

Highlights

- ⊗ Unique Subscribers registered 84 thousand net adds compared to 2Q22, the highest number since the beginning of the pandemic period, reaching 4.3 million subscribers. In the same comparison, RGUs registered 278 thousand net adds, the highest level in the last twelve months, reaching close to 10.9 million.
- ⊗ The Internet Segment registered 260 thousand net adds, a 7% growth compared to 3Q21, exceeding four million subscribers, while Telephony and Video posted 329 thousand and 76 thousand net adds, up 11% and 2%, respectively.
- ⊗ 3Q22 Consolidated Revenues totaled Ps. 6,737 million, a record high for a quarter, a 10% increase over 3Q21.
- ⊗ The Corporate Segment revenues posted a 26% growth when compared to 3Q21, reaching Ps. 1,212 million, the highest figure for a quarter, highlighting MetroCarrier's 34% growth, while ho1a and MCM posted increases of 17% and 16%, respectively.
- ⊗ During this quarter, the Company increased the number of homes passed through its network by 452 thousand, reaching a total of 10.6 million.
- ⊗ 3Q22 Consolidated EBITDA reached Ps. 3,168 million, while EBITDA from cable operations totaled Ps. 2,980 million, both up 5% compared to 3Q21, with margins of 47.0% and 48.6%, respectively.

Guadalajara, Jalisco, Mexico, October 27, 2022 - Megacable Holdings S.A.B. de C.V. ("Megacable" or "the Company") (BMV: MEGA.CPO) announced today its financial results for the third quarter of 2022 (3Q22). 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

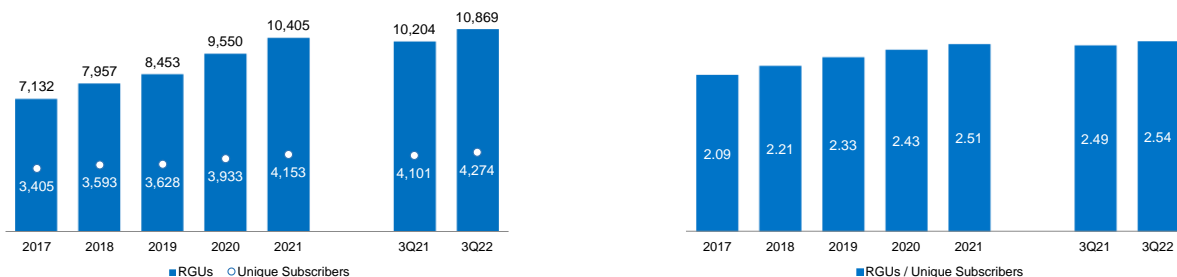
	3Q22	3Q21	% Var
Income	6,736,885	6,144,926	9.6%
Mass Segment Income	5,431,350	5,101,372	6.5%
EBITDA	3,168,026	3,015,624	5.1%
EBITDA Margin	47.0%	49.1%	
Net Profit	823,003	927,431	(11.3%)
Cash and short-term investments	1,474,193	2,743,248	(46.3%)
Net Debt	10,268,468	4,282,955	139.8%
CAPEX	2,744,517	2,393,648	14.7%
Mkt. Cap (Ps. Millions)	34,926	54,309	(35.7%)
Subscribers			
Unique	4,274,034	4,100,768	4.2%
Internet	4,013,132	3,752,912	6.9%
Video	3,592,188	3,516,194	2.2%
Telephony	3,263,263	2,934,540	11.2%
Mobile services	410,255	345,750	18.7%
Total RGUs	10,868,583	10,203,646	6.5%
Other Data			
Home Passed	10,566,498	9,292,126	13.7%
Network Kilometers	71,458	65,198	9.6%
Employees	26,723	23,950	11.6%

General Remarks

During the third quarter, a period marked by the persistent weakening of key macroeconomic indicators, Megacable picked up its pace of net adds growth in all three mass segment services, including growth in existing territories and the incursion into new cities. In addition, the Corporate Segment recorded the highest revenue figure in its history. All of this drove revenue and EBITDA growth for the period.

Unique Subscribers and Revenue Generating Units (RGUs)

At the end of the quarter, the Company registered 4'274,034 unique subscribers, a 4.2% growth compared to 3Q21, or 173 thousand net adds. In the sequential comparison, 84 thousand new subscribers were registered, the highest figure in the last two years. This result is attributed to the successful sales strategy, including the expansion to new cities, while the churn rate dropped compared to 2Q22. On the other hand, RGUs totaled nearly 10.9 million, an increase of 6.5% compared to the same quarter of the previous year, driven by subscriber in the three mass segment services. Revenue generating units per unique subscriber maintained its growth trend to reach 2.54.

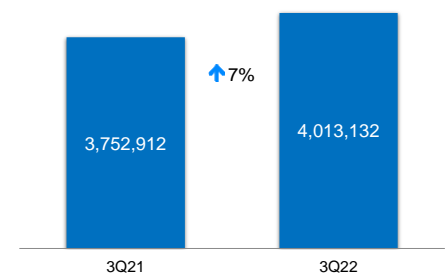


Note: Mobile services subscribers are not included in total RGUs.

Internet Subscribers

At the end of 3Q22, the Internet Segment surpassed four million subscribers nationwide, a growth of 6.9%, or 260 thousand net adds, compared to 3Q21. In this period, the Company registered 101 thousand new subscribers, growing 2.6%.

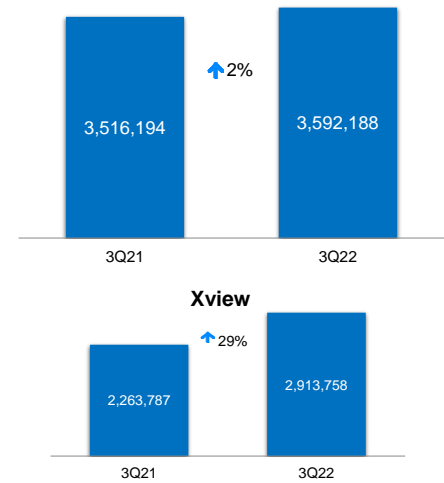
In addition, at the end of the period, 45% of subscribers receive their service through fiber technology, while 54% have speeds of 50 megabytes or more, compared to 18% at the end of 3Q21. Megacable remains committed to offering quality services and attractive speeds at the best price in the market, through the continuous improvement of its infrastructure and expansion into new cities.



Video Subscribers

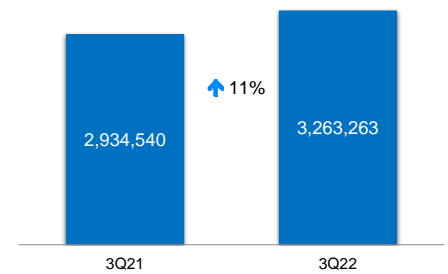
The Video Segment reached 3'592,188 subscribers at the end of 3Q22, an increase of 76 thousand net adds over the 3Q21, equal to 2.2%. Compared to the previous quarter, the Video Segment's subscriber base grew by 1.4%, equivalent to 49 thousand net adds.

The Xview platform maintained its upward trend and reached 2'913,758 set top boxes (STBs), which represents a 28.7% growth, and close to 650 thousand net adds compared to 3Q21. On a sequential basis, the Company recorded over 206 thousand net adds. In addition, digital subscribers accounted for 89% of the Company's subscribed base through more than 5.2 million STBs.



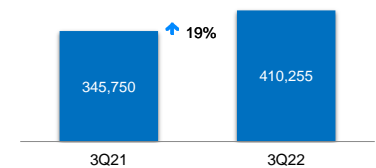
Telephony Subscribers

The Telephony Segment closed the quarter with 3'263,263 subscribers, registering 329 thousand net adds compared to 3Q21, representing an increase of 11.2%. During the period, the Company registered 129 thousand new subscribers, an increase of 4.1%. 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 410,255 lines, which represented 65 thousand net additions compared to 3Q21. During the period, the Company continued with the process of disconnecting lines without traffic in the prepaid scheme. Of the total number of lines, 335 thousand correspond to postpaid services, which continue with a positive trend, thus supporting the revenue growth of this business unit.



Churn Rate

The churn rate of the three mass segment services decreased compared to 2Q22, due to the normalization of the conditions that affected the previous quarter's levels. Compared to 3Q21, the churn rates of the Internet and Video Segments slightly increased, mainly due to a more adverse domestic and international economic environment.

	3Q22	3Q21	2Q22
Internet	2.3%	2.0%	2.7%
Video	2.4%	2.3%	2.6%
Telephony	2.5%	2.5%	2.9%

Revenues

3Q22 total revenues reached Ps. 6,737 million, a record for the Company in a single quarter, and increased 9.6% compared to 3Q21. Revenues for the Mass Services Segment grew 6.5%, derived from the larger subscriber base and additional services revenues. During the same period, Corporate Segment revenues maintained their double-digit growth trend, increasing 25.1% compared to 3Q21, the highest growth in the past three years.

	3Q22	3Q21	%Var	9M22	9M21	%Var
Internet	2,236,335	2,068,421	8%	6,693,533	6,085,671	10%
Video	2,452,682	2,346,349	5%	7,330,392	7,034,516	4%
Telephony	578,347	592,197	-2%	1,862,319	1,720,959	8%
Mobile Service	151,261	79,218	91%	429,766	206,762	108%
Others	12,725	15,187	-16%	38,551	47,296	-18%
Total Mass Market	5,431,350	5,101,372	6%	16,354,561	15,095,204	8%
Corporate	1,305,535	1,043,554	25%	3,625,935	3,065,502	18%
Total	6,736,885	6,144,926	10%	19,980,496	18,160,706	10%

ARPU

ARPU per unique subscriber reached Ps. 415.4, a slight increase compared to 3Q21. This was due to the focus on the marketing of triple play packages, rate increases in 1Q22 and the contribution of additional services such as the Xview platforms. On a sequential basis, this metric decreased due to the execution of promotional plans to capture new subscribers. As for ARPUs by service, the Internet and Video Segments rose compared to 2Q22, but decreased on a sequential basis following the deployment of the promotional marketing plans. ARPU for the Mobile Services Segment increased slightly as a result of the aforementioned adjustment in the subscriber base.

	3Q22	3Q21	% Var	2Q22	% Var
ARPU (1) (Ps.)					
Unique subscriber (2)	415.4	411.5	1%	427.3	-3%
Internet	187.8	185.7	1%	194.0	-3%
Video	229.3	223.9	2%	230.7	-1%
Telephony	60.1	68.4	-12%	67.6	-11%
Mobile Services	121.3	83.0	46%	110.9	9%

- 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 26.2% compared to 3Q21. This performance was supported mainly by MetroCarrier's growth of 34.2%, driven by special projects in the enterprise market. Meanwhile, ho1a and MCM revenues grew 17.2% and 16.4%, respectively. The participation of this segment in the Company's total revenues was 18.0%, compared to 15.6% in 3Q21.

	3Q22	3Q21	%Var	9M22	9M21	%Var
MetroCarrier	702,260	523,120	34%	1,905,423	1,532,480	24%
ho1a	195,591	166,933	17%	562,874	504,973	11%
MCM	313,668	269,585	16%	887,828	784,233	13%
Corporate Telecom	1,211,520	959,638	26%	3,356,124	2,821,685	19%
PCTV	94,015	83,916	12%	269,811	243,817	11%
Total	1,305,535	1,043,554	25%	3,625,935	3,065,502	18%

Cost & Expenses

During the quarter, cost of services climbed 12.8% compared to the third quarter of 2021, while operating expenses increased 15.3%. This was due to costs related to the growth and expansion of the Company, higher bandwidth delivered and the mobile services business in the Mass Segment, while expenses were affected by inflationary pressures, salary raises and higher energy prices.

EBITDA

3Q22 Consolidated EBITDA reached Ps. 3,168 million, an increase of 5.1% compared to the same period of the previous year, with a consolidated margin of 47.0%. Likewise, adjusted EBITDA from Cable operations maintained its growth trend, amounting to Ps. 2,980 million, up 4.6% compared to 3Q21, with a margin of 48.6%.

	3Q22	3Q21	%Var	9M22	9M21	%Var
CONSOLIDATED						
Consolidated operating profit	1,574,122	1,657,423	-5%	5,083,716	5,141,380	-1%
Plus consolidated depreciation and amortization	1,593,904	1,358,201	17%	4,570,399	3,887,893	18%
Consolidated EBITDA (1)	3,168,026	3,015,624	5%	9,654,116	9,029,273	7%
Consolidated EBITDA Margin	47.0%	49.1%		48.3%	49.7%	
CABLE OPERATIONS						
MCM, Ho1a and PCTV EBITDA	187,865	167,804	12%	548,599	506,414	8%
Cable Adjusted EBITDA (2)	2,980,161	2,847,819	5%	9,105,516	8,522,860	7%
EBITDA Margin of Cable	48.6%	50.6%		49.9%	51.3%	

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.
- (3) For comparison purposes, in 3Q21 and accumulated to 3Q21 figures, Ps. 66.375 million were reclassified from Depreciation and Amortization to Other Expenses, corresponding to the recognition of the impairment of the investment in Altán Redes.

Net Comprehensive Financing Result

During the quarter, the Company recorded a net financing expense of Ps. 416.7 million, mainly comprised of a net interest expense of Ps. 369.2 million, and a foreign exchange loss of Ps. 47.5 million.

	3Q22	3Q21
Net Exchange Loss	47,512	59,698
Interest Income	98,358	50,422
Interest Expense	467,608	275,775
Net Comprehensive Financial Result	(416,762)	(285,051)

Net Income

Net Income for the quarter closed at Ps. 823 million, lower than the figure posted in 3Q21, mainly due to a higher depreciation from investments, higher interest expense and a higher tax rate.

Net Debt

Megacable closed the quarter with a Net Debt of Ps. 10,268 million, which represents a higher level of leverage, both on an annual and sequential basis, registering a leverage ratio of 0.81 times net debt/EBITDA. The aforementioned was mainly due to the issuance of long-term local notes for Ps. 7,000 million, carried out in July, which allowed the Company to accelerate its expansion plans and cover short-term debt maturities, as well as a lower level of available cash for payments to suppliers.

	3Q22	3Q21	2Q22
Short Term Debt	600,987	3,286,188	5,827,466
One year maturity of long-term bank loans	517,756	3,164,535	5,765,993
Short-term leases	83,231	121,652	61,473
Long-Term Debt	11,141,674	3,740,015	3,747,900
Bank Loans	3,450,797	3,455,442	3,453,778
Accounts Payable	7,000,000	-	-
Long-term leases	690,877	284,573	294,122
Total Debt	11,742,661	7,026,203	9,575,366
Cash and Short-Term Investments	1,474,193	2,743,248	1,767,467
Net Debt	10,268,468	4,282,955	7,807,899

CAPEX

Megacable invested Ps. 2,745 million during 3Q22, representing 40.7% of revenues for the quarter and 39.4% of revenues for the year. During this period, the Company continued to focus on the execution of its network evolution project and the entry into new markets. These investments will contribute to subscriber and revenue growth in the coming periods.

Quarterly highlights

On July 15, the Company successfully issued Ps. 7,000 million in long-term local notes, of which Ps. 2,527.6 million are 5-year notes with a floating rate of TIEE28 days plus 24 basis points and Ps. 4,472.4 million are 10-year notes with a fixed Mbono31-34 rate of 9.82%. This placement was rated 'AAA(mex)' and HR AAA by Fitch Ratings and HR Ratings, respectively.

Stock Information

Ticker MEGACPO	CPOs	"A" Series
Total Shares (thousands)	853,789	1,721,356
Shares in treasury (thousands)	3,202	6,403
2 "A" Series Shares =		1 CPO
Mkt. Cap (In Ps. millions)		\$ 34,926
Closing price (Ps) *		\$ 40.58
Free float		52%
As of September 30, 2022		
* Source: Infotel		

3Q22 Earnings Conference Call

Megacable will hold its 3Q22 Earnings Conference Call on Friday, October 28, 2022 at 10:00 am (Mexico City Time) / 11:00 am (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://viaid.webcasts.com/starthere.jsp?ei=1576274&tp_key=286a5d9c56

The audio recording of the 3Q22 conference call and prior periods are available at:

<https://inversionistas.megacable.com.mx/en/index.php>

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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/en/index.php>

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

Statement of Financial Position

As of September 30, 2022 and 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and short-term investments	1,474,193	2,743,248
Accounts receivable from customers and advances to suppliers, net	3,918,155	3,438,185
Recoverable taxes	1,264,459	1,162,423
Inventories	668,746	444,888
Total Current Assets	7,325,553	7,788,744
NON-CURRENT ASSETS		
Property, systems and equipment, net	43,335,380	36,304,934
Goodwill, net	4,378,397	4,378,397
Intangible assets by right-of-use assets	748,100	269,337
Other assets	458,659	1,098,961
Affiliated and associated companies	992,138	943,835
Total Assets	57,238,228	50,784,208
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
One year maturity of long-term liabilities	517,756	3,164,535
Suppliers	3,963,970	3,989,322
Short-term affiliated and associated companies	20,899	99,578
Accounts payable and accrued expenses payable	1,371,885	2,078,528
Short-term leases payable	83,231	121,652
Total Current Liabilities	5,957,741	9,453,615
LONG TERM LIABILITIES		
Bank loans	3,450,797	3,455,442
Labor obligations	228,020	225,348
Accounts payable	7,000,000	-
Deferred taxes	2,900,698	2,058,815
Affiliated and associated companies	612,514	612,514
Accrued Income	658,910	-
Long-term leases payable	690,877	284,573
Total Long-Term Liabilities	15,541,816	6,636,692
Total Liabilities	21,499,558	16,090,307
STOCKHOLDERS' EQUITY		
Capital Stock	910,244	910,244
Net Premium on the placement of shares	2,117,560	2,117,560
Retained Earnings	30,616,907	28,462,515
Minority Interest	1,599,736	1,421,293
Legal Reserve	494,223	1,782,288
Total Stockholders' Equity	35,738,670	34,693,901
Total Liabilities & Stockholders' Equity	57,238,228	50,784,208

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

Income Statement

Third Quarter 2022 and 2021

	3Q22	3Q21	% Var
Income	\$ 6,736,885	\$ 6,144,926	10%
Cost of Services	1,802,030	1,597,367	13%
Gross Profit	\$ 4,934,855	\$ 4,547,559	9%
Operating and General Expenses	1,766,829	1,531,935	15%
EBITDA	\$ 3,168,026	\$ 3,015,624	5%
Depreciation and amortization	1,593,904	1,358,201	17%
Operating Profit	\$ 1,574,122	\$ 1,657,423	(5%)
Other income (expenses), net	70,132	-\$ 54,757	NA
Comprehensive Financing Income, Net	416,762	285,051	46%
Income Before Income Tax and Minority Interest	\$ 1,227,493	\$ 1,317,615	(7%)
Income Tax	374,472	353,564	6%
Net Profit	\$ 853,020	\$ 964,052	(12%)
Net income attribute to:			
Non-Controlling interest	30,018	36,621	(18%)
Controlling interest	823,003	927,431	(11%)
	\$ 853,020	\$ 964,052	(12%)

	9M22	9M21	% Var
Income	\$ 19,980,496	\$ 18,160,706	10%
Cost of Services	5,277,539	4,705,326	12%
Gross Profit	\$ 14,702,957	\$ 13,455,380	9%
Operating and General Expenses	5,048,842	4,426,107	14%
EBITDA	\$ 9,654,116	\$ 9,029,273	7%
Depreciation and amortization	4,570,399	3,887,893	18%
Operating Profit	\$ 5,083,716	\$ 5,141,380	(1%)
Other income (expenses), net	45,989	-\$ 26,638	NA
Comprehensive Financing Income, Net	633,885	611,165	4%
Income Before Income Tax and Minority Interest	\$ 4,495,820	\$ 4,503,577	(0%)
Income Tax	1,343,019	1,212,774	11%
Net Profit	\$ 3,152,801	\$ 3,290,803	(4%)
Net income attribute to:			
Non-Controlling interest	143,316	121,481	18%
Controlling interest	3,009,485	3,169,322	(5%)
	\$ 3,152,801	\$ 3,290,803	(4%)

For comparison purposes, in 3Q21 and accumulated to 3Q21 figures, Ps. 66.375 million were reclassified from Depreciation and Amortization to Other Expenses, corresponding to the recognition of the impairment of the investment in Altán Redes.

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

Income Statement by Segment

Third Quarter 2022 and 2021

	3Q22	3Q21	% Var
CABLE OPERATIONS			
Income	\$ 6,133,610	\$ 5,624,492	9%
Cost of Services	1,598,299	1,410,523	13%
Gross Profit	4,535,311	4,213,968	8%
Operating and General Expenses	1,555,151	1,366,149	14%
EBITDA	\$ 2,980,161	\$ 2,847,819	5%
	48.6%	50.6%	
OTHER			
Income	603,274	520,434	16%
MCM	313,668	269,585	16%
HO1A	195,591	166,933	17%
PCTV	94,015	83,916	12%
Cost of Services	203,731	186,844	9%
MCM	43,367	26,174	66%
HO1A	110,028	122,648	(10%)
PCTV	50,336	38,022	32%
Gross Profit	399,544	333,590	20%
Operating and General Expenses	211,679	165,786	28%
MCM	133,289	107,583	24%
HO1A	37,332	22,611	65%
PCTV	41,057	35,592	15%
EBITDA			
MCM	137,012	135,828	1%
HO1A	48,231	21,674	123%
PCTV	2,622	10,303	(75%)
EBITDA	\$ 187,865	\$ 167,804	12%
	31.1%	32.2%	
TOTAL OPERATION			
Income	6,736,885	6,144,926	10%
Cost of Services	1,802,030	1,597,367	13%
Gross Profit	4,934,855	4,547,559	9%
Operating and General Expenses	1,766,829	1,531,935	15%
EBITDA	\$ 3,168,026	\$ 3,015,624	5%
	47.0%	49.1%	

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

Income Statement by Segment

Accrued as of Third Quarter 2022 and 2021

	9M22	9M21	% Var
CABLE OPERATIONS			
Income	\$ 18,259,984	\$ 16,627,684	10%
Cost of Services	4,680,908	4,167,631	12%
Gross Profit	13,579,076	12,460,053	9%
Operating and General Expenses	4,473,560	3,937,193	14%
EBITDA	\$ 9,105,516	\$ 8,522,860	7%
	49.9%	51.3%	
OTHER			
Income	1,720,512	1,533,023	12%
MCM	887,828	784,233	13%
HO1A	562,874	504,973	11%
PCTV	269,811	243,817	11%
Cost of Services	596,631	537,695	11%
MCM	108,752	74,316	46%
HO1A	350,474	346,260	1%
PCTV	137,406	117,120	17%
Gross Profit	1,123,881	995,327	13%
Operating and General Expenses	575,282	488,914	18%
MCM	349,877	307,969	14%
HO1A	112,744	81,145	39%
PCTV	112,660	99,799	13%
EBITDA			
MCM	429,199	401,947	7%
HO1A	99,656	77,568	28%
PCTV	19,745	26,898	(27%)
EBITDA	\$ 548,599	\$ 506,414	8%
	31.9%	33.0%	
TOTAL OPERATION			
Income	19,980,496	18,160,706	10%
Cost of Services	5,277,539	4,705,326	12%
Gross Profit	14,702,957	13,455,380	9%
Operating and General Expenses	5,048,842	4,426,107	14%
EBITDA	\$ 9,654,116	\$ 9,029,273	7%
	48.3%	49.7%	