TOTAL PLAY TELECOMUNICACIONES, S.A. DE C.V.
AND SUBSIDIARIES

(Subsidiary of Corporación RBS, S.A. de C.V.)

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

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AND SUBSIDIARIES
(Subsidiary of Corporación RBS, S.A. de C.V.)

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

INDEX

mazars

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of
Total Play Telecomunicaciones, S.A. de C.V. and Subsidiaries
(Subsidiary of Corporación RBS, S.A. de C.V.)

Opinion

We have audited the accompanying consolidated financial statements of Total Play Telecomunicaciones, S.A. de C.V., and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of comprehensive (loss) income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Total Play Telecomunicaciones, S.A. de C.V., and its subsidiaries as at December 31, 2020 and 2019, and of its financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

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 "Auditor's 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 audits of the financial statements in Mexico, and we have fulfilled our other 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.

Emphasis of matter

We draw your attention to accompanying Note 11 to the consolidated financial statements, on November 9, 2020, the Group made an issuance of Senior Notes for an amount of US$575 million dollars (The Senior Notes), with an annual interest rate of 7.50%, and maturity in 2025. The Senior Notes were listed in the Singapore Stock Exchange (SGX-ST). The Senior notes were issued through a private offering intended only for qualified institutional investors in the United States, in conformity with Rule 144A of the U.S. Securities Act of 1933 as amended (Securities Act) and outside of the United States in conformity with regulation S, under the Securities Act. The purpose of the Senior Notes issuance was to use the proceeds to increase the Group's geographical coverage in Mexico, as well to refinance liabilities, in order to reduce the Group's debt cost of debt and improve the maturity profile.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, 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.

Auditor's 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 auditor´s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing 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, 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 auditor's 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 auditor's 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 manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and the significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Mazars Auditores, S. de R.L. de C.V.

Martín Pérez García, CPA
Partner

Mexico City,
April 20, 2021.

TOTAL PLAY TELECOMUNICACIONES, S.A. DE C.V. AND SUBSIDIARIES
(Subsidiary of Corporación RBS, S.A. de C.V.)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Notes 1 and 2)

Figures expressed in thousands of Mexican pesos

	Notes	December 31, 2020	December 31, 2019
Assets			
CURRENT ASSETS:			
Cash and cash equivalents	2i and 3	$ 1,786,852	$ 227,212
Accounts receivable:			
Customers – Net	2k and 4	2,376,186	2,155,941
Other receivables	2k	41,430	39,846
Recoverable taxes		3,310,476	1,968,410
Related parties	5	35,578	101,415
Fiduciary rights	4d	1,271,910	946,901
Inventories	2l and 6	1,621,341	1,260,484
Prepaid expenses	2m and 7	407,255	142,863
Derivative financial instruments	2j and 15b	-	1,975
Total current assets		**10,851,028**	**6,845,047**
NON-CURRENT ASSETS			
Property, plant and equipment - Net	2n and 8	32,756,010	22,604,821
Right-of-use assets - Net	2r and 9a	4,142,487	3,620,453
Trademarks and other assets	2p and 10	1,057,749	1,065,139
Deferred income tax asset	2t and 14c	438,553	321,154
Total non-current assets		**38,394,799**	**27,611,567**
Total Assets		**$ 49,245,827**	**$ 34,456,614**

	Notes	December 31, 2020	December 31, 2019
Liabilities and Equity			
SHORT-TERM - LIABILITIES:			
Short-term portion of long-term debt	2s and 11	$ 443,025	$ 1,395,401
Derivative financial instruments	2j and 15b	214,220	-
Lease liabilities	2r and 9	1,681,024	1,453,430
Trade payables		6,714,011	3,546,950
Reverse factoring	12	1,621,715	964,739
Other payables payable taxes	2v	1,154,358	878,197
Related parties	5	233,969	245,644
Unearned revenue	2x	269,279	195,126
Interest payable		119,046	892
Total short-term liabilities		**12,450,647**	**8,680,379**
LONG-TERM LIABILITIES:			
Long-term debt	2s and 11	25,749,567	13,725,543
Lease liabilities	2r and 9d	2,748,883	2,934,517
Trade payables		14,120	75,315
Other payables	2v	37,391	279,003
Employee benefits	2u and 13	66,184	34,333
Total long-term liabilities		**28,616,145**	**17,048,711**
Total liabilities		**41,066,792**	**25,729,090**
Commitments and contingencies	2v and 17	-	-
EQUITY:	2w, 18 and 19		
Capital stock		2,336,992	2,336,992
Paid-in capital		1,539,398	1,539,398
Contributions for future capital stock increases		5,000,000	5,000,000
Retained (losses) earnings:			
Legal reserve		183,368	183,368
Prior years		(2,048,507)	(2,711,056)
For the year		(547,023)	662,549
Other comprehensive income		1,714,807	1,716,273
Total equity		**8,179,035**	**8,727,524**
Total liabilities and equity		**$ 49,245,827**	**$ 34,456,614**

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

TOTAL PLAY TELECOMUNICACIONES, S.A. DE C.V. AND SUBSIDIARIES
(Subsidiary of Corporación RBS, S.A. de C.V.)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(Notes 1 and 2)

Figures expressed in thousands of Mexican pesos

	Notes	Years ended December 31, 2020	2019
Revenue from services	2x and 20	**$ 19,557,077**	**$ 14,267,364**
Cost of services	2y and 21	(5,030,903)	(3,506,105)
Gross profit		14,526,174	10,761,259
General expenses			
Network-related	2y and 21	(2,307,360)	(1,811,861)
Sales and administration	2y and 21	(4,921,091)	(3,434,739)
Depreciation and amortization	2n, 2z, 8, 9 and 21	(6,440,174)	(4,378,514)
Other income (expenses) – Net		37,711	(55,049)
		(13,630,914)	(9,680,163)
Operating profit		**895,260**	**1,081,096**
Financial cost:			
Accrued interest income	2x	44,593	56,119
Accrued interest expense:			
Financial debt	11	(1,070,569)	(284,170)
Leases	9	(370,386)	(136,262)
Other financial expenses		(135,425)	(55,025)
Foreign exchange gain – Net	2aa	1,500	100,094
		(1,530,287)	(319,244)
(Loss) income before income tax provisions		**(635,027)**	**761,852**
Income tax provisions	2t and 14a	88,004	(99,303)
Net (loss) income		**(547,023)**	**662,549**
Other comprehensive (loss) income:			
Fair value of intangibles	2p	-	790,000
Hedge fair value	15b	25,780	(3,717)
Actuarial losses	2u and 13	(23,473)	(2,155)
Result from foreign subsidiary translation	2aa	(3,773)	3,041
		(1,466)	787,169
Net comprehensive (loss) income for the year	**2cc**	**($ 548,489)**	**$ 1,449,718**

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

TOTAL PLAY TELECOMUNICACIONES, S.A. DE C.V. AND SUBSIDIARIES
(Subsidiary of Corporación RBS, S.A. de C.V.)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Notes 1 and 2)
Figures expressed in thousands of Mexican pesos

					Retained (losses) earnings				
	Notes	Capital stock	Paid in capital	Contributions for future capital stock increases	Legal reserve	Prior years	For the year	Other comprehen-sive income	Total equity
Balances at January 1, 2019		**$2,336,992**	**$ 1,539,398**	**$ -**	**$ 183,368**	**($ 2,477,350)**	**($ 233,706)**	**$ 929,104**	**$ 2,277,806**
Appropriation of prior year net loss		-	-	-	-	(233,706)	233,706	-	-
Contributions for future capital stock increases	18a	-	-	5,000,000	-	-	-	-	5,000,000
Comprehensive income for the period	2cc	-	-	-	-	-	662,549	787,169	1,449,718
Balances at December 31, 2019		**$2,336,992**	**$ 1,539,398**	**$ 5,000,000**	**$ 183,368**	**($ 2,711,056)**	**$ 662,549**	**$ 1,716,273**	**$ 8,727,524**
Appropriation of prior year net loss		-	-	-	-	662,549	(662,549)	-	-
Comprehensive (loss) for the period	2cc	-	-	-	-	-	(547,023)	(1,466)	(548,489)
Balances at December 31, 2020		**$2,336,992**	**$ 1,539,398**	**$ 5,000,000**	**$ 183,368**	**($ 2,048,507)**	**($ 547,023)**	**$ 1,714,807**	**$ 8,179,035**

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

TOTAL PLAY TELECOMUNICACIONES, S.A. DE C.V. AND SUBSIDIARIES
(Subsidiary of Corporación RBS, S.A. de C.V.)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Notes 1, 2 and 3)

Figures expressed in thousands of Mexican pesos

	Years ended December 31, 2020	2019
Operating activities:		
(Loss) income before income tax provision	($ 635,027)	$ 761,852
Items not requiring the use of resources:		
Depreciation and amortization	6,440,174	4,378,514
Employee benefits	8,378	14,791
Items related to investing or financing activities:		
Accrued interest income	(44,593)	(55,250)
Accrued interest expense and other financial transactions	1,573,729	420,432
Unrealized foreign exchange gain – Net	(357,420)	-
Measurement of derivative financial instruments' valuation	241,975	-
	7,227,216	5,520,339
Resources (used in) generated by operating activities:		
Customers and unearned revenue	(146,092)	(1,084,017)
Other receivables	(1,584)	(39,846)
Related parties - Net	54,162	(96,797)
Recoverable taxes	(1,342,066)	(803,800)
Inventories	(360,857)	(306,210)
Prepaid expenses	(264,392)	93,863
Trade payables	3,105,866	(1,010,480)
Other payables	34,549	285,509
Income taxes paid	(29,395)	(29,058)
Others	(3,773)	-
Cash flows generated by operating activities	**8,273,634**	**2,529,503**
Investing activities:		
Acquisition of property, plant and equipment	(14,201,308)	(7,896,255)
Other assets	7,390	(98,047)
Collected interest	44,593	55,250
Cash flows used in investing activities	**(14,149,325)**	**(7,939,052)**
Financing activities:		
Contributions for future capital stock increases	-	5,000,000
Loans received	11,296,294	3,024,648
Lease cash flows	(2,405,304)	1,150,647
Fiduciary rights	(325,009)	(289,941)
Reverse factoring	656,976	(1,605,129)
Interest payment	(1,787,626)	(1,690,476)
Net cash flows generated by financing activities	**7,435,331**	**5,589,749**
Net (decrease) increase in cash and cash equivalents	1,559,640	180,200
Cash and cash equivalents at the beginning of the year	227,212	47,012
Cash and cash equivalents at the end of the year	**$ 1,786,852**	**$ 227,212**

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

NOTE 1 – DESCRIPTION OF TOTAL PLAY GROUP (TPG):

a. Entity and corporate purpose:

Total Play Telecomunicaciones, S.A. de C.V. ("the Company") was incorporated on May 10, 1989 under Mexican laws. The Company is a 99% direct subsidiary of Corporación RBS, S.A. de C.V (parent company at the last level of consolidation).

The head office of the Company is domiciled at Ave. San Jerónimo 252, Colonia La Otra Banda, 04519, Alcaldía Alvaro Obregón, Mexico City, Mexico.

The Company has no employees and obtains personnel services from its subsidiaries.

b. Activity:

The main businesses activities of the Company and its subsidiaries are:

(i) to install, operate and exploit public telecommunication networks and/or cross-border links, through concession rights granted, as appropriate, by the Mexican Communications and Transportation Secretary (SCT by its Spanish acronym);
(ii) the purchase - sale, distribution, installation, lease and trading of telecommunication devices;
(iii) the operation of the concessions, authorizations or rights granted by the SCT;
(iv) to provide restricted television/audio services, internet access and fixed telephony services;
(v) the leasing of dedicated links to corporate customers; and
(vi) to provide international long-distance services.

The Company´s operation is regulated by the Federal Telecommunications Law (LFT for its Spanish acronym) through the Federal Telecommunications Institute (FTI or IFT for its Spanish acronym).

The Company has been granted the following concessions or amendments to the concessions by the Mexican Federal Government:

- October 16, 1995 – concession to operate in the national and international long-distance segments, as well as to provide value added services (the Concession Title). On March 25, 2020, the Company announced that the FTI had renewed its concession to operate and exploit a public telecommunications network for a 30 year period from October 16, 2025 through October 16, 2055.

- December 19, 2005 – basic local telephony services on a national basis, through the amendment of the Concession Title.

- November 6, 2009 – an authorization was added to provide restricted television/audio services through an amendment to the Concession Title.

c. Consolidation companies:

The Company is the controlling shareholder of the following entities:

Company	Year of incorporation	% of direct or indirect interest 2020	2019	Activity
Iusatel USA, Inc. (Iusatel USA)	2001	100%	100%	Participant in the long-distance market in the United States of America.
Tendai, S.A. de C.V.	2013	100%	100%	No operations.
Total Box, S.A. de C.V.	2014	100%	100%	Lease of decoders.
Gesalm Consultores, S.A. de C.V.	2014	100%	100%	Personnel services.
Gesalm Asesores, S.A. de C.V.	2014	100%	100%	Personnel services.
Gesalm Servicios, S.A. de C.V.	2015	100%	100%	Personnel services.
Total Telecom Play, S.A. de C.V. (Mexico)	2015	100%	100%	Dormant
Total Play Comunicaciones Colombia, SAS (Colombia)	2019	100%	100%	Dormant
TPE Comunicaciones Colombia, SAS (Colombia)	2019	100%	100%	Dormant
Hogar Seguro TP, S.A. de C.V.	2020	100%	-	Dormant

NOTE 2 – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of preparation and presentation of the consolidated financial information

The accompanying consolidated financial statements of the Company have been prepared under the accrual basis and historical costs premise, except for the revaluation of properties, investments, trademarks and derivative financial instruments. The amounts are rounded to thousands, except as otherwise noted.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

IFRSs are comprised by the IFRS and by the International Accounting Standards (IAS), their Amendments and Interpretations to both IFRS and IAS (IFRIC and SIC, respectively).

The preparation of the consolidated financial statements in accordance with the adopted IFRSs requires the use of certain critical accounting estimates. It also requires TPG Management to use its judgment when applying TPG accounting policies. The areas in which significant judgments and estimates have been made when preparing the consolidated financial statements and their effect, are described in Note 2f.

The Group is required to report its financial information to the Institutional Stock Exchange (Bolsa Institucional de Valores, S.A. de C.V. or BIVA for its Spanish acronym) and to the National Securities and Exchange Commission (Comisión Nacional Bancaria y de Valores or CNBV for its Spanish acronym) while being the manager of the Irrevocable trust number CIB/3370, which was created due to the issuance of securitized certificates (Certificados Bursátiles o CEBURES) on March 2, 2020; as well as to the Singapore Stock Exchange (SGX) due to the Senior Notes issuance described in Note 11.

TPG consolidated financial statements as of December 31, 2020 were approved by Mr. Alejandro Enrique Rodríguez Sánchez (Chief Financial Officer, TPG) and by Mr. Gildardo Lara Bayón (Corporate Controlling Director, Grupo Salinas) on April 20, 2021. Said consolidated financial statements will be subject to the Board of Directors' and Stockholders approval at their upcoming meetings. The Stockholders can modify the financial statements after their issuance in accordance with the Mexican General Corporate Law.

b. Consolidated financial statements

Consolidation rules

TPG's consolidated financial statements include the Company and all of its subsidiaries as of December 31, 2020 and 2019 (see Note 1). TPG controls a subsidiary when it is exposed to or has the right to variable returns derived from its involvement with the subsidiary and has the ability of affecting those returns through its power over the subsidiary. All Company's subsidiaries present their financial information for consolidation purposes as of December 31, 2020 and 2019, in compliance with TPG policies.

All the operations and balances between the Company and its subsidiaries have been eliminated in consolidation, including unrealized gains and losses in transactions between them. In those cases in which an unrealized gain or loss arises from an intercompany sale of fixed asset, it is reversed in consolidation, in order to test the related asset for impairment from a consolidated perspective. The reported amounts in the Company's subsidiaries have been adjusted when necessary in order to assure consistency with TPG accounting policies.

The subsidiaries' assets, liabilities and results are included or excluded in consolidation on the date those subsidiaries were acquired and up to the approval date of the disposal plan. Subsidiaries' gains or losses and other items of their comprehensive income, are recognized starting from the date of acquisition and up to the disposal date, as applicable, considering that through the acquisition, control is obtained and lost at the time of the disposal.

Likewise, the subsidiaries' financial statements were audited by independent auditors.

Changes in the subsidiaries' participation and loss of control.

Changes in the subsidiaries' owning participation, without losing control, are accounted as capital transaction. If the Company loses control of a subsidiary, proceeds as follows:

i. Derecognize assets, including goodwill, and the subsidiary liabilities
ii. Derecognize the accounting value of the non-controlling interest
iii. Derecognize the accumulated translation effect accounted as equity.
iv. Recognize the fair value of the consideration received.
v. Recognize the fair value of the retained investment.
vi. Recognize any surplus or deficit in income for the period.
vii. To reclassify the participation previously recognized as other comprehensive result ítems to gains, losses or retained earnings, as may be the case, as if the Company would have sold the related assets or liabilities directly.

Discontinued operations

A discontinued operation is a component of the business of TPG that has been disposed of and whose operations and cash flows can be clearly identified from the rest of TPG and that:

- Represents a business unit or geographical area, that is significant and can be considered separately from the rest of the Company.
- Is part of a unique coordinated plan to dispose of a business unit or of an operative geographical area that is significant and can be considered separately from the rest; or
- Is a subsidiary entity acquired exclusively with the intent to be resold.

The classification of a discontinued operation occurs at the time it is disposed of, or when the operation complies whit the criteria to be classified as held for sale, whichever happens first.

When an operation is classified as discontinued operation, the comparative statement of comprehensive income of the period has to be presented as if the operation would have been discontinued since the beginning of the comparative year.

The effects in the current period over discontinued operations entries and that are directly related with their disposal in a previous period, are classified in a separately within the related information to such discontinued operations.

c. Functional currency

The consolidated financial statements are presented in Mexican pesos ($), the currency under which the Company and its Mexican subsidiaries must keep their accounting records pursuant to Mexican law. Said currency is also the TPG's reporting and functional currency. On an individual basis, some of the foreign subsidiaries have other accounting currencies different to the Mexican peso (see Note 1c).

d. Changes in accounting policies from adoption of new IFRS and Improvements to IFRS

Following are the standards and improvements which may have an effect in TP Group's financial information, in force as of the date of the accompanying consolidated financial statements. TP Group evaluated the effect of these standards and improvements on its consolidated financial statements as detailed in subsections i and ii.

i. New standards, interpretations and amendments which became effective since January 1, 2020.

Some of the accounting pronouncements that became effective since January 1, 2020, that have been adopted, but do not have a significant impact in the TPG's results of financial position were as follows:

- Conceptual framework (revised)
- Amendments to IFRS 3, Business' definition
- Amendments to IAS 1 and IAS 8, Definition of material
- Amendments to IFRS 9, IAS 39 and IFRS 7. Interest rate benchmark reform (Phase 1)
- Amendments to IFRS 16, COVID-19 related rent concessions

These modifications, interpretations and improvements to existing standards do not mean changes in accounting policies and do not have a significant impact on the consolidated financial statements of TP Group.

ii. New standards not effective, not adopted early by the TPG.

As of the authorization date of these consolidated financial statements, there are new standards, amendments and interpretations to existing standards released by the IASB, none of which have been adopted early by the TPG:

- Annual improvements to IFRS – 2018-2020 cycle
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Interest rate benchmark reform (Phase 2)
- Amendments to IFRS 3 – References to the conceptual framework
- Amendments to IAS 16, Products obtained before the intended use.
- Amendments to IAS 37, Onerous contracts – Costs of fulfilling a contract
- Amendments to IAS 1, Classification of liabilities as current or non-current

These modifications are not expected to have a material impact on the consolidated financial statement on the initial application period, and consequently there are no further disclosures.

Annual Improvements to IFRSs 2018-2020 cycle, published in June 2018, provide modifications to certain current standards and will be in force starting 2022; the topics dealt with by such modifications are as follows:

Standard	Standard affected	Nature of the amendment
IFRS 9	Financial Instruments	Clarification over the commissions included in the test to determine the derecognition of a financial liability that has been modified or exchanged while evaluating if the contractual terms are substantially different.
IFRS 16	Leases	Amendment to illustrative example 13 accompanying IFRS, removing what refers to lessor payments related to improvement to leased properties, with the objective to avoid potential for confusion regarding lease incentives.

e. Business segments

Management while identifying their operating business segments, follows the TPG service lines which represent the main products and services provided by TPG (see Note 22)

Each of the operating segments are managed separately since each service line requires different technologies and other resources, besides the different marketing approaches. All intra-segment transfers are carried out at arm lengths basis, based on operations with customers on individual sales of identical products and services.

The measurement policies of TPG used for reporting segments in accordance with IFRS 8 are the same as those used for the financial statements.

f. Critical accounting estimates and judgments

The preparation of consolidated financial statements, in accordance with IFRS, requires TPG Management to make estimates and judgments that affect the assets and liabilities reported in the consolidated financial statements. Actual results may differ from those having been estimated. The consolidated financial statements were prepared at historical acquisition cost base, and where applicable, at fair value. The main estimates and judgments that have been identified are the following:

(i) Inventory and receivables allowances. TPG uses estimates to determine the inventory and receivables impairment allowances. Some of the factors considered by TPG for calculating the inventory allowance are the installations volume and demand trends for certain products. The factors considered by TPG in order to determine impairment allowance of receivables include customer's risk related to its financial situation, unsecured accounts and the portfolio aging in accordance with the credit terms and conditions set down (see Notes 4 and 6 for more detail).

(ii) Property, plant and equipment. TPG reviews the estimated useful life of property, plant and equipment at the end of each annual period, to determine their depreciation. Useful lives are determined in accordance with technical studies prepared by specialized internal staff, but external specialists may also participate. The uncertainty degree from to the useful lives estimates is related to the market changes and the use of the assets. Likewise, TPG performs estimates of recovered equipment value when a user cancels the service.

(iii) Capitalization of cost of loans. TPG uses its judgment in order to determine: (1) the qualifying assets in which the cost of loans will be capitalized; (2) the starting, suspension and ending periods of the capitalization, (3) the foreign exchange losses that may be capitalized.

(iv) Impairment of long-lived assets. When performing the asset impairment tests, TPG makes estimates on the value of use allocated to its property, plant and equipment, trademarks, and to cash generating units (CGU), in the case of certain assets. Calculations of the value of use require TPG to determine the future cash flows that should proceed from the CGUs and the appropriate discount rate to calculate the present value. TPG uses the revenue cash flow projections using estimates of market conditions, prices, market share and volume of installations.

(v) Leases. At the time of registering its lease contracts under IFRS 16, Management has had to use certain estimates in respect to: (1) the possible contract renewals; (2) the discount rate to determine their present value; and (3) the applications of allowed exceptions.

(vi) Employee benefits. Measurement of the liability for employee benefits is performed by independent specialists based on actuarial calculations. Some of the assumptions that may have an important impact, among other, are: (1) discount rates, (2) expected salary increase rates, and (3) rotation and mortality rates based on recognized tables. A change in the economic, labor or tax conditions could modify the estimates.

(vii) Deferred taxes. TPG has tax loss carry forwards and certain temporary differences, which are susceptible to be used in the following years. Based on projected revenue and taxable profit TPG is expected to generate in future years, TPG Management has considered that a portion of current tax loss carry forwards and temporary differences will not be used before their expiration date and, therefore, it was considered appropriate to account for a valuation allowance to the deferred tax asset from those tax losses and temporary differences.

(viii) Contingencies. TPG is subject to legal procedures on which the possibility of materialization as a payment obligation is assessed, for which the legal situation as of the date of the estimate and the opinion of TPG's legal advisers are considered. Such assessments are periodically reviewed and in case that the payment obligation becomes probable, the corresponding liability is recognized.

(ix) Revenue from contracts with customers. In the process of applying TPG accounting policies, Management has performed the following judgments that have had the most significant effects on the figures recognized in the financial statements: (1) determination of performance obligations; (2) the timing in which a revenue must be recognized based on the fulfillment of performance obligations; (3) the average time of equipment installation; (4) cancellation percentage; and (5) registration of the consideration as agent or principal.

g. Consolidated statement of comprehensive (loss) income

TP Group presents the consolidated comprehensive (loss) income in a single statement denominated "Consolidated statement of comprehensive (loss) income", which includes those items comprising net loss and other comprehensive income (OCI).

The expenditures shown in TPG's consolidated statements of comprehensive (loss) income are presented in a combined manner, since the grouping of costs and expenses in a general fashion, allows knowing the different levels of (loss) income. Additionally, TPG presents the operating (loss) profit in its consolidated statements of comprehensive (loss) income, since such presentation is a common disclosure practice in the industry that TPG operates in.

h. Consolidated statements of cash flows

Consolidated statements of cash flows have been prepared using the indirect method which consists in presenting firstly income or loss before tax provisions and then the changes in working capital, investment activities and lastly, financing activities.

i. Cash and cash equivalents

Cash and cash equivalents consist of petty cash funds, bank deposits and high-liquidity short-term investments which may be easily converted into cash and which are subject to a small risk of changes in their value.

j. j. Financial instruments

Recognition, initial measurement and de-recognition of financial instruments

Financial assets and liabilities are recognized when TP Group is part of the contractual clauses of a financial instrument.

Financial assets are de-recognized when the contractual rights to the cash flows of a financial asset expire, or when the financial asset and all the substantial risks and rewards have been transferred.

A financial liability is de-recognized when the obligation is extinguished, discharged, canceled or due.

An equity instrument like any contract that brings out a residual participation in Company´s assets, after having deducted all liabilities, that is, in net assets.

Classification and initial measurement of financial assets

Except for accounts receivable from customers, which do not contain a significant financing component and are measured at the price of the transaction in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted by the transaction costs (in case that this applies).

Financial assets that are not designated and effective as hedging instruments, are classified in the following three categories for measurement purposes:

- Amortized cost.
- Fair value through profit or loss (FVTPL).
- Fair value through other comprehensive income (FVTOCI).

The abovementioned classification is determined considering the following:

- The entity's business model for the management of the financial asset.
- The contractual features of the financial assets cash flows.

All revenues and expenses related with financial assets are recognized in the income statement and presented as part of financial income, financial expense or other financial operations, except for the impairment of accounts receivable from customers, which are presented under operating expenses.

Subsequent measurement of financial assets

- Financial assets at amortized cost

Financial assets are measured at their amortized cost if those assets meet the following conditions (and are not FVTPL designated):

- They are kept into a business model with the objective of holding the financial assets and to collect its contractual cash flows.
- The contractual terms of the financial assets lead to cash flows that are only payments of principal and interest on the outstanding balance.

If the financial asset fair value at the initial recognition date differs from the price of the transaction, the instrument is recognized by adjusting it and differing the difference between both values. Afterwards the deferred difference is recognized in the income statement to the extent that a change arises that implies a change in the financial instrument value.

After initial recognition, these assets are measured at their amortized cost by using the effective interest rate method. The discount is omitted when the discount effect is immaterial. Cash and cash equivalents, other receivables and related parties, and most of other accounts receivable are recognized under this financial instrument category.

- Financial assets at fair value through profit and loss (FVTPL)

Financial assets held within a business model different to "holding for collection" or "held to collect and to sell" are categorized at fair value with changes in results. Moreover, aside from the business model, financial assets whose contractual cash flows are not only principal and interest payments are recorded at FVTPL. All derivative financial instruments fall into this category, except those designated and effective as hedge instruments, for which hedge accounting requirements are applied (see below).

The assets qualifying in this category are measured at fair value with gains or losses recognized in results. Fair values of financial assets in this category are determined by reference to transactions on an active market or using a valuation technique when an active market does not exist.

- Financial assets at fair value through other comprehensive income (FVOCI)

TP Group accounts for financial assets at FVOCI if said assets comply with the following conditions:

- They are held under a business model whose objective is ´held to collect' the associated cash flows, and sell, and
- The financial assets contractual terms result in cash flows that are only principal and interest payments of the outstanding amount.

Any gain or loss recorded in other comprehensive income (OCI) will be recycled when the related asset is de-recognized.

As of December 31, 2019, TPG held financial assets measured at FVOCI amounting $1,975.

Impairment of financial assets
The impairment requirements under IFRS 9 use more future information in order to recognize expected credit losses and said requirements are comprised under the 'expected credit loss model'. This replaces the 'incurred loss model' under IAS 39. The instruments under the scope of the new requirements include loans and other financial assets of debt type measured at amortized cost and at FVOCI, accounts receivable from customers, assets from contracts with customers recognized and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) which are measured at FVTPL.

Recognition of credit losses no longer depends on TPG identifying a credit loss event. Instead, TPG considers a wider range of information when assessing the credit risk and measures the expected credit losses, including past events, current conditions, as well as reasonable and backed up forecasts that affect the expected recovery of the instrument's future cash flows. When applying this approach, a distinction is made between:

- Financial instruments whose credit quality has not deteriorated significantly since their initial recognition or with a low credit risk ('Stage 1'), and
- Financial instruments whose credit quality has deteriorated significantly since their initial recognition or whose credit risk is not low ('Stage 2').
- The Stage 3 would consider financial assets with a strong evidence of impairment as of the reporting date.

The 'twelve month expected credit loss' is recognized for the first category, while the 'asset's lifetime expected credit loss' is recognized for the second category.

The measurement of the expected credit loss is determined through a weighted estimate of the default probability during the expected lifetime of the financial instrument.

Accounts receivable from clients and other receivables and assets from contracts with clients
TP Group uses a simplified approach to register accounts receivable from customers and other receivables, as well as the assets of contracts with customers, and recognizes the impairment allowance as the expected credit losses during the lifetime of the instrument. These are expected deficits in contractual cash flows, considering the potential default at any time during the life of the financial instrument. TP Group uses its historical experience, external indicators and forecasted information to calculate the expected credit losses through a provision matrix. TPG assesses impairment of accounts receivable from customers on a collective basis, by grouping the portfolio based on the number of days overdue, since the receivables groups share similar credit risk characteristics.

Classification and subsequent measurement of financial liabilities
Financial liabilities of TPG include financial debt, suppliers, related parties and other accounts payable.

Financial liabilities are measured initially at fair value and, as applicable, are adjusted for transaction costs, unless TPG would have designated the financial liability at FVTPL.

Subsequently, financial liabilities are measured at amortized cost by using the effective interest rate method, except for derivatives and financial liabilities that have been designated at FVTPL, which subsequently are booked at fair value with gains or losses recognized in profit or loss (that are not derivative financial instruments designated and effective as hedging instruments).

All the charges related with interest and, if applicable, changes in fair value of an instrument are reported in income and are included under 'interest expense'.

Derivative financial instruments and hedge accounting

As at December 31, 2020 and 2019, TPG had financial instruments qualified as hedges.

Derivative financial instruments are accounted for at FVTPL, except for those derivatives designated as hedging instruments in the cash flow hedge relationships, which require a specific accounting treatment. To qualify for hedge accounting, the hedge relationship must comply with all of the following:

- There is an economic relationship between the hedged item and the hedging instrument,
- The effect of the credit risk does not dominate the changes of value resulting from said economic relationship, and
- The hedge index in the hedge relationships is the same as the resulting from dividing the amount of the hedged item that the entity is really hedging by the amount of the hedging instrument that the entity really uses to hedge said amount of the hedged item.

All the derivative instruments used in the hedge accounting are initially recognized at fair value and subsequently reported at fair value in the statement of financial position. Provided the hedge is effective, changes in fair value of the derivatives designated as hedge instruments in the cash flow hedging operations are recognized under other comprehensive income and included in other equity components.

Any ineffectiveness in the hedging relationship is immediately recognized in profit and loss. At the time the hedged item affects the profit and loss, any gain or loss previously recorded in OCI is reclassified from equity to profit and loss and presented as a reclassification within OCI. However, if a non-financial asset or liability is recognized as a result of the hedged transaction, gains or losses previously recognized in OCI are included in the initial measurement of the hedged item.

If a forecasted transaction is not expected to occur, any related gain or loss recognized in the OCI is immediately transferred to profit and loss. If the hedge relationship ceases to comply with the effectivity conditions, the hedge accounting is discontinued, and the related gain or loss is kept in the equity accounts until the forecasted transaction occurs.

Fair value coverage

The change in the fair value of a coverage instrument is recognized as other expenses in the statement of comprehensive income. The change in fair value of the hedge item attributable to the hedged risk is accounted as part of the hedged item carrying amount and also recognized in profit and loss as other expenses.

For fair value coverage related to items recognized at amortized cost, the adjustment to the carrying amount is amortized through profit and loss over the remaining period until expiration date, using the effective interest rate method. The effective interest rate amortization may begin as soon as adjustment exists and must begin the latest when the hedged item ceases to be adjusted due to changes in fair value attributable to the hedge risk.

If the hedged item ceases to be recognized, the fair value not yet amortized will be recognized immediately in profit and loss.

Classification and measurement of equity instruments

In accordance with IAS 32, the issuer of a financial instrument shall classify it in its entirety or in each of its components, at the time of initial recognition, as an equity instrument, in accordance with the economic essence of the contractual agreement and with the definitions of financial liability, financial asset and equity instrument.

An instrument shall be of equity if, and only if, it complies with the following:

a. The instrument does not incorporate a contractual obligation of: (i) deliver cash or other financial asset to another entity; or (ii) exchange financial assets or liabilities with another entity under terms potentially unfavorable to the issuer.

b. If the instrument will or may be liquidated with the equity instruments owned by the issuer, it is (i) a non-derivative instrument; or (ii) a derivative that will be liquidated only by the issuer through the exchange of a fixed amount in cash or other financial asset for a fixed amount of equity instruments of its own.

k. Accounts receivable from customers and other receivables

(i) Accounts receivable from customers

Accounts receivable from customers represent the collection rights stemming from sale of telecommunication services provided in the normal course of the operations of TPG. These assets are initially valued at the fair value of the agreed upon consideration; subsequently, they are adjusted for the estimated changes in the fair value at which they will be recovered, as a result of the accorded deductions and the recoverability estimates. When it is expected to collect them within a one-year period or less from the date of closing (or in the normal business operations cycle in case the cycle exceeds this period), they are presented as current assets. In the event on non-compliance with the foregoing, they are presented as non-current assets.

The increases and reductions of the expected credit losses estimates are determined based on valuation studies and applied to income when determined and are presented as part of general expenses in the consolidated statement of comprehensive (loss) income.

The allowance for doubtful accounts represents the probable loss inherent to all accounts receivable due to the historic trends of accounts receivable.

Those accounts in foreign currency are measured at the exchange rate prevailing at the end of the accounting period.

(ii) Other receivables

The other receivables refer mainly to advances for expenses, recoverable taxes and sundry debtors. Assets under this category are presented as current assets, except if they are expected to be recovered in a lapse higher than twelve months from the date of report, in which case they are classified as non-current assets.

l. Inventories

Inventories are valued at the lower of their cost or their net realizable value. The exchangeable items cost is originally assigned using the weighted average cost formula. The net realizable value corresponds to the estimated sale price in the ordinary course of business reduced by any applicable sales expense.

m. Advance payments

Prepaid expenses represent benefits for which the risks inherent to the assets to be acquired or the services to be received are not yet transferred to TPG.

n. Property, plant and equipment

TPG´s Management decided to change the recording to the revaluation model for the fiber optic and decoders, since it is considered it reflects their value in a better way, and consequently, the acquisition of those items up to December 31, 2017 are shown at their fair value, as determined by independent appraisers.

The average annual depreciation rates used by TPG for years 2020 and 2019 are the following:

	2020 (%)	2019 (%)
Communication equipment	10.0	10.0
Fiber optic	4.0	4.0
Decoders and installation expenses	12.5-20.0	12.5-20.0
Computers	33.0	33.0
Vehicles	25.0	25.0
Constructions	5.0	5.0
Furniture and fixtures	10.0	10.0

o. Borrowing costs

Costs from borrowings directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during period necessary to complete and prepare the asset to its intended use or sale. Other borrowing costs are charged to income when accrued and are reported under caption “interest expense” (see Notes 9 and 11). For the years ended December 31, 2020 and 2019, TPG capitalized borrowing costs which amounted to $835,211 and $1,307,867, respectively.

p. Intangible assets

Intangible assets acquired individually are initially recognized at acquisition cost. Intangible assets acquired through business combinations are identified and recorded at fair value at the date of acquisition. After initial recognition, intangible assets are recognized at cost reduced by their accumulated amortization and the accumulated impairment losses. Intangible assets internally developed, excluding capitalized development costs, are not capitalized, and the related expenses are booked in the income, in the period they were incurred.

TPG assess at the initial recognition whether the useful life of intangible assets is finite or undefined.

All finite-lived intangible assets are amortized during the economic useful life and are assessed when indicator that the intangible assets may be deteriorated are present. The amortization period and the amortization method for intangibles with finite- useful live are reviewed at least at each reporting date. The changes in the expected useful life or in the expected period to obtain the future economic benefits materialized in the assets, are taken as a basis to change either the period or the amortization method, if applicable, and are treated as a change in accounting estimate. The intangible assets with finite-life amortization expense is recognized in the comprehensive income statement as part of the expenses according to the intangible usage.

Intangible assets with undefined useful life are not amortized, instead those assets are subject to annual assessment regardless of any impairment indicator, individually or at cash-generating unit level. The useful life of an intangible asset with undefined useful life is reviewed annually to determine if such definition is still applicable, otherwise, the change in the assessment of undefined useful life to finite-lived is applied prospectively.

Trademarks
Trademarks represent the acquired rights to exploit certain intellectual property (names, logos, etc.).

During year ended December 31, 2019, the Company adopted the revaluation method for the Trademark, in accordance with IAS 28 “Intangibles”, generating an increase in non-current assets and equity for $790,000.

Concessions
Those costs related to the acquisition of concessions rights granted from the Mexican government to provide long-distance services and the lease of links through a public telephone network have been capitalized and are included under caption “Trademarks and other assets”. Such costs are amortized by using the straight-line method during the initial term of each concession. The Mexican government requires TPG to comply with certain specific provisions stated in each concession title. As at December 31, 2020 and 2019, TPG has fulfilled all of those requirements.

Internally developed software
Disbursements in the research phase of projects to develop specific software for the computer and telecommunication systems are recognized as expense when incurred.

Costs that are directly attributable to the development phase of the projects are recognized as intangible assets as long they comply with the following requirements to be recognized:

- Costs can be reliably measured;
- The project if technical and commercially viable;
- TPG intends and has enough resources to complete the project;
- TPG has the ability to use or sale the intangible asset;
- The intangible asset will generate probable future economic benefits.

Development costs not complying with these capitalization criteria are charged to income or loss as incurred.

The costs directly attributable include the cost of employees incurred during the software development, in addition to the adequate portion of general expenses and debt costs.

q. Long-lived assets assessment

TP Group periodically assesses the recoverability of its tangible and intangible long-lived assets, to identify the existence of circumstances indicating that their carrying values exceed their value of use.

In order to perform the impairment tests, assets are grouped to the lowest level for which there is an adequate independent cash inflow (cash generating units or CGU). As a result, assets are individually tested for impairment and some are tested at a CGU level.

Those CGUs to which goodwill is allocated, intangible assets with undefined life and intangible assets not available for use are tested for impairment at least once a year. The rest of the individual assets or CGUs are tested for impairment if any event or changes in the circumstances indicate that the carrying amount may not be recovered.

An impairment loss is accounted for in the amount for which the assets or CGU' carrying amount exceeds its recovery value, which in turn corresponds to the higher amount between fair value less selling expenses and the value of use. To determine the value of use, Management estimates the expected future cash flows of each CGU and determines a discount rate to calculate the present value of such cash flows. Data used when performing the impairment test are directly linked to TPG's most recent authorized budget, adjusted as necessary to exclude the effects of future reorganizations and asset improvements. Discount factors are individually determined for each CGU and reflect their respective risk profiles as assessed by Management.

CGU impairment losses reduce first the carrying amount of any goodwill assigned to the related CGU. The remaining impairment loss is split pro rata between the long-lived assets of the CGU. Except goodwill, all the assets are subsequently assessed to confirm that any impairment loss previously recognized no longer exists. An impairment charge may be reverted if the CGU recoverable value exceeds carrying amount.

Impairment test
For the impairment annual test purposes, there were defined two valuation approaches adequate for each CGU maintained by TPG, privileging the use of level 1 and 2 inputs, in accordance with IFRS 13, Measurement at fair value. Recovery value is obtained as the higher between the value in use and fair value less disposition costs. For the annual impairment test working capital assets, fixed assets, concessions and other intangibles were considered as a single CGU, considering that TP Group has its own assets to operate independently as a going concern and generates economic cash flows and its own financial information, which allows its analysis individually.

The technique used to determine the recoverable value is the fair value less the disposal costs.

Fair value (market approach). This approach was carried out through the arm's length public companies technique, which estimates the sustainable level of future revenues for a business, and applies an appropriate multiple to those revenues and are capitalized to obtain the business value. This technique presumes that companies operating in the same industry sector will share similar characteristics, and the values of the company are co-related to those characteristics.

Value-in-use (revenue approach). To determine the value-in-use, Management estimates the expected future cash flows of each cash generating unit and determines an adequate interest rate to be able to calculate the present value of those cash flows. The data used upon carrying out impairment testing procedures are directly linked to the most recent budget approved by the TPG, adjusted as necessary to exclude the effects of future reorganizations and improvements of assets. Discount factors are determined individually for each cash generating unit and reflect their respective risk profiles, as evaluated by Management.

As at December 31, 2020 and 2019, TP Group does not present impairment in its assets with indefinite and definite lives.

r. Leased assets

TPG as lessee
TPG enters into lease agreements for communication equipment, decoders, vehicles, furniture, offices, points of sale, among others. All leases are negotiated individually and have a wide variety of terms and different conditions as purchasing options and scalability clauses.

TPG asses if the contract is or contain a lease at the commencement date. A lease conveys the right to direct the use and obtain substantially all the economic benefits of an identified asset for a period of time in exchange of a consideration.

Some lease contracts contain lease components and other non-lease components. The non-lease components used to be associated with the offices management services and the maintenance and vehicle repair contracts. TPG has elected not to split from its offices leases the non-lease components, instead account for these contracts as one lease component. For the rest of leases, the components are divided in its lease components, and non-lease components based on their respective independent prices.

Measurement and recognition of leases as a lessee
At lease commencement date, the TPG recognizes a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the TPG, and any lease payments made in advance of the lease commencement date (net of any incentives received).

TPG depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. TPG also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the TPG's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

After initial measurement, the liability will be reduced for payments made, split as capital payments and financial costs. The financial cost is the amount produced by a constant interest rate over the remaining balance of the financial liability.

The lease liability is reassessed when there is a change in the lease payments. Changes in lease payments arising from a change in the lease term or a change in the assessment of an option to purchase a leased asset. The revised lease payments are discounted using the TPG's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined. The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recognized in profit or loss.

Lease payments can also be modified when there is a change in the amounts expected to be paid under residual value guarantees or when future payments change through an index or rate used to determine those payments, including changes in lease market rates after a review of such market leases. The lease liability is remeasured only when the adjustment to the lease payments becomes effective, where the revised contractual payments for the remainder of the lease term are discounted using the unmodified discount rate. Except when the change in lease payments is the result of a change in variable interest rates in which case the discount rate is modified to reflect the change in interest rates.

In some cases, the TPG may increase or reduce the capacity of physical spaces or may renegotiate the amounts to be paid under the respective leases, therefore, the TPG may agree with the lessor to pay an amount that is proportional to the independent adjusted price to reflect the specific terms of the contract. In these circumstances, the contractual arrangement is treated as a new lease and accounted for accordingly.

In other cases, TPG may negotiate a change to an existing lease, such as reducing the amount of office space occupied, the term of the lease, or the total amount to be paid under the lease not being part of the original terms and conditions of the lease. In these circumstances, TPG does not account for the changes as if there were a new lease. Instead, the revised contractual payments are discounted using a revised discount rate on the effective date of the lease modification. For the reasons explained above, the discount rate used is the TPG's incremental loan rate determined on the modification date, since the implicit rate in the lease is not easily determinable.

The remeasurement of the lease liability is dealt with by a reduction in the carrying amount of the right-of-use asset to reflect the full or partial termination of the lease for lease modifications that reduce the scope of the lease. Any gain or loss relating to the partial or full termination of the leases is recognized in profit or loss. The right-of-use asset is adjusted for all other lease modifications.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

The Group as a lessor
As a lessor the Group classifies leases as either operating or financial leases.

A lease is classified as a financial lease if it transfers substantially all the risks and rewards inherent to ownership of the underlying asset and classified as an operating lease if it does not.

s. Financial debt

Financial debt is initially accounted for fair value net of any operating expense directly attributable to the issue of the instrument. Liabilities that accrue interest are subsequently valued at amortized cost, by using the effective interest rate method, which ensures that any interest expense during the period through completion of the payments resulting in a constant rate on the outstanding liability in the statement of financial position. Interest expense includes initial transaction costs and premiums paid at the time of amortization, as well as any interest or coupon payable while the liability remains outstanding.

t. Taxes on income

The tax expense recognized in income includes the sum of the deferred tax and the tax incurred in the period, which has not been recognized in other comprehensive income items or directly in equity.

The short-term tax calculation is based on the tax rates and tax laws that have been enacted or are substantially enacted at the close of the reporting period. Deferred income taxes are calculated using the liability method

IAS 12, "Income taxes" states that the tax incurred should be determined based on the tax rules in force and is recorded in profit or loss of the period to which it is attributable. The effects of deferred taxes consist in applying the applicable tax rate to those temporary differences between the assets and liabilities carrying amounts and their tax values which are expected to materialize in the future, related to: (i) deductible and taxable temporary differences, (ii) the amounts of tax loss carry forwards, and (iii) unused tax credits.

A deferred income tax asset is only recognized if it is probable that there will be future taxable income to be offset against to. The deferred income tax liability derived from investments in subsidiaries and associates is recognized, except when the reversal of the related temporary differences can be controlled by TPG and is probable that the temporary difference will not be reverted in the foreseeable future.

Assets and liabilities from deferred taxes are only offset when TPG has the right and intention to offset the assets and liabilities from taxes of the same tax authority.

Deferred income tax assets are accounted for as long as it is probable that they may be used against future taxable income. This is determined based on projections of TPG of the future operating results, adjusted by significant items which are reconciled to the tax result and by the limits of use of tax losses or other unused tax credits. Liabilities from deferred taxes are always accounted for on its entirety

Current tax for the year is determined in accordance with the tax rules in force.

The effect of changes in tax rates on the deferred taxes is accounted for in profit or loss of the period in which such changes are approved.

u. Employee benefits

Under IAS 19, the employee benefits liabilities granted by TPG's subsidiaries are determined as follows:

Short-term employee benefits

These types of benefits, including vacation rights, are current liabilities included in 'Other accounts payable', they are measured at nominal value (without discount) that the TPG expects to pay as a result of the unused right and are recognized as expenses in the income of the period.

Retirement benefits under the defined contribution scheme
As of December 31, 2020 and 2019, these types of plans did not exist.

Retirement benefits under the defined benefits scheme
Under the defined benefit scheme, the amount of pension that an employee will receive upon retirement is determined in reference to the time of service and the employee´s final salary. The legal obligation for the benefits remains with the TPG, even if the plan assets to finance the defined benefit plan are separate. Plan assets may include specifically designated assets in a long-term benefit fund in addition to qualifying insurance policies. As of December 31, 2020 and 2019, the TPG did not have a funded pension plan and, therefore, there were no plan assets.

The liability recognized in the statement of financial position for defined benefit plans is the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of the plan assets. It is measured using the projected credit unit method, considering the present value of the obligation as of the date of the consolidated statement of financial position.

TP Group Management estimates DBO annually with the assistance of independent actuaries based on standard inflation rates and wage and mortality growth rate. Discount factors are determined near the end of each year with reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have maturities approximate to the terms of the related pension liability or, in failing which, the market rate of the bonds issued by the government should be taken as a reference.

The service costs of the defined benefit liability are included in the expense for employee benefits. Contributions that are independent of the years of service are considered a cost for services reduction. The net interest expense of the defined benefit liability is included as part of the financial costs. The gains or losses that derive from the remeasurements of the liability for defined benefits (actuarial gains or losses) are included in other comprehensive income items and are not reclassified to income in subsequent periods.

v. Provisions, contingent liabilities and contingent assets

Provisions are accounted for when present obligations, resulting from a past event, probably will lead to a cash outflow of TPG and the amounts can be estimated with some reliability. The time or the amount of such outflow can be yet uncertain. A present obligation rises from the presence of some legal or constructive commitment resulting from past events, e.g.: product warranties granted, legal controversies or onerous contracts.

Restructuring provisions are only accounted for if a restructuring detailed formal plan has been developed or implemented and, management has announced, at least, the main characteristics of the plan to the those affected persons or has begun the plan implementation. No future operating losses are recognized.

Provisions are measured by the estimated required expense to settle the present obligation, given the most reliable available evidence as of the date of the report, including the risks –and uncertainties associated to the current obligation. When there is a number of similar obligations, the possibility that an outflow is required for settling them is determined by considering them as a whole. Provisions are discounted at their present value in cases in which the value of the money in time is material.

Any reimbursement that TPG considers that is going to be collected from a third party in relation with an obligation, is considered as a separate asset. However, such assets will not exceed the amount of the related provision.

In cases where it is considered an unlikely or remote outflow of economic resources as a result of the current obligations, no liability is recognized unless a business combination is on course. In a business combination, contingent liabilities are recognized as of the acquisition date if a present obligation arises from past events and fair value can be reliably measured, even if the resources outflow is not probable. Subsequently, they are measured considering the higher amount between a comparable provision as previously described and the recognized amount as of the acquisition date, less any amortization.

w. Equity

Capital stock represents the face value of outstanding shares.

Paid-in capital includes any premium received from a capital stock issue. Any transaction cost is reduced from the paid-in capital, net from any related income tax benefit.

Retained earnings include all current and prior year earnings (losses), decreased by losses and transfers to other equity accounts.

All transactions with the controlling entity's stockholders are accounted separately in equity.

Dividend distributions payable to the stockholders are charged against retained earnings and are included in "other payables" when dividends have been declared but remain unpaid as of the date of the report. As at December 31, 2020 and 2019, no dividends have been declared.

Under caption "other comprehensive income" are recorded all the changes in equity which do not represent contributions by or distributions to the stockholders and that are part of comprehensive income (loss) and include the following:

- The revaluation reserve - includes gains and losses related to the revaluation of property, plant and equipment, as well as intangible assets (see Notes 2p and 10).
- Remeasurements of the defined benefit liability - which includes actuarial losses due to changes in demographic and financial assumptions (see Notes 2u and 13).
- The translation effect - includes the currency translation effect of the TPG's foreign entities to Mexican pesos (see Notes 1c and 2aa)
- The cash flow hedging reserve - comprises gains and losses related to this type of financial instruments (see Note 15b).

x. Revenue recognition for contracts with customers and other income

Revenue from telecommunication services derive from the contracts executed between TPG and customers.

In certain cases, TPG incurs a number of incremental costs in order to obtain said contracts, e.g.: commissions paid to the sales force or third-party agents. When the period covered exceeds one year, those costs are capitalized, otherwise TPG applies the IFRS 15 practical approach and expense them as incurred.

For revenue recognition purposes, TPG follows a five-step process:

(i) Identify the contract(s) with the customer;
(ii) Identify the performance obligations in the contract;
(iii) Determine the transaction price;
(iv) Allocate the transaction price to the performance obligations;
(v) Recognize revenue when (or as) each performance obligation is satisfied.

TPG frequently conducts transactions involving a variety of products and services, e.g., for the delivery of telecommunications hardware, software and related after-sales services. In all cases, the total transaction price for a contract is allocated among the various performance obligations based on their relative independent selling prices. The transaction price for a contract excludes any amounts charged on behalf of third parties.

TP Group recognizes the contract liabilities when a payment is received before the performance obligation is satisfied and those amounts are presented as 'Customer contract liabilities' in the statement of financial position. Similarly, if TPG satisfies a performance obligation before payment is received, it is recognized either a contract asset or an account receivable in the consolidated statement of financial position, depending on whether something else than just the passage of time is required before payment is enforceable

Revenue recognition is based on information generated by the billing systems, which include individual customer data such as the type of package/type of service rendered, billing fees, and other conditions agreed with the customers.

Some of the most representative types of income and their recognition method are described below:

Revenues for bundle 'Double Play' and 'Triple play'.
'Double play' and 'Triple play' contracts offered to customers are basically bundles of internet access, fixed telephony and pay television services, which can be adjusted to the needs and taste of the subscriber; said contracts are comprised by a number of packages that range depending on: megabits offered, number of T.V. channels, number of TVs connected and number of telephone lines. Revenues are recognized when the service is provided based on the contracts with customers.

Connection, reconnection or installation fee.
They are single and non-refundable charges, which are recognized at the time the service is provided. Connection and installation charges are generated when the TPG has installed a decoder and the service is ready to be provided. Charges for reconnection refer to the charge made to the customer when customer does not pay the invoice for the contracted services on time; the cost of resuming the service is stipulated in the body of the contract.

Internet access revenues /dedicated links rent.
Internet agreements rule the provision of symmetric or asymmetric internet access through fiber optic. The asymmetric internet is when there is a gap between the download and upload speeds and the symmetric internet is when the data download and upload speeds are the same. Revenue is recognized in income of the period as the service is being provided.

Dedicated internet access is a fixed-bandwidth connection between two points which is available 24/7; its download and upload capacities are the same and are assigned to a single customer.

The provision of internet access symmetric or asymmetric, the installation fees and the cession of the equipment needed for the provision of the service, are all considered a single performance obligation since the service to be provided depends entirely on the installation of the equipment in the place designated by the customer, since such equipment runs exclusively on hardware and software for TPG technology.

Income from the rental of dedicated links is recognized when the service is provided to the lessee based on the leased capacity.

Business-oriented services
Dedicated internet access is a fixed-bandwidth connection between two points which is available 24/7; its download and upload capacities are the same and are assigned to a single customer.

LAN to LAN agreements set the conditions for the connection service between two geographically separate sites, based in an Internet Protocol (IP). This allows the customer to have absolute control and security of the information.

An IP network agreement is a communication network that uses an IP that allows the customer to connect different networks to route the traffic to an expected destination. Multiprotocol Label Switching (MPLS) is a routing technique in telecommunication networks, it may be used to route different kinds of traffic, including voice traffic and IP packages.

A cloud services agreement refers to Internet services provision where the customer can store information as e-mail, files, etc., and can be remotely accessed from any site.

Interconnection and long distance revenue
The interconnection service consists in the physical and functional connection between the networks of different telecommunications carriers, to allow their users to communicate with each other or to access other services. Services are billed to other operators when a call has been terminated in the TPG network and are recognized when the service is provided. Interconnection rates are regulated by the Federal Telecommunications Institute (IFT).

Long distance services stem from the connection of a telephonic line located in Mexico and another one in a foreign jurisdiction. Applicable tariffs are dependent on the type of contract with the customer and location of the recipient of the phone call.

Advertising Services.
Advertising services consist mainly in agreements through which TPG is obligated to transmit certain advertising material of customers in different media (paid T.V. and movie theaters mainly) in exchange of advertising of TPG transmitted through the customer's own infrastructure. Revenues are recognized in income as the advertising is transmitted on the customer screens.

Interest Revenue.
Interest revenue is accounted for considering the effective interest rate applicable to outstanding principal during the corresponding accrual period.

Commissions
This income corresponds to the considerations that TPG invoices to platforms of free transmission services or OTT services (over-the-top), and can include a variety of telecommunications services such as audiovisual broadcasting (e.g. Internet television, Internet radio, video on demand or music), but also communications (e.g. voice over IP calls and instant messaging) and other cloud computing services (web applications and cloud storage).

Commissions are charged based on the rates agreed with the companies that operate the different platforms offered by the TPG to customers (e.g., Netflix, Prime Video, Disney +, HBO, among others).

Custom solutions
The TPG also provides some customers with tailored telecommunications solutions that include custom hardware and software and an installation service that allows it to interface with the customer's existing systems. TPG has determined that hardware, software and installation service are capable of being different since, in theory, the customer could benefit from these individually by purchasing the other elements through other providers. However, TPG also provides a significant service of integrating these elements to offer a solution in such a way that, in the actual context of the contract, there is a unique performance obligation to provide such a solution.

When such products are customized or sold in conjunction with significant integration services, the goods and services represent a single combined performance obligation over which control is deemed to be transferred over time. This is because the combined product is unique to each customer (it has no alternative use) and TPG has an enforceable right to settle for the work completed to date. Income from these performance obligations is recognized over time as the customization or integration work is performed, using the cost-to-cost method to calculate progress toward completion. Since costs are generally incurred uniformly as work progresses and are considered proportional to the entity's performance, the cost-to-cost method provides a faithful representation of the transfer of goods and services to the customer. For software sales that have not been customized by TPG and are not subject to significant integration services, the license period begins upon delivery. For software sales subject to significant customization or integration services, the license period begins with the start of the related services.

Liability for contracts with customers.
Revenue already collected for services not yet provided to the customer is deferred until such services are provided. As at December 31, 2020 and 2019, unearned revenue amounted to $269,279 and $195,126, respectively, and are presented in the statement of financial position under the caption “unearned revenue”.

Revenue is integrated as shown in Note 20.

y. Costs and expenses

Costs and operating expenses are recognized as accrued, immediately under the assumption of disbursements which will not generate future economic benefits or when they do not fulfill the necessary requirements to register them accounting-wise as an asset.

Costs and expenses are comprised as shown in Note 21.

z. Subscriber acquisition cost

Subscriber acquisition cost represents depreciation of disbursements necessary to install the restricted audio and video service, as well as dedicated links to provide the service to the customers, and is mainly comprised by the following components (i) fiber optics, (ii) installation materials (outside plant), (iii) decoder equipment and (iv) installation labor.

At the time of the installation such disbursements are capitalized as part of property, plant and equipment, and subsequently amortized starting on the date the equipment is ready to provide the contracted services and during the expected service life-span of the subscriber. If service is cancelled, the unamortized portion less the amount of the recovered equipment is charged to profit or loss of the period.

aa. Foreign currency transactions

(i) Transactions in foreign currency are translated to entity functional currency, in this case TPG, by using the exchange rates prevailing at the date of the transaction. Exchange gains and losses resulting from the settlement of such operations and the valuation of monetary items at the year-end exchange rate are recognized in income.

Non-monetary items are not translated at the closing exchange rate of the period and are measured at historical cost (converted using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date on which the fair value was determined.

(ii) In the financial statements of TPG, all assets, liabilities and operations of the Group entities carried out with a functional currency other than the Mexican peso (the TPG’s presentation currency) are translated into Mexican pesos at the time of consolidation. The functional currency of the entities at TPG has remained unchanged during the reporting period.

At the time of consolidation, assets and liabilities have been converted into Mexican pesos at the closing exchange rate of the reporting date. Income and expenses have been translated into TPG's presentation currency at an average exchange rate during the reporting period. Exchange differences are charged / credited to other comprehensive income items and are recognized as a translation effect under other capital accounts. Upon disposing of a foreign operation, the accumulated translation effects recognized in equity are reclassified to income and recognized as part of the gain or loss on disposal.

Note 16 shows the foreign exchange position, as well as the exchange rates used in the translation of those balances.

bb. Fair value calculation

TP Group determines the fair value of certain financial instruments, such as derivatives and some components of property, plant and equipment and trademarks as of the date of reporting the financial statements. The detail of the fair value of financial instruments and of some components of non-financial assets valued at fair value or for those that fair value is detailed, are included in the following notes:

- Critical accounting estimates and judgments – Note 2f
- Property, plant and equipment - Note 8
- Financial instruments (including those accounted for at amortized cost) - Note 15

Fair value is the price that would be received when selling an asset or paid to transfer a liability in an orderly transaction between market participants at the transaction date. Fair value measurement is based on the assumption that a transaction to sell an asset or to transfer a liability takes place:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for those assets or liabilities.

Fair value measurement of an asset or liability is determined by using those hypothesis that a market participant would use at the time of making an offer for the asset or liability, assuming those participants act in their own economic interest.

Fair value calculation of a non-financial asset takes into consideration the ability of the market participants to generate economic benefits derived from the asset's best and greater use or through the sale to other market participant that could make the best and greater use of the asset.

TP Group uses measurement techniques appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which measurement or disclosures of their fair value are made, are categorized into the fair value hierarchy described below, based on the lowest level input that is significant to the entire measurement:

- Level 1- Quoted market prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2- Valuation techniques for which low level inputs are utilized, that are significant for the calculation, is either directly or indirectly observable.
- Level 3- Valuation techniques for which low level inputs are utilized, that are significant for the calculation, is unobservable.

For those assets and liabilities recurrently measured in consolidated financial statements at fair value, TPG determines if transfers between hierarchy levels have been deemed to have occurred through a review of their categorization at the end of the reporting date (based on the lowest significant input for the fair value measurement).

For the measurement of significant assets and liabilities, such as property, plant and equipment, assets held for sale and contingent considerations, independent experts are engaged. Criteria for the selection of independent experts considers their market knowledge, reputation, independence and professional due care.

cc. Comprehensive income (loss)

Comprehensive income (loss) for the year includes TPG's net income and any other effect which, due to specific accounting standards, is accounted for under "other comprehensive results" and which does not represent an increase, decrease or distribution of capital stock.

Comprehensive income (loss) caption included in the consolidated statement of changes in equity is the result of TPG's performance during the year.

NOTE 3 – CASH AND CASH EQUIVALENTS:

Cash and cash equivalents are comprised as follows:

	December 31, 2020	December 31, 2019
Petty cash funds	$ 861	$ 977
Checking accounts	23,391	47,369
Short-term investments	1,762,600	178,866
Total cash and cash equivalents	$ 1,786,852	$ 227,212

NOTE 4 – ACCOUNTS RECEIVABLE FROM CUSTOMERS:

a. Balance integration:

Accounts receivable are integrated in the following manner:

	December 31, 2020	December 31, 2019
Restricted television and audio subscribers	$ 2,376,847	$ 2,339,497
Telecommunications operators	12,554	32,030
Other	159,818	45,222
Gross balance	2,549,219	2,416,749
Expected credit loss allowance	(173,033)	(260,808)
Total accounts receivable from customers – net	$ 2,376,186	$ 2,155,941

b. Receivables gross balance ageing:

	December 31, 2020	December 31, 2019
Up to 30 days	$ 875,398	$ 999,755
From 31 to 60 days	161,944	132,570
From 61 to 90 days	177,954	62,592
From 91 to 120 days	177,340	222,582
More than 121 days	1,156,583	999,250
Gross balance	$ 2,549,219	$ 2,416,749

c. Movements of the expected credit loss allowance:

	Years ended December 31, 2020	2019
Opening balance	$ 260,808	$ 263,815
Increases	472,941	244,750
Write-offs	(560,716)	(247,757)
Closing balance	$ 173,033	$ 260,808

d. Portfolio securitization:

On May 25, 2017 an "irrevocable administrative and source of payment master trust agreement" was entered into, identified with number 1136 (F/1136 or Master Trust) and created under Mexican laws, between the Company, Total Box, S.A. de C.V. (Total Box) as Trustors), the Company as Administrator and Banco Azteca, S.A., Institución de Banca Multiple, Fiduciary Division, as Trustee of the Master Trust (Fiduciary). The Master Trust was amended and fully redrafted on November 8, 2019.

The main purposes of the Master Trust are the following: (i) receive the contribution of Collection Rights of the Company and Total Box, and receive and administer the resources resulting from the collection; (ii) assign the Collection Rights to each "Securities Portfolio" in accordance with the allocation criteria (iii) assign the "Free Rights" to the "Individual Funds" created for carrying out new issuances, as instructed by the Technical Committee; (iv) transfer "Collection Rights" to other trusts and/or vehicles, previous authorization by the Technical Committee to, among other purposes, carry out financing operations by means of securitizations (public or private); and (v) as appropriate, and with previous authorizations, carry out one or more Securities issues.

The equity of the Master Trust is comprised by the following assets: (i) Collection Rights; (ii) amounts received by the Fiduciary as a consequence of the payment of the Collection Rights; (iii) liquid amounts and cash received by the Fiduciary of the Master Trust as a consequence of the payment or exertion of Collection Rights or as a consequence of issuances carried out; (iv) cash available in the accounts of the Master Trust, or, resulting from the Collection Rights; (v) interests and returns of cash or resulting from the Collection Rights; (vi) securities acquired by the Fiduciary for investing cash; (vii) any fixed asset, tangible or intangible, or rights affecting the equity of the Master Trust for the latter´s purposes. The assets representing the net equity contributed to the Master Trust are registered as "fiduciary rights" in the statement of financial position.

As part of its activities, the Master Trust has granted loans to TPG as shown in Note 11.

In like fashion, as of December 31, 2020 and 2019, Collection Rights contributed by TPG to the Master Trust amounted to $21,223,723 and $14,794,138, respectively.

NOTE 5 – RELATED PARTIES:

a. Balances:

Accounts receivable and payable to related parties are shown below:

	December 31, 2020	2019
Accounts receivable:		
TV Azteca, S.A.B. de C.V. and subsidiaries (TVA)	$ 30,149	$ -
Grupo Elektra, S.A. de C.V. and subsidiaries (GEKT)	4,865	101,085
Others	564	330
Total accounts receivable from related parties	$ 35,578	$ 101,415

		December 31, 2020		2019
Accounts payable:				
Corporación RBS, S.A. de C.V. (CRBS)	$	78,577	$	-
TV Azteca, S.A.B. de C.V. and subsidiaries (TVA)		71,449		30,887
Totalsec, S.A. de C.V. (Totalsec)		47,215		91,198
Selabe Diseños, S.A. de C.V. (Selabe)		33,459		19,862
Grupo Elektra, S.A.B. de C.V. and subsidiaries (GEKT)		1,979		-
Servicios de Asesoría en Medios de Comunicación GS, S.A. de C.V.		440		15,677
UPAX GS, S.A. de C.V. (UPAX)		161		23,208
Adamantium Private Security Services, S. de R.L. de C.V. (Adamantium)		15		4,394
Procesos BOFF, S. de R.L. de C.V. (BOFF)		-		60,250
Others		674		168
Total accounts payable to related parties	$	233,969	$	245,644

b. Transactions:

Additionally, the following operations with related parties have been included in the consolidated statement of comprehensive (loss) income:

		Years ended December 31, 2020		2019
Revenue	$	481,912	$	388,764
Costs		75,671		70,588
Operating expenses		1,017,603		514,001
Other income		15,967		11,664
Interest expense		24,171		87,048
Fixed assets acquisitions		93,974		161,559
Unearned revenues		81,210		4,197

Transactions with Grupo Salinas companies

TP Group provides fixed telephony services, Internet and link rent to GEKT and TVA.

In turn, services received by TP Group from the Grupo Salinas' companies are:

- GEKT – leasing and administrative services.
- TVA – advertising and leasing.
- CRBS – administrative services
- Adamantium – surveillance and security.
- BOFF, S. de R.L. de C.V. – administrative services.
- Totalsec – information security services.
- UPAX – marketing, polls, market research, among others.
- Selabe – administrative services.

NOTE 6 – INVENTORIES:

a. Balance integration:

Inventories are comprised as follows:

	December 31, 2020		December 31, 2019	
Set-top boxes	$	1,043,929	$	694,292
Installation materials warehouse		615,507		605,921
Gross balance		1,659,436		1,300,213
Allowance for obsolescence		(38,095)		(39,729)
Total inventories – net	$	1,621,341	$	1,260,484

b. Allowance for obsolescence roll forward:

	Years ended December 31 2020		2019	
Opening balance	$	39,729	$	27,662
Increases		12,000		12,067
Write-offs		(13,634)		-
Closing balance	$	38,095	$	39,729

NOTE 7 – Advance Payments:

	December 31 2020		2019	
Compensations	$	177,619	$	-
Advertising		64,812		14,538
Maintenance		61,290		33,246
Security deposits		32,111		31,606
Insurance		29,446		23,585
Telephony services		16,882		10,873
Fees		12,755		17,625
Others		12,340		11,390
	$	407,255	$	142,863

NOTE 8 – PROPERTY, PLANT AND EQUIPMENT - NET:

a. As of the dates of presentation, property, plant and equipment – net, consisted of the following:

	December 31, 2020	December 31, 2019
Decoders and installation expenses	$ 19,633,993	$ 11,579,107
Fiber optic	12,063,296	9,413,124
Communication equipment	7,650,370	6,121,211
Licenses and software	2,057,802	1,550,080
Laboratory machinery and equipment	1,018,337	814,755
Computers	934,799	701,496
Leasehold improvements	352,283	157,968
Vehicles	227,707	222,411
Furniture and fixtures	155,009	127,251
Gross depreciable balance	44,093,596	30,687,403
Accumulated depreciation	(12,153,975)	(8,545,519)
Net depreciable balance	31,939,621	22,141,884
Projects in progress	794,981	456,529
Land	21,408	6,408
Total property, plant and equipment, net	$ 32,756,010	$ 22,604,821

TPG has guaranteed the tax credit mentioned in Note 17b with certain of these assets up to an amount of $818,370.

The carrying amount of property, plant and equipment is subject to an annual impairment test (see Note 2q).

b. Balance reconciliation:

b. The reconciliation of balances for the periods ended December 31, 2020 and 2019 is as follows

	Net balances as of December 31, 2019	Purchases[1]	Disposals	Transfers to right- of-use assets	Depreciation of the year	Net balances as of December 31, 2020
Decoders and installation expenses	$ 8,356,660	$ 9,705,927	($ 424,602)	$ 53,015	($3,224,624)	$14,466,376
Fiber optic	8,402,275	2,624,440	-	25,734	(447,766)	10,604,683
Communication equipment	3,954,076	1,577,771	(322,734)	298,324	(670,589)	4,836,848
Laboratory machinery and equipment	621,671	203,370	(366)	668	(87,817)	737,526
Licenses and software	356,228	493,595	-	14,126	(273,085)	590,864
Computers	173,063	255,699	(75,322)	44,599	(112,554)	285,485
Leasehold improvements	135,700	67,753	-	105,527	(27,046)	281,934
Furniture and fixtures	85,338	27,758	-	-	(12,673)	100,423
Vehicles	56,873	8,404	(619)	-	(29,176)	35,482
Projects in progress	456,529	880,445	-	(541,993)	-	794,981
Land	6,408	15,000	-	-	-	21,408
Totals	$22,604,821	$15,860,162	($ 823,643)	$ -	($4,885,330)	$32,756,010

	Net balances as of December 31, 2018	Purchases	Disposals	Transfers to right of use assets	Depreciation of the year	Net balances as of December 31, 2019
Totals	$18,298,628	$ 9,204,122	$ -	($1,452,949)	($3,444,980)	$22,604,821

[1] Includes capitalized debt costs amounting $835,211 and $1,307,867 for the years ended December 31, 2020 and 2019, respectively.

c. Depreciation expense composition:

Depreciation expense is integrated as follows:

	Years ended December 31, 2020	2019
Subscribers acquisition cost depreciation	$ 3,224,624	$ 2,105,768
Depreciation of the rest of the assets	1,660,706	1,339,212
	$ 4,885,330	$ 3,444,980

NOTE 9 – LEASES (RIGHTS-OF-USE) AND LIABILITIES

a. Type of underlying asset integration:

Right of use assets were comprised as follows:

	Years ended December 31 2020	2019
Decoding equipment	$ 2,304,015	$ 2,323,339
Property	2,263,041	1,585,790
Vehicles	431,761	109,072
Furniture and fixtures	256,794	170,674
Communication equipment	217,525	474,537
Computers	210,505	79,696
Leasehold improvements	-	165,681
Machinery and equipment	-	35,292
Other	3,989	97,495
Gross balance	5,687,630	5,041,576
Accumulated depreciation	(1,545,143)	(1,421,123)
Net balance	$ 4,142,487	$ 3,620,453

b. Balance reconciliation:

	Net balances as of December 31, 2019	Additions	Disposals	Transfers	Depreciation of the year	Net balances as of December 31, 2020
Decoding equipment	$ 1,459,417	$ 2,345,888	($1,243,054)	$ -	($ 757,804)	$ 1,804,447
Property	1,241,910	699,683	(16,374)	-	(461,515)	1,463,704
Vehicles	93,764	429,592	(81,485)	-	(79,911)	361,960
Furniture and fixtures	163,563	341,251	(223,276)	-	(83,817)	197,721
Computers	49,475	210,505	(49,301)	-	(28,710)	181,969
Communication equipment	322,232	217,524	(289,240)	-	(121,817)	128,699
Leasehold improvements	158,777	-	(139,712)	-	(19,065)	-
Machinery and equipment	33,821	-	(31,616)	-	(2,205)	-
Other	97,494	-	(93,507)	-	-	3,987
Totals	$ 3,620,453	$ 4,244,443	($2,167,565)	$ -	($1,554,844)	$ 4,142,487

	Net balances as of December 31, 2018	Transfers from property, plant and equipment	Additions	Disposals	Depreciation of the year	Net balances as of December 31, 2019
Totals	$ -	$ 3,101,038	$ 1,452,949	$ -	($ 933,534)	$ 3,620,453

c. Disbursements related to leases:

	Years ended December 31, 2020	2019
Depreciation	$ 1,554,844	$ 933,534
Accrued interest expense	370,386	136,262
Charges registered directly in income (exceptions to IFRS 16)		
Costs	363,795	303,609
Expenses	402,334	301,496
Total	$ 2,691,359	$ 1,674,901

d. Long-term liabilities maturities:

Leases were classified as long-term liabilities as of December 31, 2020 with the following contractual maturities:

Year	Amount
2022	$ 1,306,315
2023	652,035
2024	279,274
2025	154,194
2026 onwards	357,065
	$ 2,748,883

NOTE 10 – TRADEMARKS AND OTHER ASSETS – NET:

Trademarks and other assets – net, are integrated as follows:

	December 31, 2020	2019
Trademarks[1]	$ 930,000	$ 930,000
Prepaid expenses[2]	89,372	97,250
Guaranty deposits	38,377	37,889
Total trademarks and other assets – net	$ 1,057,749	$ 1,065,139

[1] The carrying amount of the trademarks and the concession rights is subject to annual impairment tests (Note 2q).
[2] Correspond to advance payments covering a period greater than 12 months.

NOTE 11 – FINANCIAL DEBT:

As of December 31, TP Group had the following outstanding financings

	December 31, 2020		
	Short-term	Long-term	Total
a. Senior Notes – not guaranted	$ -	$ 11,447,503	$ 11,447,503
b. Universidad ICEL, S.C. (ICEL)	-	2,537,000	2,537,000
c. Fideicomiso 3370 (F/3370)	-	2,500,000	2,500,000
d. Capiprom, S.A. P.I. de C.V. (Capiprom)	53,277	1,564,999	1,618,276
e. The Import and Export Bank of China (Eximbank de China)	-	1,574,781	1,574,781
f. Fideicomiso 1135 (F/1135)	-	1,550,000	1,550,000
g. Banco del Bajío, S.A. Institución de Banca Múltiple (Bajío)	71,610	873,390	945,000
h. Postulando Ideas, S.A. de C.V. (PI)	-	889,085	889,085
i. Desarrollo JNG Coyoacán, S.A. de C.V. (DJC)	-	713,962	713,962
j. Interpretaciones Económicas, S.A. de C.V. (IE)	-	670,254	670,254
k. Desarrollo JNG Azcapotzalco, S.A. de C.V. (DJA)	-	659,530	659,530
l. Negocios y Visión en Marcha, S.A. de C.V. (NVM)	-	646,433	646,433
m. Inmobiliaria Ciudad del Sol Guadalajara, S.A. de C.V. (ICSG)	-	620,735	620,735
n. Banco Monex, S.A. Institución de Banca Múltiple (Monex)	300,000	-	300,000
o. QH Productos Estructurados, S.A.P.I. (QH)	18,138	-	18,138
Transaction costs	-	(498,105)	(498,105)
Total debt recognized at amortized cost	$ 443,025	$ 25,749,567	$ 26,192,592

	December 31, 2019		
	Short-term	Long term	Total
b. Universidad ICEL, S.C. (ICEL)	$ -	$ 2,537,000	$ 2,537,000
p. FGS Bridge, S.A.P.I. de C.V. (FGS)	1,992	2,025,685	2,027,677
f. Fideicomiso 1135 (F/1135)	500,000	1,250,000	1,750,000
d. Capiprom, S.A. P.I. de C.V. (Capiprom)	111,640	942,500	1,054,140
g. Banco del Bajío, S.A. Institución de Banca Múltiple (Bajío)	30,000	957,500	987,500
h. Postulando Ideas, S.A. de C.V. (PI)	-	889,085	889,085
q. Sentir Común México SOFOM, S.A. de C.V. (Sentir Común)	27,091	772,909	800,000
l. Negocios y Visión en Marcha, S.A. de C.V. (NVM)	-	646,434	646,434
o. QH Productos Estructurados, S.A.P.I. (QH)	102,019	660,887	762,906
i. Desarrollo JNG Coyoacán, S.A. de C.V. (DJC)	-	713,962	713,962
j. Interpretaciones Económicas, S.A. de C.V. (IE)	-	670,254	670,254
k. Desarrollo JNG Azcapotzalco, S.A. de C.V. (DJA)	-	659,530	659,530
m. Inmobiliaria Ciudad del Sol Guadalajara, S.A. de C.V. (ICSG)	-	620,735	620,735
r. Banco Invex, S.A. Institución de Banca Múltiple (Invex)	175,000	437,500	612,500
n. Banco Monex, S.A. Institución de Banca Múltiple (Monex)	300,000	-	300,000
s. Arrendadora Internacional Azteca, S.A. de C.V. (AIA)	148,709	-	148,709
Transaction costs	(1,050)	(58,438)	(59,488)
Total debt recognized at amortized cost	$ 1,395,401	$ 13,725,543	$ 15,120,944

Maturities of long-term portions are the following:

Year	Face Value	Transaction costs	Amortized cost
2022	$ 763,607	($ 29,553)	$ 734,054
2023	2,813,013	(62,147)	2,750,866
2024	3,268,342	(24,299)	3,244,043
2025	12,065,794	(328,227)	11,737,567
2026 onwards	7,336,917	(53,880)	7,283,037
	$ 26,247,673	($ 498,106)	$ 25,749,567

The following table summarizes features of the principal loans as of December 31, 2020:

Type of credit / Creditor	Currency	Annual interest rate	Dates of Initial	Dates of Maturity	Comments
a. Senior Notes – not guaranted	EU$	7.50%	09/11/2020	12/11/2025	Sets out covenants, which were in fully compliance as of December 31, 2020
b. ICEL	MXP	10.00%	13/09/2019	17/12/2027	In June 2020, an amendment agreement was signed, through which a fixed interest rate was established and term was extended.
c. F/3370	MXP	TiIE[1] + 240 pbs[2]	24/02/2020	28/02/2025	
d. Capiprom	MXP	TiIE[1] + 375 pbs[2]	08/04/2020	31/03/2024	
e. Eximbank of China	CNY	5.50%	23/12/2020	23/12/2027	
f. F/1135	MXP	10.50%	24/08/2020	29/05/2023	Tranche of $600,000
f. F/1135	MXP	10.00%	14/10/2020	19/07/2023	Tranche of $500,000
f. F/1135	MXP	TiIE[1] + 300 pbs[2]	21/11/2019	27/07/2023	Tranche of $450,000
g. Bajío	MXP	TiIE[1] + 225 pbs[2]	21/07/2019	21/06/2024	
h. PI	MXP	10.00%	13/09/2019	17/12/2027	In June 2020, an amendment agreement was signed, through which a fixed interest rate was established and term was extended.
i. DJC	MXP	10.00%	13/09/2019	17/12/2027	In June 2020, an amendment agreement was signed, through which a fixed interest rate was established and term was extended.
j. IE	MXP	10.00%	13/09/2019	17/12/2027	In June 2020, an amendment agreement was signed, through which a fixed interest rate was established and term was extended.
k. DJA	MXP	10.00%	13/09/2019	17/12/2027	In June 2020, an amendment agreement was signed, through which a fixed interest rate was established and term was extended.
l. NVM	MXP	10.00%	13/09/2019	17/12/2027	In June 2020, an amendment agreement was signed, through which a fixed interest rate was established and term was extended.
m. ICSG	MXP	10.00%	13/09/2019	17/12/2027	In June 2020, an amendment agreement was signed, through which a fixed interest rate was established and term was extended.
n. Monex	MXP	TiIE[1] + 200 pbs[2]	23/12/2019	23/03/2021	
o. QH	MXP	8.00%	20/06/2018	29/08/2021	

[1] TIIE: Equilibrium bank interest rate
[2] pbs: Base points

The following table summarizes features of the principal loans as of December 31, 2019:

Type of credit / Creditor	Currency	Annual interest rate	Dates of Initial	Dates of Type of credit / Creditor	Currency
b. ICEL	TIIE	TiIE[1] + 340 pbs[2]	20/09/2019	19/09/2023	
p. FGS	MXP	TiIE[1] + 655 pbs[2]	27/06/2019	30/06/2025	The credit was settled by the end of 2020
f. F/1135	MXP	TiIE[1] + 400 pbs[2]	21/11/2019	27/03/2023	Tranche of $1,100,000
f. F/1135	MXP	TiIE[1] + 400 pbs[2]	20/09/2019	21/08/2020	Tranche of $500,000
f. F/1135	MXP	TiIE[1] + 400 pbs[2]	26/09/2019	29/04/2022	Tranche of $150,000

Continues in the following page:

Type of credit / Creditor	Currency	Annual interest rate	Dates of Initial	Type of credit / Creditor	Currency
From previous page:					
d. Capiprom	MXP	TiIE[1] + 600 pbs[2]	27/06/2019	30/06/2026	Tranche of $942,500
d. Capiprom	MXP	10.00%	01/11/2019	01/10/2020	Tranche of $111,640
g. Bajío	MXP	TiIE[1] + 225 pbs[2]	21/07/2019	21/06/2024	
h. PI	MXP	TiIE[1] + 390 pbs[2]	24/12/2019	23/12/2024	In June 2020, an amendment agreement was signed, through which a fixed interest rate was established and term was extended.
q. Sentir Común	MXP	TiIE[1] + 400 pbs[2]	17/08/2018	01/08/2025	The credit was settled by the end of 2020.
l. NVM	MXP	TiIE[1] + 390 pbs[2]	24/12/2019	23/12/2024	Tranche of $646,434. In June 2020, an amendment agreement was signed, through which a fixed interest rate was established and term was extended.
l. NVM	MXP	TiIE[1] + 650 pbs[2]	20/06/2018	31/05/2024	Tranche of $400,000. In June 2020, an amendment agreement was signed, through which a fixed interest rate was established and term was extended.
o. QH	MXP	TiIE[1] + 650 pbs[2]	15/10/2018	31/05/2024	Tranche of $315,000
o. QH	MXP	8.00%	07/11/2019	29/10/2020	Tranche of $47,906
i. DJC	MXP	TiIE[1] + 390 pbs[2]	24/12/2019	23/12/2024	In June 2020, an amendment agreement was signed, through which a fixed interest rate was established and term was extended.
j. IE	MXP	TiIE[1] + 390 pbs[2]	24/12/2019	23/12/2024	In June 2020, an amendment agreement was signed, through which a fixed interest rate was established and term was extended.
k. DJA	MXP	TiIE[1] + 390 pbs[2]	24/12/2019	23/12/2024	In June 2020, an amendment agreement was signed, through which a fixed interest rate was established and term was extended.
m. ICSG	MXP	TiIE[1] + 390 pbs[2]	24/12/2019	23/12/2024	In June 2020, an amendment modifying agreement was signed, through which a fixed interest rate was established and term was extended.
r. Invex	MXP	14.00%	12/03/2019	08/09/2023	The credit was settled by the end of 2020.
n. Monex	MXP	TiIE[1] + 200 pbs[2]	23/12/2019	23/03/2020	
s. AIA	MXP	TiIE[1] + 500 pbs[2]	31/12/2018	31/12/2020	The credit was settled by the end of 2020.

The reconciliation of debt balances is shown below:

	December 31, 2020	December 31, 2019
Opening balance	$ 15,120,944	$ 12,096,296
New loans	16,443,840	13,516,723
Settlements	(4,576,155)	(10,495,241)
Foreign exchange loss unrealized	(357,420)	-
New transaction costs	(571,391)	-
Transaction costs amortization of the period	132,774	3,166
Closing balance	$ 26,192,592	$ 15,120,944

NOTE 12 – REVERSE FACTORING:

As a financing alternative, TPG offers suppliers to participate in a factoring credit facility, through which the intermediary liquidates to supplier the debt originally contracted by TPG, less the accorded discount. At the same time, TPG pays the debt to the intermediary at nominal value, but in an extended period of time.

The following table shows liabilities resulting from factoring operations with suppliers:

	December 31, 2020	December 31, 2019
a. FGS Bridge, S.A.P.I. de C.V. (FGS)	$ 1,590,221	$ 555,618
b. Arrendadora Internacional Azteca, S.A. de C.V. (AIA)	24,881	62,132
c. Cintercap, S.A. de C.V. SOFOM E.N.R.	6,613	-
d. Greensill Capital (UK) Limited (Greensill)	-	346,989
	$ 1,621,715	$ 964,739

a. FGS:

- The Company and FGS have agreed to offer Company´s suppliers a financing scheme consisting of a reverse factoring facility.
- Through this mechanism, FGS acquires from Company´s supplier the Credit Right in favor of such supplier and borne by the Company. Through this action, such Credit Right is transmitted to FGS without any reserve nor limitation, and FGS accepts to pay the supplier the value of the documents transferred less a discount rate and a collection fee.
- The parties accept that Company pays directly to FGS the documents transmitted at face value.
- In like fashion, a maximum of transmittals is provided, so that through a revolving nature, an undefined number of concrete and individual operations are carried out.

b. AIA:

- On February 1, 2016, AIA and the Company entered into a Discount Framework Contract of notes through which it is offered a factoring program to suppliers as a means of financing, and certain points were established described below.
- Once the respective Notes Discount Contract is formalized between AIA and Company´s supplier, AIA will acquire the Collection Rights in favor of the supplier.
- The acquisition made by AIA is with discount, but the Company is compelled to pay AIA the Collection Rights on the maturity dates at face value.
- AIA will only acquire the Collection Rights with a maturity date not exceeding 90 calendar days starting from the date of issue of such Collection Rights.

c. Cintercap:

- On August 15, 2020, TPG entered into a Framework Contract to carry out factoring transactions with Cintercap.
- This contract establishes that Cintercap will acquire from the TPG's suppliers (after signing a Financial Factoring Agreement with the suppliers), the credit rights in its favor.
- The acquisition of such documents will be with discount.
- In turn, the TPG undertakes to pay Cintercap the credit rights at their nominal value.
- Cintercap will only acquire credit rights whose expiration date does not exceed 120 calendar days from the date of issue.

d. Greensill:

- The Company had a factoring facility for suppliers with Greensill, whose maturity was December 20, 2020.

NOTE 13 – EMPLOYEE BENEFITS:

a. Liability for employee benefits:

The liabilities derived from employee benefits and other remunerations to personnel recognized in the consolidated statements of financial position are comprised as follows:

	December 31, 2020		
	Seniority premium	Legal compensation	Total
Defined benefits obligation (DBO)	$ 23,395	$ 42,789	$ 66,184
Plan assets	-	-	-
Unamortized items	-	-	-
Net projected liability	$ 23,395	$ 42,789	$ 66,184

	December 31, 2019		
	Seniority premium	Legal compensation	Total
Defined benefits obligation (DBO)	$ 11,464	$ 22,869	$ 34,333
Plan assets	-	-	-
Unamortized items	-	-	-
Net projected liability	$ 11,464	$ 22,869	$ 34,333

b. Adjusted net cost for the period:

Employee benefit expense for the period accounted for consists on the following:

	Year ended December 31, 2020		
	Seniority premium	Legal compensation	Total
Current services labor cost	$ 4,471	$ 7,561	$ 12,032
Financial cost	909	1,829	2,738
Seniority recognition	930	3,444	4,374
Immediate actuarial recognition	(4,427)	(5,204)	(9,631)
Total	$ 1,883	$ 7,630	$ 9,513

	Year ended December 31, 2019		
	Seniority premium	Legal compensation	Total
Current services labor cost	$ 3,661	$ 6,991	$ 10,652
Financial cost	519	995	1,514
Seniority recognition	1,229	2,149	3,378
Immediate actuarial recognition	218	1,936	2,154
Total	$ 5,627	$ 12,071	$ 17,698

c. DBO reconciliation:

	Year ended December 31, 2020	2019
DBO opening balance	$ 34,333	$ 17,387
Current services labor cost	12,032	10,652
Financial cost	2,738	1,514
Actuarial losses for the period	23,473	9,247
Seniority recognition	4,374	3,378
Benefits paid against provision	(10,766)	(7,845)
DBO closing balance	$ 66,184	$ 34,333

d. Main assumptions:

The main assumptions used in the calculation of the net cost for the period were the following:

Nominal annual rates:	2020	2019
	5.00%	5.00%
Minimum salary		
Career salary	5.80%	5.80%
Discount	7.00%	8.00%
Long term inflation	4.00%	4.00%
Average working life expectancy	10 years	15 years

e. Sensitivity analysis:

In accordance with the provisions of the applicable standard, a sensitivity analysis is shown in respect to the discount rate applied for carrying out the actuarial valuation, that is, the impact the Company has defined benefits obligation (DBO) by having a change of +/- 1% in the discount rate:

	6.00%	7.00%	8.00%
Seniority premium	$ 27,246	$ 23,395	$ 20,257
Legal compensation	53,600	42,788	34,616
	$ 80,846	$ 66,183	$ 54,873

NOTE 14 – INCOME TAXES:

a. Income tax provision:

The provision for taxes on income (income tax or IT) for years ended December 31, 2020 and 2019, is the following:

	Year ended December 31, 2020	2019
Income tax provision:		
Incurred	($ 29,395)	($ 29,058)
Deferred	117,399	(70,245)
	$ 88,004	($ 99,303)

b. Incurred income tax:

Income tax rate was 30.00% for years ended December 31, 2020 and 2019. For years ended December 31, 2020 and 2019, the Company generated tax losses that amounted to ($3,197,002) y ($665,560) nominal, respectively.

For year ended December 31, 2020, Company´s subsidiaries generated tax profits for $97,989 and tax losses for ($1,340,411). For year ended December 31, 2019, Company´s subsidiaries reported tax profits for $96,859 and tax losses for ($408,300).

c. Deferred income tax:

Tax loss carry forwards and temporary differences that TPG recognized in the calculation of deferred income tax were the following:

	December 31, 2020	December 31, 2019
Tax loss carry forwards	$ 10,627,926	$ 5,876,179
Non-deductible interest due to thin capitalization	1,905,745	-
Leases	1,565,962	(1,344,690)
Provisions	387,790	277,030
Employee benefits	66,183	34,332
Advance payments	(137,976)	-
Accounts receivable and inventories	(419,546)	300,536
Property, plant and equipment	(10,171,166)	(1,794,521)
Tax loss carry forwards and temporary differences	3,824,918	3,348,866
Income tax rate	30.00%	30.00%
Net deferred tax asset	1,147,475	1,004,660
Valuation reserve	(708,922)	(683,506)
	$ 438,553	$ 321,154

As of December 31, 2020 and 2019, TPG´s Management decided to partially recognize the deferred tax asset since the realization of such deferred tax assets is dependent, mainly, on the generation of sufficient taxable profit before the expiration of the tax loss carry forwards; consequently, the balance of the tax asset was adjusted to the taxable profit expected to be generated in the following years (Note 2t).

d. Tax loss carry forward:

Inflation-restated tax loss carry forwards as of December 31, 2020 are as follows:

Taxes losses Year of origin	Tax loss carry forwards	Year of expiration
2011	$ 1,049,730	2021
2013	176,713	2023
2014	101,348	2024
2015	167,351	2025
2016	1,370,967	2026
2017	468,878	2027
2018	1,597,918	2028
2019	1,080,473	2029
2020	4,614,548	2030
	$ 10,627,926	

e. Reconciliation of nominal tax rate and effective IT rate:

The reconciliation between the income tax nominal rate and the effective rate is the following:

	Years ended December 31, 2020	2019
	%	%
IT nominal rate	30.00	30.00
Effect on IT incurred:		
Difference between book and tax depreciation	332.40	(101.68)
Advance payments	14.47	-
Difference between accounting and tax treatment of revenue	9.60	(5.91)
Deduction of PTU paid	0.34	(0.16)
Accounts receivable and inventories	(16.75)	1.13
Non-deductible expenses	(20.57)	15.13
Annual inflation adjustment	(50.40)	22.38
Non-deductible interest for insufficient capitalization	(89.38)	-
Effect on deferred tax:		
Temporary items	(195.85)	52.14
Effective IT rate	13.86	13.03

NOTE 15 – FINANCIAL INSTRUMENTS:

a) Fair value

Fair value of financial instruments was determined by TPG using information available in the market and other valuation techniques that requires Management judgment. Moreover, the use of different assumptions and valuation methods may have a material effect on the estimated amounts of fair value.

Financial instruments which, after initial recognition, are quantified at fair value are grouped in Levels from 1 to 3 based on the degree to which fair value is observed, as shown below:

- Level 1 – valuation based on prices quoted in the market (unadjusted) for identical assets or liabilities;
- Level 2 – valuation with indicators other than the quoted prices included in Level 1, but include observable indicators for an asset or liability, either directly (quoted prices) or indirectly (derivations of these prices); and
- Level 3 – valuation techniques are applied that include indicators for assets and liabilities that are not based on observable market information (unobservable indicators).

As of December 31, 2020 and 2019, financial assets and liabilities are classified as follows:

	Amortized cost	FVTPL	FVOCI	Total
As of December 31, 2020				
Financial Assets:				
Cash and cash equivalents	$ 1,786,852	$ -	$ -	$ 1,786,852
Customers	2,376,186	-	-	2,376,186
Other receivables	41,430	-	-	41,430
Related parties	35,578	-	-	35,578
	$ 4,240,046	$ -	$ -	$ 4,240,046
Financial Liabilities:				
Total financial debt (short and long-term)	$26,192,592	$ -	$ -	$26,192,592
Interest payable	119,046	-	-	119,046
Derivative financial instruments designated as hedges	-	242,844	(28,624)	214,220
Short and long-term lease liabilities	6,714,011			6,714,011
Trade payables	1,621,715	-	-	1,621,715
Reverse factoring	1,154,358			1,154,358
Other payables	1,191,749	-	-	1,191,749
Related parties	233,969	-	-	233,969
	$37,227,440	$ 242,844	$ (28,624)	$37,441,660

	Amortized cost	FVTPL	FVOCI	Total
As of December 31, 2019				
Financial Assets:				
Cash and cash equivalents	$ 227,212	$ -	$ -	$ 227,212
Customers	2,155,941	-	-	2,155,941
Other receivables	39,846	-	-	39,846
Related parties	101,415	-	-	101,415
Derivative financial instruments designated as hedges	-	(869)	2,844	1,975
	$ 2,524,414	$ (869)	$ 2,844	$ 2,526,389
Financial Liabilities:				
Total financial debt (short and long-term)	$15,120,944	$ -	$ -	$15,120,944
Interest payable	892	-	-	892
Short and long-term lease liabilities	4,387,947			4,387,947
Trade payables	3,546,950	-	-	3,546,950
Reverse factoring	964,739			964,739
Other payables	878,197	-	-	878,197
Related parties	245,644	-	-	245,644
	$25,145,313	$ -	$ -	$25,145,313

As of December 31, 2020 the fair value of Unsecured Senior Notes was as follows

	U.S.$	$
Promissory note market value	99.748	99.748
Face value	575,000	11,447,503
Fair value	573,551	11,418,655

b) Hedging activities and derivatives

i. Derivatives not designated as hedges

TPG uses foreign currency loans and foreign currency purchases/sales, for the purpose of managing some of the risks stemming from its transactions, mainly market risks as exchange rates and interest rates. Installment purchases/sales of foreign currency are not designated as cash flow hedges, and they are agreed for periods consistent with the foreign exchange risk exposure of the related transactions, generally between 1 to 24 months.

ii. Cash flow hedges

Non-dominant credit risk

The credit risk of counterparts does not have a material influence on the Fair Value of Derivative Financial Instruments. The rating of both financial entities and the most recent of the Company are the following:

Company	Rating	Agency
Banco Monex, S.A.	AA -	Fitch Ratings
Corporación Actinver, S.A.B de C.V.	AA -	Fitch Ratings
Total Play Comunicaciones, S.A. de C.V.	AA	HR Ratings

Foreign exchange risk

Installment purchases of foreign currency, measured at fair value with changes through other comprehensive income, are designated as hedges of the cash flows from expected sales in U.S. dollars. These expected transactions are highly probable and comprise a high percentage of the total expected purchases in U.S. dollars.

Although TPG has other installment purchases/sales of foreign currencies with the intention of mitigating the foreign exchange risk of expected purchases and sales, these other agreements are not designated as hedges and are consequently measured at fair value through profit and loss.

The balances of installment purchases/sales of foreign currency vary depending on the level of expected sales and purchases in foreign currency and on foreign exchange rates.

	December 31, 2020		
Derivative financial instrument:	Asset	Liability	Net
Bonus swap (IRS)	$ -	$ 180,928	($ 180,928)
Foreign exchange options (FX options)	-	33,292	(33,292)
Mark-to market at the closing period	$ -	$ 214,220	($ 214,220)

	December 31, 2019		
Derivative financial instrument:	Asset	Liability	Net
Bonus swap (IRS)	$ 6,191	$ -	$ 6,191
Foreign exchange options (FX options)	-	4,214	(4,214)
Interest rate hedge (rate CAP)	-	2	(2)
Mark-to market at the closing period	$ 6,191	$ 4,216	$ 1,975

The terms of the installment purchases/sales of foreign currency match with the highly probable expected transactions. Consequently, there is no inefficiency to be recognized in the income statement.

Cash flow hedges of expected future purchases in 2020 and 2019, were assessed as highly effective and an unrealized net gain of $28,624 and $2,844 respectively was recorded in OCI.

The amount transferred during the years 2020 and 2019 from OCI to the carrying amount of the hedged elements was ($242,844) and ($869), respectively and are shown in Note 15a. It is expected that some of the amounts included in OCI as of December 31, 2020 become due and affect the income statement as of December 31, 2021.

c) Fair value measurement

TPG liabilities fair value hierarchy as of December 31, 2020:

		Fair value measurement used		
	Total	Quoted value in active markets (Level 1)	Significant observable data (Level 2)	Significant non observable data (Level 3)
Assets measured at fair value:				
Property, plant and equipment - revalued	$ 32,756,010	$ -	$ -	$ 32,756,010
Trademarks	930,000	-	-	930,000
Liabilities measured at fair value:				
Bonus swap (IRS)	180,928	-	180,928	-
Foreign exchange options (FX options)	33,292	-	33,292	-
Loans and credits accruing interests	26,192,592	-	26,192,592	-
Reverse factoring	1,621,715	-	1,621,715	-

TPG liabilities fair value hierarchy as of December 31, 2019

		Fair value measurement used		
	Total	Quoted value in active markets (Level 1)	Significant observable data (Level 2)	Significant non observable data (Level 3)
Assets measured at fair value:				
Property, plant and equipment - revalued	$ 22,604,821	$ -	$ -	$ 22,604,821
Trademarks	930,000	-	-	930,000
Bonus swap (IRS)	6,191	-	6,191	-
Liabilities measured at fair value:				
Foreign exchange options (FX options)	4,214	-	4,214	-
…Interest rate hedge (rate CAP)	2	-	2	-
Loans and credits accruing interests	15,120,944	-	15,120,944	-
Reverse factoring	964,739	-	964,739	-

NOTE 16 – FINANCIAL RISK MANAGEMENT:

Activities with financial instruments presume the absence or transfer of one or various types of risks by the entities that trade with them. The main risks associated with financial instruments are:

- Credit risk: likelihood that one of the parties to the financial instrument contract fails to meet its contractual obligations due to reasons of insolvency or inability to pay and results in a financial loss for the other party. However, an estimate of Credit Value Adjustment is made to monitor the results of a possible contingency.

- Market risk: likelihood that losses are generated in the value of the positions maintained, resulting from changes in the market prices of financial instruments. In turn, it includes three types of risks, which at the time, depend on the following risk factors:

  - Interest rate risk: arises as a consequence of variations in market interest rates.
  - Foreign exchange rate risk: arises as a consequence of variations in exchange rates between currencies.
  - Price risk: arises as a consequence of changes in market prices, due to specific factors of the instrument itself, or due to factors that affect all instruments traded on a concrete market.

- Liquidity risk: likelihood that an entity cannot meet its payment commitments or, to meet them, it has to resort to obtaining funds in encumbering conditions placing its image and reputation at risk.

a. Credit risk management – it is mainly caused on liquid funds and trade accounts receivable for providing telecommunication services.

   TPG's policy is to operate with banks and financial institutions with the highest credit ratings granted by credit rating agencies to reduce the possibility of counterpart´s non-performance. With respect to trade accounts receivable, TPG grants commercial credit to companies or government entities that are financially sound, have a good reputation in the market, and many of them are recurring customers.

   TPG periodically reviews the financial condition of its clients and does not believe that a significant risk from credit concentration of its portfolio could turn into a loss. To minimize a loss, TPG discontinues service provided to its customers when the ageing of the past due balance exceeds certain limit. Also, it considers that the allowance for impairment covers appropriately the potential credit risk, which represents the calculation of the expected losses from impairment of receivables.

   As at December 31, 2020 and 2019, the amount of receivables with an ageing higher than 120 days amounted to $1,156,583 and $999,250 respectively. The aforementioned amounts include receivables due from government institutions, which recurrently present delays in their payments, without representing this a loss for TPG and consequently, Management considered that the impairment allowance does not need to be increased.

b. Market risk management

   i. Interest rate risk – As described in Note 11, TPG has obtained loans bearing interest at variable rates (28-day TIIE), therefore it is exposed to fluctuations of such rates. As at December 31, 2020 and 2019, TPG had partial hedges to cover said fluctuations. Consequently, if the variable interest rates had strengthened/weakened by 10% maintaining the remaining variables unchanged, the net loss for the current year would have decreased/increased by $26,787 as a result of a lower/higher interest expense.

   ii. Foreign exchange risk – TPG carries out transactions in foreign currencies, therefore, it is exposed to fluctuations in the different currencies those transactions are operated.

As at December 31, 2020 and 2019 and April 20, 2021 (date of release of the independent auditor´s report), the exchange rates for the U.S. dollar were $19.9087, $18.8642 and $19.9158, respectively. As at December 31, 2020 and 2019, TPG had the following U.S. dollar denominated assets and liabilities:

	December 31,	
	2020	2019
Monetary assets	U.S. $ 657,092	U.S. $ 71,122
Monetary liabilities	(1,217,889)	(150,852)
Net monetary short position in U.S. dollars	(U.S. $ 560,797)	(U.S. $ 79,730)
Equivalent in Mexican pesos	($11,164,739)	($1,504,043)

Even though the TPG has contracted some exchange rate hedges, it does not cover 100% of the liabilities in foreign currency, so exchange losses have been incurred from January 1 to April 20, 2021.

As of December 31, 2020, TP Group also had liabilities denominated in Chinese yuan (CYN) for CYN516,986, which were equivalent to $ 1,576,916, the exchange rate being $ 3.05021 per CYN.

As at December 31, 2020, TPG has a net short position in U.S. dollars and Chinese yuans, consequently if the Mexican peso had been strengthened/weakened 10% against the U.S. dollar and Chinese yuan and the rest of the variables had remained unchanged, the net loss for the current year would have increased (decreased) by $1,274,166 as a result of the gain/(loss) in the translation of monetary assets and liabilities denominated in U.S. dollars and yuans not hedged.

c. Liquidity risk – TPG has established appropriate policies to mitigate the liquidity risk through: (i) the follow-up on working capital; (ii) the review of its actual and projected cash flows; and (iii) the reconciliation of profiles of maturities of its financial assets and liabilities. These actions allow TPG's Management to manage short and long-term financing requirements by maintaining cash reserves or credit facilities available.

NOTE 17 – COMMITMENTS AND CONTINGENCIES:

As of December 31, 2020, TPG had the following commitments:

a. Commitments derived from financial debt.

In relation with some the credit contracts described in note 11, some assets of TPG have been granted in guaranty.

b. Tax credit

On December 3, 2015, the Mexican Tax Administration Service (SAT for its acronym in Spanish) issued notification nbr. 900-004-05-2015 through which it was determined a tax claim amounting to $645,764 (historical amount) corresponding to income tax for year 2011, allegedly failed, plus inflation-restatement, surcharges and penalties.

SAT points out: (i) that the Company has not proven the strict indispensability of certain commissions and advances from commercializing telecommunications services; (ii) that it rejects the deduction for tax purposes of travel expenses, administrative services, and uncollectable receivables from a reorganization procedure.

On January 19, 2016 the Company interposed a resource of appeal before the corresponding authority (*Administración de lo Contencioso de Grandes Contribuyentes –Administration of Large Taxpayer Disputes*). Subsequently, during April and May 2016, the Company delivered a series of additional evidence in its favor. On June 16, 2016 the appeal was resolved, confirming the tax credit imposed and on August 19, 2016 the Company filed a claim of nullity (*demanda de nulidad*); said claim was admitted on September 6, 2017 by the Federal Court of Tax and Administrative Justice (*Tribunal Federal de Justicia Fiscal y Administrativa*).

On November 28, 2017, the Company filed a direct *'amparo'* trial. The Company is waiting for the resolution of the Mexican authorities and the Company's external advisers consider that it is probable that the process will result in a nullity trial (*juicio de nulidad*).

In court session held on February 7, 2020, the judges of the Sixth Collegiate Court determined to withdraw the sentencing project, for the purpose of remitting the file to the Second Chamber of the Supreme Court of Justice of the Nation, since the Ministry of Finance and Public Credit ("Hacienda") asked the Supreme Court to assert jurisdiction when appraising that the matter is important and transcendent. In session held on September 23, 2020, it was resolved to bring the matter for resolution in the Supreme Court of Justice of the Nation, registering with the file DA 29/2020.

The challenged amount is duly guaranteed through the administrative seizure of several assets of the Company, which was expressly accepted by the tax authorities, and they were ordered the final suspension of the administrative procedure of execution.

c. Labor contingencies

Some of the Company´s subsidiaries are involved in legal procedures for labor disputes of a lesser quantitative importance. In opinion of TPG's external legal advisors, these disputes do not represent a relevant contingency that may materially affect TPG since they arise from the ordinary course of business.

d. Related party transactions

In accordance with Mexican Income Tax Law, those entities carrying out transactions with their related parties are subject to certain limitations and to some fiscal obligations related to the agreed prices, since they must be similar to prices used with independent parties in comparable operations.

In case that a review of the prices by the Mexican tax authorities results in a rejection of the amounts under review, they could seek, in addition to the omitted tax plus interest, penalties that could represent 100% of the updated amount of the omitted taxes.

NOTE 18 – EQUITY:

a. Contributed capital

Shares of the Company's capital stock are fully voting and of free subscription, and may be acquired by any person or corporation, local or foreign, provided applicable legal regulations regarding foreign investment are met.

During years ended December 31, 2020 and 2019, the outstanding shares and capital stock did not present movements, and are comprised as follows:

	December 31, 2020	2019
Number of outstanding shares:		
Fixed capital stock	11,000	11,000
Variable capital stock	21,115,222	21,115,222
Unpaid shares	(464,947)	(464,947)
Fully paid and subscribed shares	20,661,275	20,661,275

	December 31, 2020	December 31, 2019
Capital stock amount:		
Fixed capital stock	$ 200	$ 200
Variable capital stock	2,378,464	2,378,464
Unpaid shares	(52,372)	(52,372)
Inflation restatement	10,700	10,700
Fully paid and subscribed capital stock	$ 2,336,992	$ 2,336,992

On March 27, 2019, a General Shareholders' Meeting was held and resolved a contribution for future capital stock increase in the amount of $5,000,000.

b. Legal reserve

Under Mexican law, net income for the year is subject to the legal provision requiring that at least 5% of net income be appropriated to increase the legal reserve until that reserve equals one-fifth of total capital stock. The balance of the legal reserve may not be distributed to the stockholders but may be used to reduce accumulated losses or be converted to capital stock.

c. Distribution of earnings

As of December 31, 2020, the balance of "Net Tax Income Account" (CUFIN for its acronym in Spanish) was $ $3,009,284. Starting from 2014 earnings generated and distributed to the stockholders are subject to a 10% income tax withholding, provided they do not come from CUFIN. Dividends paid that come from income previously taxed by Income Tax, will not be subject to any withholding or additional tax payment prior to December 31, 2013.

The Company has certain restrictions on dividend payments due to covenants under its credit agreements.

d. Capital stock reduction

As of December 31, 2020, the inflation-restated balance of the "restated contributed capital account" (CUCA for its acronym in Spanish) amounted to $4,145,739. In case of a reimbursement or capital decreases in favor of the stockholders, the excess of that reimbursement over this amount will be treated as distributed earnings for tax purposes.

Likewise, in the case that equity should exceed the balance of the CUCA, the spread will be considered as dividend or distributed earnings subject to the payment of income tax. If earnings referred to above are paid out of the CUFIN, there will be no corporate tax payable due to the capital decrease or reimbursement. Otherwise, it should be treated as dividends or earnings distribution, as provided in Mexican Income Tax Law.

NOTE 19 – EQUITY MANAGEMENT:

The purposes of TPG when managing its consolidated equity are the following:

- To protect its ability to continue as a going concern.
- To provide its stockholders an attractive return on their investment.
- To keep an optimal structure minimizing its cost.

In order to meet the mentioned objectives, TPG constantly monitors their different business units to ensure that they keep the expected profitability. However, TPG may change the dividends to be paid to its stockholders, issue new shares or monetize its assets to reduce its debt.

a. Adjusted equity to debt ratio:

TP Group monitors the adjusted equity to net debt with financial cost ratio. This ratio results by dividing net financial debt into equity. In turn, net financial debt is defined as the total short and long-term financial debt in the statement of financial position less cash and cash equivalents.

The adjusted equity to debt ratio as of December 31, 2020 and 2019 was determined as follows:

	December 31, 2020	2019
Financial debt with cots:		
Short-term	$ 443,025	$ 1,395,401
Long-term	25,749,567	13,725,543
Interest payable	119,046	892
Lease liabilities:		
Short-term	1,681,024	1,453,430
Long-term	2,748,883	2,934,517
	30,741,545	19,509,783
Cash and cash equivalents	(1,786,852)	(227,212)
Net debt	$ 28,954,693	$ 19,282,571
Total equity	$ 8,179,035	$ 8,727,524
Ratios (Net debt / Total equity)	3.54x	2.21x
Target ratio	3.00x – 4.00x	3.00x – 4.00x

The change in the 2020 financial ratio was due to: (i) the issuance of Unsecured Senior Notes; (ii) the contracting of new leases and (iii) the effect of the net comprehensive loss for the year ended December 31, 2020.

b. Consolidated net debt ratio:

	December 31, 2020	2019
Net debt	$ 28,954,693	N/A
EBITDA for the last two quarters	4,194,000	N/A
EBITDA for the last two quarters multiplied by two (EBITDA * 2)	8,388,000	N/A
Ratio (Net debt / EBITDA *2)	3.45	N/A
Maximum ratio	4.50	N/A

c. Interest coverage ratio:

	December 31, 2020	2019
Operating profit	$ 895,260	N/A
Plus (less):		
Depreciation and amortization	6,440,174	N/A
Profit before Comprehensive Financing Result, Depreciation and Amortization and Taxes (EBITDA)	$ 7,335,434	N/A
Accrued interest:		N/A
Charged to income	$ 1,440,955	N/A
Capitalized	835,211	N/A
Total accrued interests	$ 2,276,166	N/A
Interest coverage ratio (EBITDA / Total accrued interest)	3.22	N/A
Minimum ratio	2.50	N/A

NOTE 20 – REVENUES BY NATURE:

	Years ended December 31, 2020	2019
Revenue from services with third parties:		
Pay television and audio, fixed telephony and internet access	$ 13,382,507	$ 9,352,737
Business-oriented services	5,068,707	4,144,850
Activation and installation fees	362,438	114,639
Advertising	177,604	110,163
Commissions	46,210	-
Interconnection and long-distance fees	29,878	35,254
Others	23,789	120,956
Total revenues from services provided to third parties	19,091,133	13,878,599
Revenue from services with related parties:		
Rent of dedicated links and restricted television /audio services	462,699	371,701
Advertising	3,245	5,400
Subleasing	-	9,620
Others	-	2,044
Total revenue from services provided to related parties	465,944	388,765
Total revenue	$ 19,557,077	$ 14,267,364

NOTE 21 –COTS AND EXPENSES BY NATURE:

TPG presents consolidated costs and expenses by their function; however, IFRS require disclosing additional information regarding the nature of said items.

For years ended December 31, 2020 and 2019 consolidated costs and expenses according to their nature are as follows:

	Years ended December 31, 2020	2019
Costs of services with third parties:		
Content	($ 2,148,295)	($ 1,553,366)
Cost of equipment sold	(802,034)	(363,064)
Commissions	(793,630)	(677,536)
Allowance for expected credit losses	(472,941)	(244,750)
Rent of dedicated links	(363,795)	(303,609)
Licenses and software	(210,330)	(126,186)
Monitoring	(87,905)	(102,930)
Long distance interconnection	(74,407)	(58,597)
Others	(1,895)	(5,479)
Total costs of services with third parties	(4,955,232)	(3,435,517)
Costs of services with related parties:		
Monitoring	(45,671)	(32,987)
Content	(30,000)	(27,000)
Commissions	-	(10,600)
Others	-	(1)
Total costs of services with related parties	(75,671)	(70,588)
Total costs	($ 5,030,903)	($ 3,506,105)

	Years ended December 31	
	2020	2019
Network expenses:		
Personnel	($ 1,142,143)	($ 885,201)
Maintenance	(481,749)	(413,277)
Leases	(247,350)	(202,674)
Permits, rights and uses	(110,040)	(80,110)
Energy	(88,681)	(48,099)
Surveillance	(60,897)	(42,627)
Fuel	(47,389)	(34,203)
Fees	(22,018)	(25,003)
Cleaning	(21,903)	(12,739)
Insurances and sureties	(21,243)	(19,143)
Travel expenses	(16,801)	(12,250)
Telephony and data	(12,568)	(20,466)
Others	(34,578)	(16,069)
Total network expenses with third parties	($ 2,307,360)	($ 1,811,861)
General expenses with third parties:		
Personnel	($ 2,342,847)	($ 1,767,157)
Advertising	(736,180)	(440,789)
Maintenance of offices, warehouses and premises	(168,306)	(110,866)
Leases	(154,984)	(98,822)
Collection services	(145,870)	(92,699)
Professional services fees	(130,053)	(183,480)
Call center	(115,825)	(103,090)
Freight	(62,775)	(34,463)
Warehouse management	(15,373)	(18,870)
Others	(36,276)	(70,502)
Total general expenses with third parties	($ 3,908,489)	($ 2,920,738)
General expenses with related parties:		
Managements services	($ 383,239)	($ 283,140)
Professional services fees	(266,749)	(13,729)
Advertising	(163,611)	(145,764)
Maintenance	(47,929)	(11,033)
Surveillance	(45,160)	(32,879)
Licenses and software	(41,600)	(4,073)
Insurance	(9,442)	(7,087)
Others	(54,872)	(16,296)
Total general expenses with related parties	(1,012,602)	(514,001)
Total general expenses	($ 4,921,091)	($ 3,434,739)
Depreciation and amortization:		
Of the subscriber acquisition cost - own assets	($ 3,224,624)	($ 2,105,768)
Of the subscriber acquisition cost - leased assets	(757,804)	(499,040)
Of the rest of property plant and equipment	(1,660,706)	(1,339,212)
Of the rest of lease right-of-use	(797,040)	(434,494)
Total depreciation and amortization	($ 6,440,174)	($ 4,378,514)

NOTE 22 – INFORMATION BY SEGMENTS:

Management of TPG identifies two major service lines as operating segments (see Note 2e). These operating segments are supervised by those making strategic decisions, which are made taking as a basis the adjusted operating results of the segment:

a. TotalPlay Residential. Offers a state-of-the-art IPTV system (Internet Protocol TV) and is commercialized through the Double Play or Triple Play packages. The main services offered consist of:

- Linear Television. The customer is provided with a decoder of state-of-the-art technology and a Wi-fi Extender. Among the additional services at no cost: VOA (Video on Demand), parental control and Anytime (up to seven days deferral of certain channels).
- Internet. Provided by a FTTH network (Fiber to-the home) of fiber optic unique in Mexico (backbone of 200 gigabits), which allows having high speed and quality.
- Apps contents. The Company has internally developed a TV interface for its users, allowing the integration of popular apps, offering its subscribers all services under the same platform.
- Telephony. In addition to the traditional service, from a mobil app, customers may have worldwide coverage as if they were calling or receiving calls on their fixed line.

b. TotalPlay Empresarial (for businesses). Offers telecommunication solutions and Information Technologies to resolve connectivity issues for better improving operations and business processes of private sector entities and public sector institutions. Among the main solutions:

- Planes empresariales (plans for businesses). With high speed internet (symmetrical or asymmetric), telephony and value-added services.
- Plans with backup included. Dedicated internet, LAN (Local Area Network) to LAN, MPLS (Multiprotocol Label Switching), management portal for business services, among other.
- Cloud-base solutions such as G-Suite, virtual servers, fleets, video surveillance, and safe navigation. These solutions offer a secure network, available, private and competitive.
- Comprehensive technological solutions for: video surveillance, corporate and branches, and security, under a managed services model.

The table below presents the information by segments:

Year ended December 31, 2020

	Totalplay Residential	Totalplay Empresarial	Consolidated
Revenue from services	$ 14,090,789	$ 5,466,288	$ 19,557,077
Cost of services	(3,461,582)	(1,569,321)	(5,030,903)
Operating expenses	(6,040,371)	(1,188,080)	(7,228,451)
Depreciation and amortization, financial cost and other	(7,636,245)	(208,501)	(7,844,746)
Net (loss) income	($ 3,047,409)	$ 2,500,386	($ 547,023)

Year ended December 31, 2019

	Totalplay Residential	Totalplay Empresarial	Consolidated
Revenue from services	$ 9,575,728	$ 4,691,636	$ 14,267,364
Cost of services	(2,350,556)	(1,155,549)	(3,506,105)
Operating expenses	(4,216,178)	(1,030,422)	(5,246,600)
Depreciation and amortization, financial cost and other	(4,606,473)	(245,637)	(4,852,110)
Net (loss) income	($ 1,597,479)	$ 2,260,028	$ 662,549

	As of December 31, 2020		
	Totalplay Residential	Totalplay Empresarial	Consolidated
Customers	$ 812,638	$ 1,563,548	$ 2,376,186
Property, plant and equipment – Net	23,607,226	9,148,784	32,756,010
Right-of-use assets – Net	2,985,486	1,157,001	4,142,487

	As of December 31, 2019		
	Totalplay Residential	Totalplay Empresarial	Consolidated
Customers	$ 536,693	$ 1,619,248	$ 2,155,941
Property, plant and equipment – Net	15,171,522	7,433,299	22,604,821
Right-of-use assets – Net	2,429,915	1,190,538	3,620,453

NOTE 23 – EFFECTS OF THE COVID-19 PANDEMIC

On March 11, 2020, the Coronavirus SARS-CoV-2 ("COVID-19") outbreak was categorized as a pandemic by the World Health Organization ("WHO"). Subsequently, on March 30, 2020, the Mexican Government declared a public health emergency as a result of the COVID-19 pandemic and announced the implementation of various protection measures, including the suspension of all non-essential activities and voluntary confinement. These measures, as well as other measures implemented around the world, such as border closures and travel restrictions, led to a suspension or a significant decrease in various commercial activities, such as international flights, hotels operations, restaurants, retail stores and other establishments, the interruption of the global supply chain and drops in production and demand, among others, causing an unprecedented commercial disruption in several jurisdictions, including Mexico.

In Mexico, certain industries and sectors that TPG serves have been particularly impacted by the COVID-19 pandemic and the economic disruption derived from it, among the sectors affected are retail sales, hospitality services and services such as restaurants and education. The impact on Totalplay Empresarial consisted of delayed revenue due to the inability to fulfill new connection and installation orders and delayed new orders. Despite these situations, revenue for the year ended December 31, 2020 grew 34.67%, compared to year ended December 31, 2019.

Initially, the confinement effects benefited the income of the Totalplay Residential segment, resulting from a higher demand for quality Internet services, leading to an increase in the number of subscribers at the end of 2020 of 2,440 million, against 1,487 million at the end of 2019. However, the TPG Management is not sure that this trend will continue and there are several expected impacts on the world economies that could affect the TPG business.

NOTE 24 – SUBSEQUENT EVENTS:

As of the issuance date of these consolidated financial statements, there have been no events that require any adjustment or that do not require adjustment, but that were significant, between the reporting date and the authorization date.

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