

Highlights

- ⊗ 1Q23 Consolidated Revenues totaled Ps. 7,152 million, 9% increase over 1Q22. With this, the Company maintains its solid growth trend observed since 2018.
- ⊗ The Corporate Segment revenues posted a 17% growth when compared to 1Q22, reaching Ps. 1,333 million, highlighting ho1a's 24% growth, as well as MetroCarrier and MCM increasing 17% y 14%, respectively.
- ⊗ The Internet Segment registered 392 thousand net additions when compared to 1Q22, the highest figure in the last seven quarters, with a 10% growth; Telephony and Video posted 489 thousand and 220 thousand new subscribers, up 16% and 6%, respectively.
- ⊗ At the end of 1Q23, Unique Subscribers grew 9% compared to 1Q22, reaching more than 4.5 million.
- ⊗ 1Q23 Consolidated EBITDA reached Ps. 3,269 million, while EBITDA from cable operations totaled Ps. 3,085 million, with margins of 45.7% and 47.3%, respectively, showing a sequential recovery when compared to 4Q22.
- ⊗ In this period, the Company added more than 927 thousand homes passed and activated 4,977 new km of network. Culminating with 12.5 million and 81.2 thousand, respectively.

Guadalajara, Jalisco, Mexico, April 27, 2023 - Megacable Holdings S.A.B. de C.V. ("Megacable" or "the Company") (BMV: MEGA.CPO) announced today its financial results for the first quarter of 2023 (1Q23). 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

	1Q23	1Q22	% Var
Income	7,152,188	6,562,426	9.0%
Mass Segment Income	5,818,856	5,423,363	7.3%
EBITDA	3,268,695	3,228,488	1.2%
EBITDA Margin	45.7%	49.2%	
Net Profit	796,614	1,169,916	(31.9%)
Cash and short-term investments	1,647,567	3,138,629	(47.5%)
Net Debt	14,371,525	4,834,068	197.3%
CAPEX	2,234,840	2,340,150	(4.5%)
Mkt. Cap (Ps. Millions)	39,514	51,580	(23.4%)
Subscribers			
Unique	4,540,132	4,178,869	8.6%
Internet	4,285,165	3,893,297	10.1%
Video	3,761,912	3,541,998	6.2%
Telephony	3,578,587	3,089,216	15.8%
Mobile services	376,854	432,477	(12.9%)
Total RGUs	11,625,664	10,524,511	10.5%
Other Data			
Home Passed	12,487,578	9,686,305	28.9%
Network Kilometers	81,212	67,145	21.0%
Employees	29,057	24,520	18.5%

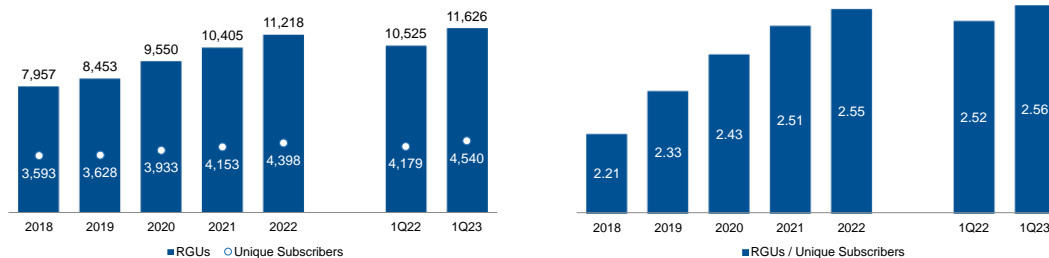


General Remarks

The acceleration in net additions continued in this period, recording the highest figures for a quarter in terms of unique subscribers and RGUs in the past two years. In the same line, the Company activated a record number of kilometers of network for a quarter, in accordance with its plan to enter new territories. This has allowed the Company to maintain a solid revenue growth trend, with EBITDA generation resuming sequential growth.

Unique Subscribers and Revenue Generating Units (RGUs)

At the end of the first quarter, the Company registered 4'540,132 unique subscribers, a growth of 8.6% compared to 1Q22, or 361 thousand net adds. In the sequential comparison, 142 thousand new unique subscribers were registered, the highest figure in the last two years. This result is attributed a successful sales strategy, including the expansion to new cities and a lower churn rate on an annual basis. On the other hand, RGUs reached more than 11.6 million, an increase of 10.5% 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 2.56.

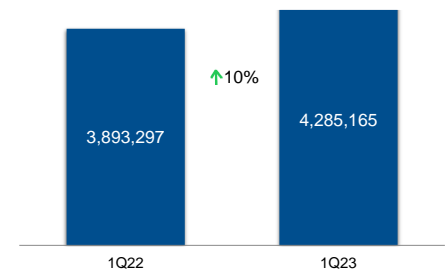


Note: Mobile services subscribers are not included in total RGUs.

Internet Subscribers

At the end of 1Q23, the Internet segment reached 4'285,165 subscribers, a growth of 10.1% or 392 thousand net adds compared to 1Q22. In this period, the Company registered 147 thousand new subscribers, the highest figure in the last ten quarters, or a 3.6% growth.

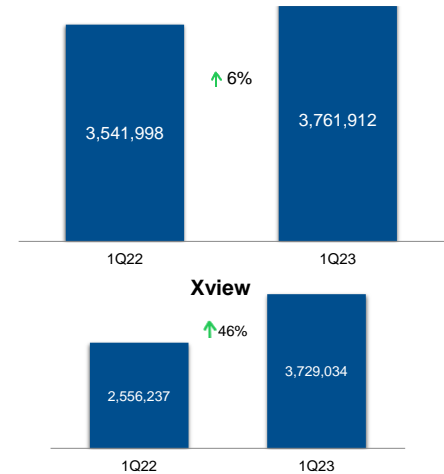
At the end of the period, 52% of subscribers received their service through fiber technology, while 65% are served at speeds of 50 megabytes or more, compared to 56% in 1Q22. The Company continued to invest in the growth of its coverage with the best infrastructure, offering packages with an attractive value proposition.



Video Subscribers

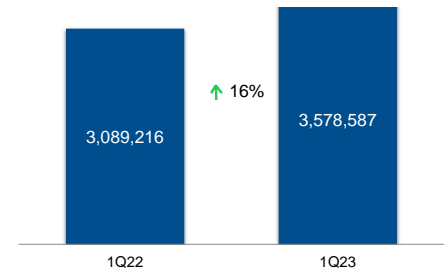
The Video Segment reached 3'761,912 subscribers at the end of 1Q23, registering 220 thousand net adds, equal to a growth of 6.2%, versus 1Q22. Compared to the previous quarter, the Video Segment subscriber base grew by 2.3%, or 86 thousand net adds.

The Xview platform maintained its upward trend and reached 3'729,034 set top boxes (STBs), which represents a 46% growth and nearly 1.2 million net adds compared to 1Q22. Sequentially, close to 226 thousand new subscribers were recorded.



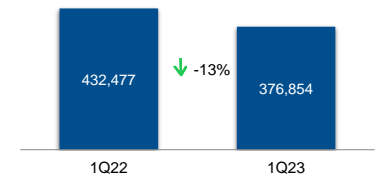
Telephony Subscribers

The Telephony segment closed the quarter with 3'578,587 subscribers, registering 489 thousand net adds compared to 1Q22, an increase of 15.8%. During the quarter, the Company registered 174 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 376,854 lines, adding more than 20 thousand new users, reversing the trend observed last year. The Company continues to focus on postpaid services, with improved ARPU and contribution to revenue growth in this business unit.



Churn Rate

The churn rate of the three Mass Segment Services decreased year-over-year. On a sequential basis, this metric posted a slight increase against 4Q22, due to seasonality effects and the rate adjustments made in December. However, it still remained below the level recorded in 1Q22, despite the Company's ongoing expansion.

	1Q23	4Q22	1Q22
Internet	1.9%	1.7%	2.1%
Video	2.0%	1.8%	2.3%
Telephony	2.1%	1.9%	2.5%



Revenues

1Q23 total revenues reached Ps. 7,152 million, an increase of 9.0% compared to 1Q22. Revenues for the Mass Services Segment grew 7.3%, derived from the higher number of unique subscribers, as well as revenues from additional services. During the same period, Corporate Segment revenues maintained their growth trend, recording their sixth consecutive double-digit growth period, increasing 17.1% compared to 1Q22.

	1Q23	1Q22	%Var
Internet	2,399,133	2,191,023	9%
Video	2,614,116	2,430,510	8%
Telephony	623,811	654,343	-5%
Mobile Service	169,880	134,337	26%
Others	11,916	13,150	-9%
Total Mass Market	5,818,856	5,423,363	7%
Corporate	1,333,331	1,139,063	17%
Total	7,152,188	6,562,426	9%

ARPU

ARPU per unique subscriber reached Ps. 420.4, practically unchanged from 1Q22 and 4Q22, with Internet and Video ARPUs showing a similar behavior. On the other hand, ARPU for Mobile Services Segment posted a significant increase compared to 1Q22, as a result of the focus and quality of postpaid customers.

	1Q23	1Q22	% Var	4Q22	% Var
ARPU (1) (Ps.)					
Unique subscriber (2)	420.4	422.4	0%	419.5	0%
Internet	189.3	188.4	0%	188.2	1%
Video	233.9	229.0	2%	232.8	0%
Telephony	59.2	71.1	-17%	59.9	-1%
Mobile Services	152.1	108.6	40%	146.1	4%

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 17.2% compared to 1Q22. This performance was largely supported by the growth in ho1a, MetroCarrier and MCM of 23.8%, 16.5% and 14.0%, respectively, driven by projects with large corporations and the public sector. In the same period, PCTV recorded an increase of 15.7%. The participation of this segment in the Company's total revenues was 17.4%, compared to 16.2% in 1Q22.

	1Q23	1Q22	%Var
MetroCarrier	697,597	598,692	17%
ho1a	229,301	185,177	24%
MCM	315,112	276,296	14%
Corporate Telecom	1,242,010	1,060,165	17%
PCTV	91,322	78,898	16%
Total	1,333,331	1,139,063	17%



Cost & Expenses

During the first quarter of the year, cost of services rose 17.7% compared to 1Q22, while operating expenses increased 15.2%. This was due to costs related to the Company's growth and expansion, higher labor costs due to the rise in the minimum wage, and a larger operational scale of ho1a in the Corporate Segment. In this sense, EBITDA recorded a slight increase, while Operating Income decreased as a result of higher depreciation, due to the heavy investments made.

EBITDA

1Q23 Consolidated EBITDA maintained its growth trend and reached a record Ps. 3,269 million, even with the execution of the expansion project and recording a consolidated margin of 45.7%. Likewise, adjusted EBITDA from Cable Operations reached Ps. 3,085 million, a slight increase compared to 1Q22, with a margin of 47.3%.

	1Q23	1Q22	%Var
Consolidated operating profit	1,433,994	1,788,769	-20%
Consolidated depreciation and amortization	1,834,701	1,439,719	27%
Consolidated EBITDA ⁽¹⁾	3,268,695	3,228,488	1%
Consolidated EBITDA Margin	45.7%	49.2%	
MCM, Ho1a and PCTV EBITDA	184,042	168,478	9%
Cable Adjusted EBITDA ⁽²⁾	3,084,652	3,060,010	1%
EBITDA Margin of Cable	47.3%	50.8%	

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. 239.1 million, mainly comprised of net interest expense, resulting from the higher debt compared to 1Q22, as well as a foreign exchange gain recorded during the period.

	1Q23	1Q22
Net Exchange Profit	83,801	45,269
Interest Income	69,644	44,008
Interest Expense	392,508	177,315
Net Comprehensive Financial Result	(239,063)	(88,038)



Net Income

Net Income for the quarter closed at Ps. 797 million, lower than in 1Q22 but 43% higher on a sequential basis. This was due to the higher depreciation derived from investments made in recent years, increased financial expenses as a result of the larger outstanding debt and the non-recurring item recorded in 4Q22.

Net Debt

Megacable closed the quarter with a Net Debt of Ps. 14,372 million, increasing both on an annual and sequential basis. This was mainly due to additional debt signed to support the Company's ongoing expansion project, as well as a lower cash balance. The Company's strong balance sheet has allowed it to maintain a healthy leverage level of 1.12 times net debt/EBITDA, despite the growth project.

	1Q23	1Q22	4Q22
Short Term Debt	4,844,212	4,268,774	3,414,728
One year maturity of long-term bank loans	4,741,541	4,184,480	3,286,113
Short-term leases	102,671	84,295	128,615
Long-Term Debt	11,174,881	3,703,923	10,811,930
Bank Loans	3,446,973	3,456,703	3,448,524
Accounts Payable	7,000,000	-	7,000,000
Long-term leases	727,908	247,220	363,407
Total Debt	16,019,093	7,972,697	14,226,659
Cash and Short-Term Investments	1,647,567	3,138,629	1,384,036
Net Debt	14,371,525	4,834,068	12,842,623

CAPEX

Megacable invested Ps. 2,235 million during 1Q23, representing 31.2% of revenues for the quarter, this amount has been mainly focused on the Company's expansion plan. Investments made in previous periods have been reflected in the solid growth of kilometers and past homes in the 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)		\$ 39,514
Closing price (Ps) *		\$ 45.91
Free float		52%
As of March 31, 2023		

* Source: Infosel

1Q23 Earnings Conference Call

Megacable will hold its 1Q23 Earnings Conference Call on Friday, April 28, 2023 at 10:00 am (Mexico City Time) / 12:00 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=1609723&tp_key=7a3e2f4aa1

The audio recording of the 1Q23 conference call and prior periods is 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 March 31, 2023 and 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and short-term investments	1,647,567	3,138,629
Accounts receivable from customers and advances to suppliers, net	3,871,621	3,202,309
Recoverable taxes	1,651,109	1,277,754
Inventories	756,435	494,113
Total Current Assets	7,926,732	8,112,805
NON-CURRENT ASSETS		
Accounts receivable from customers and other long-term, net	183,622	-
Property, systems and equipment, net	47,603,332	40,141,409
Goodwill, net	4,378,397	4,378,397
Intangible assets by right-of-use assets	768,238	280,410
Other assets	608,377	453,778
Affiliated and associated companies	1,070,706	1,007,884
Total Assets	62,539,405	54,374,683
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
One year maturity of long-term liabilities	4,741,541	4,184,480
Suppliers	3,984,867	4,708,162
Short-term affiliated and associated companies	124,172	122,874
Accounts payable and accrued expenses payable	1,005,950	1,290,840
Short-term leases payable	102,671	84,295
Total Current Liabilities	9,959,201	10,390,651
LONG TERM LIABILITIES		
Bank loans	3,446,973	3,456,703
Labor obligations	302,259	240,755
Accounts payable	7,000,000	-
Deferred taxes	2,797,162	2,536,134
Affiliated and associated companies	592,458	612,514
Accrued Income	685,575	658,910
Long-term leases payable	727,908	247,220
Total Long-Term Liabilities	15,552,335	7,752,236
Total Liabilities	25,511,537	18,142,888
STOCKHOLDERS' EQUITY		
Capital Stock	910,244	910,244
Net Premium on the placement of shares	2,117,560	2,117,560
Retained Earnings	31,968,734	31,195,835
Minority Interest	1,537,107	1,514,348
Legal Reserve	494,223	493,808
Total Stockholders' Equity	37,027,868	36,231,795
Total Liabilities & Stockholders' Equity	62,539,405	54,374,683



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

Income Statement

First Quarter 2023 and 2022

	1Q23	1Q22	% Var
Income	\$ 7,152,188	\$ 6,562,426	9%
Cost of Services	2,008,852	1,706,801	18%
Gross Profit	\$ 5,143,336	\$ 4,855,625	6%
Operating and General Expenses	1,874,641	1,627,137	15%
EBITDA	\$ 3,268,695	\$ 3,228,488	1%
Depreciation and amortization	1,834,701	1,439,719	27%
Operating Profit	\$ 1,433,994	\$ 1,788,769	(20%)
Other income (expenses), net	13,796	-\$ 24,164	157%
Comprehensive Financing Income, Net	239,063	88,038	172%
Income Before Income Tax and Minority Interest	\$ 1,208,726	\$ 1,676,567	(28%)
Income Tax	362,618	452,673	(20%)
Net Profit	\$ 846,108	\$ 1,223,894	(31%)
Net income attribute to:			
Non-Controlling interest	49,494	53,978	(8%)
Controlling interest	796,614	1,169,916	(32%)
	\$ 846,108	\$ 1,223,894	(31%)



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

Income Statement by Segment
First Quarter 2022 and 2021

	1Q23	1Q22	% Var
CABLE OPERATIONS			
Income	\$ 6,516,453	\$ 6,022,055	8%
Cost of Services	1,774,699	1,509,244	18%
Gross Profit	4,741,754	4,512,811	5%
Operating and General Expenses	1,657,102	1,452,802	14%
EBITDA	\$ 3,084,652	\$ 3,060,010	1%
	47.3%	50.8%	
OTHER			
Income	635,735	540,371	18%
MCM	315,112	276,296	14%
HO1A	229,301	185,177	24%
PCTV	91,322	78,898	16%
Cost of Services	234,153	197,558	19%
MCM	41,595	28,195	48%
HO1A	138,402	130,394	6%
PCTV	54,156	38,968	39%
Gross Profit	401,582	342,813	17%
Operating and General Expenses	217,539	174,335	25%
MCM	136,244	105,391	29%
HO1A	46,876	36,066	30%
PCTV	34,419	32,878	5%
EBITDA			
MCM	137,272	142,710	(4%)
HO1A	44,024	18,717	135%
PCTV	2,747	7,052	(61%)
EBITDA	\$ 184,042	\$ 168,478	9%
	28.9%	31.2%	
TOTAL OPERATION			
Income	7,152,188	6,562,426	9%
Cost of Services	2,008,852	1,706,801	18%
Gross Profit	5,143,336	4,855,625	6%
Operating and General Expenses	1,874,641	1,627,137	15%
EBITDA	\$ 3,268,695	\$ 3,228,488	1%
	45.7%	49.2%	

