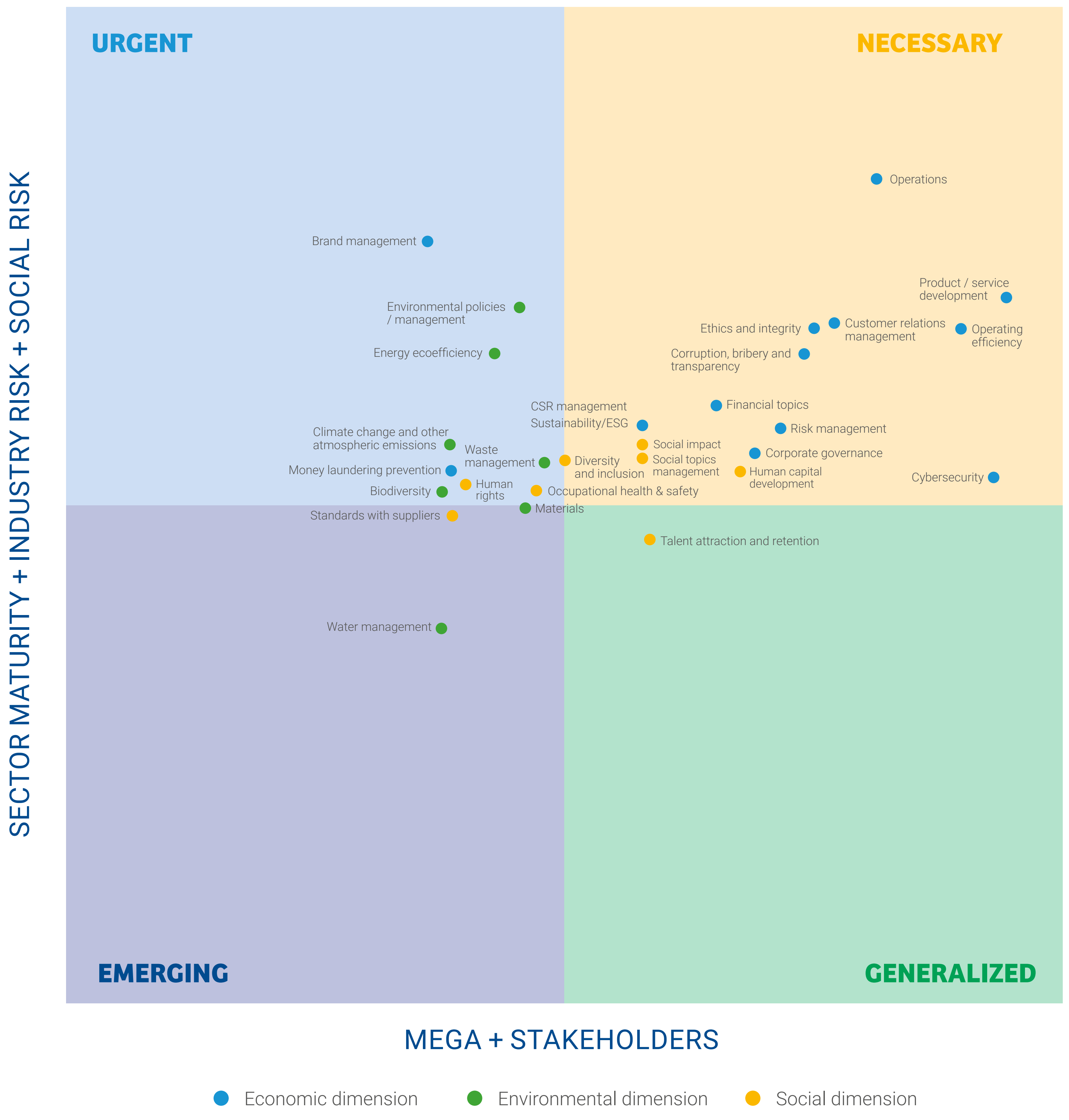
In 2021, we began the process of our first materiality assessment aiming to determine the material issues we must report, as well as identifying trends, risks and opportunities. We followed the methodology of a specialized external consultant, as well as the recommendations of the Global Reporting Initiative to obtain comparable results and address areas of opportunity. Thus, we identified relevant issues through a qualitative and quantitative analysis of the maturity of the sector, the industry and the social risk.

STAGE 2: STAKEHOLDER ENGAGEMENT

During 2022 we held an engagement with our stakeholders in order to obtain their feedback and validate the relevant aspects obtained in the initial materiality matrix, ensuring they are applicable for not only for Mega, but for stakeholders with whom we interact and are part of the Company's operation, such as:

- Employees
- Shareholders
- Subscribers
- Customers

Thus, through the application of surveys to our stakeholders, we identified the risks, opportunities, performance indicators and strategic goals which are important for them as well as for us, thus resulting in our Materiality Matrix, which is shown next.



STAGE 3: SUSTAINABILITY MODEL

Our ESG (Environmental, Social and Governance) model is based on the development of actions to address relevant business issues, with set goals that seek to promote the sustainability character of the Company and, therefore, generate added value for our stakeholders.

Through Mega's Sustainability Model, we identified the key SDGs to which we contribute with our ESG actions.

MODEL'S PILLARS AND THEIR INDICATORS

ENVIRONMENTAL CULTURE

- Energy ecoefficiency
- Waste management
- Environmental policies

CORPORATE ETHICS AND QUALITY

- Human Rights
- Diversity
- Money laundering prevention
- Corruption
- Social topics management
- Social impact
- CSR management
- Health and safety

OPERATING AND FINANCIAL EVOLUTION

- Operations
- Financial topics
- Supplier standards
- Brand management

ENVIRONMENTAL CULTURE PILLAR

The development of a sustainable operation is of vital importance for Mega. As participants in the telecommunications industry, a significant point that our strategy considers is energy consumption and the way in which we can migrate Company operations and activities towards energy sources with less environmental impact.

CORPORATE ETHICS AND QUALITY

For Mega, it is important to be actively involved in the development of the communities where we operate, including its own staff of employees, its most important asset. We are committed to continue generating and implementing the necessary mechanisms to ensure the integrity of employees and equal opportunities, as well as guarantee respect for human rights in all our workplaces. Additionally, we have implemented and will continue to develop tools to prevent unethical practices within the organization.

OPERATING AND FINANCIAL EVOLUTION

This pillar recognizes the commitment with our stakeholders to generate economic value, and being a public company, adopt practices to ensure the generation of clear information that reasonably represents the Company's operation.

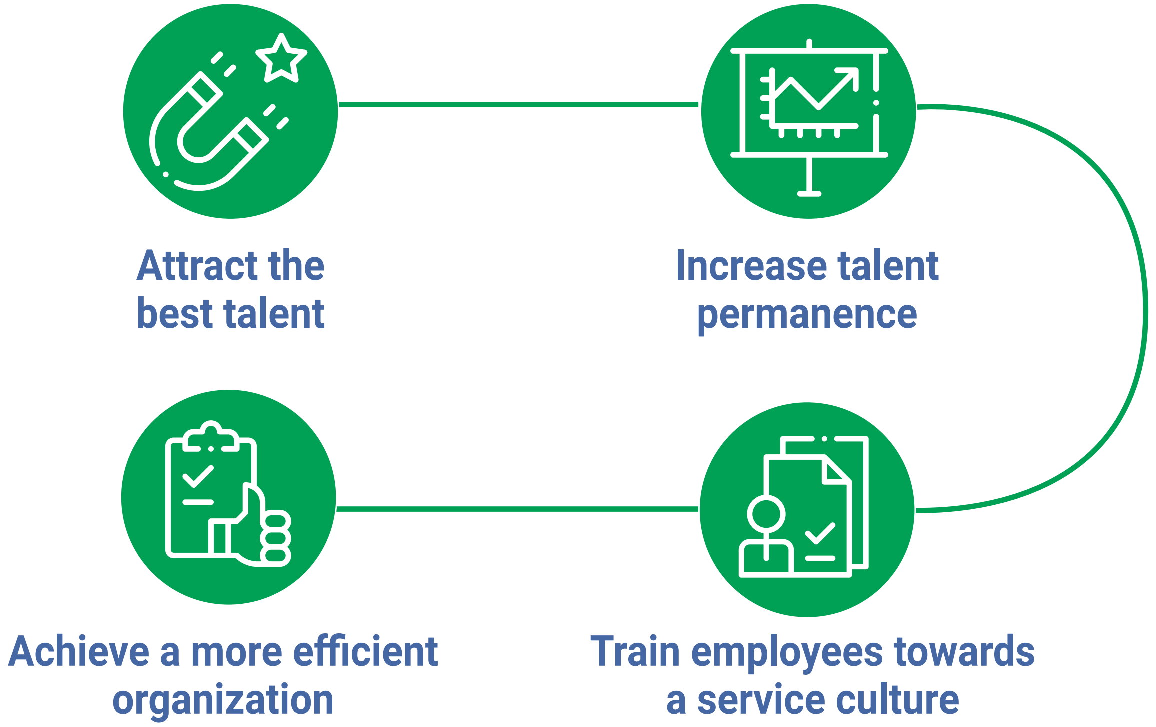
MEGA

OUR TEAM

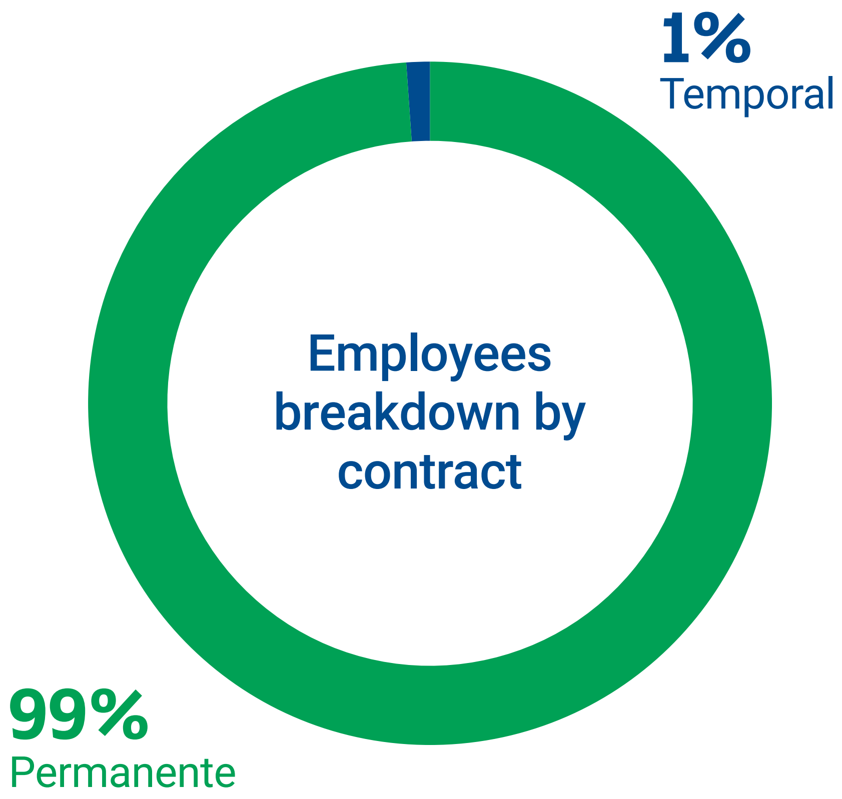
WORKFORCE AND QUALITY OF LIFE

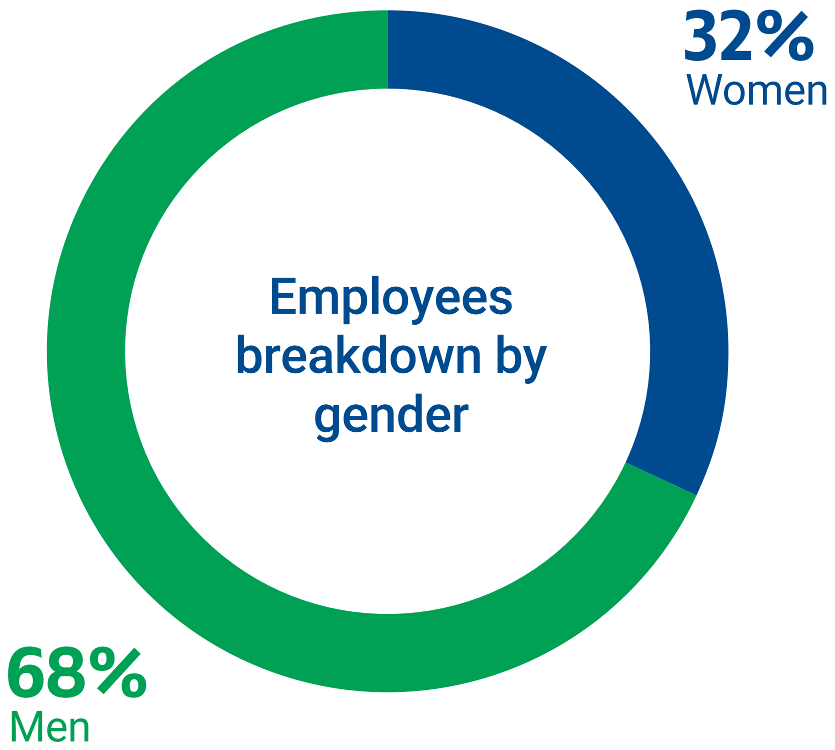
Year after year, we reaffirm our commitment to offer a safe, healthy and inclusive workplace for all employees, fostering a culture of respect and commitment. In addition, we design and implement initiatives to increase the quality of life of our employees and the communities where we operate.

At Mega, we seek the constant development of a culture and working conditions that promote the integral well-being and success of employees, in order to achieve greater commitment, efficiency and productivity. Therefore, the basis of our strategy to have the best talent and contribute positively to the quality of life of our employees, are the following guidelines:



27,333 employees | **77%** unionized





*The percentage of male employees is higher than that of female employees due to the business line.

During 2022, we had a total of 20,751 new hires, with an average monthly turnover rate of 6.01%. We continue to implement several programs and initiatives to attract and retain the best talent and provide the best services.

We offer all our employees benefits that exceed those established by the Federal Labor Law. In addition, year after year we expand the portfolio of companies that provide benefits, services and/or articles of interest to our employees and their direct family members, at affordable or lower prices than those of the market, including gyms, hotels, travel agencies, restaurants, clinical laboratories, and others. It is noteworthy that many of these benefits have payment facilities through the payroll system, among which are: life insurance, medical insurance, medical services, car insurance, and others.

It is important to mention that all employees have parental leave benefits.

This year we carried out the ***Menos kilos, + Salud*** campaign nationwide to promote healthy lifestyles among employees, where 812 people participated.

Equal Opportunities

In 2022, we continued with the initiatives and efforts to support equal opportunities and ensure non-discrimination, promoting inclusive workspaces free of violence, where the personal and professional growth of all employees is guaranteed. During the year, we developed the Diversity Policy, which aims to ensure that in the operations and work centers of *Megacable Comunicaciones*, work is done under the tenets of equal opportunities and without discrimination, and which is governed by the principles and guidelines of the Company's Code of Ethics. In addition, we have the Non-Discrimination and Respect for People Policy, which establishes Mega's zero tolerance towards discrimination based on religion, race, age, gender, physical abilities or any other subjective factor.

We have a catalog of benefits that we constantly update to provide the best benefits nationwide.

In 2022 we developed the Non-discrimination Policy that supplements the Code of Ethics' equality guidelines.

69%
Total training men

Training

We are committed to providing employees with the necessary skills, knowledge and tools they need to perform their jobs effectively and to help them grow and develop. Likewise, Mega's training initiatives have the objective of increasing our employees' productivity and improving the service, as well as the attention that we provide to our subscribers.

Through our human capital development and training program, we grant certifications in the use of new technologies and provide training aimed primarily at service technicians.

159 courses
taught during 2022; +45.87% vs 2021

+600,000
training hours; +2.45 times than in 2021

27,250
employees trained

31%
Total training women

Most of the courses we teach are aimed at the commercial area; examples include Sales Digitization, Dimme[7] Update, Mega Mobile Launch, Recategorization Program, among others. In terms of customer service, we implemented courses such as: Xview+ Certification, Income Process and Use and protection of payment terminals. In addition, we continued with our institutional courses as an essential part of the development process, the most notable being: Control of access to facilities and Information security. Regarding development programs, in 2022 we imparted the Developing Leaders course and the Diploma for Leaders with vision in the telecommunications business, the latter aimed only at management level.

Moreover, we know that to provide the best service, we must have the best talent, which includes aligning our short, medium and long-term objectives with the Company's business and sustainability strategy. Therefore, we have a performance review process that measures and assesses fundamental components to ensure that employees develop adequately, are motivated to meet their goals and, as a consequence, are rewarded.

Occupational Health and Safety

We believe that a strong commitment to occupational health and safety is essential to achieving our goal of ensuring safe and healthy workplaces. We have an occupational health and safety management system that covers 100% of our employees and seeks for all of them to enjoy physical and mental well-being.

We comply with the NOM-030 standard of the Ministry of Labor to ensure safety and hygiene in the Company; we have an internal program certified by civil protection and we carry out health initiatives for employees.

The health management system includes programs such as:

- Campaigns and health fairs
- Vaccination campaigns
- Health and safety training
- Hygiene advice
- Medical evaluations
- Incident prevention program, use of personal protective equipment, and an accident investigation procedure

Our Accident Investigation Procedure has the goal of ensuring that any accident and/or occupational illness, damage to property or equipment is investigated and reported to the Ministry of Labor and Social Welfare (STSP), if necessary. Subsequently, corrective and/or preventive actions are implemented to avoid a recurrence. In 2022, 1,806 employees had one or more days of disability due to work accidents.

During the year, we continued providing training to mitigate safety risks and ensure employees' well-being. Some of the topics were employment induction, risk prevention in electrical installations and rooftops, personal protective equipment for the safety of motorcyclists, defensive driving, follow-up of physical safety incidents, information security, and environmental education, among others.

We imparted

49,787

training hours on safety topics to employees

+26% vs 2021

[7] For its Spanish acronym, Megacable Mobile Intelligent Device.

Likewise, as every year the PrevenIMSS health campaigns were implemented, in which we carried out the following activities:

- Blood pressure monitoring
- Weight control
- Blood glucose detection
- Vaccination against influenza: 1,200employees vaccinated
- Nutrition
- Oral health
- Sexual health

The PrevenIMSS program aims to detect and prevent any disease or medical condition that may impact employees' quality of life.

4,298 employees cared for during 2022

COMMUNITY ENGAGEMENT

At Mega we strive not only to improve the way we operate and our services, but also to generate a positive change in communities and society. Investing in communities means investing in our future and we are committed to working with communities to improve the quality of life of their members.

As part of our efforts, we offer connectivity at no cost or at reduced prices to civil associations, schools or non-profit organizations or others according to each community's needs.

We supported 119 foundations, associations, nursing homes, and homes for the elderly with free Internet services.

In addition, we carried out the blood donation campaign, where 188 employees from the Central and Western regions donated 72 units of blood to donate to the State Blood Transfusion Center.

This year, at Mega we sponsored the Beatriz Hernández Community Center and donated maintenance and improvement supplies for the facilities, ensuring an adequate space for its users.

ENVIRONMENTAL PROTECTION

We are committed to preserving nature, mitigating environmental risks and generating a positive impact on the planet.

We seek to reduce our operations' impact. Consequently, through certified companies, we recycle the material from subscriber equipment that is obsolete or beyond repair. From the recycling of this electronic waste, we obtain several minerals such as gold, copper and aluminum, and environmental pollution is avoided. The process we followed was:

Together with these certified providers, during 2022, 43,632 tons of electronic waste from subscriber equipment were recycled.

1. Mega sends the subscriber's current and repairable equipment to the company that provides equipment repair services.
2. Current equipment that cannot be repaired is delivered to recycling companies, which have the necessary certifications to be able to collect this waste.
3. Once they are collected from our facilities, the manifest and/or information containing the total amount of recycled materials is delivered.

During this period, and hand in hand with the investments that Mega makes for Network migration to FTTH technology, the Company carried out the process of dismantling the HFC Network in several places in the Mexican Republic. The aforementioned as part of the commitment to reuse disused material, physical security of communities and visual cleanliness of the environment. As part of this effort, **11,157 km of network were dismantled** nationwide, highlighting the work carried out in the city of Guadalajara with the removal of 1,768 km of cable.

In the city of Guadalajara, 1,768 km of cable were dismantled, resulting in the collection of 205 tons of Coaxial Cable and 320 tons of steel.

Our **energy consumption** went from 486,000 GJ in 2021 to 728,990 GJ in 2022. This, as a result of the increase in Mega's operations due to the entry into new territories.

Additionally, we continued with the permanent campaign of life without plastic to eliminate its use in all the regions where we have a presence, for which we placed special containers for PET.

Since 2016 we have had the goal of making Mega completely paperless. We seek to recycle the paper we use through the Paper Recycling Campaign. In 2022, we implemented this campaign in the corporate offices, Guadalajara Metropolitan Area, Pacific and northern regions.

We recycled 1,118 kg of paper, the equivalent of saving 18.2 trees and saving 28,340 liters of water.

This year, for the first time in the Company's history, we implemented the ***Adopta un Árbol*** campaign to raise awareness among employees about the importance of caring for the environment through the adoption of a tree and to develop a sense of responsibility towards the planet. We hope to carry out this campaign every year.

127 *employees participated and 208 trees were delivered*

CORPORATE GOVERNANCE

BOARD OF DIRECTOR AND COMMITTEES

The Board of Directors is comprised of twelve board members, appointed by the General Shareholders' Meeting, four of whom are independent. They are elected based on their expertise, capacities, reputation and are subject to objection by the National Banking and Securities Commission.

Any holder of 10% of the capital has the right to appoint a member of the Board of Directors and said votes will be excluded for the purpose of appointing the missing members.

Members of the Board are obliged by the bylaws and applicable regulations to notify the Board of any situation that may result in a conflict of interest.

The Audit and Corporate Practices Committees are composed of four members of the Board of Directors, each including three independent directors.

Our Board of Directors and upper management are committed to comply with the highest corporate governance standards throughout the Company.

Name and position	Year of appointment
Francisco Javier R. Bours Castelo Chairman of the Board	2005
Manuel Urquijo Beltrán Member and Secretary of the Board	2005
Sergio Jesús Mazón Rubio Member	2005
Enrique Yamuni Robles Chief Executive Officer	2005
Jesús Enrique Robinson Bours Muñoz Member	2006
Juan Bours Martínez Member	2006
Arturo Bours Griffith Member	2006
José Gerardo Robinson Bours Castelo Member	2007
Mario Laborín Gómez Independent Member	2007
Nicolás Olea Osuna Independent Member	2007
Claudia Margarita Félix Sandoval Independent Membere	2021
Enrique Ramón Coppel Luken Independent Member	2021

Corporate Practices Committee

Its responsibilities include to provide opinions to the Board of Directors, request and obtain opinions from independent third parties who are experts, convene Shareholders' Meetings when necessary, support the Board of Directors in the preparation of annual reports and report to the Board of Directors.

Nicolás Olea Osuna
Chairman

Mario Laborín Gómez
Member

José Gerardo Robinson Bours Castelo
Member

Claudia Margarita Félix Sandoval
Member

Audit Committee

Supervises external auditors, informs the Board of Directors about existing internal controls, oversees operations with related parties, requests the preparation of reports from officials when necessary, informs the Board of Directors of any irregularities, supervises the officials' activities, submits an annual report to the Board of Directors and presents its recommendation to the Compensation Committee regarding the removal of members of the Board and officers, as the case may be.

Mario Laborín Gómez
Chairman

Sergio Jesús Mazón Rubio
Member

Nicolás Olea Osuna
Member

Enrique Ramón Coppel Luken
Member

Strategic Committee

We seek to manage corporate social responsibility in the best way. The following positions support and ensure that Mega meets the highest ESG standards. We have a management team of experienced leaders for the strategic management of the business and the achievement of our objectives.

Enrique Yamuni Robles
Chief Executive Officer

José Antonio Valverde
Human Resources Director

Luis Campos
Customer Attention Director

Raymundo Fernández Pendones
Deputy Chief Executive Officer

Jesús Rivera
Quality Manager

Ramón Olivares
Chief Counsel

Luis Antonio Zetter Zermeño
Chief Financial Officer

Theojary Pacheco
Technical Director

Gerardo Seiffert
Marketing Director

CODE OF ETHICS

One of the major goals completed during 2022 was the update to the Company's Code of Ethics, which includes improvements in the standards of conduct in relation to our stakeholders, defines the Ethics Committee, and discloses the ESCALA whistleblowing channel, which was an internal reporting channel and as of this Report's date of publication, is already available on all the Company's official pages. The trainings related to this update will be carried out in 2023.

In the same sense, we entreat our suppliers to support the eradication of child labor and not admit any form of labor exploitation.

In 2022 we updated the Code to comply with new regulations and stay ahead of the curve. Additionally, we expanded the reach of our whistleblowing line, which is now a public channel.

Some of the topics included in the Code are:

- Company values
- Relationship with the different stakeholders
- Human rights
- Anticorruption
- Money laundering
- Gifts
- Asset protection
- Conflicts of interest
- Information management
- Whistleblowing line

Learn more about our Code of Ethics

104 hours
of training in human rights for
63 employees.

Similarly, we have a Code of Conduct for suppliers, where we define the guidelines that they must comply with in order become Mega's commercial partner. Some of the topics it covers are:

- Non-discrimination and equal opportunities
- Respect for freedom of association
- Rejection of forced labor and child labor
- Decent employment
- Environmental protection

In 2022 we imparted an online certification on Human Rights from the National Commission of Human Rights, that included topics such as Human rights and women, Equality and non-discrimination, Gender equality and The private sector and human rights.

ANTICORRUPTION POLICY

During 2022, we updated the Company's Anticorruption Policy, in line with our commitment to avoid any form of corruption.

During 2022, the Company worked hard to update our Anticorruption Policy, which establishes the correct guidelines expected from employees to avoid any situation of this nature. Among the situations that may represent a risk are:

- Gift giving
- Travel expenses
- Charitable donations
- Facilitation payments
- Gifts
- Money laundering
- Bribery

In 2023, training will be carried out for all our employees. It is important to highlight that, as of this Report's publication date, the Policy is available on all of the Company's official sites, to facilitate its consultation and transparency.

CYBERSECURITY

Cybersecurity is a crucial topic in the digital period. The increase in computer incidents and crimes has become a problem that must be addressed with a strategy and a specialized team. Therefore, at Mega we have policies, procedures, certifications and a cybersecurity area in charge of developing the information security framework for the protection of critical infrastructures, under the premise of identifying the security standards and guidelines applicable in all organization areas.

Customer data privacy is of the utmost importance, which is why we adhere to all applicable federal laws. In Mega it is necessary to collect certain personal data from customers in order to offer the portfolio's services. Thus, the Cybersecurity area is in charge of protecting the integrity of the computing infrastructure (computers, mobile devices, software, hardware, network) and the information that is stored in it, as well as creating policies and processes on the safe use of devices within the organization.

Our Information Security Management System (ISMS) is based on the ISO 27001 standard.

We have an Information Security Policy, which establishes the specific guidelines that all employees must meet in this matter. In order to comply with all data privacy and information security policies, we train employees through the internal portal, and carry out periodic evaluations on any update.

During 2022, we updated and implemented several projects and processes to put together a cutting-edge cybersecurity strategy and mitigate possible risks. Some of them are:

Risk analysis

Twice a year we carry out a risk analysis to assess potential dangers and their possible consequences both in existing infrastructure and in the implementation of a project, with the aim of establishing prevention and protection measures.

Application shielding

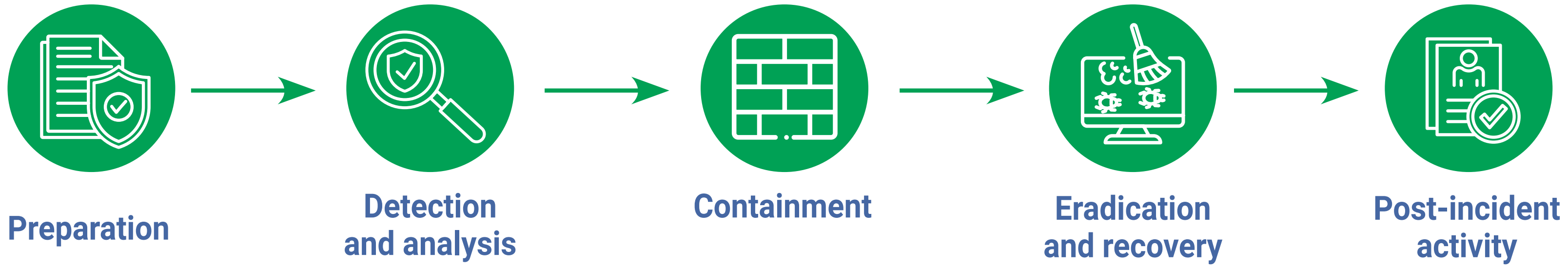
Mega's applications –both those for internal use and those for customers– will be shielded by a tool that will encrypt the application so that it cannot view the type of connections it makes, thus protecting our infrastructure.

Application Firewall

Application-level protection for the Mega infrastructure exposed to the Internet, having the intelligence and detection of robots who want to impersonate humans and thus contain these attacks and preserve business continuity.

Incident response plan

We have developed an incident response plan that allows us to monitor and detect problems, contain them and solve them without affecting the operation. The procedures are based on the framework of the NIST (National Institute of Standards and Technology) and the CSF (Cyber Security Framework).



Furthermore, we perform quarterly vulnerability tests on applications and infrastructure for customer service in order to identify weaknesses in operating systems and security risks.

Performing vulnerability scans helps ensure that any existing weakness in the systems is immediately identified and addressed, reducing Mega's risk of exposure.

MEGACABLE HOLDINGS, S.A.B. DE C.V. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

December 31st 2022 and 2021
(With Independent Auditors' Report Thereon)
Translation from Spanish, the original language

Independent Auditor's Report

(In thousands of Mexican Pesos)
(Translation from Spanish, the original language)

To the Board of Directors and Shareholders
Megacable Holdings, S.A.B. de C.V.

Opinion

We have audited the consolidated financial statements of Megacable Holdings, S.A.B. de C.V. and subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in stockholders´ equity, and cash flows for the years then ended, and notes, including a summary of significant accounting policies, and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Megacable Holdings, S.A.B. de C.V. and subsidiaries as at December 31, 2022 and 2021, and its consolidated results and its consolidated cash flows for the years then ended, in accordance with International Financial Reports Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Mexico, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key Audit Matters (KAM) are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Evaluation of the goodwill impairment test

See note 11 to the consolidated financial statements

The Key Audit Matter

The goodwill as at December 31, 2022 was $4,378,397, and represented 7.2% of the Group's total consolidated assets as at that date, of which $4,054,576 correspond to the following Cash Generating Units (CGU): $1,242,205 to the Bajío CGU; $1,104,865 to the Central CGU, $693,805 to the Southeast CGU, $429,492 to the Pacific CGU, $318,640 to the Michoacán CGU and $265,569 to the Western CGU.

The Group analyzes the impairment of goodwill due to the occurrence of internal or external impairment indicators, or at least once a year.

We have identified the goodwill impairment test evaluation of these six CGUs as a key matter in our audit because the recovery value determination involves significant judgments. Specifically, the assumptions of the long-term growth rate, discount rate and reasonableness of cash flow projections used to calculate the recoverable value of CGUs are complex and any minor change to these assumptions would represent a significant impact.

How our matter was addressed in our audit

The main procedures we performed to address this key audit matter included the following:

We performed a sensitivity analysis on the long-term growth rate and discount rate assumptions to assess their impact on determining the recovery value of the CGUs mentioned above.

We evaluated the long-term growth rates projected by the Group for these CGUs, comparing the growth assumptions with publicly available information.

We compared the Group's historical cash flow projections with current results to assess the Group's ability to make projections. We also involved our valuation specialists, who assisted us with:

- Evaluating the discount rate used in the valuation, when comparing it with a range of discount rate that was estimated independently using public information available for comparable entities; and

- Calculating the recovery value of the CGUs mentioned above, using the Group's cash flow projections and previously evaluated and using the discount rate calculated independently, and compare the results with the estimates made by the Group.

Other information

Management is responsible for the other information. The other information comprises the information included in the Group's Annual Report for the year ended December 31, 2022, which must be submitted to the National Banking and Securities Commission and the Mexican Stock Exchange ("the Annual Report") but does not include the consolidated financial statements and our auditor's report thereon. We expect that the Annual Report will be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information as it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, when we read the Annual Report, we conclude that there is a material misstatement of this other information, we are required to report that fact to those responsible for the entity's governance.

Responsibilities of Management and those Charged with Governance of the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the accompanying consolidated financial statements in accordance with IFRS, 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's 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 it 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 override of internal control.

- Obtain an understanding 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the 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, we conclude whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 Group 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

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 of the current period and are, therefore, the key audit matters. We describe these matters in our auditors' 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.

KPMG Cárdenas Dosal, S. C.

Jorge O. Pérez Zermeño
Guadalajara, Jalisco April 26, 2023

MEGACABLE HOLDINGS, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated Statement of Financial Position

December 31, 2022 and 2021
(Thousands of Mexican pesos)
These financial statements have been translated from Spanish, the original language and for the convenience of foreign/English-speaking readers

ASSETS	Notes	2022	2021
Current assets:			
Cash and cash equivalents	5	$ 1,384,360	3,696,307
Accounts receivable, net	6	2,133,682	2,000,302
Value added tax and others		1,714,652	1,241,856
Inventories, net	7	652,581	430,809
Prepayments	8	680,006	346,581
Total current assets		6,565,281	7,715,855
Non-current assets:			
Prepayments	8	904,060	1,178,024
Accounts receivable, long-term	6	119,155	–
Property, networks and equipment, net	10	45,214,453	36,519,871
Right-of-use assets	17	1,941,439	2,781,809
Related parties	25	996,475	916,876
Goodwill, net	11	4,378,397	4,378,397
Other intangible assets, net	12	50,069	49,868
Other assets	26	438,962	243,880
Total non-current assets		54,043,010	46,068,725
Total assets		$ 60,608,291	53,784,580

LIABILITIES	Notes	2022	2021
Current liabilities:			
Banknotes payable and issuing debt securities	14 a) and 14 b)	$ 3,286,113	2,917,588
Current portion of lease liabilities	17	120,830	1,624,901
Suppliers		4,166,996	5,221,634
Other accounts payable and accrued liabilities	15	1,052,291	995,025
Deferred revenue	15	266,368	328,830
Related parties	17 and 25	165,020	135,316
Total current liabilities		9,057,618	11,223,294
Non-current liabilities:			
Banknotes payable, net of current portion	14 a)	3,448,524	3,458,069
Issuing debt securities	14 b)	7,000,000	–
Long-term lease liabilities, net of current portion	17	697,067	228,250
Related parties	17 and 25	592,458	612,514
Employee benefits	16	299,308	223,391
Deferred revenue	15	685,575	658,910
Deferred income tax	20	2,645,982	2,372,584
Total non-current liabilities		15,368,914	7,553,718
Total liabilities		24,426,532	18,777,012
EQUITY			
Controlling interest:	18		
Capital stock		910,244	910,244
Additional paid in capital		2,117,560	2,117,560
Reserve for the repurchase of shares		273,628	146,291
Retained earnings		30,930,210	29,875,528
Legal reserve		494,223	493,808
Other comprehensive income		(31,722)	3,774
Controlling interest		34,694,143	33,547,205
Non-controlling interest		1,487,616	1,460,363
Total equity		36,181,759	35,007,568
Total liabilities and equity		$ 60,608,291	53,784,580

The accompanying notes are an integral part of these consolidated financial statements.

Lic. Enrique Yamuni Robles
Chief Executive Officer

C.P. Luis Antonio Zetter Zermeño
Chief Administrative and Financial Officer

MEGACABLE HOLDINGS, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated Statement of Comprehensive Income

Years ended December 31, 2022 and 2021
(Thousands of Mexican pesos)
These financial statements have been translated from Spanish, the original language and for the convenience of foreign/English-speaking readers

	Notes	2022	2021
Service revenues	25 and 28	$ 27,155,686	24,634,158
Cost of services	21 and 28	13,041,493	11,251,275
Gross profit		14,114,193	13,382,883
Selling expenses	21 and 28	6,778,550	5,828,512
Administrative expenses	21 and 28	770,506	621,887
Expected credit loss	6 and 21	50,773	125,266
Other income, net	22 and 28	60,112	61,189
Operating income		6,574,476	6,868,407
Finance income	23 and 25	370,908	191,129
Finance costs	23 and 25	(1,629,898)	(1,033,860)
Finance costs, net		(1,258,990)	(842,731)
Impairment of other permanent investment	26	(43,932)	(492,330)
Income before income tax		5,271,554	5,533,346
Income tax	20	(1,518,367)	(1,903,989)
Net profit		3,753,187	3,629,357

	Notes	2022	2021
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurement of post-employment benefit obligations		(35,496)	37,644
Comprehensive income, net		3,717,691	3,667,001
Net income attributable to:			
Company shareholders		3,584,776	3,468,606
Non-controlling interest		168,411	160,751
Net profit		3,753,187	3,629,357
Comprehensive income attributable to:			
Company shareholders		3,549,280	3,506,250
Non-controlling interest		168,411	160,751
Comprehensive income		$ 3,717,691	3,667,001
Basic and diluted earnings per share:			
Attributable earnings per common share of the controlling interest	19	2.08	2.02
Profit per Ordinary Share Certificate (CPO)	19	4.17	4.03

The accompanying notes are an integral part of these consolidated financial statements.

Lic. Enrique Yamuni Robles
Chief Executive Officer

C.P. Luis Antonio Zetter Zermeño
Chief Administrative and Financial Officer

Consolidated Statement of Changes in Stockholders' EQuity

Years ended December 31, 2022 and 2021
(Thousands of Mexican pesos)
These financial statements have been translated from Spanish, the original language and for the convenience of foreign/English-speaking readers

	Note 18	Share capital	Net premium on placement of shares	Provision for repurchase of shares	Retained earnings	Legal reserve	Other comprehensive income	Total controlling interest of share capital	Non-controlling interest	Total equity
Balance at December 31, 2020		$ 910,244	2,117,560	322,560	28,673,790	493,808	(33,870)	32,484,092	1,392,924	33,877,016
Purchase and sale of own shares		–	–	(176,269)	–	–	–	(176,269)	–	(176,269)
Redemption of minority shareholders		–	–	–	–	–	–	–	(200)	(200)
Dividends		–	–	–	(2,202,490)	–	–	(2,202,490)	(93,112)	(2,295,602)
Ori effect of IAS 19		–	–	–	(64,378)	–	–	(64,378)	–	(64,378)
Comprehensive income		–	–	–	3,468,606	–	37,644	3,506,250	160,751	3,667,001
Balance at December 31, 2021		910,244	2,117,560	146,291	29,875,528	493,808	3,774	33,547,205	1,460,363	35,007,568
Application to legal reserve		–	–	–	(415)	415	–	–	–	–
Purchase and sale of own shares		–	–	127,337	(121,637)	–	–	5,700	–	5,700
Dividends		–	–	–	(2,418,083)	–	–	(2,418,083)	(141,158)	(2,559,241)
Ori effect of IAS 19		–	–	–	10,041	–	–	10,041	–	10,041
Comprehensive income		–	–	–	3,584,776	–	(35,496)	3,549,280	168,411	3,717,691
Balance at December 31, 2022		**$ 910,244**	**2,117,560**	**273,628**	**30,930,210**	**494,223**	**(31,722)**	**34,694,143**	**1,487,616**	**36,181,759**

The accompanying notes are an integral part of these consolidated financial statements.

Lic. Enrique Yamuni Robles
Chief Executive Officer

C.P. Luis Antonio Zetter Zermeño
Chief Administrative and Financial Officer

Consolidated Statement of Cash Flows

Years ended December 31 2022 and 2021
(Thousands of Mexican pesos)
These financial statements have been translated from Spanish, the original language and for the convenience of foreign/English-speaking readers

	2022	2021
Operating activities:		
Net profit	$ 3,753,187	3,629,357
Items related to investment activities:		
Allowance for credit losses	50,773	125,266
Depreciation	5,813,497	4,834,545
Depreciation of leases	147,975	132,642
Amortization	258,540	306,328
Loss on sale of property, system, and equipment	(258,049)	233,985
Interest income	(268,271)	(191,129)
Allowance for obsolete inventories	6,183	13,385
Impairment of other permanent investment	43,932	492,330
Income tax	1,518,367	1,903,989
Items related to financing activities:		
Interest expense	1,415,431	609,222
Unrealized exchange rate fluctuations	2,634	(1,671)
Subtotal	12,484,199	12,088,249
Changes in working capital:		
Accounts receivable	(182,419)	(280,077)
Value added tax and others	(472,796)	(461,919)
Related parties, net	9,648	(113,771)
Inventories	(227,955)	(8,655)
Prepayments	(333,425)	(95,000)
Suppliers	(1,074,295)	1,978,736
Other accounts payable	1,539,161	(76,442)
Deferred revenue	(35,797)	95,857
Employee benefits	75,917	20,106
Net cash flows from operating activities	11,782,238	13,147,084
Paid employee profit-sharing	(218,895)	(122,221)
Income tax	(1,294,806)	(1,536,566)
Net cash from operating activities	10,268,537	11,488,297

	2022	2021
Investing activities:		
Prepayments	282,947	836,381
Accounts receivable, long-term	(119,155)	–
Amounts collected on loans to related parties	114,963	200,258
Proceeds from the sale of property, networks, and equipment	19,189	20,381
Acquisition of machinery, furniture, and equipment	(14,269,219)	(10,050,635)
Other non-current assets	(423,477)	(55,720)
Decrease in intangible assets	(201)	56,430
Acquisition of intangible	(3,534)	(10,486)
Interest income	284,786	188,137
Net cash flows from investing activities	(14,113,701)	(8,815,254)
Financing activities:		
Financing for asset acquisition	–	1,531,200
Loans granted to related parties	(211,077)	(103,302)
Payment of bank loans	(2,927,133)	(459)
Payment of finance lease liabilities	(1,626,650)	(1,557,358)
Dividend payments	(2,559,241)	(2,295,602)
Minority shareholder redemptions	–	(200)
Other capital movements	(25,455)	(26,734)
Purchase and sale of own shares	5,700	(176,269)
Banknotes payable and debt securities	10,082,145	–
Interest expense	(1,211,463)	(609,222)
Net cash flows from financing activities	1,526,826	(3,237,946)
Net decrease in cash and cash equivalents	(2,318,338)	(564,903)
Cash and cash equivalents:		
At the beginning of the year	3,696,307	4,259,590
Unrealized exchange fluctuation of cash and cash equivalents	6,391	1,620
At the end of the year	$ 1,384,360	3,696,307

The accompanying notes are an integral part of these consolidated financial statements.

Lic. Enrique Yamuni Robles
Chief Executive Officer

C.P. Luis Antonio Zetter Zermeño
Chief Administrative and Financial Officer

NotEs to the consolidated financial statements

For the years ended December 31, 2022 and 2021
(Thousands of Mexican Pesos)
These financial statements have been translated from Spanish, the original language and for the convenience of foreign/English-speaking readers.

1. Group information–

Megacable Holdings, S.A.B. de C.V. (the "Company" or "Group") is a public company with variable capital incorporated under Mexican law, as well as its subsidiary Mega Cable, S.A. de C.V. (Mega Cable). The Group is controlled indirectly by the Bours and Mazón Families and the Trust held with Mexican development bank Nacional Financiera, S.N.C. The subsidiary Mega Cable also controls a group of companies engaged in the installation, operation, maintenance, and use of Public Telecommunications networks that distribute cable television, internet and telephone signal systems, and business solutions provided for the business segment. The Group is listed on the Mexican Stock Exchange and has a presence in more than 26 states across Mexico. The Group has determined that its normal cycle of operations starts on January 1 and ends on December 31 of each year.

The Group's headquarters are located at Av. Lázaro Cárdenas 1694, Col. Del Fresno, Zip Code 44900 in Guadalajara, Jalisco, México.

The accompanying consolidated financial statements include the Group's figures, including joint ventures and associates, as at December 31, 2022 and 2021, in which the Group exercises significant influence and control, respectively. (See Note 2b)

Telecommunications Reform

On June 11, 2013, the Official Gazette of the Federation published the Decree reforming and adding various provisions to Articles 6, 7, 27, 28, 73, 78, 95, and 105 of the Mexican Constitution regarding "Telecommunications," which establishes the obligation for Congress to issue the single Legal Order on regulatory convergence for the use, operation, and exploitation of the radioelectric spectrum, telecommunications networks, as well as the provision of broadcasting and telecommunication services.

The Federal Telecommunications Institute (IFT or "Institute") was created on September 10, 2013, and the Decree issuing the Federal Telecommunications and Broadcasting Act (the "Law") was published in the Official Gazette of the Federation on July 14, 2014, along with the amendment and repeal of various Telecommunications and Broadcasting provisions. The Decree entered into force on August 13, 2014.

In compliance with the Eighth Transitory Article, Section III of the constitutional amendments decree, the IFT Plenary in its V Extraordinary Meeting approved the resolution on preponderance and established various measures for the Preponderant Economic Agents (PEA) in the telecommunications and broadcasting sectors, respectively, to keep from affecting free trade and competition, through Agreement P/IFT/EXT/060314/76, which affected the Group with the corresponding measure and asymmetric interconnection charges for calls ending in the network of the PEA in telecommunication services TELCEL/TELMEX/TELNOR.

Furthermore, said Resolution established, in Appendix 3, the measures that allow an effective unbundling of the local PEA network so that other telecommunication companies can access the physical, technical and logical means of connection between any terminal point of the public telecommunications network and the access point to the local network belonging to said agent. Thus, on February 27, 2018, through Agreement P/IFT/270218/130, the final plan for the implementation of functional separation of the PEA was approved, which, after changes approved by the Authority, had a September 30, 2019 deadline for migration of personnel, transfer of resources and transfer of network and infrastructure elements, thus giving rise to the functional separation of Telmex and Telnor.

Consequently, through the implementation of the final functional separation plan and the application of different measures imposed on the PEA, on March 4, 2020, the IFT approved the concession titles for Red Nacional Última Milla, S.A.P.I de C.V. and Red Ultima Milla del Noroeste, S.A.P.I de C.V, companies created to provide services for the PEA's telecommunications wholesale division. Thus, as at March 6 of said year, these companies began operations independently from Telmex and Telnor.

In accordance with the Preponderance Resolution and the Law, the Institute Plenary has adopted different general Administrative Provisions and resolutions, including the Minimal Technical Conditions and Cost Models used to determine the Interconnection rates annually since 2015, and the applicable rate for 2021 was published in 2022. Similarly, the reference offers of the Preponderant Economic Agent in the telecommunications sector, which include Wholesale Services of Dedicated Links, Infrastructure Sharing and Local Loop Unbundling, as well as the Measures imposed biannually to the PEA and the approval of different cost models, allow to determine the prices for the services of Dedicated Links, Unbundling and Sharing Infrastructure, which allow MEGA CABLE to request and/or dispute rates in the services offered, as well as the use of the available infrastructure of TELMEX and TELNOR and Red Nacional Última Milla, S.A.P.I de C.V. and Red Ultima Milla del Noroeste, S.A.P.I de C.V.

As for the Group, in January 2016, MEGACABLE was granted a single concession title which considers national coverage within its content, valid of 30 years, which allows the provision of any type of technically-feasible telecommunications service, allowed by the infrastructure to be provided in any part of the Mexican territory (and only requesting, where appropriate, the necessary radio spectrum). This title establishes the obligations corresponding to the dealer, such as: registering the services that they intend to provide; information on passive and active infrastructure, transmission media and rights of way; coverage programs, investment, quality and coverage commitments; not engaging in discriminatory practices; establishing and publishing a Code of Business Practices; having parental control regarding programming directed at children and adolescents; providing information to the IFT and allowing verification at the facilities; filing the audited financial statements, and others.

Legal Framework - Regulatory Interconnection of Networks with Other Operators 2022 and 2021.

Since 2015, the dispute over interconnection rates has been performed mechanically and with prior knowledge of the terms of the resolution issued by the IFT, since in the last quarter of each year, the Institute publishes the interconnection rates to be applied the following year. Therefore, the applicable rates were interconnection disagreements between operators were established during 2022 and 2021:

Operators Other Than Preponderant Operators

Line item		2022 Rate	2021 Rate
For termination of local service to mobile users under the "caller pays" modality	$	0.068363	0.073714
For termination of short messages by mobile users		0.016256	0.017242
For termination of local service used by fixed users		0.003520	0.003491
For termination of short messages by fixed users		0.011844	0.011764
For origination services for local service by fixed users	$	N/A	N/A
For transit services		N/A	N/A

In 2019, the obligation that TELCEL/TELMEX/TELNOR as part of the PEA should no longer charge the Group for the termination services on the network of said Preponderant Economic Agent was no longer in effect; however, the asymmetric rates continued to prevail.

Therefore, for the year 2022 in relation to 2021, the following Interconnection rates with the PEA applied:

Line item		2022 Rate	Tarifa 2021
For termination of local service to mobile users under the "caller pays" modality	$	0.017118	0.018489
For termination of short messages by mobile users		0.009419	0.009889
For origination services for local service by fixed users		0.003097	0.003071
For transit services on mobile networks		0.002194	0.002184
For termination of local service used by fixed users		0.002862	0.002842
For fixed network transit services		0.003561	0.003554

The operators that asked the IFT to resolve disputes regarding interconnection rates for 2020 with MEGA CABLE were:

AXTEL, TELEVISA, ROBOT COMUNICACIONES, TELCEL, TELMEX/ TELNOR, OPENIP COMUNICACIONES, COMUNÍCALO DE MÉXICO, DIRECTO TELECOM, ALESTRA SERVICIOS MOVILES, DIALOGA.

These disputes related to obtaining the interconnection charges are based on Article 129 of the Law, which establishes that no later than by July 15 of each year, the concessionaires must file with the Institute, the dispute corresponding to the interconnection charges applicable to the following year. Should they fail to do so, they will not be able to apply the charges under the resolution the following year.

The Institute resolved the applicable rates for fiscal year 2022 based on the total cost model that a company could avoid in the long term if it stopped providing the relevant interconnection service but continued to provide the rest of the services, besides allowing the recovery of common costs through allocation of costs and for fiscal year 2022 based on cost models with a Long-Term Average Incremental Cost approach, used to determine the update, taking into account the service demand information, the prices of the inputs used, the weighted-average cost of capital, the exchange rate and the inflation based on the expected average for 2022, which resulted in an impact for the Group as a consequence of the financial increase or decrease regarding the considerations for interconnection services paid by MEGACABLE, for the operators disputing such rates for that annuity, as indicated in the preceding paragraph, since, some of these ends with a greater number of minutes in the networks of other companies, due to the larger amount of subscribers it has. This impact will depend on the monthly number of minutes MEGACABLE ends in the network of each company during 2022. Among the operators other than PEA for the marginal cost of the termination rates, no significant changes are represented regarding income or expenses.

MEGACABLE asked the Telecommunications operators listed below to negotiate new interconnection conditions and also negotiated interconnection disagreements in 2021 with the IFT for this same list of operators and signed Interconnection Agreements in accordance with the resolutions issued by the Institute for the year 2022.

AXTEL, GRUPO TELEVISA, ROBOT COMUNICACIONES, TELCEL, TELMEX – TELNOR, MARCATEL COM, IENTC, PEGASO PCS, TOTAL PLAY TELECOMUNICACIONES, STARSATEL, MAXCOM TELECOMUNICACIONES, GRUPO AT&T, CELMAX MÓVI

In order to obtain access to the rates resolved by the Institute, the company must obtain a resolution by this authority to support the rate for the year in question, in the understanding that said resolution is subject to tax. In other words, it gives rise to the obligation for the corresponding concessionaires regarding its application and compliance. The legal grounds supporting the Interconnection disputes are found in Article 129 of the Law, which states the dispute process mechanisms and the deadlines pending resolution by the Institute. MEGA CABLE applies the rates established in the Interconnection Agreements as long as the operators do not request the application of the new rates in accordance with the Interconnection Agreements.

SIGNAL RETRANSMISSION

MEGACABLE continues to be bound to the obligation to retransmit, free of charge, the open broadcast signal rights held by TELEVISA, IMAGEN, TV AZTECA and others local signals, on the network within its coverage areas, except for declared markets with substantial power, as well as Federal Public Institution signals.

In multiprogrammed signals, the obligation is limited to retransmit those with the highest-rated audiences, with the exception of Federal Public Institutions to which the obligation for retransmission does apply.

Regarding all the processes described in the preceding paragraphs of this note, the conclusion, at the date of issue of the consolidated financial statements, is that there is no material impact on the Group's financial position.

2. Summary of significant accounting policies–

The Company has consistently applied the following accounting policies to the consolidated financial statements and have been applied constantly by the Company, unless otherwise specified:

(a) Basis of preparation and authorization-

The Group's consolidated financial statements as at December 31, 2022 and 2021 and for the years then ended have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). IFRS include: i) International Financial Reporting Standards ("IFRS"); ii) International Accounting Standards ("IAS"); iii) Interpretations by the International Accounting Standard Committee ("IASC"); and iv) Interpretations by the Standard Interpretations Committee ("SIC"). The consolidated financial statements have been prepared on a historical cost basis.

The preparation of the consolidated financial statements in accordance with IFRS requires that certain critical accounting estimates be made. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Changes in assumptions could potentially have a material impact on the consolidated financial statements for the period. Management considers that the assumptions are appropriate. The areas that require a higher degree of judgment or complexity, or the areas in which the estimates and assumptions are important for the consolidated financial statements are disclosed in Note 4.

(b) Consolidation and investments in joint arrangements and shares-

i. Subsidiaries

Subsidiaries are all the entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When the Group's interest in subsidiaries is less than 100%, the interest attributed to external shareholders is reflected as non-controlling interest.

Subsidiaries are consolidated from the date they are controlled by the Group and cease to be consolidated when said control is lost. For the purposes of consolidation, the Group consolidates three subsidiaries over which it has control with a 51% share.

The Group uses the purchase method of accounting to recognize its business acquisitions. The consideration paid for the acquisition of a subsidiary is based on the fair value of the net assets transferred, the liabilities assumed, and the capital issued by the Group. The consideration for an acquisition also includes the fair value of those contingent amounts to be collected or paid as part of the agreement. Acquisition-related costs are recognized as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are generally initially recognized at their fair values at the acquisition date. The Group recognizes the non-controlling interest in the acquired entity either at fair value at the acquisition date or at the proportional value of the identifiable net assets of the acquired entity.

If the business combination is presented in stages, the book value of the acquirer's previous interest in the acquiree at the acquisition date is adjusted to the fair value at the acquisition date, and any differences are recognized in profit or loss.

The excess of the consideration transferred, the non-controlling interest in the acquired entity, and the fair value of any previous participation (if applicable) of the Group in the acquired entity (if applicable) over the fair value of the assets identifiable net of the acquired entity is recognized as goodwill. If such comparison gives rise to an advantageous purchase, such as a purchase at a bargain price, the difference is recognized directly in the consolidated statement of comprehensive income.

Any contingent consideration to be paid by the Group is recognized at its fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration recognized as an asset or liability are recognized in accordance with IAS 39 either in income or in comprehensive income. The contingent consideration that is classified as capital does not require adjustment, and its subsequent settlement is recorded in equity.

Transactions, balances, and unrealized profits or losses resulting from operations between Group companies have been eliminated. The accounting policies applied by the subsidiaries have been modified to ensure their consistency with the accounting policies adopted by the Group, where necessary.

The companies listed below are those over which the Group has control and that are included in the consolidated financial statements (all subsidiaries are variable capital companies, except for Liderazgo Empresarial en Tecnologías de la Información, Servicios Especiales Turandot, and Werther Administración Integral, which are equity firms):

	Shareholding		
Subsidiary	2022	2021	Corporate Purpose
Mega Cable	100	100	Holder and lessor of infrastructure to subsidiaries.
Telefonía por Cable	100	100	Operations in the cable systems of Sinaloa, Sonora, Occidente (West), Centro (Central Mexico), the Gulf (Golfo) region, Chiapas, the State of Mexico, León, and Los Cabos, among others.
MCM Holding (MCM)	100	100	Local telephone services in Mexico City, Guadalajara, and Monterrey.
Liderazgo Empresarial en Tecnologías de la Información (Ho1a)	100	100	The holding company and its subsidiaries are engaged in the provision of installation services and the sale of communication services in Mexico City, Guadalajara, Monterrey, and Cancún, among others.
TV Cable del Golfo	100	100	Technical staff services.
Servicios Técnicos de Visión por Cable	100	100	Technical staff services.
Mega Ventas	100	100	Sales staff services.
Servicios de Administración y Operación	100	100	Administrative staff services.
Tele Asesores	100	100	Administrative staff services.
Servicios Especiales Turandot	100	100	Leasing of equipment and infrastructure for the provision of telephone services.
Werther Administración Integral	100	100	Leasing of equipment and infrastructure for the provision of telephone services.
Entretenimiento Satelital	95	95	Operation of the "video rola" channel.
Productora y Comercializadora de Televisión (PCTV)	82.52	82.52	Purchase and sale of national and international television signals, sale of television ads and advertising spaces, and the production and co-production of programs.
Myc Red	51	51	Operations in the cable systems primarily in Sahuayo and Jiquilpan, Michoacán.
Corporativo de Comunicación y Redes de GDL	51	51	Leasing of equipment and infrastructure for the provision of cable, internet, and telephone services.
Servicio y Equipo en Telefonía, Internet y Televisión	51	51	Holder of the subscriber rights for the Michoacán and Zacatecas systems, among others.

ii. Changes in ownership interest in subsidiaries without loss of control

The Group recognizes transactions with non-controlling shareholders as transactions between Group shareholders. When acquiring non-controlling interest, the difference between the consideration paid and the interest acquired in the subsidiary measured at its book value is recorded in equity. Profits or losses on the disposal of an interest in a subsidiary that does not imply loss of control by the Group, are also recognized in equity.

iii. Disposal of subsidiaries

When the Group loses control of an entity, any interest retained in said entity is measured at its fair value and the effect is recognized in profit or loss. Subsequently, said fair value is considered the initial book value for purposes of recognizing the retained interest in an associate, joint venture, or financial asset, as applicable. In like manner, the amounts previously recognized in other comprehensive income in relation to that entity are canceled as if the Group had directly disposed of the respective assets or liabilities. This means that the amounts previously recognized in other comprehensive income are reclassified to income for the year.

iv. Joint venture

The Group applies IFRS 11 to all of its joint arrangements. Under IFRS 11, investments in joint arrangements are classified as joint operations or joint ventures depending on each investor's contractual rights and obligations. The Group has analyzed the nature of its joint arrangements and determined that they are joint ventures. Interest in joint ventures is recognized using the equity method.

Under the equity method, interest in joint ventures is initially recognized at cost and subsequently adjusted to recognize the Group's share of post-acquisition profits and losses, as well as movements in other comprehensive income. When the Group's interest in the loss of a joint venture equals or exceeds its interest in the joint venture (including any long-term interest that is substantially part of the Group's net investment in the joint venture), the Group does not recognize any additional losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealized gains on transactions between Group companies and their joint ventures are eliminated to the extent of the Group's interest in the joint venture. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies have been changed, where necessary, so as to ensure consistency with the policies adopted by the Group.

The Group, as well as investors Televisa and Telefónica jointly invested in Grupo de Telecomunicaciones de Alta Capacidad, S.A.P.I. de C. V. (GTAC). See Note 9.

(c) Disclosure of changes in accounting policies-

The following new and/or revised IFRS have been issued, but they are not yet effective and early adoption is allowed, the Group has not yet adopted them.

IFRS 17 Insurance Contracts
IAS 1 Amendments – Classification of Liabilities as Current or Non-Current.
IAS 1 and IFRS Practice Statement 2 Amendments – Disclosure of Accountings Polices.
IAS 8 Amendments – Modifications to the definitions of estimates of accounting Policies.
IAS 12 Amendments – Deferred income taxes related to assets and liabilities arising from a single transaction.

IFRS 17 Insurance Contracts

The IFRS 17 establishes the principles for the recognition, measurement, presentation, and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

This standard outlines a General Model, which is modified for insurance contracts with direct participation features, described as the Variable Fee Approach. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach.

The General Model will use current assumptions to estimate the amount, timing and uncertainty of future cash flows and it will explicitly measure the cost of that uncertainty, it takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the International Accounting Standards Board (IASB) issued amendments to IFRS 17 to address concerns and implementation changes that were identified after IFRS 17 was published. The amendments defer the initial application date of IFRS 17 (incorporating the amendments) to the annual report beginning on or after January 1, 2023.

At the same time, the IASB issued a Temporary Extension of Exemption to Apply IFRS 9 (Amendments to IFRS 4) that extend the expiration date of the temporary exception to apply IFRS 9 in IFRS 4 for annual periods beginning on or after January 1, 2023.

IFRS 17 must be applied retrospectively unless it is not practical, in which case the retrospective approach will be modified, or the fair value approach will be applied.

In accordance with the transition requirements, the date of initial application is the beginning of the annual reporting period in which the Company first applies the Standard, and the date of transition is the beginning of the period immediately preceding the date of application. the initial application.

The Company's management does not anticipate that the application of the Standard in the future will have a material impact on the Company's consolidated financial statements.

Amendments IAS 1 Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current and non-current in the consolidated statement of financial position and not for the amount or time in which any asset, liability, income or expense is recognized, or the information disclosed about of those figures.

The amendments clarify that the classification of liabilities as current and non-current is based on the rights of existence at the end of the reporting period, specifying that the classification is not affected by expectations about whether the entity will exercise the right to defer the cancellation of the liability, explain that there are rights if there are agreements that must be fulfilled at the end of the reporting period, and introduce a definition of the 'agreement' to make it clear that the agreement refers to the transfer of cash from the counterparty , equity instruments, other assets or services.

The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2023, with early application permitted.

The Company´s management anticipate that the application of these amendments will not have a material impact on the Company consolidated financial statements in future periods should such transactions arise.

Amendments to IAS 1 and IFRS 2 – Amendments to IAS 1 and Statement of Practice IFRS 2
The amendments are intended to help entities provide accounting policy disclosures that are more useful by:

– Replace the requirement that entities disclose their significant accounting policies and,

– Add guidelines on how entities apply the concept of relative importance when making decisions about the information to be disclosed on accounting policies. Replacement of the term "significant" with "material"

In the absence of a definition of the significant term in IFRS, it was decided to replace it with material in the context of disclosing information about accounting policies. Material is a defined term in IFRS and is widely understood by users of financial statements.

Early application of the amendments to IAS 1 is permitted, provided this fact is disclosed.

The Company´s management anticipate that the application of these amendments will not have an impact on the Company consolidated financial statements in future periods should such transactions arise.

Amendments to IAS 8 – Amendments to the definitions of accounting policy estimates
The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. In addition, they clarify how entities use measurement techniques to develop accounting estimates.

The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they are not the result of correcting prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information.

The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of the effective date. Early application is allowed.

The Company´s management anticipate that the application of these amendments will not have an impact on the Company consolidated financial statements in future periods should such transactions arise.

Amendments to IAS 12 – Deferred income taxes related to assets and liabilities from a single transaction
Amendments to IAS 12 Income Taxes were issued, which reduces the scope of the exemption of not recognizing deferred taxes in the initial recognition of assets and liabilities. These changes clarify that deferred taxes must be recognized on this type of transaction.

Applying mainly to the initial recognition of the right-of-use asset and the lease liability under IAS 16 Leases and in the recognition of assets and liabilities when there are provisions for dismantling under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The Company´s management anticipate that the application of these amendments will not have a material impact on the Company consolidated financial statements in future periods should such transactions arise.

(d) Financial information by segments-
The financial information by operating segments is presented in a way that is consistent with the information included in the internal reports provided to the Group's highest operational decision-making authority. This highest authority is responsible for allocating resources and assessing the performance of the Group's operating segments and is exercised by the Board of Directors made up of the management team at the C-Suite level (based at the Guadalajara facilities).

These segments are managed independently (massive and business) since the services provided and the markets, they serve are different. The Group performs its activities through various subsidiary companies. See Note 28.

(e) Foreign currency transactions and balances-
Foreign currency transactions are translated into functional currency using the exchange rates in force on the date the transaction was carried out or the exchange rate in effect on the valuation date when the line items are revalued. Profits and losses from exchange rate fluctuations that result either from the liquidation of such transactions or from the conversion of monetary assets and liabilities denominated in foreign currency at the exchange rates at year-end, are recognized in the statement of comprehensive income. Profits and losses from exchange rate fluctuations are recognized in finance income/expenses.

Functional and presentation currency
Since the Company and its subsidiaries use the Mexican peso as both their functional and presentation currency, there was no need to apply a translation process.

(f) Cash and cash equivalents-
In the consolidated cash flow statement, cash and cash equivalents include cash on hand, bank deposits on demand, and other short-term highly liquid investments with an original maturity of three months or less. Short-term investments are made through banking institutions, which consist of government debt financial instruments such as low-risk Treasury Certificates (CETES) with moderate returns. As at December 31, 2022 and 2021, the respective maturities of these investments are 28 days. See Note 5.

(g) Prepayments-
Prepayments represent disbursements (fees) made by the Group where the benefits and risks inherent in the goods to be acquired or the services to be received have not been transferred. Prepayments are recorded at cost under the consolidated statement of financial position under the prepayments and other assets caption. See Note 8.

(h) Accounts receivable-
Accounts receivable represent collection rights owed by customers and are originated by services provided by the Group in the normal course of business. If accounts receivables are expected to be recovered in a year or less, they are classified as current assets; otherwise, they are presented as non-current assets.

Accounts receivable are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest method, less the estimate of credit losses, if applicable. The estimate of expected credit losses is determined considering the probability of default and the severity of the loss of accounts receivable based on historical experience, current conditions and reasonable forecasts that are observed in their behaviors. The amount of the estimate for credit losses is the difference between the carrying amount recognized and the estimated amount to be recovered. See Note 6.

(i) Financial assets and liabilities-

Financial assets-

In accordance with the adoption of IFRS 9 Financial Instruments, the Company classifies and measures its financial assets based on the business model the Company uses to manage its financial assets, as well as the characteristics of the contractual cash flows of said assets. In this manner, financial assets can be measured at amortized cost, at fair value through other comprehensive income, and at fair value through profit or loss. Management decides on the initial classification of its financial assets at the time of initial recognition. The purchase and sale of financial assets are recognized on the settlement date.

Financial assets are derecognized when the right to receive the related cash flows has expired or is transferred and the Company has transferred substantially all the risks and benefits derived from its ownership, as well as control of the financial asset.

i. Financial assets at amortized cost

Financial assets at amortized costs are those that i) are kept within a business model whose objective is to hold said assets to collect the contractual cash flows and ii) the contractual terms of the financial asset give rise, on specified dates, to cash flows that represent only payments for principal and interest on the on the outstanding principal.

ii. Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (OCI) are those whose business model is based on obtaining contractual cash flows and selling financial assets, in addition to their contractual conditions giving rise, on specific dates, to contractual cash flows that represent only payments for principal and interest on outstanding principal. As at December 31, 2022 and 2021, the Company does not hold financial assets to be measured at their fair value through other comprehensive income.

iii. Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss, in addition to those described in paragraph i of this section, are those that do not meet the characteristics to be measured at amortized cost or at fair value through other comprehensive results, since they i) have a business model that differs from those that seek to obtain contractual cash flows, or obtain contractual cash flows and sell financial assets, or ii) the cash flows they generate are not limited to payments of principal and interest on the outstanding principal.

Despite the classifications above, the Company may make the following irrevocable choices on initial recognition of a financial asset:

a. Present subsequent changes in the fair value of a capital instrument in other comprehensive income, as long as said investment (over which it has no significant influence, joint control or control) is not retained for trading purposes, or is a consideration contingent recognized as the result of a business combination.

b. Designate a debt instrument that meets the criteria to be subsequently measured at amortized cost or fair value through other comprehensive income, to be measured at fair value through income, if doing so eliminates or significantly reduces an accounting asymmetry that would arise from the measurement of assets or liabilities or the recognition of gains and losses on them on different bases.

As at December 31, 2022 and 2021, the Company has not made any of the irrevocable appointments described above.

Financial liabilities–

i. Initial measurement and recognition

Financial liabilities—including accounts payable—are initially recognized when these liabilities are issued or assumed, both contractually.

Unless they are an account payable without a material financing component, financial liabilities are initially measured and recognized at their fair value plus, in the case of financial liabilities not measured at fair value with changes in it, carried through comprehensive income, the transaction costs directly attributable to its acquisition or issue, when they are subsequently measured at amortized cost.

Financial liabilities are initially recognized at fair value and subsequently measured at their amortized cost.

ii. Derecognition

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability is recognized at fair value based on the new terms and conditions.

At the time of derecognition of a financial liability, the difference between the carrying amount of the extinguished financial liability and the consideration paid (including non-cash assets transferred or liabilities assumed) is recognized in profit and loss.

(j) Offsetting of financial instruments-

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to set off the amounts and the intention to either to settle them on a net basis or to realize the asset and settle the liability simultaneously The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or counterparty.

(k) Impairment of financial assets measured at amortized cost-

The Company uses the impairment model based on expected credit losses, applicable to the financial assets subject to such evaluation. The expected credit losses on these financial assets are estimated from the origin of the asset on each reporting date, taking as a reference the historical 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 evaluation of both the current direction and the forecast of future conditions.

Evidence of impairment may include indications that debtors or a group of debtors are experiencing significant financial difficulties, failure to pay or late payment of interest, the likelihood of bankruptcy or financial reorganization, as well as when observable data indicates that there is a measurable decrease in estimated future cash flows, such as changes in economic conditions correlated to non-payments.

For the loans and receivables category, the amount of the loss is the difference between the book value of the assets and the present value of the estimated future cash flows (excluding future credit losses that have not yet been incurred) discounted at the original effective interest rate of the financial asset. The book value of the asset is decreased, and the amount of the loss is recognized in the consolidated income statement. If a loan or investment held to maturity has a variable interest rate, the discount rate to measure any impairment loss is the current effective interest rate defined by the contract. The Group can measure impairment on the basis of the fair value of a financial instrument using its observable market price.

If, in a later period, the amount of the impairment loss decreases and said decrease is objectively related to an event that occurred after the date on which the impairment was recognized (such as an improvement in the credit quality of the debtor), the reversal of the impairment loss previously recognized is recognized in the consolidated statement of comprehensive income.

(l) Inventories-

The inventory is basically made up of consumable operating material and some spare parts that are used to guarantee the adequate maintenance of the cable signal system (network) in the normal course of business. Important spare parts and permanent maintenance equipment, which the Group expects to use for more than one period, and that could only be used in connection with a fixed asset, are recognized as part of the property, networks, and equipment line item. Inventories are recorded at acquisition cost or at their net realizable value, whichever is less. The cost is determined using the average cost method. The net realization value is the estimated sale price in the normal course of business less the corresponding variable selling costs. See Note 7.

(m) Property, networks, and equipment-

Property, networks and equipment are expressed at historical costs, less depreciation. Historical cost includes the expenses that are directly attributable to the acquisition of said assets. See Note 10.

Costs related to a line item incurred subsequent to initial recognition are capitalized, as part of that item or a separate item, as appropriate, only when it is probable that future economic benefits will flow to the Group and that it is able to reliably measure the cost. It should be noted that the Group builds most of its cable system networks and facilities and the internal costs, such as labor costs in construction projects and directly associated redistribution and adaptation expenses so that the asset is in place and in the conditions necessary for that work are capitalized when they generate future economic benefits. Thus, new customer connections costs in the mass cable market are capitalized as part of fixed assets, considering as cost of connection the cost of materials and labor incurred while extending the network to the customer's home.

The book value of the components replaced is derecognized. Maintenance and repair expenses related to daily property, networks and equipment services are recognized in the consolidated statement of comprehensive income at the time they are incurred.

Land is not depreciated. Depreciation of the remaining properties, networks and equipment is systematically determined on the value of the assets, on a straight-line basis, which is applied to the cost of the assets without including their residual value and considering their useful lives expected by Management, which are as follows:

Asset Description	Depreciation rate 2022	Depreciation rate 2021	Estimated useful life 2022	Estimated useful life 2021
Land	**N/A**	N/A	**–**	–
Buildings	**2.5%**	2.5%	**40**	40
Network and technical equipment for signal distribution				
Networks	**6.64%**	6.64%	**15**	15
Converters	**10.00%**	10.00%	**10**	10
Equipment	**6.65%**	6.65%	**15**	15
Cable modems	**10.00%**	10.00%	**10**	10
Laboratory equipment	**7.11%**	7.11%	**14**	14
Furniture and office equipment	**5.67%**	5.67%	**18**	18
Computer equipment	**12.50%**	12.50%	**8**	8
Transportation equipment	**11.11%**	11.11%	**9**	9
Leasehold improvements	**5.67%**	5.67%	**18**	18
Telecommunications equipment	**5.67%**	5.67%	**18**	18
Other				
Tools and equipment	**8.33%**	8.33%	**12**	12

Leasehold improvements are depreciated over a period of five years, regardless the term of the lease agreements. The residual values and useful lives of the assets are reviewed and adjusted, if necessary, on the closing date of each year.

The value of property, networks and equipment is reviewed when there are indicators of impairment in the value of said assets. When the recovery value, which is the higher between the sale price and its use value (which is the present value of future cash flows) is less than the net book value, the difference is recognized as an impairment loss. For the years ended December 31, 2022 and 2021, there were no indicators of impairment. See Note 2o).

(n) Goodwill and intangible assets-

i. Goodwill

Goodwill arises from the acquisition of subsidiaries and represents the consideration transferred in excess of the Group's interest in the net fair value of the acquired entity's net identifiable assets, liabilities and contingent liabilities of the acquired entity and the fair value of the non-controlling interest in the acquired entity.

Goodwill on acquisitions of subsidiaries is included in intangible assets and is recognized at cost deducting accumulated impairment losses, which are not reversed.

For impairment testing purposes, goodwill acquired in a business combination is allocated to each Cash Generating Unit (CGU) or groups of cash generating units, which are expected to benefit from the synergies of the combination. Each unit or group of units to which goodwill has been assigned represents the lowest level within the entity to which goodwill is controlled for internal management purposes. Goodwill is controlled at the operating segment level.

Goodwill impairment reviews are carried out annually or more frequently if events or changes in circumstances indicate possible impairment. The book value of goodwill is compared to the recoverable amount, which is the highest value between the value in use and the fair value less costs of sale. Any impairment is recognized immediately as an expense and is not subsequently reversed.

As at December 31, 2022 and 2021, no impairment losses were recognized in goodwill. See Note 11.

ii. Customer bases

Intangible assets acquired during 2022 that were not in a business combination were recorded at acquisition cost. Intangible assets acquired in a business combination are valued at their fair value at the date of purchase. The main intangible assets recognized by the acquisitions is the subscriber portfolio, which according to the study carried out has a useful life of approximately four years. They are amortized on a straight-line basis. See Note 12.

iii. Trademarks and patents

Trademarks and patents acquired individually are recognized at historical cost. Trademarks and patents acquired through business combinations are recognized at their fair value at the date of acquisition. Trademarks and patents have a defined useful life and are recorded at cost less their accumulated impairment and amortization. Amortization is calculated on a straight-line basis to distribute the cost of trademarks and patents based on their expected useful lives of 20 years. See Note 12.

(o) Impairment of non-financial assets-

Assets that have an indefinite useful life, for example, goodwill, are not subject to amortization and are subject to annual impairment tests.

Assets subject to amortization are tested for impairment when events or circumstances occur that indicate that their book value may not be recovered.

Impairment losses correspond to the amount by which the book value of the asset exceeds its recovery value. The recovery value of the assets is the greater between the fair value of the asset less the estimated costs for its sale and its value in use. For the purposes of impairment tests, assets are grouped at the smallest levels at which they generate identifiable cash flows (cash-generating units).

(p) Suppliers and other accounts payable-

Accounts payable are payment obligations with suppliers for the purchase of goods or services acquired in the Group's normal course of business. When they are expected to be paid in a period of one year or less from the closing date, they are presented under current liabilities. If they do not comply with the aforementioned, they are presented under non-current liabilities.

Accounts payable are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest method.

(q) Bank loans-

Loans are initially recognized at their fair value, net of costs incurred in the transaction. These loans are subsequently recorded at amortized cost; any difference between the funds received (net of transaction costs) and the redemption value is recognized in the consolidated statement of comprehensive income during the loan period using the effective interest method.

Fees for maintaining current credit lines are capitalized as advance payments for services to obtain liquidity and are amortized over the term of the agreement.

(r) Provisions-

Provisions are recognized when the Group has a legal obligation, present or assumed, as a result of past events, when the use of cash flows will probably be required to settle the obligation and when the amount can be reliably estimated.

(s) Current and deferred income tax-

Income tax expenses include current and deferred taxes. Income tax is recognized in the consolidated statement of comprehensive income, except to the extent that it relates to items recognized directly under other comprehensive income lines items or in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively. Current-year income tax is recorded as a short-term liability net of prepayments made during the year.

Current-year income tax payable is calculated according to tax laws approved or substantially approved as of the date of the consolidated statement of financial position. Management periodically evaluates the position assumed in relation to its tax returns regarding situations in which the tax laws are subject to interpretation.

Deferred income tax is determined based on the asset and liability method, on temporary differences arising from tax bases of assets and liabilities and their respective carrying amounts. However, deferred income taxes arising from the initial recognition of an asset or a liability in a transaction that does not correspond to a business combination, which at the time of the transaction does not affect either the accounting or tax profit or loss is not recorded or recognized if they arise from the initial recognition of goodwill. Deferred income tax is determined using the tax rates and laws that have been enacted as of the date of the statement of financial position and that are expected to be applicable when the deferred tax asset is realized, or the tax liability is settled. See Note 20.

Deferred tax asset is only recognized to the extent that it is probable that future taxable profit will be available against which the temporary liabilities can be utilized.

Deferred income tax is generated on the basis of temporary differences in investments in joint ventures and subsidiaries, except when the possibility that temporary differences will be reversed is under the Group's control and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax balances related to assets and liabilities are offset when there is a legal right to offset current tax assets with current tax liabilities and when deferred income tax assets and liabilities are related to the same tax authority or the same tax entity or different tax entities where there is the intention to settle the balances on a net basis.

(t) Employee benefits-

a) Defined benefit plans:

A benefit plan is defined as an amount of pension benefit that an employee will receive in 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 with respect to established benefit plans is the present value of the established benefit obligation at the date of the consolidated statement of financial position. The established benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the established benefit obligations is determined by discounting the estimated future cash flows using the discount rates that are denominated in the currency in which the benefits will be paid, and which have maturities that approximate the terms of the liability for pensions.

Actuarial gains and losses generated by adjustments and changes in actuarial assumptions are recorded directly in equity under other comprehensive income in the year in which they occur.

The Group determines the net financial expense (income) by applying the discount rate to the net established benefit liability (asset).

Past service costs are immediately recognized in the income statement.

Seniority premiums

Group companies have established a plan as required by the Federal Labor Act (LFT, acronym in Spanish) with respect to which Group companies that have personnel are bound to pay their workers and they are entitled to receive seniority premiums at the end of the employment relationship after 15 years of service.

The liability or asset recognized in the consolidated statement of financial position with respect to seniority premiums is classified as established benefits and is the present value of the established benefit obligation as of the date of the consolidated statement of financial position. The established benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of established benefit obligations is determined by discounting the estimated cash flows using the interest rates of government bonds denominated in the same currency in which the benefits will be paid and which have maturity terms that approximate the terms of the pension obligation.

Remeasurements arising from adjustments based on experience and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past service costs are recognized immediately in profit or loss, unless changes in the pension plan are subject to the employee continuing to work for a specific period of time (the period granting the right).

b) Defined contribution plans:

Pension plans

The subsidiary Tele Asesores, S.A. de C.V., has an established contribution plan, through which the Company pays fixed contributions to an independent fund. The Company has no legal or assumed obligations to pay additional contributions if the fund does not maintain sufficient assets to pay all employee benefits related to current or past services. Contributions are recognized as employee benefit expenses on the date the contribution obligation is due.

c) Employee profit sharing

The Group recognizes a liability and an expense for bonuses and employee profit sharing based on a calculation that takes into account the tax profit after certain adjustments. The Group recognizes a provision when it is contractually bound to do so or when there is a past practice that generates an assumed obligation.

(u) Capital stock-

Capital stock, the net premium in the placement of shares, the legal reserve, and retained earnings are expressed at historical cost. Common shares are classified as capital.

Incremental costs directly attributable to the issuance of new shares or options are shown in equity as a deduction from the amount received, net of tax.

a) Net premium for placement of shares

The net premium for placement of shares represents the excess difference between the payment for the subscribed shares and the nominal value thereof.

b) Legal reserve

In accordance with the Mexican Corporations Act, the Company is required to appropriate at least 5% of the net income of each year to increase the legal reserve. This practice must be continued each year until the legal reserve reaches 20% of the value of the Company's share capital. The legal reserve may be capitalized but may not be distributed to the shareholders unless the Group is dissolved. Also, the legal reserve must be replenished if it is reduced for any reason.

c) Provision for repurchase of shares

When a Group entity purchases shares issued by the Company (repurchased shares), the consideration paid, including the costs directly attributable to said acquisition (net of taxes) is recognized as a decrease in the Group's equity until the shares are canceled or reissued. When such shares are reissued, the consideration received, including the incremental costs directly attributable to the transaction (net of taxes), are recognized in the Group's equity.

(v) Leases-

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

I. As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for lease payments made on or before the commencement date, plus initial direct costs incurred and an estimate of costs of dismantling and removing the underlying asset or restoring the underlying asset or the site in which it is located, less the lease incentives received.

Subsequently, the right-of-use asset is depreciated using the straight-line method from the commencement date and until the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group at the end of the lease term or that the cost of the right-of-use asset reflects that the Group is going to exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as that of property and equipment. In addition, the right-of-use asset is periodically reduced for impairment losses, if any, and adjusted for certain new measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that have not been paid on the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental rate for Group loans. In general, the Group uses its incremental loan rate as the discount rate.

The Group determines its incremental loan rate by obtaining interest rates from different external financing sources and makes certain adjustments to reflect the lease terms and the type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

– fixed payments including fixed payments in substance
– variable lease payments, which depend on an index or a rate, initially measured using the index or rate on the commencement date
– amounts the lessee expects to pay as residual value guarantees and
– the exercise price of a call option that the Group is reasonably certain of exercising that option, the lease payments in an optional renewal period if the Group is reasonably certain of exercising an extension option, and the payments for penalties derived from early termination of the lease unless the Group is reasonably certain not to terminate the lease early.

The lease liability is measured at amortized cost using the effective interest method. A new measurement is made when there is a change in future lease payments as a result of a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be paid under a residual value guarantee, if the Group changes the assessment of whether or not a purchase, extension or termination option will be exercised, or whether there is a fixed lease payment in substance that has been modified.

When a new measurement of the lease liability is carried out in this manner, the corresponding adjustment is made to the carrying amount of the right-of-use asset, or it is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment properties in property, plant and equipment and lease liabilities in loans and obligations in the statement of financial position.

Short-term leases and leases of low-value assets
The Group has chosen not to recognize right-of-use assets and lease liabilities for the leases of low-value assets and short-term leases, including some information technology (IT) equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis throughout the term of the lease.

At the beginning or at the time of modification of a contract that contains a lease component, the Group distributes the consideration in the contract to each lease component on the basis of their independent relative prices.

When the Group acts as lessor, it determines whether each lease is a financial or an operating lease at the beginning of the lease.

To classify each lease, the Group makes a general assessment of whether or not the lease transfers substantially all the risks and rewards inherent to the ownership of the underlying asset. If this is the case, the lease is a financial lease; if not, it is an operating lease.

As part of this evaluation, the Group considers certain indicators such as whether the lease covers most of the financial life of the asset.

Fair value measurement
"Fair value" is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

w) Borrowing costs-
Borrowing costs for general and specific loans attributable to the acquisition, construction, or production of a qualifying asset that necessarily takes a substantial period of time (12 months) to get ready for its intended use or sale are capitalized as part of the cost of the asset Interest earned on temporary investments of the specific loan funds for the acquisition of qualifying assets is deducted from the eligible costs to be capitalized.

The rest of the costs derived from the loans are recognized when incurred or accrued in the income statement.

(x) Revenue recognition-
Revenue derived from the provision of services in the Group's normal course of business is recognized in amount of fair value of the consideration received or receivable. Revenue is presented net of bonuses and discounts and after eliminating intercompany sales. The Group recognizes revenue when the parties to the contract have approved the contract, the entity can identify the rights of each party with respect to the goods or services to be transferred, the contract has a commercial basis and can be measured reliably, it is probable that the economic benefits will flow to the entity in the future, and the specific criteria for each type of activity are met, which are described below.

Revenue is recognized based on the nature of the commitment, within the transactions recognized by the Group, when acting as a principal, since the Group can satisfy the performance obligation to provide the specified good or service to the customer on its own through the different Group companies and controls the specified good or service before it is transferred to the customer.

The services are provided in bundled packages and the transaction price is distributed using the independent relative selling price among the following performance obligations identified:

Cable television signal services
Cable television signal services are basically represented by monthly payments, as well as installation fees and other related charges. Monthly service payments are recognized as revenue over time as the services are provided and during the term of the contract. The services are deemed to have been provided when the Group transfers control over the service to a customer, which occurs when the cable television signal is transmitted. Other service revenues are recognized after the services are accepted by the customer.

Internet services
Internet signal service is basically represented by monthly payments, as well as installation fees and other related charges. Monthly service payments are recognized as revenue over time as the services are provided and during the term of the contract. The services are deemed to have been provided when the Group transfers control over the service to a customer, which occurs when the internet signal is transmitted. Installation and other related service charges are recognized as revenue as the customer uses the services received.

Telephone services
Telephone service revenue is represented by the monthly rent of said service. Monthly service payments for local calls are recognized as revenue over time as the services are provided and during the term of the contract. The services are deemed to have been provided when the Group transfers control over the service to a customer.

Revenue from the sale of communication systems is recognized in the income statement when control of the goods has been transferred to the buyer and the seller retains no significant control over the goods.

Discounts
The Group's cable television, internet, and telephone signal service revenues are reduced through discounts that are granted to subscribers who contract "packages (Triple Pack, Double Pack)", which the Group grants its customers to position itself in the market and to encourage the contracting of a larger number of services by subscribers as well as attracting new ones.

Discounts are recognized as a decrease in revenue when the services have been provided, which is over time during the term of the contract.

Installations for cable, internet, and telephone subscribers
The Group recognizes revenues from primary installations for cable, internet and/or telephone subscribers, through the average life of subscriptions, without considering this a separate performance obligation, which is determined by management based on the average age of subscribers.

Revenue from the sale of goods
The Group sells equipment and goods. The sale price of the goods is determined based on a fixed price agreed between the parties. The Group recognizes revenue from the sale of goods at the time control of the goods is transferred and there is no unfulfilled obligation that may affect the customer's acceptance of the product.

Advertising revenue
Advertising revenue is recognized when the services are provided, which is at a specific point in time. The services are deemed to have been provided when the Group transfers control over the service to a customer, which occurs when the TV spots are broadcast, or the printed media is published.

Significant terms of payment
Based on its activities, the Group has determined two terms of payment related to most of its operations.

Mass market
In the case of mass market (which refers to customers in the Cable TV, Internet, and Telephone segments) the payment period is within the first ten days after the monthly cut-off date established in each subscriber's contract.

Business market
In the case of the business market, Company receives the corresponding consideration on a monthly basis, in accordance with the amounts agreed to by both parties. The payment period for the services depends on the negotiations carried out between the Group and Customer, which in no case will be more than 36 months.

The Group recognizes a contract liability when it has an unconditional right to receive a consideration before transferring control over a good and/or customer service. When payment is received, the amount is recognized in trade advances, and it must be derecognized (and recognized as revenue) upon transferring control over the goods or services to the customer.

Receivable or payable amounts to customers related to long-term projects in process are recognized as current assets and liabilities, whichever the case may be, without offsetting the balances between these accounts. These accounts include collections made, costs incurred, and profits and losses recognized.

Interest
Interest income is recognized using the effective interest method. Interest income are earned mainly from loans granted to related parties and it is recognized in profit or loss using the effective interest method. When a loan or account receivable is impaired, its book value is adjusted to its recoverable amount, which is determined by discounting the estimated future cash flow at the original effective interest rate of the instrument. Interest income on impaired loans or accounts receivable is recognized using the original effective interest rate.

Based on the payment conditions that maintained with both mass market and business market customers, the Group expects that the period between time that control of the goods or service is transferred and the time the customer pays will be less than one year. Therefore, there was no need to adjust the transaction price due to the effects of a significant financing component.

(y) Pending performance obligations-

The following table shows the pending performance obligations resulting from long-term business market contracts that are partially or totally unmet and are determined based on the agreed price of the monthly payments for the number of months pending at the end of the year:

	2023	2024	2025
Metrocarrier	$ 3,202,370	3,458,560	3,666,073
Ho1a	1,078,677	1,402,280	1,836,986

The Group expects that 29% of the total amount of the transaction allocated of unpaid contracts as at December 31, 2022 will be recognized as revenue during 2023. The remaining 71% will be recognized in 2024 and 2025. The amount disclosed above does not include the variable consideration derived from the fact that they are immaterial. This revenue is recognized over time on a monthly basis.

The Group does not disclose the information regarding its outstanding obligations for the mass market since the contracts entered into by the Group in this segment establish compulsory terms of less than 12 months.

During 2022 and 2021, no revenue was recognized from performance obligations that were partially or totally satisfied in previous years.

(z) Customer contract costs (commissions)-

Management recognizes costs that are directly related to obtaining or fulfilling a contract as assets, since it considers that these may be recovered. The costs to obtain a contract (sales commissions paid to employees) are determined considering that they can be directly related to a specific contract, are recoverable, and can be reliably quantified. Amortization is recognized based on the useful life of each subscription (three years).

An impairment loss is recognized in net profit or loss for the period when the book value of the asset exceeds the unrecognized amount of the consideration the entity expects to receive in exchange for providing the associated goods or services, less the remaining costs that relate directly to providing those goods or services and that have not been recognized as expenses.

(aa) Earnings per share-

Net earnings per share are calculated by dividing the profit for the year attributable to controlling interest by the weighted average number of ordinary shares outstanding during the year. As at December 31, 2022 and 2021, there are no dilution components of earnings; therefore, diluted earnings per share are not calculated or disclosed since it is the same amount as the basic earnings per share. See Note 19.

(bb) Distribution of dividends-

Dividends distributed to the Group's shareholders are recognized in the consolidated financial statements as a liability in the period in which they are approved by the Group's shareholders.

(cc) Finance income and finance costs-

The Group's finance income and finance costs include the following:

- interest income;
- interest expense;
- the foreign currency gain or loss on financial assets and financial liabilities;
- interest income or expense recognized using the effective interest method.
- the amortized cost of the financial liability.

(dd) Other immaterial reformulations-

Subsequent to the issuance of the consolidated financial statements as at December 31, 2021, and for the year then ended, Group Management identified an immaterial a reformulation in the classification of deferred revenue and accounts receivable. The Company's Management evaluated the impact of this reclassification and concluded that it is not material for the consolidated financial statements for any of the periods presented in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. However, Group Management determined that it was appropriate to reclassify as at December 31, 2021 to present properly according to their maturities.

3. Financial risk management–

a) Financial risk factors

The Group has exposure to a variety of financial risks, such as market risk (which includes exchange rate risk, interest rate risk and price risk), credit risk, and liquidity risk. The Group's risk management plan aims to minimize the potential negative effects resulting from the unpredictability of the markets on the Group's financial performance.

Both the Group's management and the Finance Department are responsible for managing the financial risk in accordance with the policies approved by the Board of Directors. The Group identifies, evaluates, and covers financial risks in close cooperation with its operating units. The Board of Directors has issued general policies related to the management of financial risks, as well as policies on specific risks, such as foreign currency risk, interest rate risk, the use of derivative and non-derivative financial instruments, and the investment of surplus funds.

i. Market risk

Market risk is exposure to an adverse change in the value of financial instruments caused by market factors, including changes in interest rates, foreign exchange rates, and inflation rates.

The Group is exposed to market risks derived from variations in the interest rate, exchange rate and inflation rate. Risk management activities are monitored by the Risk Management Committee and reported to the Executive Committee.

ii. Currency risk

Since all of the Group's income is obtained from the local market and the transactions are denominated in Mexican pesos, the Company's operating activities do not expose to the exchange risk derived from various foreign currencies. Foreign exchange risk arises from financing activities as a result of exposure of the Mexican peso against the U.S. dollar, due to operations with programmers and suppliers expressed in that currency.

Management has established a policy that requires Group companies to manage exchange rate risk with respect to their functional currency. Group companies must hedge their exchange rate risk exposure through the Group's Treasury. Currency rate risk arises when future commercial and financing transactions and recognized assets and liabilities are held in a currency other than the entity's functional currency.

As a risk management policy, the Group maintains an immediate realization investment account in U.S. dollars that seeks to cover its anticipated cash flows for the next 12 months (mainly due to bank and supplier liabilities) to reduce its exchange rate risk.

However, the Group is carrying out the following activities to reduce its exchange rate risk:

Negotiation with providers to convert consumable values to pesos (pesify). Three years ago, the Group began negotiating with its suppliers to translate the value of contracts to pesos to the extent possible. Consequently, certain programmers have changed their rates to pesos to ensure that everyone has greater certainty of business in terms of costs and that their channels continue to be included in the programming. The Group has also negotiated with technology suppliers so that maintenance involving labor is denominated in Mexican pesos. As a general result, since 2020 the Group lowered its exposition rates from 12% to 13% of operating expenses to 5% or 6%. In the same way, the three-year Maintenance contract with Cisco de México for 21 million dollars was transferred to pesos and valid from April 2020 to March 2023, as at that date, annual maintenance contract renewals will be made with quarterly payments, through commercial credits.

If as at December 31, 2022 and 2021 the Mexican peso had been devalued 10% in relation to the U.S. dollar, and the other variables had remained constant, the profit for the year after taxes would have dropped by $15,824 and $80,223, respectively, primarily as a result of the profits/losses in the translation of accounts payable to suppliers and foreign currency assets who perform their transactions in U.S. dollars.

As at December 31, 2022, and 2021, the Company had the following monetary assets and liabilities in thousands of U.S. dollars:

		thousands of U.S. dollars	
		2022	2021
Assets	$	53,091	84,659
Liabilities		(61,264)	(45,551)
Net position	$	(8,173)	39,108

The exchange rates used in the different translation processes in relation to the reporting currency as at December 31, 2022 and 2021 are as follows:

			Exchange rate	
	Currency		2022	2021
United States of America	U.S. dollar	$	19.3615	20.5157

iii. Price risk

The Group is not exposed to price risk for the costs of the services it provides, since they are not subject to market indices. In like manner, there were no relevant changes to the prices of the supplies acquired for the provision of the service during 2022 and 2021.

iv. Cash flow risk related to the interest rate

The interest rate risk for the Group arises from its loans. Variable rate loans expose the Group to interest rate risk on its cash flows, which is partially offset by government debt financial instruments such as low-risk Treasury Certificates (CETES) with moderate returns.

The Group analyzes its exposure to interest rate risk dynamically. Various situations are simulated taking into account the positions regarding refinancing, renewal of existing positions, alternative financing and coverage. Based on these scenarios, the Group calculates the impact on profit or loss of a defined movement in interest rates. In each simulation, the same movement defined in interest rates is used for all currencies. These simulations are only performed in the case of obligations that represent the main positions that generate interest.

Based on the simulations carried out at variable rates from notes payable to banks and issuance of debt securities, the impact on profit after taxes as at December 31, 2022, and 2021 due to a 1% movement would generate a maximum increase or a decrease of $47,659 and $28,540, respectively. Simulations are prepared quarterly to verify that the maximum potential loss is within the limit established by Management.

As at December 31, 2022 and 2021, the Group has fixed rate and variable rate loans and issuance of debt securities.

b) Credit risk

Credit risk is managed at the Group level, including the credit risk of receivables; however, each company is responsible for analyzing the credit risk of each customer before offering payments, delivery terms, and other conditions. Credit risk arises from cash and cash equivalents, and deposits in banks and financial institutions, as well as credit exposure to customers, which include outstanding balances of accounts receivable and agreed transactions.

Regarding banks and financial institutions, only institutions with a solid operating track record and that have an excellent reputation in the market are accepted. In the case of the portfolio, the credit risk is limited, since the amounts to be recovered basically refer to the monthly payments of the services provided and the fact that there is no significant concentration of the portfolio due to the large number of subscribers comprising it. Irrespective of the above, the portfolio department assesses the customers' creditworthiness, taking into account their financial position (personal bank statements, credit cards, and others) and past experience, among other factors. Credit limits are generally established in accordance with the limits set by the Board of Directors based on the historical information available on the behavior of the portfolio and, where appropriate, of certain internal and/or external ratings. The use of credit limits is monitored on a regular basis.

The credit limits were not exceeded during the reporting period and Management does not expect the Group to incur any losses due to its performance.

Lastly, the maximum exposure to credit risk is limited to the carrying amount of each of account receivable (see table below). Consequently, the Group does not have a significant concentration of credit risk.

Creditworthiness of financial assets Metrocarrier

		2022	2021
Accounts receivable:			
Group 1	$	709,751	618,217
Group 2		585,459	542,779
Total of trade receivables	$	1,295,210	1,160,996

Related parties

		2022	2021
Group 1	$	–	–
Group 2		996,475	916,876
Total of trade receivables	$	996,475	916,876

Group 1 - New customers - existing/related parties (less than 6 months).
Group 2 - Existing customers/related parties (more than 6 months).

		2022	2021
Cash in banks and bank deposits short-term	$	1,384,360	3,696,307
Maximum creditworthiness, with minimum credit risk (AAA)	$	1,384,360	3,696,307

c) Liquidity risk

The Group's cash flow projections are prepared by its operating entities, and the information is consolidated by the Group's Management and Finance teams. The Group's Management and Finance teams oversee the updating of the projections regarding liquidity requirements to ensure that there is sufficient cash to meet operational needs and permanently maintain sufficient margins on undrawn lines of credit, in such a way that the Group does not fail to comply with its credit limits or line of credit covenants. Said projections consider debt financing plans, compliance with covenants, compliance with financial reasons based on internal financial information and, where appropriate, applicable regulatory requirements.

The cash surplus held by the Group and the surplus balances that exceed the cash required to meet its obligations in the short and medium term are transferred to the Group Treasury, which invests the cash surplus in time deposits and negotiable securities, selecting instruments with appropriate maturities or with sufficient liquidity to provide sufficient margins. Cash surpluses may be invested in expanding the facilities generating cash flows, with prior authorization from the Board of Directors.

The table below shows the analysis of the Group's financial liabilities classified based on the period between the date of the consolidated statement of financial position and the date of maturity (including unearned interest). The following table has been prepared on the basis of undiscounted cash flows, from the first date that the Group will be required to pay.

As at December 31, 2022		Less than 1 Year	Between 1 and 2 Year	Between 2 and 5 Year
Bank loans	$	3,286,113	3,448,524	–
Interest in banking institutions not accrued		384,145	160,205	–
Issuing debt securities		–	–	7,000,000
Interest in issuing debt securities not accrued		705,283	1,410,566	1,284,171
Lease liabilities		120,830	697,067	–
Suppliers		4,166,996	–	–
Related parties		165,020	199,625	392,833
Interest collected from related parties		13,009	18,223	34,090
Other accounts payable and deferred revenue		1,318,659	202,657	482,918
	$	10,160,055	6,136,867	9,194,012

As at December 31, 2021		Less than 1 Year	Between 1 and 2 Year	Between 2 and 5 Year
Bank loans	$	2,917,588	3,458,069	–
Interest in banking institutions not accrued		451,879	431,999	–
Lease liabilities		1,624,901	228,250	–
Suppliers		5,221,634	–	–
Related parties		135,316	406,644	205,870
Interest collected from related parties		11,171	28,294	23,100
Other accounts payable and deferred revenue		1,323,855	146,168	512,742
	$	11,686,344	4,699,424	741,712

The maturity analysis applies only to financial instruments and therefore, does not include the entity's non-financial liabilities, such as tax liabilities.

d) Capital risk management

The Group's objectives in relation to capital risk management are to safeguard its ability to continue as a going concern, provide shareholder returns and benefits to other stakeholders, and maintain an optimal capital structure to reduce costs.

In order to maintain or adjust the capital structure, the Group may vary the amount of dividends to be paid to shareholders, carry out a capital reduction, issue new shares or sell assets, and reduce debt.

Like other entities in the industry, the Group monitors its capital structure based on its leverage ratio. This financial ratio is calculated by dividing total liabilities by total capital according to the consolidated statement of financial position.

During 2022 and 2021, the Group's strategy was to maintain its leverage ratio within the range of 0 to 3.00.

The credit rating regarding the Group's overall ability to meet financial obligations has been maintained throughout the period. The leverage ratio as at December 31, 2022 and 2021 is as follows:

	2022	2021
Total liabilities	$ 24,426,532	18,777,012
Total equity	36,181,759	35,007,568
Leverage ratio	0.68	0.54

e) Fair value estimation

The different levels of financial instruments have been defined as follows:

- Unadjusted quoted prices in active markets for identical asset or liability (level 1).

Assets and liabilities measured at fair value for disclosure purposes, within this hierarchy are related-party receivables and payables and bank loans (level 2). Information other than quoted prices included in level 1 that can be confirmed for the asset or liability, either directly (such as prices) or indirectly (that is, derived from prices) (level 2).

- Information about the asset or liability that is not based on data that can be confirmed in an active market (that is, unobservable data) (level 3).

The fair value of financial instruments traded in an active market is based on the market prices at the date of the consolidated statement of financial position. A market is understood as an asset with quoted prices that are normally available in an exchange, among negotiators, brokers, industry group, price services or a regulatory agency, and those prices represent real and recurring transactions in the market on the basis of free competition. The market price used in the financial assets held by the Group is the current offer price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market information when it is available and place the least possible confidence in the entity's specific estimates. If all the relevant variables to establish the fair value of a financial instrument are observable, the instrument is included in level 2.

If one or more relevant variables are not based on observable market information, the instrument is included in level 3.

Specific valuation techniques for financial instruments include:

- Market listing prices or trading prices of similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine the fair value of other financial instruments.

The book value of assets and liabilities measured at amortized cost as at December 31, 2022 and 2021 resembles the fair value, derived from the fact that their realization period is less than one year, except for those presented under the long-term that are described in Notes 13, 14, 17 and 25.

The book value of trade receivables, other accounts receivable, suppliers and other accounts payable is similar to fair value, since it would be the amount payable in the short term.

4. Critical accounting estimates and judgments–

The estimates and judgments used are continuously evaluated and are based on historical experience and other factors, including the expectation of the occurrence of future events that are considered reasonable under current circumstances.

a) Critical accounting estimates and judgments

The Group makes estimates and judgments regarding the future. The resulting accounting estimates, by definition, will seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the book values of assets and liabilities during the following year are as follows:

Accounting judgments:

b) Concessions granted by the government

The provision of the aforementioned services is carried out through concessions granted free of charge by the competent authority in the regions indicated in Note 28 c) for a period of 30 years, which at the end of their validity will be renovate.

In January 2016, MEGACABLE was granted a unique concession title for national coverage, with a 30-year validity, which allows the Group to provide any type of telecommunications services with the technical feasibility permitted by its infrastructure (limited only to having to request the radio spectrum required, as appropriate) anywhere in Mexico. Said model establishes the corresponding obligations such as, registering the services that it intends to provide; providing information on its passive and active infrastructure, rights of way and transmission media; coverage programs, and investment, quality and coverage commitments; refrain from engaging in discriminatory practices; establish and publish its Code of Business Practices; provide parental control for programming aimed at children and adolescents; provide information to the IFT allow it to inspect its premises; and present audited financial statements.

The concessions that expired before January 2016 were renewed in a unique concession. Subsequently, on March 24, 2022, the Federal Institute of Telecommunications authorized MegaCable the transition and, consequently, the consolidation of the 115 concession titles it had on that date, which were integrated into the unique concession for use that was granted on January 19, 2016, extinguishing the concession titles, the entities holding concession titles include: Mega Cable, Megacable Comunicaciones de México, Servicio y Equipos en Telefonía, Internet y TV, and Myc Red. For the purposes of its accounting treatment, the Group has evaluated that said titles do not fall within the scope of IFRIC 12, *Service concession agreements* since rates are registered with the government, but there is no residual value that must be returned to the government.

As at December 31, 2022 the Group has the following concessions in force:

Years		Number of concessions for:
Beginning	Expiration	30 years
2016	2046	2
2022	2052	1

The main characteristics of the unique concessions are as follows:

i. General
- Use of the Concession: The concession is granted for commercial use and confers the right to provide all types of public telecommunications and broadcasting services, through the infrastructure associated with a public telecommunications network.
- Programs and commitments for investment, quality, geographic, population or social coverage, connectivity in public places to contribute to universal coverage.
- Provision of services: The provision of services may be through economic agents of which the concessionaire is a part: prior authorization from the Institute, the concessionaire being responsible before the institute or any competent authority for non-compliance with the obligations and exercises of the rights contained in the title.
- Financial information: The concessionaire must make available to the Institute and deliver when it requires it, in the formats it determines, its annual financial statements broken down by services and by coverage area, as well as the annual financial statements corresponding to each person who make up the economic agent to which the concessionaire belongs.

ii. Provisions applicable to the services
- Quality of services: continuous and efficient provision of services.
- Registry of Services: The concessionaire must submit for registration in the public registry of concessions each service that it intends to provide and that is different from the services referred to in the concession of the title.
- Non-discrimination: In the provision of services, it is prohibited to establish privileges or distinctions that constitute any type of discrimination.

iii. Verification and information
- Information: the concessionaire must deliver the audited financial statements of its company within 150 calendar days following the closing of the corresponding year.
- Information on the network installation: the concessionaire must file quarterly progress reports on the installation of the network.
- Accounting information: the concessionaire must provide accounting information by service, region, function, and components of its Network.

iv. Commitments
- The concessionaire agrees to install with its own infrastructure, during the first three or five years, each of the stages of the coverage program indicated in the concession title.
- Term to start providing the service: the concessionaire must start to provide the service referred to in the concession no later than 365 calendar days after the date the concession is granted; however, an extension may be granted that is equal to half the term.
- As at December 31, 2022 and 2021, the Group has complied with all these disclosed commitments and the regulatory aspects to which it is subject.

v. Renewal
- As at January 2016, all concession titles that expire will be adhered to the aforementioned single concession title, as the Group provides the services on a continuous basis. The validity of the single concession is 30 years from June 4, 2015, which will be renewable, in accordance with the provisions of Article 113 of the Federal Telecommunications Broadcasting Act, which indicates concessions on public telecommunications networks, and which may be extended up to periods equal to those originally established. In order to obtain an extension, concessionaires must have complied with the conditions established in the concession that it wishes to have extended, and apply for the extension during the year in which the last fifth of the term of the concession begins, and accept the new conditions established by the authority in accordance with this Act and other applicable provisions. The IFT will issue its resolution within 180 calendar days.

vi. Guarantees
- In January and June of each year, respectively, the concessionaire must contract a performance bond for the obligations contracted in each concession with a surety institution authorized by the Ministry of Finance and Public Credit (SHCP) for an amount equal to 4,000 UMAs (Unit of Measurement and Update) in force, the amount of the guarantee must be updated in the month of January of each year, in accordance with the current UMA, according to the publication in the Official Gazette of the Federation.

The withdrawal of any of the Group's concessions would have a significant adverse effect on its activities reported in the financial position and operating results, which would be directly reflected in operating income and costs, and possibly a reserve for impairment of its assets by ceasing to generate cash flows.

c) Consolidation of entities in which the Group holds than 51% of shares

Management considers that the Group has control with 51% of the voting rights. The Company is the majority shareholder with 51% of the shares, while the other shareholders individually do not own more than 40% of the equity. There is no record of shareholders who form a group to exercise their voting rights jointly. The total non-controlling interest as at December 31, 2022 and 2021 is $168,411 and $160,751, respectively.

The determining factors that establish such control are related to the power that is exercised over the subsidiaries, the right to obtain variable returns and the combination of these two factors, which results in the ability to exercise said power to influence the returns from such investments. The Group has power over its subsidiaries since it has rights that allow it to direct the relevant activities; that is, activities that significantly affect the investee's returns.

Its power arises from the voting rights granted by the shares it holds in each investment, which in all cases represent 51% of the total shares. In all cases, the rest of the shares are divided among several shareholders and in this sense, it is important to mention that there are no contractual agreements in which strategic alliances of any kind are established between the rest of the shareholders with voting rights, nor is there any precedent of such agreements.

The Group's interest in each one of its subsidiaries in all cases expose it, and grant it the right to obtain variable returns from its involvement in such companies, where it also has decision-making rights that directly influence obtaining the aforementioned returns. There are no legal or any type of barriers that prevent the Group from exercising its rights, and on the contrary, there are established practical mechanisms that allow the exercise of such rights when so determined by Management.

In most cases, the Board of Directors is comprised of the same number of members of the Group and the rest of the shareholders, although one of the directors of the rest of the shareholders does not have a vote. The Group also appoints the chair and treasurer within the board, and in the shareholders' meeting–the supreme corporate body of the company–, it still has the majority of votes, which allows it to make decisions about the relevant activities of the subsidiaries without the need for consent from the rest of the parties. The resolutions adopted in the meeting are final and do not require additional or subsequent approval by the Board of Directors, as long as the same shareholding percentage is maintained.

Details on the relevant totals of assets, liabilities and consolidated results of these subsidiaries are provided in Note 9.

Accounting Estimates:

d) Goodwill impairment estimate

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy described in Note 2o). The recoverable amounts of the Cash Generating Units (CGU) have been determined based on calculations of their values in use. These calculations require the use of estimates (See Note 11).

In 2022 and 2021, there were no impairment effects in any of the CGUs and the most sensitive variables in the calculations are the discount rate and the gross operating margin.

If the estimated cost of capital used to determine the discount rate before taxes applied to the Company's CGUs had been 10% higher than Management's estimate, it would not give rise to a goodwill impairment.

The discount rates in pesos and in nominal terms in Mexico used by the Company as at December 31, 2022 and 2021 are 10.60% and 8.59%, respectively, it is estimated through the Weighted Average Cost of Capital ("WACC"), and 5-year flows were discounted.

e) Income tax

The Group is subject to the payment of income tax. Significant judgments are required to recognize current and deferred income tax. There are many transactions and calculations for which the tax computation is uncertain. In the event that a tax audit process is initiated, the Group would recognize a liability for those matters observed in the tax audits if it considers that it is probable that an additional tax to the original current tax will be determined. Should the final result of these processes produce a result other than the estimated liability, the differences would be recognized in the current and/or deferred income tax for the year.

Based on the simulations performed, the impact on the pretax income due to a 5% movement would give rise to a maximum increase or decrease of $75,918 in 2022 with $95,199 in 2021. Simulations are periodically prepared to verify that the maximum potential loss is within the limit established by Management.

The determination of the final tax calculation may be uncertain due to the complexity and judgments required to handle certain transactions. When the final result of this situation is different from the amounts that were initially recorded, the differences will impact the current and deferred income tax on assets and liabilities in the period in which it is determined. At the 2022 and 2021 year-end closing, the Group does not have uncertain tax positions.

f) Allowance for impairment of accounts receivable

The methodology the Group applied to determine the balance of this estimate is described in Note 2k).

If the allowance for bad debts as at December 31, 2022 and 2021 is modified by 10% above and/or below the estimates made by Management, the Group would have increased and/or decreased said estimate at December 31, 2022 and 2021 by $44,398 and $40,426 respectively, and the operating results would have been impaired and/or benefited by the same amount.

g) Allowance for obsolete inventories

The Group's Management has an allowance for inventories with different kinds of defects and for slow-moving inventories. The goods that cannot be used for its own operation include products that will expire in the next few months, that have a broken label or a label in bad condition, or products in poor conditions. This allowance is determined based on the age and monitoring reports prepared by Management regarding said products.

h) Estimated useful lives and residual values of property, networks and equipment

The Group prepares the estimated useful lives of its property, networks and equipment to determine the depreciation expense to be recognized in a reporting period. The useful life of these assets is calculated at the time the asset is acquired, based on past experience with similar assets and taking into account anticipated technological changes or changes of any other nature. If technological changes occur faster than foreseen or in a different way than anticipated, the useful lives assigned to these assets may need to be shortened. This would result in the recognition of a higher depreciation and amortization expense in future periods. Alternatively, these types of technological changes could result in the recognition of an impairment charge to reflect the reduction in the value of assets. The Group reviews the assets annually to see if they show signs of impairment, or when certain events or circumstances indicate that the book value may not be recovered throughout the remaining life of the assets. Should there be indicators of impairment, the Company conducts a study to determine the value in use of the assets. As at December 31, 2022 and 2021, there were no indicators of impairment.

i) Pension plan benefits

The present value of pension plan obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used to determine the net cost (income) for pensions include the discount rate. Any change in these assumptions will have an impact on the book value of the pension plan obligations.

As at December 31, 2022 and 2021, the Group used the zero coupon government bond curve of 9.25% and 8.00%, respectively, for the discount rate.

If the discount rate used as at December 31, 2022 and 2021 had been different by 1%, from the estimates made by Management, the book value of the obligations for pension plans would have been lower by approximately $23,449 and $17,501, respectively.

Other premises used to estimate pension obligations are based on current market conditions. Additional information is disclosed in Note 16.

j) Fair value measurement

The Group applies the guidelines in IFRS 13, Fair value measurements ("IFRS 13") to measure the fair value of financial assets and liabilities recognized or disclosed at fair value. IFRS 13 does not require additional fair values other than those already required or permitted by other IFRS, and it does not intend to establish valuation standards or affect valuation practices outside of the financial report. Under IFRS, the fair value represents the "Sale Price" that would be received to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the valuation date, considering the credit risk of the counterparty in the valuation.

The selling price concept is based on the assumption that there is a market and market participants for the specific asset or liability. When there is no market and/or participants to form the market, IFRS 13 establishes a hierarchy of fair value for the input data of the valuation techniques used to determine the fair value. The highest priority hierarchy is that of unadjusted quoted prices in an active market for identical assets or liabilities (measurement level 1) and the lowest priority is that of calculations dealing with significant but unobservable input data (measurement level 3). The three hierarchy levels are as follows:

(1) Level 1 data are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group has the ability to trade at the measurement date.
(2) Level 2 are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
(3) Level 3 are inputs for the asset or liability that are not based on observable market data.

The fair value of assets for disposal, along with unobservable input data, are estimated by specialized independent firms hired for each asset.

k) Fair value of derivative financial instruments

The fair values of derivative instruments that are traded in recognized markets are determined based on the prices issued by these markets. In cases in which the instruments are traded on the over-the-counter market, the fair value of the financial instruments is estimated based on recognized technical valuation models in the financial field, mainly using that of expected future flows discounted at present value and based on market information available at the valuation date.

To measure the fair values the Group has used conditions and assumptions based primarily on TIIE 28 rate structures, Mexican Interbank Interest Rate (TIIE) levels, and exchange rates under the MXN/USD parity available at the valuation date.

The Company has performed the effectiveness tests required to comply with hedge accounting, which are in the ranges allowed by IFRS.

l) Revenue recognition

Determination of whether service revenues are recognized over time or at a specific time.

m) Leases

Determining whether an arrangement contains a lease.

5. Cash and cash equivalents–

Cash and cash equivalents are described as follows:

	2022	2021
Cash and cash in banks	$ 986,260	1,942,446
Readily marketable securities	398,100	1,753,861
Total	$ 1,384,360	3,696,307

As at December 31, 2022 and 2021, the Company has no cash and cash equivalents subject to restrictions on their availability.

6. Accounts receivable, net–

An analysis of this caption is as follows:

		2022	2021
Customers	$	2,399,906	1,975,578
Sundry debtors		296,909	428,993
Total accounts receivable		2,696,815	2,404,571
Accounts receivable, long-term (*)		119,155	–
Accounts receivable, short-term		2,577,660	
Allowance for credit losses		(443,978)	(404,269)
Total accounts receivable, net, short-term	$	2,133,682	2,000,302

(*) The long-term account receivable with Altán Redes, S.A.P.I. de C.V. (Altán), derives from the credit agreement entered into on June 9, 2022, in which Telefonía por Cable, S.A. de C.V., agrees to make capital contributions to Altán, through a program of overdue invoices, as of December 31, 2022, an account receivable for $119,155 has been recognized, which the Group considers will be collected when the conditions are met stipulated in the contract.

As at December 31, 2022 and 2021, in general the amounts of accounts receivable fully comply with the contractual terms.

The following information related to customer contracts is as follows:

	Business market		Mass market		Other	
	2022	2021	2022	2021	2022	2021
Opening balance	$ 1,781,031	1,667,063	1,054	457	54,259	113,136
Closing balance	$ 2,086,454	1,781,031	1,066	1,054	68,899	54,259

As at December 31, 2022 and 2021, the Company has liabilities for contracts with customers as follows:

	Business market		Mass market	
	2022	2021	2022	2021
Opening balance	$ 767,373	685,392	81,133	67,256
Closing balance	$ 731,860	767,373	88,923	81,133

The book value of the Group's accounts receivable and other accounts receivable are primarily denominated in Mexican pesos.

Accounts receivable that are more than 180 days old are analyzed as follows:

		2022	2021
More than 180 days	$	585,459	542,779

The movement of the allowance for credit losses is as follows:

		2022	2021
Balance at the beginning of the year	$	404,269	340,811
Increase		50,773	125,266
Charges		(11,064)	(61,808)
Balance at the end of the year	$	443,978	404,269

The increase in the allowance for impaired accounts receivable is included in operating expenses in the statement of comprehensive income (see Note 21). Amounts charged to the provision are generally written off when there are no expectations of additional cash recovery. Other accounts receivable items and other accounts receivable are not impaired.

The maximum exposure to credit risk at the reporting date is the book value of each class of accounts receivable mentioned above. The Group does not request collateral in guarantee.

The book value of customers and other accounts receivable that are denominated in U.S. dollars are as follows:

		2022	2021
U.S. dollars (thousands)	$	5,381	13,258

7. Inventories–

An analysis of inventories is as follows:

		2022	2021
Materials and equipment for company operations	$	737,317	509,927
Allowance for obsolete inventories		(84,736)	(79,118)
Total	$	652,581	430,809

Movements in the obsolete inventory valuation are as follows:

		2022	2021
Balance at the beginning of the year	$	79,118	87,489
Increase		6,183	13,385
Charges or cancellations		(565)	(21,756)
Balance at the end of the year	$	84,736	79,118

8. Prepayments–

Prepayments are comprised as follows:

		2022	2021
Property, networks and equipment	$	904,060	1,178,024
Services		179,534	58,030
Others prepayments to suppliers		500,472	288,551
Total prepayments		1,584,066	1,524,605
Less current prepayments		680,006	346,581
Long- term prepayments (*)	$	904,060	1,178,024

(*) The advance payments granted correspond mainly to the construction of fiber infrastructure with GPON technology, which consists mainly of an FTTH network (Fiber To The Home), which will be implemented in the main cities where the Group has a presence. See note 24.

9. Investments in joint ventures–

Investment in joint ventures and other investments in which the company has control are comprised of the following entities:

1) Joint ventures-

Subsidiary	Interest 2022	Interest 2021	Corporate Purpose
Grupo de Telecomunicaciones de Alta Capacidad, S. A. P. I. de C. V. (1)	33.33%	33.33%	Concessionaire of the rights to operate the dark fiber owned by the Federal Electricity Commission.

The joint venture presented below has a share capital consisting solely of ordinary shares, which the Group directly owns. Grupo de Telecomunicaciones de Alta Capacidad, S.A.P.I. de C. V. (GTAC) obtained a 20-year lease (through a bidding process) for a pair of fiber optic wires maintained by the Federal Electricity Commission and a concession to operate a public telecommunications network in Mexico. The concession will expire in 2030.

Nature of joint venture investment as at December 31, 2022 and 2021.

Entity Name	Place of Business	Interest %	Nature of the Relationship	Measurement Method
Grupo de Telecomunicaciones de Alta Capacidad, S. A. P. I. de C. V.	Mexico City	33.33	Trunk capacity supplier	Equity method

		Grupo de Telecomunicaciones de Alta Capacidad, S.A.P.I. de C.V. 2022	2021
Summarized Statement of Financial Position:			
Current			
Cash and cash equivalents	$	50,905	64,667
Other current assets		676,613	475,849
Total current assets		727,518	540,516
Other current liabilities (including accounts payable)		345,380	205,619
Total current liabilities		345,380	205,619
Long-term			
Assets		1,966,938	1,601,628
Other liabilities - Total long-term liabilities		2,667,000	2,367,979
Net liabilities	$	(317,923)	(431,454)
Summarized Statement of Comprehensive Income:			
Income	$	567,138	819,924
Depreciation and amortization		(5,989)	(4,669)
Expenses		(346,782)	(338,443)
Finance income		169,313	1,437
Finance expenses		(261,209)	(157,838)
Total comprehensive income	$	122,471	320,411

As at December 31, 2022 and 2021, the Group has an equity deficit so the investment in the joint venture was valued at zero. The unrecognized profits from its participation in GTAC amounted to $40,819 and $106,803, as at December 31, 2022 and 2021, respectively; and the unrecognized accumulated losses amount to $105,964 and $143,817 as at December 31, 2022 and 2021, respectively.

(2) Other subsidiaries in which it has control-

The Group has the following subsidiaries in which it participates with 51% and they are included in the consolidation (all are variable capital companies) as at December 31, 2022 and 2021.

Entity Name	Place of Business	Nature of the Business	Portion of ordinary shares held by shareholders (%)	Portion of ordinary shares held by the Group (%)	Portion of ordinary shares held by non-controlling interest	Portion of preferred shares held by the Group (%)
Myc Red	Michoacán	Cable system operator	51	51	49	–
Servicio y Equipo en Telefonía Internet y Televisión	Michoacán	Cable system operator	51	51	49	–
Corporativo de Comunicación y Redes de GDL	Michoacán	Fixed asset leasing	51	51	49	–

All subsidiary companies are included in the consolidation. The portion of voting rights in subsidiary companies held directly by the shareholder does not differ from the portion of ordinary shares held. Management considers that the Group has control with 51% of the voting rights. The Group is the majority shareholder with 51% of shares, while the other shareholders individually do not own more than 40% of the capital. There is no record of shareholders who form a group to exercise their vote jointly. The total non-controlling interest in 2022 and 2021 was $168,411 and $160,751, respectively and in stockholders' equity in 2022 and 2021 is $1,487,616 and $1,460,363, respectively. The summarized financial information for each subsidiary that has non-controlling interests that are material to the Group is as follows.

Summarized Statement of Financial Position as at December 31, 2022 and 2021 (all are variable capital companies):

	Myc Red		Servicio y Equipo en Telefonía Internet y Televisión		Corporativo de Comunicación y Redes de GDL	
	2022	2021	2022	2021	2022	2021
Short-term						
Assets	$ 21,904	39,791	300,658	212,106	582,822	652,396
Liabilities	(22,512)	(45,672)	(1,084,099)	(765,951)	(158,679)	(156,193)
Total short-term net assets (liabilities)	(608)	(5,881)	(783,441)	(553,845)	424,143	496,203
Long-term						
Assets	84,151	77,864	1,649,891	1,086,060	1,014,995	927,860
Liabilities	(10,525)	(8,877)	(278,237)	(32,893)	(34,255)	(43,769)
Total long-term assets, net	73,626	68,987	1,371,654	1,053,167	980,740	884,091
Assets, net	$ 73,018	63,106	588,213	499,322	1,404,883	1,380,294

Summarized Income Statement for the period ended December 31, 2022 and 2021 (all are variable capital companies):

	Myc Red		Servicio y Equipo en Telefonía Internet y Televisión		Corporativo de Comunicación y Redes de GDL	
	2022	2021	2022	2021	2022	2021
Income	$ 118,726	103,106	1,312,554	1,135,744	54,219	58,397
Pretax profit	13,968	5,863	304,015	295,270	310,633	180,735
Tax expense, net	(4,057)	(3,597)	(84,937)	(75,605)	(5,453)	(2,117)
Total comprehensive income	$ 9,911	2,266	219,078	219,665	305,180	178,618

The information above represents the amount before eliminations between related parties.

As at December 31, 2022 and 2021, none of these subsidiaries has any commitments or contingent liabilities that could affect the figures.

10. Property, networks and equipment–

An analysis of properties, networks and equipment is as follows:

As at December 31, 2022		Land	Buildings	Network and technical signal and distribution equipment	Office furniture, equipment and computers	Transportation equipment	Leasehold improvements	Telecommunications equipment	Projects in process, tools and equipment	Total
Initial net balance as at December 31, 2021	$	167,085	290,794	32,286,459	304,064	589,210	160,863	81,543	2,639,853	36,519,871
Additions		125,260	14,569	12,956,856	210,662	251,302	108,267	734	601,569	14,269,219
Withdrawals		–	–	(269,644)	(388)	(17,024)	–	–	(325)	(287,381)
Depreciation charge		–	(9,656)	(4,977,599)	(80,165)	(86,053)	(57,058)	(11,044)	(65,681)	(5,287,256)
Net ending book balance		292,345	295,707	39,996,072	434,173	737,435	212,072	71,233	3,175,416	45,214,453
Cost		292,345	386,373	71,622,067	1,914,581	1,325,058	695,538	152,309	3,745,113	80,133,384
Accumulated Depreciation		–	(90,666)	(31,625,995)	(1,480,408)	(587,623)	(483,466)	(81,076)	(569,697)	(34,918,931)
Net ending balance as at December 31, 2022	**$**	**292,345**	**295,707**	**39,996,072**	**434,173**	**737,435**	**212,072**	**71,233**	**3,175,416**	**45,214,453**

As at December 31, 2021		Land	Buildings	Network and technical signal and distribution equipment	Office furniture, equipment and computers	Transportation equipment	Leasehold improvements	Telecommunications equipment	Projects in process, tools and equipment	Total
Initial net balance as at December 31, 2020	$	148,375	264,890	27,380,746	273,808	595,834	139,752	90,665	2,664,077	31,558,147
Additions		18,710	34,031	9,701,255	140,802	102,780	68,938	–	31,945	10,098,461
Withdrawals		–	–	(737,533)	(16,340)	(48,783)	–	–	(310)	(802,966)
Depreciation charge		–	(8,127)	(4,058,009)	(94,206)	(60,621)	(47,827)	(9,122)	(55,859)	(4,333,771)
Net ending book balance		167,085	290,794	32,286,459	304,064	589,210	160,863	81,543	2,639,853	36,519,871
Cost		167,085	371,804	58,934,855	1,704,307	1,090,780	587,271	151,575	3,143,869	66,151,546
Accumulated Depreciation		–	(81,010)	(26,648,396)	(1,400,243)	(501,570)	(426,408)	(70,032)	(504,016)	(29,631,675)
Net ending balance as at December 31, 2021	$	167,085	290,794	32,286,459	304,064	589,210	160,863	81,543	2,639,853	36,519,871

a) Depreciation expense for the years ended December 31, 2022 and 2021 totaled $5,813,497 and $4,834,545, respectively, of which an amount of $5,232,147 and $4,351,091, respectively, was recorded under the cost of services line item, and the complement of $581,350 and $483,454, respectively, was recorded in selling and administrative expenses.

b) Due to the increase in the frequency of new cable subscribers in 2022 and 2021, the Group capitalized connection costs in the network asset for $2,487,996 and $1,815,327 (materials and labor necessary to physically extend and connect the Network to the new customer homes), respectively. Capitalized connection costs are depreciated over a period of three years.

11. Goodwill–

An analysis of goodwill as at December 31, 2022 and 2021 is as follows:

Balances as at December 31, 2022 and 2021	Acotel	TCO	IMATEL	IRA	SIGETEL	Other	Total
Net opening balance as of December 31, 2021	$ 2,296,815	381,098	331,811	240,378	54,893	1,073,402	4,378,397
Accumulated impairment	–	–	–	–	–	–	–
Net final balance as of **December 31, 2022**	**$ 2,296,815**	**381,098**	**331,811**	**240,378**	**54,893**	**1,073,402**	**4,378,397**

Goodwill impairment tests:

Management reviews business performance based on geography and type of business. Geographical areas have been identified as the states in Mexico where the Group has a presence. In all geographic areas, the Group maintains cable, telephone, and internet services. Goodwill is analyzed by Management at the geographic area level for the mass (Cable, Telephone, and Internet) and business (Metrocarrier) markets. A summary of the goodwill allocation for each geographic area is as follows:

As at December 31, 2022 and 2021	Beginning balance	Additions	Ending balance
North	$ 134,645	–	134,645
West	265,569	–	265,569
Pacific	429,492	–	429,492
Southeast	693,805	–	693,805
TCO	318,640	–	318,640
Bajío	1,242,205	–	1,242,205
Center	1,104,865	–	1,104,865
Gulf	86,511	–	86,511
Metrocarrier	102,665	–	102,665
Total	**$ 4,378,397**	**–**	**4,378,397**

The recoverable amount of all Cash Generating Units (CGU) is determined based on value in use calculations. These calculations use the projections of pretax cash flows based on financial budgets approved by Management that cover a five-year period. Cash flows that exceed the five-year period are extrapolated using the estimated growth rates mentioned below. Growth rates do not exceed the long-term average growth rate for the telecommunications business in which the CGU operates.

The recovery values of each of the CGUs as at December 31, 2022 and 2021 are as follows:

	2022	2021
North	**$ 6,002,202**	13,217,262
West	**11,845,224**	26,416,948
Pacific	**19,189,665**	31,469,298
Southeast	**10,020,870**	17,239,579
TCO	**4,695,068**	8,062,868
Bajío	**12,620,623**	19,212,526
Center	**7,270,308**	14,310,040
Gulf	**5,944,550**	10,503,984
Metrocarrier	**19,704,008**	15,348,288
Mega 2024 (*)	**17,568,454**	–

(*) During 2022 the Group determined a new CGU (Mega 2024), which began to operate in 2022, since the Group launched its services in cities where it had little or no presence, the main cities are: City of Mexico, Zapopan, Monterrey, Tijuana, Cancun, Mexicali, Manzanillo, Puerto Vallarta, Saltillo, Pachuca, Celaya, Cd. Juarez, Tapachula, Aguascalientes, Campeche, Chihuahua, Acapulco, Cuernavaca, Saltillo, Cd. Guzman, San Luis Potosí, among other.

The key assumptions used in the 2022 and 2021 value in use calculations are as follows:

2022	% of gross margin	Growth rate	Discount rate
North	**54.2%**	**8.5%**	**10.60%**
West	**43.5%**	**8.1%**	**10.60%**
Pacific	**53.7%**	**8.1%**	**10.60%**
Southeast	**49.0%**	**8.9%**	**10.60%**
TCO	**57.5%**	**6.0%**	**10.60%**
Bajío	**52.6%**	**8.2%**	**10.60%**
Center	**44.3%**	**8.2%**	**10.60%**
Gulf	**47.8%**	**8.9%**	**10.60%**
Metrocarrier	**60.6%**	**11.8%**	**10.60%**
Mega 2024	**39.1%**	**71.3%**	**10.60%**

2021	% of gross margin	Growth rate	Discount rate
North	54.8%	10.8%	8.59%
West	46.2%	11.0%	8.59%
Pacific	52.7%	9.4%	8.59%
Southeast	47.8%	11.5%	8.59%
TCO	53.7%	11.4%	8.59%
Bajío	50.4%	10.5%	8.59%
Center	43.0%	11.9%	8.59%
Gulf	47.7%	10.6%	8.59%
Metrocarrier	37.8%	15.8%	8.59%

These assumptions have been used in the analysis of each CGU within the operating segment.

Management determined the budgeted gross margins based on past results and its expectations of market development. The weighted average growth rates used are consistent with the projections included in the industry reports. The discount rates used are pre-taxes and reflect the specific risks related to the relevant geographic areas.

Sales volume is the weighted average rate of annual growth over a five-year forecast period. It is based on past performance and Management's expectations of market development.

The sale price is the weighted average rate of annual growth over the five-year forecast. It is based on current industry trends and includes long-term inflation forecasts.

12. Other intangible assets, net–

The other intangible assets are comprised as follows:

		2022	2021
With defined life:			
Customer base (i)	$	2,095,020	2,039,301
Accumulated amortization		(2,045,101)	(1,989,434)
		49,919	49,867
With defined life:			
Trademarks and patents, net (ii)		150	1
Total	$	50,069	49,868

i) Corresponds to the cost of acquisitions of portfolio/subscribers with a useful life of four years. The movements in the net customer base is as follows:

Net customer base:		
As at January 1, 2021	$	106,280
Additions		10,486
Amortization		(66,899)
As at December 31, 2021		49,867
Additions		3,534
Others		52,185
Amortization		(55,667)
As at December 31, 2022	$	**49,919**

Amortization of Customer base is calculated based on the straight-line method, considering the estimated life of the assets, which is four years. As at December 31, 2022 and 2021, it was recorded in the cost of services as $55,667 and $66,899, respectively.

ii) Refers to the trademark registration title of "Video Rola música para tus ojos" (music for your eyes) and its design, granted by the Mexican Institute of Industrial Property (renewable according to applicable legal provisions) and which is applied to entertainment through video and elaboration of the same, discs, cassettes and videos covered in this class. It is amortized at the annual rate of 5%.

Brands and patents:		
As at January 1, 2021	$	18
Deletions, net		(17)
As at December 31, 2021		1
Deletions, net		149
As at December 31, 2022	$	**150**

13. Financial instruments by category–

The financial instruments by category are integrated as follows:

		Loans and accounts receivable	
		2022	2021
Assets according to the statement of financial position:			
Accounts receivable short-term, net	$	2,133,682	2,000,302
Accounts receivable, long-term		119,155	–
Related parties		996,475	916,876
Cash and cash equivalents		1,384,360	3,696,307
Total	$	4,633,672	6,613,485

		Financial liabilities at amortized cost	
		2022	2021
Liabilities according to statement of financial position:			
Bank loans and Issuing debt securities	$	13,734,637	6,375,657
Suppliers		4,166,996	5,221,634
Related parties		757,478	747,830
Other accounts payable, deferred revenue, excluding non-financial liabilities		2,004,234	1,982,765
Total	$	20,663,345	14,327,886

As of December 31, 2022, the Group does not have financial instruments and as of December 31, 2021, it has derivative financial instruments, recorded in assets under the heading of sundry receivables for $1.

14. Bank loans and Issuing debt securities–

a) Bank loans are integrated as follows:

	2022	2021
Unsecured loan from Scotiabank Inverlat, S.A. a full-service banking institution, on July 25, 2019, for $3,000,000 (nominal), comprising two withdrawals, one for $2,000,000 with a fixed monthly interest rate of 7.88% due on July 29, 2024 and another for $1,000,000 with a monthly interest rate of at the TIIE plus 0.28 percentage points, and a July 29, 2022 maturity date, the latter paid on July 29, 2022. (1)	$ 1,970,585	2,964,689
Unsecured loan from BBVA Bancomer, S.A., a full-service banking institution, on July 25, 2019, for $1,500,000 (nominal), with a monthly fixed interest rate of 7.89%, and a July 29, 2024 maturity date. (1)	1,477,939	1,481,609
Unsecured loan from BBVA Bancomer, S.A., a full-service banking institution, on July 25, 2019, for $1,000,000 (nominal), with a monthly interest rate of TIIE plus 0.28 percentage points and a July 29, 2022 maturity date. Only $975,000 were drawn from this loan. (1)	–	963,046
Unsecured loan from Banco Santander, S.A., a full-service banking institution, on July 25, 2019, for $500,000 (nominal), with a monthly interest rate of TIIE plus 0.28 percentage points and a July 29, 2022 maturity date, Paid on July 29, 2022. (1)	–	495,925
Unsecured loan from Banco Nacional de México, S.A., a full-service banking institution, on July 25, 2019, for $500,000 (nominal), with a monthly interest rate of TIIE plus 0.28 percen-tage points and a July 29, 2022 maturity date, Paid on July 29, 2022. (1)	–	470,388
Unsecured loan from Banco Santander, S.A., a full-service banking institu-tion, on October 6, 2022, for $1,100,000 (nominal), with a monthly in-terest rate of TIIE plus 0.35 percentage points, Paid on April 4, 2022. (1)	1,093,665	–
Unsecured loan from BBVA Bancomer, S.A., a full-service banking institution, on November 15, 2022, for $1,000,000 (nominal), with a monthly interest rate of TIIE plus 0.30 percentage points and a May 12, 2023 maturity date. (2)	994,240	–
Unsecured loan from Scotiabank Inverlat, S.A. a full-service banking institution, on November 15, 2022, for $1,000,000 (nominal), with a monthly interest rate of TIIE plus 0.30 percentage points and a May 12, 2023 maturity date. (2)	994,240	–
Total bank loans	6,530,669	6,375,657
Minus - Short-term portion of long-term bank loans	3,082,145	2,917,588
Bank loans with maturities greater than one year	$ 3,448,524	3,458,069

1) On July 25, 2019, Mega Cable, S.A. de C.V. as an accredited subsidiary and Megacable Holdings, S.A.B. de C.V., Telefonía por Cable S.A. de C.V., Servicios Especiales Turandot, S.A.P.I de C.V., and Werther Administración Integral, S.A.P.I. de C.V., as joint and several obligors, took out loans with Scotiabank Inverlat, S. A. for $2,000,000 and $1,000,000, BBVA Bancomer, S.A. for $1,500,000 and $975,000, Banco Santander, S.A. for $500,000, and Banco Nacional de México, S. A. for $500,000. These contracts mature on July 29, 2022 and July 29, 2024.

   In relation to the loans indicated in the previous paragraph, the Group determined an effective interest rate in 2022 of 7.88%, 6.91%, 7.89% and for the last three 6.91%, respectively, on which the financial cost of said loan is recorded. In like manner, the fair value for all loans is $3,347,689, which was determined by using the discount rate at fixed market value and TIIE plus 0.28% percentage points and is within level 2 in the fair value hierarchies.

   In relation to the loans indicated in point 1, the Group determined an effective interest rate in 2021 of 7.88%, 4.85%, 7.89% and for the last three 4.85%, respectively, on which the financial cost of said loan is recorded. In like manner, the fair value for all loans is $6,454,011, which was determined by using the discount rate at fixed market value and TIIE plus 0.28% percentage points and is within level 2 in the fair value hierarchies.

   The current loan agreements of point 1 establish different obligations to do and not do for Megacable Holdings and its subsi-diaries, including limitations to: (a) merge or consolidate with third parties; (b) sell, transfer or lease some of its assets, except in the case of a cash transaction; (c) certain investments; (d) the amount of indebtedness; (e) certain dividend payments or distributions of the capital stock of Megacable Holdings or its subsidiaries, or the purchase, redemption or other acquisition of the capital stock of any of its subsidiaries; (f) enter into hedging contracts, unless they help mitigate certain risks or acquire benefits; and (g) changes in accounting, as well as requiring Megacable Holdings and subsidiaries to comply with certain financial ratios, including a consolidated leverage rate not greater than 3.00 and a consolidated interest coverage rate greater than 3.50.

2) On October 6, 2022 and November 15, 2022, Telefonía por Cable, S.A. de C.V., as an accredited subsidiary, and Megacable Holdings, S.A.B. de C.V. and Mega Cable, S.A. de C.V., as joint and several obligors, contracted loans with Banco Santander, S.A. for $1,100,000, BBVA Bancomer, S.A. $1,000,000 and Scotiabank Inverlat, S.A. for $1,000,000, these contracts mature on April 4, 2023 and May 12, 2023, respectively.

   In relation to the loans indicated in the previous paragraph, the Group determined an effective interest rate in 2022 of 9.98% and 9.94% for the last two, respectively, on which the financial cost of said loan is recorded. In like manner, the fair value for all loans is $3,082,145, which was determined by using the discount rate at fixed market value and TIIE plus 0.35% and 0.30% percentage points, and is within level 2 in the fair value hierarchies.

   The current loan agreements of point 2 establish different obligations to do and not do for Megacable Holdings and its subsi-diaries, where the main ones are complied with certain financial ratios, including a consolidated leverage rate not greater than 3.00 and a consolidated interest coverage rate greater than 3.50.

The exposure of the Group's loans to changes in interest rates and contractual dates is as follows:

		2022	2021
Less than 6 months	$	3,082,145	–
From 6 to 12 months		–	2,917,588
More than 1 year up to 5 years		3,448,524	3,458,069
	$	6,530,669	6,375,657

The book value and fair value of the short- term and long-term loans is as follows:

	Book value		Fair value	
	2022	2021	2022	2021
Loans	$ 6,530,669	6,375,657	6,429,834	6,454,011

Fair values are based on discounted cash flows using the discount rate calculated by Management and are within level 2 in the fair value hierarchies.

b) The issuing debt securities is integrated as follows:

	2022
Debt securities with borrower's signature guarantee in pesos, issued in the Mexican market on July 15, 2022, for $2,527,600 under the code "MEGA 2022", at a variable interest rate of 28-day TIIE plus 0.24 base points, with a term of 5 years, maturing on July 9, 2027. (1)	$ 2,527,600
Debt securities with borrower's signature guarantee in pesos, issued in the Mexican market on July 18, 2022, for $4,472,400 under the code "MEGA 2022-2", at a fixed interest rate of 9.82%, with a term of 10 years, maturing on July 2, 2032. (1)	4,472,400
Interest payable from debt securities	203,968
Total debt securities	7,203,968
Minus:	
Short-term portion of debt securities payable in the long term	203,968
Debt securities payable with maturities of more than one year	$ 7,000,000

1) Megacable Holdings, S.A.B. de C.V. as accredited, issued debt securities in the Mexican exchange market for $2,527,600 and $4,472,400. Said debt securities mature on July 9, 2027 and July 2, 2032, respectively.

In relation to the debt securities indicated in the previous paragraph, the Group determined an effective interest rate in 2022 of 8.55% and 9.82% respectively, on which the financial cost of said debt securities is recorded. In like manner, the fair value for debt securities is $7,121,779, which was determined by using the discount rate at market value and TIIE plus 24 percentage points and fixed rate and is within level 2 in the fair value hierarchies.

The debt securities establish different obligations to do and not do for Megacable Holdings and its subsidiaries, including limitations to: (a) merge or consolidate with third parties; b) deliver quarterly (internal) and annual (audited) consolidated financial statements c) use the resources derived from the allocation of debt securities for the purposes stipulated in the corresponding title, d) maintain accounting, records and books in accordance with IFRS as well as those of its subsidiaries e) have at least two valid credit quality opinions issued by rating agencies duly authorized to operate in Mexico, f) maintain the assets necessary to carry out its activities and the activities of its subsidiaries.

The exposure of the Group's debt securities payable at the contractual dates are as follows:

		2022
Less than 1 year	$	–
From 1 to 5 years		2,527,600
More than 5 years		4,472,400
	$	7,000,000

The book value and fair value of debt securities is as follows:

	Book value	Fair value
	2022	2022
Debt securities	$ 7,000,000	7,121,779

Fair values are based on discounted cash flows using the discount rate calculated by Management and are within level 2 in the fair value hierarchies.

15. Other accounts payable and accrued liabilities–

The other accounts payable and accumulated liabilities are integrated as follows:

		2022	2021
Benefits payable	$	158,387	130,506
Miscellaneous creditors and other accounts payable		472,339	493,807
Accrued income (1)		951,943	987,740
Provisions (3)		338,837	284,738
Employee participation in profits		82,728	85,974
Total other accounts payable and other liabilities and deferred revenue		2,004,234	1,982,765
Less current deferred revenue (1 and 2)		266,368	328,830
Less long-term deferred revenue (1)		685,575	658,910
Total other accounts payable and current other liabilities	$	1,052,291	995,025

(1) In the period from December 2019 to December 2020, the Company entered into several contracts whereby the irrevocable right to use fiber optics for the conduction of telecommunications signals is granted. These have terms ranging from 10 to 15 years, mainly with the companies Ener Telecom, S.A.P.I. de C.V. and AT&T Comunicaciones Digitales, S. de R.L de C.V. (AT&T) as well as the rental of data center space with AT&T for a term of 10 years. The sum of the consideration for said contracts amounts to approximately 800 million pesos distributed in the indicated periods.

(2) The Group mainly obtain revenue from the mass market collected in advance, which is recognized over time as the services are provided.

(3) Provisions are integrated as follows:

		Provisions miscellaneous reditors	Provisions laboral Benefit	Total Provisions
As at January 1, de 2021	$	300,956	25,481	326,437
(Deletions net)		(28,673)	(13,026)	(41,699)
As at December 31, 2021		272,283	12,455	284,738
Increase, net (disminución neta)		62,156	(8,057)	54,099
Balance at December 31, 2022	$	334,439	4,398	338,837

16. Employee benefits–

The value of the obligations for acquired benefits is as follows:

		2022	2021
Seniority premiums	$	268,683	206,678
Retirement benefits		30,625	16,713
Total	$	299,308	223,391

The net cost for the period of the years ended December 31, 2022 and 2021, is as follows:

		2022	2021
Seniority premiums	$	62,005	17,455
Retirement benefits		13,912	(2,989)
	$	75,917	14,466

a) Seniority premium

The economic assumptions in nominal and real terms used were:

	2022	2021
Discount rate	9.25%	8.00%
Inflation rate	3.50%	7.36%
Salary increase, rate	4.50%	4.50%
Salary increase, rate from unit of measure and update (UMA acronym in Spanish)	3.50%	3.50%

The net cost of the period is integrated as follows:

		2022	2021
Labor cost	$	21,212	14,344
Actuarial losses (gains) recognized in OCI		14,815	11,556
Finance cost		25,978	(8,445)
Net period cost	$	62,005	17,455

The amount included as a liability in the consolidated statements of financial position is integrated as follows:

		2022	2021
Defined benefit obligations	$	268,683	206,678
Liabilities in the consolidated statement of financial position	$	268,683	206,678

The movement of the established benefit obligation was as follows:

		2022	2021
Initial balance at January 1,	$	206,678	183,583
Labor cost		21,212	14,344
Finance cost		14,815	11,556
Remeasurement:			
Increases		–	5,640
(Gains) losses from experience		25,978	(8,445)
Final balance at December 31	$	268,683	206,678

b) Retirement benefits

The economic assumptions in nominal and real terms used were:

	2022	2021
Discount rate	9.25%	8.00%
Inflation rate	3.50%	7.36%
Salary increase, rate	4.50%	4.50%
Salary increase, rate from unit of measure and update (UMA acronym in Spanish)	3.50%	3.50%

The net cost of the period is integrated as follows:

		2022	2021
Labor cost	$	8,095	2,273
Plan improvements or modifications		5,000	(9,958)
Finance cost		817	4,695
Net period cost	$	13,912	(2,990)

The amount included as a liability in the consolidated statements of financial position is integrated as follows:

		2022	2021
Defined benefit obligations	$	30,625	16,713
Liabilities in the consolidated statement of financial position	$	30,625	16,713

The movement of the established benefit obligation was as follows:

		2022	2021
Initial balance at January 1,	$	16,713	19,702
Labor cost		8,095	2,273
Finance cost		817	4,695
Remeasurement:			
Losses from experience		5,000	(9,957)
Final balance at December 31	$	30,625	16,713

Within subsidiary Tele Asesores, S.A. de C.V., there is a plan asset for $86,650.

The sensitivity analysis of the main assumptions of established benefit obligations were as follows:

	Impact on established benefit obligations	
	Change of assumption	Change in obligation
Discount rate	+1%	Decreases by 4.78%
Discount rate	–1%	Increases by 5.34%

The weighted average duration of the established benefit obligation is 4.96 years.

c) Pension plan

Management has a ten-year pension plan based on annual contributions. These contributions are managed in the Sura Investment Management México account. The annual contributions made during 2022 and 2021 were $6,917 and $7,065, respectively.

Pursuant to the provisions of the plan, employees who meet the following are eligible to participate in the plan: be an employee with an indefinite-term individual employment contract, be an executive-level employee with three or more years of pensionable service at the date of implementation of the plan, stay in the company for a minimum period of five years after the date of implementation of the plan, determine the percentage of savings that will be allocated to the long-term savings vehicle, as well as the designation of its contingent beneficiaries for delivery of the benefits. The period of pensionable service will be considered in years and complete months of uninterrupted services from the time employees are hired and through their retirement, death or declaration of total or permanent disability dates. The retirement date will be the first day of the month immediately after the day they turn 65. The defined contribution must be a minimum equivalent to 1% of the salary established to this end. The company will match employee contributions. Employees may apply for early retirement (60 years), or continue working after they turn 65, as long as these exceptions are authorized by the Pension Plan Committee.

17. Lease assets (right-of-use) and lease liabilities–

The Group has entered into various operating lease agreements for buildings in which it operates some of offices, customer service centers (CSC) and warehouses. The terms stipulated in these contracts fluctuate mainly between one and 10 years and most contain automatic renewal options. The minimum amounts to be paid are adjusted primarily according to the CPI and all are in pesos. The Group is subject to sublease agreement restrictions in certain cases.

The Company leases minimum IT equipment under one- to three-year contracts. These leases are short-term and/or low-value item leases. The Group has decided not to recognize the right-of-use assets and liabilities for these leases.

Information on leases for which the Company is a lessee is presented below.

Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are comprised of the following:

	Network and technical signal distribution equipment	Buildings (Office, warehouse, and CIS)	Dark fiber network	Total
Balance at January 1, 2021	$ 2,251,340	322,781	–	2,574,121
Additions	1,402,678	93,688	–	1,496,366
Annual depreciation	(1,156,036)	(132,642)	–	(1,288,678)
Balance at December 31, 2021	2,497,982	283,827	–	2,781,809
Additions	165,182	323,905	298,302	787,389
Annual depreciation	(1,479,783)	(130,114)	(17,862)	(1,627,759)
Balance at December 31, 2022	**$ 1,183,381**	**477,618**	**280,440**	**1,941,439**

Short-term and long-term lease liabilities are as follows:

	2022 Current	2022 Noncurren	2021 Current	2021 Noncurren
On April 2021, a lease agreement was signed with ATC Holding Fibra México, S. de R.L. de C.V. for the exclusive and irrevocable right of use one to six pairs of Dark Fiber Optic threads through different Fiber Optic segments, said contract will be valid for 14 forced years from the date of disposition of each segment.	$ 4,725	288,840	–	–
Individual leasing contract in pesos of Network and technical equipment for signal distribution signed with BBVA Bancomer, S.A. Multiple Banking Insti-tution, on December 15, 2021, for $1,320,000, expiring on December 1, 2022, payable as at feb-ruary 1, 2022 through 11 monthly installments, accruing monthly interest rate of at the TIIE plus 0.85 percentage points. (1)	–	–	1,531,200	–
Total leases with related parties	165,020	592,458	135,316	612,514
Total buildings and dark fiber network	116,105	408,227	93,701	228,250
Total lease liabilities	285,850	1,289,525	1,760,217	840,764
Less leases with related parties (2) (note 25)	165,020	592,458	135,316	612,514
Total lease liabilities per the statement of financial position	$ 120,830	697,067	1,624,901	228,250

(1) On December 15, 2021, Telefonía por Cable, S.A. de C.V., as well as Megacable Holdings, S.A.B. de C.V. and Mega Cable, S.A. de C.V., as joint obligors, signed two financial leasing contracts in pesos with BBVA Bancomer, S.A. for $1,320,000, said contract expire on December 1, 2022, the total minimum payments will be less than a year.

As for the contracts indicated in the previous paragraph, the Group determined an effective interest rate in 2021 of 6.08% since they started to be paid as at February 1, 2022 in 11 monthly installment, respectively. Also, the fair value as at December 31, 2021 for the contracts is $1,531,200 and they are within level 2 in the fair value hierarchies.

(2) Network leasing and technical equipment for signal distribution (contracted before 2018)

On June 30, 2011, the subsidiary Mega Cable, S.A. de C.V. (MEGA), entered into a capacity provision agreement for high-capacity telecommunications services with Grupo de Telecomunicaciones de Alta Capacidad S.A.P.I. de C.V. (GTAC), which was granted a Concession Title by the Secretariat of Communications and Transportation (SCT) to install, operate and use a public telecommunications network, provide conveyance emission services, transmission of signals to concessionaires of public telecommunications networks, which is valid for 20 years and may be renewed in whole or in part.

These concessions cover the Pacific, Central and Gulf areas in Mexico, so MEGA will be making advance annual payments in the amount of $41,400 from July 2013 to 2029, for use of the trunk capacity until 2029; said payments are so that GTAC can maintain and repair the public network.

Following is a breakdown of the liability and payments, as well as the maturities of the financial lease, which liability is recorded in the Related parties Note (see Note 25).

Future minimum payments are summarized as follows:

		2022	2021
Up to 1 year	$	165,020	135,316
More than 1 year and up to 5 years		364,003	406,644
More than 5 years		228,455	205,870
	$	757,478	747,830

A breakdown of the payment reconciliation is as follows:

		2022	2021
Total financial lease:			
As at January 1	$	747,830	829,234
Increments		165,182	83,010
Payments		(155,534)	(164,414)
	$	757,478	747,830

Amounts recognized in the income statement from network and technical signal distribution equipment, buildings (offices, warehouses and CSC) and dark fiber network:

Leases under IFRS 16		2022	2021
Interest on income from leases	$	124,968	49,538

Total cash outflows for lease of network and technical signal distribution equipment, buildings (offices, warehouses and CSC) and dark fiber network:

Total cash outflows for leasing of buildings (offices, warehouses and CSC) during 2022 and 2021 were of $186,459 and $182,563, respectively.

Total cash outflows for leasing of network and technical equipment for signal distribution during 2022 and 2021 were of $1,531,200 and $1,166,394 which include Value Added Tax, respectively.

18. Equity–

a. The exhibited share capital and the number of shares are as follows:

		Number of Series “A” Shares Variable	Amount
Share capital as at December 31, 2022 and 2021	$	1,721,355,673	910,244

The shares representing the Group’s capital stock issued and outstanding are fully paid, without par value.

As at December 31, 2022 and 2021, there were 1,721,355,673 shares outstanding.

Series "A" shares have the following characteristics: they grant voting rights only in ordinary shareholders' meetings and have the same preference in the distribution of Group profits.

The reconciliation of the outstanding shares at the beginning and end of the year is as follows:

	Common shares	
	2022	2021
As at January 1	$ 1,714,952,191	1,720,075,673
Movement in the year, (purchases) net sales (i)	282,652	(5,123,482)
As at December 31	1,715,234,843	1,714,952,191
Treasury shares	6,120,830	6,403,482
Total subscribed shares	$ 1,721,355,673	1,721,355,673

As at December 31, 2022 and 2021, the Group owned 6,120,830 and 6,403,482 series "A" shares (treasury shares), respectively.

In the period ended December 31, 2022, expenses were incurred in issuing, placing, and registering debt securities for $18,500.

Repurchase of shares

Ordinary Participation Certificates (CPO, acronym in Spanish) are registered securities representing the provisional right on the returns and other benefits of titles or assets integrated in an irrevocable trust issued by the Group to be listed on the Mexican Stock Exchange, one CPO is equivalent to two series "A" shares.

i. During the year ended December 31, 2022, the Group purchased 3,060,415 Ordinary Participation Certificates (CPOs), which are equivalent to 6,120,830 shares of the variable portion of series "A" shares. The amount for said purchase was $145,427.

   During the year ended December 31, 2022, the Group sold 3,201,741 CPOs, equivalent to 6,403,482 shares of the variable portion of series "A" shares, for $151,127.

   The result of the operations mentioned in the two paragraphs above generated an effect of net purchases of CPOs for 141,326, equal to 282,652 shares of the variable portion of series "A" shares, these operations represent 0.001% of the total shares, resulting in a net movement of $(5,700).

ii. During the year ended December 31, 2021, the Group purchased 3,201,741 Ordinary Participation Certificates (CPOs), which are equivalent to 6,403,482 shares of the variable portion of series "A" shares. The amount for said purchase was $221,753.

   During the year ended December 31, 2021, the Group sold 640,000 CPOs, equivalent to 1,280,000 shares of the variable portion of series "A" shares, for $45,484.

   The result of the operations mentioned in the two paragraphs above generated an effect of net purchases of CPOs for 2,561,741, equal to 5,123,482 shares of the variable portion of series "A" shares, these operations represent 0.24% of the total shares, resulting in a net movement of $176,269.

Dividends

At the Ordinary Shareholders' Meetings held in 2022, the Company's shareholders agreed to decree dividends by cash payment via bank transfer for a net amount of $2,427,111. As of December 31, 2022 have been paid $2,418,083. Said dividend represented a dividend per share of $1.41 per series "A" share and $2.82, per "CPO" equal to two series "A" shares.

At the Ordinary Shareholders' Meetings held in 2021, the Company's shareholders agreed to decree dividends by cash payment via bank transfer for a net amount of $2,203,335. As of December 31, 2021 have been paid $2,202,490. Said dividend represented a dividend per share of $1.28 per series "A" share and $2.56, per "CPO" equal to two series "A" shares.

At the Ordinary Shareholders' Meetings of the subsidiaries, Corporativo de Comunicación y Redes de Gdl, S.A. de C.V. and, declared dividends of $93,112 in 2021, corresponding to the minority shareholders of the companies.

Reimbursement of minority shareholders

In 2021, At the Ordinary Shareholder Assembly of subsidiaries Werther Administración Integral, S.A.P.I. de C.V. y Servicios Especiales Turandot, S.A.P.I. de C.V., a reimbursement of shares for $200 corresponding to minority shareholders was made.

b. The balances of the fiscal accounts of the Company's equity (Megacable Holdings) are:

	2022	2021
Capital contribution account (CUCA acronym in Spanish)	$ 5,893,034	5,466,130
Net taxed profits account (CUFIN acronym in Spanish)	265,404	165,996

c. Tax provisions related to equity:

The profit for the year is subject to the legal provision that requires that at least 5% of the profit for each year be used to increase the legal reserve until it is equal to one fifth of the amount of paid-in capital.

In October 2013, the Mexican Congress and Senate approved the issuance of a new Income Tax Act (LISR) that entered into force on January 1, 2014. Among other aspects, this Law establishes a 10% profits tax generated as of 2014 on dividends paid to residents abroad and individuals.

In the event of a capital reduction, the procedures established by the LISR provide that any surplus of equity over the balances of the contributed capital accounts be given the same tax treatment as that applicable to dividends.

19. Earnings per share–

Net profit per share results from the division of net profit for the year by the weighted average of the Company's outstanding shares during the year, excluding the common shares acquired by the Company and held as treasury shares.

	2022	2021
Profit from the controlling interest	$ 3,584,776	3,468,606
Weighted average shares	$ 1,721,355,673	1,721,355,673
Ordinary earnings per share (pesos)	$ 2.08	2.02
Earnings per CPO (1)	$ 4.17	4.03

(1) It should be noted that a CPO corresponds to two series "A" shares.

20. Income tax (IT)–

Income Tax

The Income Tax Act that entered into force on January 1, 2014 establishes that the applicable income tax rate for 2014 and subsequent years is 30% on the taxable profit.

a) Profits tax are comprised as follows:

	2022	2021
Current income tax	$ (1,244,969)	(1,487,401)
Deferred income tax	(273,398)	(416,588)
Total	$ (1,518,367)	(1,903,989)

b) The reconciliation between the current and effective rates of the consolidated income tax are analyzed as follows:

	2022	2021
Earnings before profits tax	$ 5,271,554	5,533,346
Current rate	30%	30%
Income tax at the current legal rate	1,581,466	1,660,004
More (less) effect on the income tax of the following items:		
Annual adjustment for inflation, net	(451,174)	(90,298)
Non-deductibles	148,025	189,543
Prior years taxes	431,222	297,220
Infrastructure tax deduction	(191,172)	(152,480)
	$ 1,518,367	1,903,989
Effective rate	29%	34%

During 2022 the Group, the tax authorities and the participation of the public organization Procuraduría de la Defensa del Contribuyente (PRODECON acronym in Spanish), it was agreed to conclude a direct review corresponding to fiscal years 2009 and 2014 of one of the subsidiaries, in which the existence of applied tax loss carryforwards was questioned, as a result of such agreement, the Group made payments of $900,744 corresponding to $431,222 (which includes an accreditation of the IT on dividends for $91,692) of IT registered within the IT of the year, and $469,522 of actualizations and surcharges which were recorded within the finance cost.

During 2021 the Group, the tax authorities and the participation of the public organization Procuraduría de la Defensa del Contribuyente (PRODECON acronym in Spanish), it was agreed to conclude a direct review corresponding to fiscal years 2012 and 2013 of one of the subsidiaries, in which the existence of applied tax loss carryforwards was questioned, as a result of such agreement, the Group made payments of $755,983 corresponding to $382,731 (which includes an accreditation of the IT on dividends for $198,242) of IT registered within the IT of the year, and $373,252 of actualizations and surcharges which were recorded within the finance cost.

c) The deferred income tax balance is integrated as follows:

	2022	2021
Deferred tax asset		
Tax loss carryforwards	$ 279,703	452,396
Intangible assets	300,475	381,346
Estimate of credit losses	133,194	121,281
Inventory reserve	25,421	23,735
Labor obligations	57,064	35,519
Provisions and others	296,301	178,647
Trade advances	273,678	293,257
	1,365,836	1,486,181
Deferred income tax		
Property, networks and equipment, net	(3,430,617)	(3,314,947)
Advance payments	(244,139)	(265,221)
Leases, net	(337,062)	(278,597)
	(4,011,818)	(3,858,765)
Total of profits tax deferred, net	$ (2,645,982)	(2,372,584)

d) The movement of deferred tax assets and liabilities in the year is as follows:

Deferred tax asset:	Tax loss carryforwards	Intangible Assets	Estimate of credit losses	Labor obligations and others	Total
As at January 1, 2021	$ 412,183	414,206	102,243	436,243	1,364,875
Credited (charged) to Statement of income	40,213	(32,860)	19,038	94,915	121,306
As at December 31, 2021	452,396	381,346	121,281	531,158	1,486,181
Credited (charged) to Statement of income	(172,693)	(80,871)	11,913	121,306	(120,345)
As at December 31, 2022	$ 279,703	300,475	133,194	652,464	1,365,836

Deferred income tax liability:	Property, networks and equipment	Inventories and others	Total
As at January 1, 2021	$ (2,399,517)	(921,355)	(3,320,872)
(Charged) credited to the income statement	(915,430)	377,537	(537,893)
As at December 31, 2021	(3,314,947)	(543,818)	(3,858,765)
(Charged) credited to the income statement	(115,670)	(37,383)	(153,053)
As at December 31, 2022	$ (3,430,617)	(581,201)	(4,011,818)

The Group does not recognize deferred taxes for the purposes of deferred taxes on investments in subsidiaries and associates.

e) As at December 31, 2022 and 2021, the Group maintains accumulated consolidated tax losses for a total of $932,344 and $1,507,987, respectively, which right to be amortized against future consolidated earnings expires as follows:

Year of loss	December 31, 2021 Restated amount	Year of expiration
2014	$ 15,293	2024
2016	175	2026
2017	19,845	2027
2018	8,008	2028
2019	413,558	2029
2020	130,459	2030
2021	315,164	2031
2022	29,842	2032
	$ 932,344	

As of December 31, 2022 and 2021, deferred tax assets related to other permanent investment have been not recognized (note 26), since it is not probable that there will be future earnings against which the Group can use the corresponding benefits, however, this asset was not recognized by the Group has no intention of selling it.

	Other permanent investment 2022	Deferred tax asset not recognized 2022	Other permanent investment 2021	Deferred tax asset not recognized 2021
Other permanent investment	$ 624,762	187,429	580,830	174,249

21. Costs and expenses by nature–

The cost of services, and selling and administrative expenses are integrated as follows:

		2022	2021
Cost of services:			
Depreciation	$	5,232,147	4,351,091
Programming		2,660,338	2,642,838
Technical staff labor		2,150,602	1,923,820
Connections		438,513	356,748
Publicity and promotion		628,863	464,310
Links		699,661	467,438
Power sources		309,264	303,797
Amortization		258,540	306,328
Lease depreciation		147,975	132,642
External works		133,647	76,818
Other minor [works]		11,934	6,607
Call traffic		370,009	218,838
Total cost of services	$	13,041,493	11,251,275
Selling expenses			
Labor and benefits	$	2,846,974	2,560,568
Maintenance and conservation expenses		1,543,158	1,352,417
Depreciation		538,867	448,125
Leases		335,907	303,723
Sales commissions		242,959	256,641
Electric power		253,549	227,318
Insurance		217,540	114,984
Account statement preparation and courier services		2,850	38,837
Non-deductibles		89,297	50,539
Travel expenses		102,742	55,375
Transfer of securities		86,305	81,674
Stationery and office supplies		63,822	47,866
Freight		70,821	46,652
Safety and hygiene		83,833	77,270
Training and recruitment		37,869	25,970
Surveillance services		42,543	37,687
Telephones		86,228	33,252
Conventions		17,743	1,680
Equipment recovery		9,464	2,699
Fees and licenses		24,464	19,373
Labor cost		29,860	–
Other selling expenses		51,755	45,862
Total selling expenses	$	6,778,550	5,828,512

		2022	2021
Administrative expenses			
Advisory services	$	324,062	231,702
Labor and benefits		224,447	200,506
Bank fees		157,834	134,631
Depreciation		42,483	35,329
Leases		15,071	13,627
Safety and hygiene		6,609	6,092
Total administration expenses	$	770,506	621,887
Cost of services, selling and administrative expenses			
Labor and benefits (*)	$	5,222,023	4,684,894
Depreciation		5,813,497	4,834,545
Programming		2,660,338	2,642,838
Maintenance and conservation expenses		1,543,158	1,352,417
Links		438,513	356,748
Publicity and promotion		628,863	464,310
Connections		699,661	467,438
Sales commissions		242,959	256,641
Leases		350,978	317,350
Lease depreciation		147,975	132,642
Power sources		309,264	303,797
Amortization		258,540	306,328
Advisory services		335,726	231,702
Electric power		253,549	227,318
Insurance		217,540	114,984
Account statement preparation and courier services		2,850	38,837
Non-deductibles		89,297	50,539
Bank commission		157,834	134,631
Travel expenses		102,742	55,375
Transfer of securities		86,305	81,674
Stationery and office supplies		63,822	47,866
Bad debt reserve		50,773	125,266
External works		133,647	76,818
Call traffic		370,009	218,839
Freight		70,821	46,652
Safety and hygiene		90,442	83,362
Training and recruitment		37,869	25,970
Surveillance services		42,543	37,687
Telephones		86,228	33,252
Conventions		17,743	1,680
Equipment recovery		9,464	2,699
Fees and licenses		24,464	19,373
Labor cost		29,860	–
Other selling and administrative expenses		52,025	52,468
Total	$	20,641,322	17,826,940

(*) Employees benefits and compensation is as follows:

		2022	2021
Salaries, benefits and bonuses	$	**2,967,716**	2,792,800
Commissions		**972,560**	824,199
Taxes and fees		**1,204,146**	1,018,907
Employee profit sharing		**77,601**	48,988
	$	**5,222,023**	4,684,894

22. Analysis of other income, net–

The other income, net is comprised as follows:

		2022	2021
Other income			
Bonuses received	$	**17,239**	28,123
Exempt income		**24,406**	19,316
Provision reconciliations		**5,434**	9,083
Tax restatement		**5,622**	2,539
Cash Surpluses		**5,653**	2,523
Cancellation of provisions		**726**	643
Others		**2,693**	14,151
Total other income		**61,773**	76,378
Other expenses			
Loss on sale of fixed assets		**(1,661)**	(15,189)
Total other expenses		**(1,661)**	(15,189)
Total other income, net	$	**60,112**	61,189

23. Finance income and costs–

Finance income and expense are comprised as follows:

		2022	2021
Finance costs:			
Interest on bank loans and issued debt securities	$	**(1,230,068)**	(518,588)
Actualizations and surcharges for payment of IT from prior years		**(214,467)**	(373,252)
Interest on loans with related parties (Note 25)		**(60,395)**	(41,096)
Interest on leases		**(124,968)**	(49,538)
Changes losses, net		**–**	(51,386)
Finance costs		**(1,629,898)**	(1,033,860)
Finance income:			
Interest income from short-term bank deposits		**167,001**	126,851
Interest income from loans to related parties (Note 25)		**101,270**	64,278
Changes incomes, net		**102,637**	–
Finance income		**370,908**	191,129
Total	$	**(1,258,990)**	(842,731)

24. Commitments and contingencies–

a) Commitments

i. Concessions

Pursuant to the terms and conditions of the concessions, the subsidiary companies that hold concession titles granted by the SCT and/or IFT to operate the services, must comply with certain obligations.

Failure by the Group to comply with said obligations could imply penalties. In addition, the Group's concessions are subject to revocation only for serious causes, such as interruption of service, repeated failure to comply with the obligations or conditions established in the concession titles, the assignment or transfer of the rights conferred by the concessions in contravention of the provisions of the Law.

In any of these cases, the concession may be revoked without the government being bound to pay any compensation to Mega Cable, S.A. de C.V. If the IFT revokes any of the Group's concessions, it could not operate within the area of the revoked concession or obtain new concessions to operate in said or any other area for a five-year period.

The revocation of any of the Company's concessions would have a significant adverse effect on its activities, financial position and income statement.

ii. Contractual

The Group has contracts entered into in 2019 and 2020 for the provision of implementation and supply services under the "turnkey" modality of the GPON network, which mainly consists of an FTTH network (Fiber To The Home), which will be implemented in the main cities where the Group is present.

The Group has obligations to do and not to do with financial institutions in relation to current loan contracts. Said contracts include clauses that prohibit the Group from carrying out activities such as the sale of fixed assets or the merger with a third party (except with prior notice and authorization from the financial institution).

Additionally, the loan agreement requires the fulfillment of certain financial ratios.

b) Contingencies

As of the date of issuance of these financial statements, the following relevant lawsuits have been brought against the Group that could represent an economic impact:

i) Various labor lawsuits with an initial claimed amount of $353,226 of which the Group Attorneys have confirmed that the high risk litigation of obtaining an unfavorable judgment amounts to $47,207. The Group set aside an accounting reserve from previous years on this last amount.

ii) In the case of an audit by the tax authorities, discrepancies could be identified in the criteria applied by the Group to determine its taxes. The tax authorities have not reported any inconsistency in the taxes determined and paid by the Group, except as follows:

As of the date of issuance of these financial statements, its subsidiaries have received notifications from the General Administration of Large Taxpayers (SAT), determining tax credits by the subsidiaries for $3,563,006 for Income Tax (ISR) and Special Tax on Production and Services (IEPS), both include surcharges and fines for fiscal years 2008, and 2011; however, the Group's Management and its attorneys confirm that they have the necessary elements to obtain a favorable ruling, in the means of defense that it has filed.

25. Related parties and operations–

a) The main balances with related parties are as follows:

Entity	Type of relationship	Line item	2022	2021
Long-term accounts receivable:				
Grupo de Telecomunicaciones de Alta Capacidad, S.A.P.I. de C. V. (GTAC) (1)	Joint venture	Loan granted	$ **996,475**	916,876
Accounts payable:				
Grupo de Telecomunicaciones de Alta Capacidad, S.A.P.I. de C. V. (GTAC) (2)	Joint venture	Lease	$ **757,478**	747,830
Minus short-term accounts payable			**(165,020)**	(135,316)
Total long-term accounts payable			$ **592,458**	612,514

(1) The long-term account receivable as at December 31, 2022 and 2021 is originated by a current account loan granted to its joint venture GTAC, for up to USD 20 million. The loan is due on December 31 2030 and accrues monthly interest at the 28-day interbank rate plus two percentage points. The effective rate as at December 31, 2022 and 2021 was 9.91% and 6.63%, respectively. As at December 31, 2022 and 2021, the fair value of the account receivable is $1,028,855 and $878,140, respectively, and is at level 2 of fair value.

(2) The account payable for leases as at December 31, 2022 and 2021, corresponds to the contract entered into for the provision of capacity for telecommunications services with GTAC executed on August 1, 2012. Said contract specifies that the Group will make annual payments of $41,400 over the next 18 years, that will be increased annually through the National Consumer Price Index (CPI). The contract also establishes that the payments corresponding to years 10 through 18 can be paid in advance. In addition, this account payable corresponds to the financial lease additions acquired by a Group subsidiary, which is paid at 10 years, according to the present calculation value. See Note 17.

The implicit annual interest rate determined for the payments that the Group will make will be TIIE plus 1.22 percentage points or 6%, whichever is less. The effective rate in 2022 and 2022 was 6.0%.

The fair value as at December 31, 2022 and 2021 of the account payable is $763,987 and $690,069, respectively. Said fair value is based on discounted cash flows using the discount rate calculated by Management and are within level 2 in the fair value hierarchies.

b) The following transactions were completed over the course of the year:

Entity	Type of relationship	Line item	2022	2021
Altán Redes, S. A. P. I. de C. V.	Joint venture	Service revenues	$ 302,410	317,885
Grupo de Telecomunicaciones de Alta Capacidad, S. A. P. I. de C. V. (GTAC)	Joint venture	Maintenance	115,589	100,312
Grupo de Telecomunicaciones de Alta Capacidad, S. A. P. I. de C. V. (GTAC)	Joint venture	Interest income	101,270	64,278
Grupo de Telecomunicaciones de Alta Capacidad, S. A. P. I. de C. V. (GTAC)	Joint venture	Maintenance revenues	5,864	5,652
Grupo de Telecomunicaciones de Alta Capacidad, S. A. P. I. de C. V. (GTAC)	Joint venture	Interest expenses	60,395	41,096

The goods are acquired from the joint venture under regular commercial terms and conditions.

c) Compensation of key personnel

Key personnel include directors and members of the Executive Committee. Compensation paid or payable to these executives for their services is as follows:

	2022	2021
Short-term benefits	$ 86,719	84,823
Termination benefits	40,269	37,497
	$ 126,988	122,320

d) Loans to related parties receivable long term.

	2022	2021
Total loans to related parties (1):		
As at January 1	$ 916,876	978,473
Loans granted in the year	211,077	103,302
Loan collections	(114,963)	(200,258)
Interest collected	(117,785)	(28,919)
Interest charged	101,270	64,278
As at December 31	$ 996,475	916,876

1) See subsection a).1) above.

For the years ended December 31, 2022 and 2021, there are no loan balances granted to key administration personnel.

26. Other assets–

The other assets are comprised as follows:

		2022	2021
Other permanent investment (1)	$	624,762	580,830
Impairment of other permanent investment (2)		(624,762)	(580,830)
Total other permanent investment	$	–	–
Commissions		378,777	196,108
Prepayments and others		60,185	47,772
Total other non-current assets	$	438,962	243,880

(1) Corresponds to another permanent investment in Altán Redes, S.A.P.I. de C.V. (Altán).

In 2016, Altán won the international bidding process published by the Secretariat of Communications and Transportation, to build and operate the shared wholesale network. In January 2017, Altán obtained a 20 year concession title for commercial use as a wholesale shared network.

Grupo Megacable as at December 31, 2021 had 3.9216% of Altán's equity, obtained through cash contributions and through a telecommunications services provision plan. Grupo Megacable may not have significant influence on the Altán operation, therefore, its participation is made through the acquisition of a special series of shares without voting rights that consists primarily of contributing services and capabilities.

At the General Extraordinary Stockholder Meeting of Altán Redes, S.A.P.I. de C.V., on June 1, 2022, the stockholders approved, among other issues, a corporate restructure that resulted in the Company's share in Capital Stock of Altan increasing from 3.9216% to a total of 4.2059%, however, this share does not grant the right to vote in the Board of Directors of Altán.

At the same Meeting, the stockholders agreed on new financing from different creditors by entering into credit contract "Jumbo-DIP Financing". A substantial part of this financing came from creditors of the Government Public Sector, including the National Bank of Public Works and Services, National Credit Company, Development Banking Institution; Nacional Financiera, National Credit Company, Development Banking Institution and the National Foreign Trade Bank, National Credit Company, Development Banking Institution.

(2) By calculating Altán's investments at market value, an impairment in the investment was determined as at December 31, 2022 and 2021, the Group recorded $43,932 and $492,330 as impairment, as at December 31, 2021, it is 100% impaired.

Until the time of restructure, Grupo Megacable in addition to being a shareholder, is a provider and client of telecommunications services with Altán.

27. Cash changes considered part of financing activities–

The net debt as at December 31, 2022 and 2021 is integrated as follows:

Net debt (liabilities arising from financing activities)	2022
Bank loans payable in 1 year	$ (3,082,145)
Bank loans payable after 1 year	(3,448,524)
Issuance of debt securities payable in 1 year (Interest)	(203,968)
Issuance of debt securities payable after 1 year	(7,000,000)
Lease liabilities with third parties payable in 1 year	(120,830)
Lease liabilities with third parties payable over 1 year	(697,067)
Lease liabilities with related parties payable in 1 year	(165,020)
Lease liabilities with related parties payable over 1 year	(592,458)
Net debt as at December 31, 2022	$ (15,310,012)

Net debt (liabilities arising from financing activities)	2021
Bank loans payable in 1 year	$ (2,917,588)
Bank loans payable after 1 year	(3,458,069)
Lease liabilities with third parties payable in 1 year	(1,624,901)
Lease liabilities with third parties payable over 1 year	(228,250)
Lease liabilities with related parties payable in 1 year	(135,316)
Lease liabilities with related parties payable over 1 year	(612,514)
Net debt as at December 31, 2021	$ (8,976,638)

Net debt as at December 31, 2022		Lease liabilities with related parties payable in one year	Lease liabilities with related parties payable over one year	Lease liabilities with third parties payable in one year	Lease liabilities with third parties payable over one year	Bank loans and Issuance of debt securities of less than 1 year maturity	Bank loans and Issuance of debt securities valid for more than 1 year	Total
Net debt at January 1, 2022	$	(135,316)	(612,514)	(1,624,901)	(228,250)	(2,917,588)	(3,458,069)	**(8,976,638)**
Accrued interest		(60,395)	–	(124,968)		(1,230,068)		**(1,415,431)**
Cash flow - Principal payments (1)		95,450	–	1,531,200	–	2,927,133	–	**4,553,783**
Cash flow - Interest payments		60,395	–	124,968	–	1,026,100	–	**1,211,463**
Increase in accounts payable		(105,098)	–	(27,129)	(468,817)	(10,082,145)	–	**(10,683,189)**
Short-term transfer		(20,056)	20,056	–	–	6,990,455	(6,990,455)	**–**
Net debt as at December 31, 2022	**$**	**(165,020)**	**(592,458)**	**(120,830)**	**(697,067)**	**(3,286,113)**	**(10,448,524)**	**(15,310,012)**

Net debt as at December 31, 2021		Lease liabilities with related parties payable in one year	Lease liabilities with related parties payable over one year	Lease liabilities with third parties payable in one year	Lease liabilities with third parties payable over one year	Bank loans of less than 1 year maturity	Bank loans valid for more than 1 year	Total
Net debt at January 1, 2021	$	(100,149)	(729,085)	(1,291,230)	(231,510)	(459)	(6,358,954)	(8,711,387)
Accrued interest		(41,096)	–	(49,538)	–	(518,588)	–	(609,222)
Cash flow - Principal payments (1)		208,401	–	1,348,957	–	459	–	1,557,817
Cash flow - Interest payments		41,096	–	–	–	518,588	–	559,684
Cash flow – Interest payments Cash flow – Financing for assets acquisition see note 17		–	–	(1,531,200)	–	–	–	(1,531,200)
Increase in accounts payable		(126,997)	–	(98,630)	–	(16,703)	–	(242,330)
Short-term transfer		(116,571)	116,571	(3,260)	3,260	(2,900,885)	2,900,885	–
Net debt as at December 31, 2021	$	(135,316)	(612,514)	(1,624,901)	(228,250)	(2,917,588)	(3,458,069)	(8,976,638)

(1) Includes the payment corresponding to the lease with related parties.

Account receivable with related parties as of December 31, 2022 and 2021 is integrated as follows:

		2022	2021
Total loans to related parties:			
As at January 1	$	916,876	978,473
Loans granted in the year		211,077	103,302
Loan collections		(114,963)	(200,258)
Interest collected		(117,785)	(28,919)
Interest charged		101,270	64,278
As at December 31	$	996,475	916,876

Financing activities related to capital movements December 31, 2022 and 2021 are integrated as follows:

		2022	2021
Purchased shares	$	145,427	221,753
Sold shares		(151,127)	(45,484)
Dividends paid		2,559,241	2,295,602
	$	2,553,541	2,471,871

28. Financial information by operating segments–

The Chief Executive Officer is the highest authority in the Group's operational decision-making. Consequently, Management has determined the operating segments to report based on the internal management reports reviewed by that body to make strategic business decisions.

The Chief Executive Officer analyzes the business from a geographic and product perspective. As at December 31, 2022 and 2021, there were no changes based on this analysis.

The Chief Executive Officer evaluates the performance of operating segments based on operating profit. The result for interest earned and lost is not assigned to the segments, since this activity is the responsibility of the treasury, which manages the Group's liquidity.

Segment information is reported based on the information used by the Chief Executive Officer for strategic and operational decision making processes. An operating segment is defined as a component of an entity for which there is separate financial information that is regularly evaluated.

The Group's segment revenues are as follows:

Cable

It includes the operation of cable television systems in different states of Mexico and generates income mainly from basic and premier services. This segment also includes cable subscriber setup, pay-per-view fees, local and national advertising sales.

Internet

Includes high-speed services provided to residential and commercial customers.

Telephony

Although the Telephony segment does not meet the quantitative limits required under IFRS 8 to be reported separately, Group Management has done so because it believes that the potential growth of this segment will imply that it contributes significantly to the income of the Group in the future. The telephony receives its income from digital fixed telephony from the internet protocol, from services provided to residential and commercial customers.

Business

It includes the Metrocarrier, MCM, Ho1a and PCTV units, focused on the different connectivity, equipment, administrative services and content segments.

Other segments

It represents operating segments that individually comprise less than 10% of the consolidated total. Others include TV and broad-cast program production operations, point distribution services, virtual private network and other network services.

Corporate costs are distributed in the different segments.

IFRS 8 requires the disclosure of a segment's assets and liabilities if the measurement is regularly provided to the decision-ma-king body; however, in the Group's case, the Chief Executive Officer only evaluates the performance of the operating segments based on the analysis of the income, operating profit and assets, but not the liabilities of each segment.

The income reported by the Group represents the income generated by external customers since there are no intersegment sales.

a) Income and results by segment:

December 31, 2022		Cable	Internet	Telephony	Business	Others (*)	Consolidated Total
Service revenues	$	9,867,238	8,994,848	2,461,689	5,179,860	652,051	**27,155,686**
Cost of services, and selling and administrative expenses		7,500,191	6,837,078	1,871,156	3,937,266	495,631	**20,641,322**
Earnings before other income		2,367,047	2,157,770	590,533	1,242,594	156,420	**6,514,364**
Other income, net		21,842	19,911	5,449	11,466	1,444	**60,112**
Operating profit		2,388,889	2,177,681	595,982	1,254,060	157,864	**6,574,476**
Finance cost, net							**(1,258,990)**
Impairment of other permanent investment							**(43,932)**
Income tax							**(1,518,367)**
Consolidated net income	$						**3,753,187**

December 31, 2021		Cable	Internet	Telephony	Business	Others (*)	Consolidated Total
Service revenues	$	9,485,693	8,225,288	2,349,568	4,197,818	375,791	24,634,158
Cost of services, and selling and administrative expenses		6,864,488	5,952,374	1,700,306	3,037,824	271,948	17,826,940
Earnings before other income		2,621,205	2,272,914	649,262	1,159,994	103,843	6,807,218
Other income, net		23,562	20,431	5,836	10,427	933	61,189
Operating profit		2,644,767	2,293,345	655,098	1,170,421	104,776	6,868,407
Finance cost, net							(842,731)
Impairment of other permanent investment							(492,330)
Income tax							(1,903,989)
Consolidated net income	$						3,629,357

(*) The "Others" segment is comprised primarily of revenues from megacanal, video rola, and others.

The presentation by segments previously disclosed is the same one Management used in the periodic review processes on the Group's performance.

Taxes and financial costs are managed at the Group level and not within each of the reported segments. As a result, this information is not presented as distributed in each segment reported. Operating profit is the key performance indicator for the Company's management, which is reported monthly to the Chief Executive Officer.

b) Other information by segments:

December 31, 2022		Cable	Internet	Telephony	Business	Others (*)	Consolidated total
Property, networks and equipment by segment	$	27,321,025	7,564,976	775,974	7,405,095	2,147,383	**45,214,453**
Acquisitions and net disposals in the year of property, networks and equipment	$	7,776,980	1,532,090	26,059	546,386	4,387,704	**14,269,219**
Depreciation of fixed assets	$	3,194,847	884,628	90,740	865,932	251,109	**5,287,256**

December 31, 2021		Cable	Internet	Telephony	Business	Others (*)	Consolidated total
Property, networks and equipment by segment	$	23,537,329	5,836,131	771,583	2,446,641	3,928,187	36,519,871
Acquisitions and net disposals in the year of property, networks and equipment	$	5,991,015	1,485,485	196,393	622,750	999,852	9,295,495
Depreciation of fixed assets	$	2,793,148	692,567	91,563	290,340	466,153	4,333,771

Some fixed assets included in the cable segment are also used in other segments, such as internet and telephony; however, the cost of these assets is assigned only to cable.

c) Information by geographic location:

i. Analysis of net income by geographic location:

State	Total service revenues 2022	Total service revenues 2021
Jalisco	$ 4,511,069	2,811,238
Mexico City	584,063	1,740,166
Sonora	2,633,515	2,502,744
Sinaloa	2,227,424	2,100,854
Puebla	2,096,365	1,898,946
State of Mexico	2,368,348	2,168,141
Guanajuato	2,204,224	1,987,943
Michoacán	2,147,125	1,922,638
Veracruz	1,790,261	1,655,524
Durango and Coahuila	1,549,825	1,483,482
Querétaro	1,223,578	1,078,584
Chiapas	755,377	654,420
Nayarit	477,530	517,945
Baja California Sur	458,953	400,523
Colima	353,483	348,782
Oaxaca	360,078	325,958
Zacatecas	337,358	316,812
Nuevo León	324,659	220,093
Morelos	187,717	170,152
Guerrero	138,045	123,390
Chihuahua	106,814	84,834
Quintana Roo	96,997	12,083
Hidalgo	58,101	43,143
Tabasco	11,345	6,410
San Luis Potosí	9,456	4,216
Others	143,976	55,137
Consolidated total	$ 27,155,686	24,634,158

State	Property, networks and computers 2022	Property, networks and computers 2021	Network and equipment acquisitions 2022	Network and equipment acquisitions 2021
Jalisco	$ 17,983,959	13,886,323	7,697,511	4,808,641
Sonora	3,986,236	2,462,971	1,218,370	389,446
Sinaloa	2,717,660	2,106,201	443,727	438,765
Puebla	2,700,049	2,485,536	460,656	455,301
Veracruz	2,699,756	2,179,557	685,069	409,867
State of Mexico/Mexico City	2,483,806	3,003,298	537,136	623,743
Guanajuato	2,260,041	2,161,095	356,101	434,113
Durango and Coahuila	2,200,301	1,746,887	586,534	356,827
Michoacán	1,910,985	1,708,832	381,997	495,564
Querétaro	1,900,219	1,699,563	342,502	382,909
Chiapas	893,131	737,876	207,128	122,734
Colima	475,964	338,432	93,149	32,477
Baja California Sur	450,564	408,679	135,728	87,654
Oaxaca	446,333	316,472	131,179	40,322
Nayarit	402,311	355,266	286,066	68,082
Zacatecas	342,367	292,053	44,346	25,876
Guerrero	341,650	194,479	71,568	10,907
Morelos	233,829	115,056	48,249	8,228
Chihuahua	203,745	141,033	101,730	27,033
Aguascalientes	167,901	35,506	150,163	35,235
Others	413,646	144,756	290,310	41,771
Consolidated total	$ 45,214,453	36,519,871	14,269,219	9,295,495

ii. Analysis of income from services to external customers by product:

	2022	2021
Cable Segment		
Basic cable	$ 3,678,550	4,016,569
Premier cable	3,290,354	2,973,598
Lifeline cable	2,898,334	2,495,526
Total cable segment	9,867,238	9,485,693
Internet segment		
High speed residential internet	7,913,789	7,255,522
High speed commercial internet	1,081,059	969,766
Total Internet segment	8,994,848	8,225,288
Telephone segment		
Residential telephony	2,241,216	2,099,938
Commercial telephony	220,473	249,630
Total telephony segment	$ 2,461,689	2,349,568
Business Segment		
Metrocarrier	$ 2,592,401	2,104,157
MCM	1,205,421	1,062,084
Ho1a	1,016,019	707,695
PCTV	366,019	323,882
	5,179,860	4,197,818
Others	652,051	375,791
Total business segment and others	5,831,911	4,573,609
Total consolidated service revenues	$ 27,155,686	24,634,158

29. Subsequent events–

In January 2023, the Group contracted technical equipment and network for signal distribution through a lease in pesos entered into with BBVA Bancomer, S.A. Multiple Banking Institution, in the amount of $1,500,000, maturing at the end of 2023, with monthly interest at a fixed rate of 11.65%.

On April 4, 2023, the Group settled the drawdown of the simple credit entered into with Banco Santander, S.A. Institución de Banca Múltiple on October 6, 2022 for $1,100,000 (nominal), which accrued monthly interest at a TIIE rate plus 0.35 percentage points, likewise, on that same date the Group arranged $1,100,000 (nominal), which accrued interest monthly at the TIIE rate plus 0.40 percentage points and maturing on May 4, 2023.

30. Authorization to issue the consolidated financial statements–

The issuance of the consolidated financial statements and the corresponding notes was authorized by Enrique Yamuni Robles (Chief Executive Officer) and Luis Antonio Zetter Zermeño (Chief Finance and Administration Officer), on April 26, 2023, for approval by the Audit Committee and the Board of Directors. These consolidated financial statements will be presented at the Shareholders Meeting for approval.

INVESTOR INFORMATION

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