

Highlights

- ⊗ 2Q23 Consolidated Revenues totaled Ps. 7,374 million, posting a 10% increase over 2Q22, maintaining the solid growth trend observed since 2018.
- ⊗ At the end of 2Q23, Unique Subscribers increased 12% or 500 thousand net additions when compared to 2Q22, achieving the highest figure in the last 7 years, to reach 4.7 million.
- ⊗ The Internet Segment registered 536 thousand net additions when compared to 2Q22, growing 14%, Telephony and Video posted 629 thousand and 302 thousand new subscribers, up 20% and 9%, respectively. This resulted in a 1.5 million growth of RGUs, the highest quarterly growth in the Company's history.
- ⊗ The Corporate Segment revenues posted a 15% growth when compared to 2Q22, reaching Ps. 1,353 million, highlighting the ho1a's 31% increase, as well as MetroCarrier and MCM that grew 15% and 9%, respectively.
- ⊗ 2Q23 Consolidated EBITDA reached Ps. 3,287 million, while EBITDA from cable operations totaled Ps. 3,094 million, with margins of 44.6% and 46.1%, respectively, remaining at the same levels in both annual and sequential basis.
- ⊗ In this period, the Company added more than 963 thousand homes passed and activated 5,010 new km of network, to reach 13.5 million and 86.2 thousand, respectively.

Guadalajara, Jalisco, Mexico, July 27, 2023 - Megacable Holdings S.A.B. de C.V. ("Megacable" or "the Company") (BMV: MEGA.CPO) announced today its financial results for the second quarter of 2023 (2Q23). Figures were prepared in accordance with International Financial Reporting Standards (IFRS). All figures are expressed in thousands of Mexican pesos (Ps.), unless otherwise stated.

Consolidated Financial and Operational Results

	2Q23	2Q22	% Var
Income	7,373,694	6,681,186	10.4%
Mass Segment Income	6,020,731	5,499,848	9.5%
EBITDA	3,287,374	3,257,602	0.9%
EBITDA Margin	44.6%	48.8%	
Net Profit	867,804	1,016,566	(14.6%)
Cash and short-term investments	1,213,741	1,767,467	(31.3%)
Net Debt	18,345,265	7,807,899	135.0%
CAPEX	2,930,455	2,796,457	4.8%
Mkt. Cap (Ps. Millions)	33,980	42,061	(19.2%)
Subscribers			
Unique	4,690,919	4,190,307	11.9%
Internet	4,448,477	3,912,475	13.7%
Video	3,845,844	3,543,478	8.5%
Telephony	3,762,866	3,134,337	20.1%
Mobile services	390,788	433,894	(9.9%)
Total RGUs	12,057,187	10,590,290	13.9%
Other Data			
Home Passed	13,450,700	10,114,510	33.0%
Network Kilometers	86,222	69,312	24.4%
Employees	30,455	25,132	21.2%

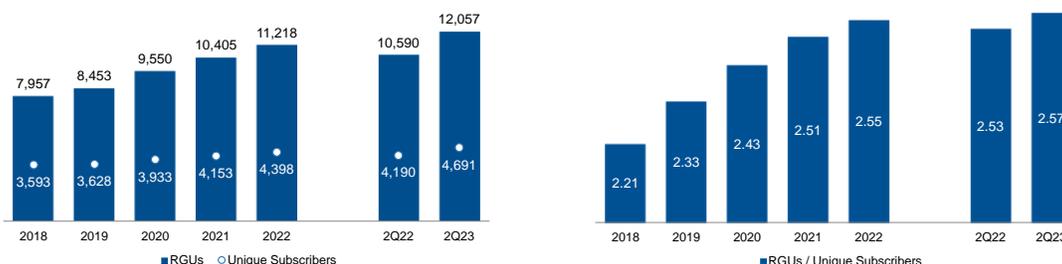


General Remarks

During this quarter Mega recorded solid operating results, highlighting RGUs with the highest number of net additions in the Company's history and the highest unique subscriber growth since 2016, in line with the expansion project, with record figures in homes passed and additional kilometers activated. The aforementioned drove double-digit revenue increase and the continuation of the EBITDA growth trend, these latter also registering the highest levels for a single quarter.

Unique Subscribers and Revenue Generating Units (RGUs)

At the end of the second quarter, the Company registered 4'690,919 unique subscribers, a growth of 11.9% compared to 2Q22, or 501 thousand net adds, the highest growth for the Company since 2Q16. In a sequential basis, 150 thousand new unique subscribers were registered, the highest figure of the last seven years. This was the result of a successful sales strategy, including the entry into new territories with the expansion project and a lower churn rate on an annual basis. On the other hand, RGUs reached over 12.1 million, an increase of 13.9% compared to the same quarter last year, driven by subscriber growth in the three Mass Segment Services. Revenue generating units per unique subscriber maintained its growth trend to reach 2.57.

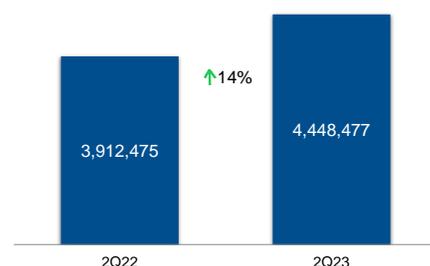


Note: Mobile services subscribers are not included in total RGUs.

Internet Subscribers

At the end of 2Q23, the Internet segment reached 4'448,477 subscribers, a growth of 13.7% or 536 thousand net adds compared to 2Q22. In this period, the Company registered 163 thousand new subscribers, the highest figure since September 2020, growing 3.8% compared to 1Q23.

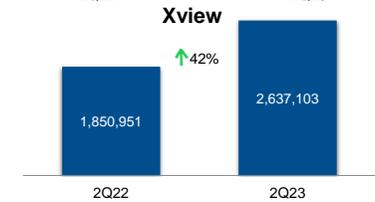
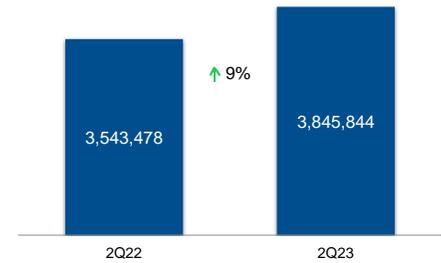
At the end of the period, 55% of subscribers received their service through fiber technology, while 86% are served at speeds of 50 megabytes or more, compared to 56% in 2Q22. This is a result of the bandwidth increases that the Company has achieved and pretty much in line with the infrastructure investments of recent years.



Video Subscribers

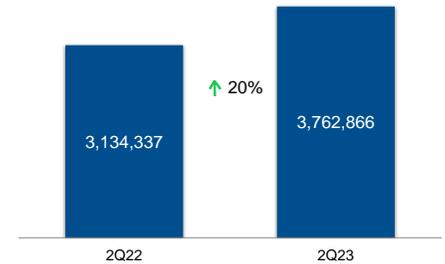
The Video Segment reached 3'845,844 subscribers at the end of 2Q23, registering 302 thousand net adds or 8.5% growth versus 2Q22. Compared to the previous quarter, the Video Segment subscriber base grew 2.2%, or 84 thousand net adds.

The Xview platform maintained its upward trend and reached 2'637,103 subscribers, representing a 42.5% growth and more than 786 thousand net adds compared to 2Q22. Sequentially, there were close to 124 thousand new subscribers. The above, through 3'950,925 set top boxes (STB).



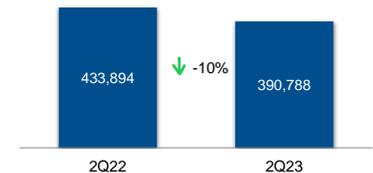
Telephony Subscribers

The Telephony segment closed the quarter with 3'762,866 subscribers, registering 629 thousand net adds compared to 2Q22, an increase of 20.1%. During the quarter, the Company registered 184 thousand new subscribers, an increase of 5.1%. The growth of this service is mainly driven by the Company's bundling strategy.



Mobile Services Subscribers

At the end of the quarter, the Mobile Services Segment reached 390,788 lines, adding over 14 thousand new users, continuing the last quarter's growth trend. The Company remains focusing on postpaid services, with a better ARPU and revenue growth contribution to this business unit.



Churn Rate

The churn rate of the Mass Segment Services decreased significantly when compared to 2Q22. Compared to the previous quarter, the three services remained practically at the same levels, even with the rate adjustment made in May.

	2Q23	1Q23	2Q22
Internet	1.9%	1.9%	2.7%
Video	2.0%	2.0%	2.6%
Telephony	2.0%	2.1%	2.9%



Revenues

2Q23 total revenues reached Ps. 7,374 million, an increase of 10.4% compared to 2Q22. Revenues for the Mass Segment grew 9.5%, the highest since 4Q20. This was the result of a higher number of unique subscribers, rate increases during the period, as well as revenues from additional services. In the same comparative basis, revenues from the Corporate Segment recorded their seventh consecutive quarter of double-digit growth, increasing 14.5% compared to 2Q22.

	2Q23	2Q22	%Var	6M23	6M22	%Var
Internet	2,528,111	2,266,175	12%	4,927,244	4,457,198	11%
Video	2,660,191	2,447,200	9%	5,274,307	4,877,710	8%
Telephony	643,741	629,630	2%	1,267,553	1,283,973	-1%
Mobile Service	177,592	144,168	23%	347,472	278,505	25%
Others	11,096	12,676	-12%	23,012	25,826	-11%
Total Mass Market	6,020,731	5,499,848	9%	11,839,588	10,923,211	8%
Corporate	1,352,962	1,181,338	15%	2,686,294	2,320,401	16%
Total	7,373,694	6,681,186	10%	14,525,881	13,243,612	10%

ARPU

ARPU per unique subscriber reached Ps. 420.8, practically unchanged from 1Q23 and showing a decrease versus 2Q22, when an extraordinary figure was reported due to the low volume of subscriber growth in that period. Regarding ARPUs by service, Internet and Video segments registered similar levels than 2Q22, while in a sequential basis Internet increased slightly, but Video and Telephony decreased. On the other hand, the ARPU of Mobile Services presented a significant increase compared to 2Q22 due to the focus on postpaid packages, which have a higher contribution.

	2Q23	2Q22	% Var	1Q23	% Var
ARPU (1) (Ps.)					
Unique subscriber (2)	420.8	427.3	-2%	420.4	0%
Internet	192.3	194.0	-1%	189.3	2%
Video	232.7	230.7	1%	233.9	-1%
Telephony	58.1	67.6	-14%	59.2	-2%
Mobile Services	153.2	110.9	38%	152.1	1%

Note:

- (1) ARPU, or average revenue per unit for each segment, is the result of calculating total revenue for the corresponding segment during the period, divided by the average number of subscribers for the corresponding period.
- (2) Mobile Services revenues are not included in the ARPU per unique subscriber calculation

Corporate Telecom Segment Revenues

Corporate Telecom Segment revenues increased 16.1% compared to 2Q22. This performance was largely supported by the growth in ho1a, MetroCarrier and MCM of 30.7%, 15.3% and 8.9%, respectively, driven by special projects, with large corporations and the public sector. The participation of this segment was 17.1% of the Company's total revenues, compared to a 16.2% in 2Q22.

	2Q23	2Q22	%Var	6M23	6M22	%Var
MetroCarrier	696,786	604,471	15%	1,394,383	1,203,163	16%
ho1a	238,029	182,105	31%	467,331	367,282	27%
MCM	324,294	297,864	9%	639,405	574,160	11%
Corporate Telecom	1,259,109	1,084,440	16%	2,501,119	2,144,605	17%
PCTV	93,853	96,898	-3%	185,175	175,796	5%
Total	1,352,962	1,181,338	15%	2,686,294	2,320,401	16%



Cost & Expenses

During this quarter, cost of services rose 23.8% compared to 2Q22, while operating expenses increased 14.5%. This was due to costs related to the Company's growth and expansion, and a larger operational scale of ho1a in the Corporate Segment. As a result of the aforementioned and a higher depreciation, Operating Income decreased 2.6% compared to 2Q22. However, it registered a 16.9% growth in a sequential basis.

EBITDA

2Q23 Consolidated EBITDA reached Ps. 3,287 million, which represents a slight increase when compared to 2Q22, with a consolidated margin of 44.6%, despite the execution of the expansion project. Likewise, adjusted EBITDA from Cable Operations reached Ps. 3,094 million, a slight increase compared to 2Q22, with a margin of 46.1%.

	2Q23	2Q22	%Var	6M23	6M22	%Var
Consolidated operating profit	1,675,872	1,720,825	-3%	3,109,866	3,509,594	-11%
Consolidated depreciation and amortization	1,611,501	1,536,777	5%	3,446,203	2,976,496	16%
Consolidated EBITDA ⁽¹⁾	3,287,374	3,257,602	1%	6,556,068	6,486,090	1%
Consolidated EBITDA Margin	44.6%	48.8%		45.1%	49.0%	
MCM, Ho1a and PCTV EBITDA	193,814	192,256	1%	377,857	360,734	5%
Cable Adjusted EBITDA ⁽²⁾	3,093,559	3,065,346	1%	6,178,212	6,125,356	1%
EBITDA Margin of Cable	46.1%	50.2%		46.7%	50.5%	

Notes:

(1) Consolidated EBITDA is calculated by adding to the net income/loss the following: depreciation and amortization, net comprehensive financing result, non-recurring expenses (income), total income tax, employee profit sharing, interests in affiliated and associated companies, and non-controlling interest.

(2) Adjusted EBITDA for the Cable operations is calculated by subtracting MCM, PCTV and Ho1a EBITDA from Consolidated EBITDA.

Net Comprehensive Financing Result

During the quarter, the Company recorded a net financing expense of Ps. 452.9 million, mainly comprised of net interest expense, resulting from the higher debt compared to 2Q22, and a foreign exchange gain recorded during the period.

	2Q23	2Q22
Net Exchange Profit	19,855	12,339
Interest Income	98,003	67,427
Interest Expense	570,715	208,852
Net Comprehensive Financial Result	(452,857)	(129,086)



Net Income

Net income for the quarter closed at Ps. 868 million, lower than 2Q22. This was due to higher financial expenses, as a result of a larger outstanding debt and the depreciation derived from investments made in recent years. However, in a sequential basis, an 8.9% growth was recorded.

Net Debt

Megacable closed the quarter with a Net Debt of Ps. 18,345 million, increasing both on an annual and sequential basis. This was mainly due to the issuance of long-term local notes on July last year and the refinancing of debt maturities this period, including additional debt. The aforementioned will allow to accelerate investments of the expansion project. As of the end of June 2023, the Company's leverage level was 1.4 times net debt/EBITDA, remaining in the range expected by the Company and being the lowest in the industry.

	2Q23	2Q22	1Q23
Short Term Debt	1,658,343	5,827,466	4,844,212
One year maturity of long-term bank loans	1,577,233	5,765,993	4,741,541
Short-term leases	81,110	61,473	102,671
Long-Term Debt	17,900,663	3,747,900	11,174,881
Bank Loans	10,064,623	3,453,778	3,446,973
Accounts Payable	7,000,000	-	7,000,000
Long-term leases	836,040	294,122	727,908
Total Debt	19,559,006	9,575,366	16,019,093
Cash and Short-Term Investments	1,213,741	1,767,467	1,647,567
Net Debt	18,345,265	7,807,899	14,371,525

CAPEX

Megacable invested Ps. 2,930 million during 2Q23 to reach Ps. 5,164 million in the first half of 2023, which represents 35.6% of revenues for the 1H23. This amount has been mainly focused on the Company's expansion plan. On the other hand, investments made in previous periods have been reflected in the solid growth of kilometers and homes passed this period.



Stock Information

Ticker MEGACPO	CPOs	"A" Series
Total Shares (thousands)	853,789	1,721,356
Shares in treasury (thousands)	3,060	6,121
2 "A" Series Shares =		1 CPO
Mkt. Cap (In Ps. millions)		\$ 33,980
Closing price (Ps) *		\$ 39.48
Free float		53%
As of June 30, 2023		

* Source: Infosel

2Q23 Earnings Conference Call

Megacable will hold its 2Q23 Earnings Conference Call on Friday, July 28, 2023 at 10:00 am (Mexico City Time) / 12:00 pm (New York Time).

To access the call, please dial:

From within the U.S. 1-877-451-6152

From outside the U.S. 1-201-389-0879

Webcast: https://viavid.webcasts.com/starthere.jsp?ei=1624112&tp_key=ee98f51944

The audio recording of the 2Q23 conference call and prior periods is available at:

<https://inversionistas.megacable.com.mx>

Investor Relations:

Alan Esaú Gallegos López

IR Manager

Phone: + 52 (33) 3750 0042 ext. 61091

investor.relations@megacable.com.mx

Disclaimer

This press release contains forward-looking statements regarding the Company's results and future prospects, which are subject to risk and uncertainty. Therefore, these results and statements may differ due to various factors. Moreover, figures in this report may vary due to rounding.

For more information, please visit: <https://inversionistas.megacable.com.mx>



Megacable Holdings, S.A.B. de C.V.

Statement of Financial Position
As of June 30, 2023 and 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and short-term investments	1,213,741	1,767,467
Accounts receivable from customers and advances to suppliers, net	4,061,741	3,576,674
Recoverable taxes	1,634,281	1,279,920
Inventories	878,038	592,528
Total Current Assets	7,787,801	7,216,590
NON-CURRENT ASSETS		
Accounts receivable from customers and other long-term, net	252,113	-
Property, systems and equipment, net	49,754,798	41,491,606
Goodwill, net	4,378,397	4,378,397
Intangible assets by right-of-use assets	861,282	338,661
Other assets	727,052	281,237
Affiliated and associated companies	1,107,373	1,011,866
Total Assets	64,868,816	54,718,357
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
One year maturity of long-term liabilities	1,577,233	5,765,993
Suppliers	4,423,544	4,395,914
Short-term affiliated and associated companies	109,878	105,818
Accounts payable and accrued expenses payable	947,999	1,447,702
Short-term leases payable	81,110	61,473
Total Current Liabilities	7,139,765	11,776,901
LONG TERM LIABILITIES		
Bank loans	10,064,623	3,453,778
Labor obligations	313,274	239,011
Accounts payable	7,000,000	-
Deferred taxes	2,991,565	2,806,500
Affiliated and associated companies	592,458	612,514
Accrued Income	685,575	658,910
Long-term leases payable	836,040	294,122
Total Long-Term Liabilities	22,483,535	8,064,836
Total Liabilities	29,623,300	19,841,737
STOCKHOLDERS' EQUITY		
Capital Stock	910,244	910,244
Net Premium on the placement of shares	2,117,560	2,117,560
Retained Earnings	30,285,015	29,784,875
Minority Interest	1,434,558	1,569,719
Legal Reserve	498,139	494,223
Total Stockholders' Equity	35,245,516	34,876,621
Total Liabilities & Stockholders' Equity	64,868,816	54,718,357



Megacable Holdings, S.A.B. de C.V.

Income Statement

Second Quarter 2023 and 2022

	2Q23	2Q22	% Var
Income	\$ 7,373,694	\$ 6,681,186	10%
Cost of Services	2,190,521	1,768,708	24%
Gross Profit	\$ 5,183,173	\$ 4,912,478	6%
Operating and General Expenses	1,895,799	1,654,876	15%
EBITDA	\$ 3,287,374	\$ 3,257,602	1%
Depreciation and amortization	1,611,501	1,536,777	5%
Operating Profit	\$ 1,675,872	\$ 1,720,825	(3%)
Other income (expenses), net	93,650	21	NA
Comprehensive Financing Income, Net	452,857	129,086	NA
Income Before Income Tax and Minority Interest	\$ 1,316,665	\$ 1,591,760	(17%)
Income Tax	395,000	515,874	(23%)
Net Profit	\$ 921,666	\$ 1,075,887	(14%)
Net income attribute to:			
Non-Controlling interest	53,862	59,321	(9%)
Controlling interest	867,804	1,016,566	(15%)
	\$ 921,666	\$ 1,075,887	(14%)

	6M23	6M22	% Var
Income	14,525,881	\$ 13,243,612	10%
Cost of Services	4,199,373	3,475,510	21%
Gross Profit	\$ 10,326,509	\$ 9,768,102	6%
Operating and General Expenses	3,770,440	3,282,012	15%
EBITDA	\$ 6,556,068	\$ 6,486,090	1%
Depreciation and amortization	3,446,203	2,976,496	16%
Operating Profit	\$ 3,109,866	\$ 3,509,594	(11%)
Other income (expenses), net	107,446	-\$ 24,143	NA
Comprehensive Financing Income, Net	691,920	217,124	NA
Income Before Income Tax and Minority Interest	\$ 2,525,392	\$ 3,268,328	(23%)
Income Tax	757,618	968,547	(22%)
Net Profit	\$ 1,767,774	\$ 2,299,781	(23%)
Net income attribute to:			
Non-Controlling interest	103,356	113,299	(9%)
Controlling interest	1,664,418	2,186,482	(24%)
	\$ 1,767,774	\$ 2,299,781	(23%)



Megacable Holdings, S.A.B. de C.V.

Income Statement by Segment
Second Quarter 2023 and 2022

	2Q23	2Q22	% Var
CABLE OPERATIONS			
Income	\$ 6,717,518	\$ 6,104,319	10%
Cost of Services	1,947,339	1,573,365	24%
Gross Profit	4,770,178	4,530,953	5%
Operating and General Expenses	1,676,619	1,465,607	14%
EBITDA	\$ 3,093,559	\$ 3,065,346	1%
	46.1%	50.2%	
OTHER			
Income	656,176	576,867	14%
MCM	324,294	297,864	9%
HO1A	238,029	182,105	31%
PCTV	93,853	96,898	(3%)
Cost of Services	243,182	195,343	24%
MCM	50,144	37,190	35%
HO1A	138,403	110,051	26%
PCTV	54,635	48,102	14%
Gross Profit	412,994	381,524	8%
Operating and General Expenses	219,180	189,268	16%
MCM	135,133	111,197	22%
HO1A	49,536	39,346	26%
PCTV	34,511	38,725	(11%)
EBITDA			
MCM	139,017	149,477	(7%)
HO1A	50,090	32,708	53%
PCTV	4,707	10,071	(53%)
EBITDA	\$ 193,814	\$ 192,256	1%
	29.5%	33.3%	
TOTAL OPERATION			
Income	7,373,694	6,681,186	10%
Cost of Services	2,190,521	1,768,708	24%
Gross Profit	5,183,173	4,912,478	6%
Operating and General Expenses	1,895,799	1,654,876	15%
EBITDA	\$ 3,287,374	\$ 3,257,602	1%
	44.6%	48.8%	



Megacable Holdings, S.A.B. de C.V.

Income Statement by Segment

Accrued as of Second Quarter 2023 and 2022

	6M23	6M22	% Var
CABLE OPERATIONS			
Income	\$ 13,233,971	\$ 12,126,374	9%
Cost of Services	3,722,038	3,082,609	21%
Gross Profit	9,511,933	9,043,765	5%
Operating and General Expenses	3,333,721	2,918,409	14%
EBITDA	\$ 6,178,212	\$ 6,125,356	1%
	46.7%	50.5%	
OTHER			
Income	1,291,911	1,117,238	16%
MCM	639,405	574,160	11%
HO1A	467,331	367,282	27%
PCTV	185,175	175,796	5%
Cost of Services	477,335	392,901	21%
MCM	91,739	65,385	40%
HO1A	276,805	240,446	15%
PCTV	108,791	87,070	25%
Gross Profit	814,576	724,337	12%
Operating and General Expenses	436,719	363,603	20%
MCM	271,378	216,588	25%
HO1A	96,411	75,412	28%
PCTV	68,930	71,603	(4%)
EBITDA			
MCM	276,289	292,187	(5%)
HO1A	94,114	51,425	83%
PCTV	7,454	17,123	(56%)
EBITDA	\$ 377,857	\$ 360,734	5%
	29.2%	32.3%	
TOTAL OPERATION			
Income	14,525,881	13,243,612	10%
Cost of Services	4,199,373	3,475,510	21%
Gross Profit	10,326,509	9,768,102	6%
Operating and General Expenses	3,770,440	3,282,012	15%
EBITDA	\$ 6,556,068	\$ 6,486,090	1%
	45.1%	49.0%	

