Quarterly Financial Information

[105000] Management commentary

Management commentary [text block]

**TOTAL PLAY ANNOUNCES 97% INCREASE IN EBITDA,
TO Ps. 2,957 MILLION IN THE SECOND QUARTER OF 2021**

**—Revenue grows 53% to Ps.6,839 million in 2Q21,
principally due to a 62% increase in revenue from the residential segment—**

**—Totalplay Residential RGUs increase 56%, to 7'729,277,
as a result of the company's robust offering of technologically advanced services—**

**—The number of homes passed increases 10%, to 11.2 million
and the penetration grows 7.8 percentage points, to 26.2%—**

Mexico City, July 27, 2021— CIBANCO, S.A, Institución de Banca Múltiple, as Trustee of the CIB/3370 Trust, reports that Total Play Telecomunicaciones, S.A. de C.V. ("Total Play"), provider of triple play services in Mexico, announced its second quarter 2021 financial results.

Second quarter results

"Continued preference for Total Play's world-class telecommunications services, further strengthened the company's solid positioning in the market, and translated into substantial growth in the penetration of homes covered with our network and a steady increase in the number of services connected to organizations in the quarter," commented Eduardo Kuri, CEO of Total Play. "The higher demand generated solid revenue increase, which, together with important initiatives to strengthen operating efficiencies, resulted in a notable expansion in the company´s EBITDA and profitability for the period."

Revenue for the quarter totaled Ps.6,839 million, 53% above the Ps.4,476 million for the same period of the previous year. Total costs and expenses were Ps.3,882 million, compared to Ps.2,977 million from the previous year.

As a result, Total Play's EBITDA grew 97%, to Ps.2,957 million, from Ps.1,499 million a year ago; the EBITDA margin for the quarter was 43%, ten percentage points higher than the 33% of the previous year. The company recorded operating profit of Ps.884 million, compared to an operating loss of Ps.44 million a year ago.

Total Play reported net income of Ps.560 million versus a loss of Ps.339 million in the same period of 2020.

	2Q 2020	**2Q 2021**	**Change**	
			Ps.	**%**
Revenue from services	$4,476	**$6,839**	**$2,363**	**53%**
EBITDA	$1,499	**$2,957**	**$1,458**	**97%**
Operating result	$(44)	**$884**	**$928**	**----**
Net result	$(339)	**$560**	**$899**	**----**

Amounts in millions of pesos.
EBITDA: operating income before depreciation and amortization

Disclosure of nature of business [text block]

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 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.

Total Play began operations in 2011, taking advantage of the infrastructure of Iusacell (at the time the largest cell phone company in Mexico) to offer fixed Internet, pay TV and telephone services. In 2014, following the sale of Iusacell to AT&T, Total Play's operations were spun off.

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

Disclosure of management's objectives and its strategies for meeting those objectives [text block]

Total Play provides technologically advanced services in the triple play market in Mexico, due to the fact that it is the only company with a direct-to-home fiber optic network, and will boost its offer of technologically advanced services in the residential market. Through its “Empresarial” business unit, Totalplay will continue to serve government and corporate institutions with multiple world-class telecommunications services.

Disclosure of entity's most significant resources, risks and relationships [text block]

The following are certain risks associated with Total Play business.

- The telecommunications sector is characterized by rapid technological change, which could make Total Play's products and services less competitive or obsolete.
- Total Play operates in a highly competitive environment and experiences significant pressure on rates.
- Significant delays in the implementation and availability of new technologies could affect Total Play's business.
- Total Play has incurred in net losses in recent years.
- Any loss of key personnel could adversely affect the business.
- If Total Play does not maintain, update and operate the accounting, billing, customer service and administration systems efficiently, it may be prevented from maintaining and improving its operational efficiencies.
- The Total Play network is subject to harmful events, and may fail or stop functioning, which could result in a loss of Customers.

- Total Play could be subject to a requisition.
- Total Play is subject to the supervision and verification powers of the Federal Telecommunications Institute.
- Total Play could face unfavorable conditions with respect to its concessions.
- Total Play may experience more disconnections than it can replace.
- Government regulation of the industry in which Total Play operates, or reforms to the legal regime of said industry, could adversely affect its ability to offer or expand its product lines and increase its revenues.
- Total Play would be adversely affected if it fails to obtain an extension of its current concessions or if the government revokes those concessions.
- Total Play depends on various third parties to supply the equipment and services necessary to provide its services.
- Total Play depends largely on access to infrastructure to use the poles owned by the Comisión Federal de Electricidad (Federal Electricity Commission), which is a productive company of the Mexican state.

The following are certain risks associated with Mexico.

- Economic, political and social conditions can adversely affect our business.
- The Mexican government has exercised, and continues to exercise, significant influence over the Mexican economy. Changes in Mexican government policies could negatively affect the results of the company operations and its financial condition.
- The assets of Total Play and Total Box are located in Mexico and, therefore, are subject to the provisions of the Ley Nacional de Extinción de Dominio (National Forfeiture Law).
- Under Mexican law, the assets of Total Play and Total Box can be expropriated.

Disclosure of results of operations and prospects [text block]

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Second quarter results

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Revenue for the quarter totaled Ps.6,839 million, 53% above the Ps.4,476 million for the same period of the previous year. Total costs and expenses were Ps.3,882 million, compared to Ps.2,977 million from the previous year.

As a result, Total Play's EBITDA grew 97%, to Ps.2,957 million, from Ps.1,499 million a year ago; the EBITDA margin for the quarter was 43%, ten percentage points higher than the 33% of the previous year. The company recorded operating profit of Ps.884 million, compared to an operating loss of Ps.44 million a year ago.

Total Play reported net income of Ps.560 million versus a loss of Ps.339 million in the same period of 2020.

	2Q 2020	**2Q 2021**	**Change**	
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Operating result	$(44)	**$884**	**$928**	**----**
Net result	$(339)	**$560**	**$899**	**----**

Amounts in millions of pesos.
EBITDA: operating income before depreciation and amortization

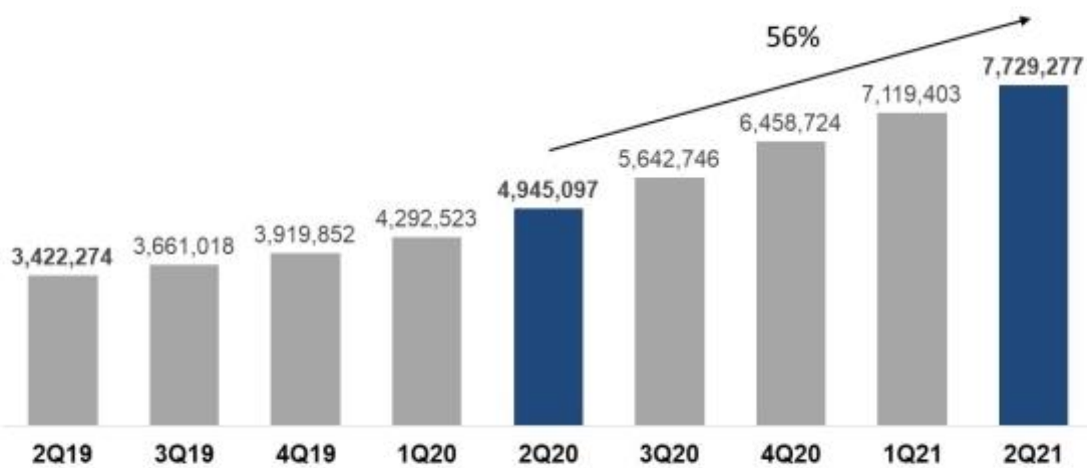
Revenue from services

The company's revenue grew 53%, as a result of a 62% increase in sales from the residential segment, and a 29% increase in revenue from the enterprise business.

Totalplay Residential revenue growth, to Ps.5,258 million, compared to Ps.3,254 million from the previous year, results from a 56% increase in the number of subscribers to the company's services, to 2'929,329.

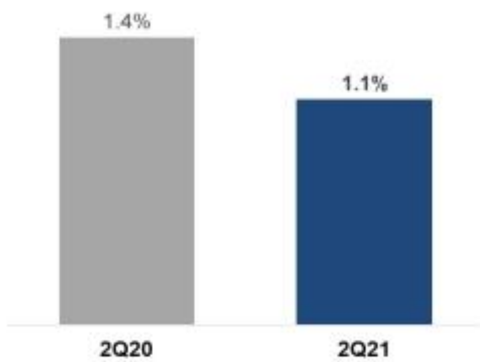
Revenue generating units (RGUs) grew 56%, to 7'729,277 at the end of the quarter, compared to 4'945,097 the previous year. The number of data RGUs grew 56%, to 2'929,329, voice RGUs grew 62%, to 2'866,068, and video RGUs increased 48%, to 1'933,880.

RGUs



The growth of Totalplay Residential reflects the preference of thousands of users for the solid offer of internet services with superior speeds in the market, content on applications and attributes of linear TV that optimize the customer's entertainment experience, as well as voice solutions with worldwide coverage from the mobile application. In this context, the average disconnection rate for the quarter was 1.1% compared to 1.4% a year ago, and the average revenue per subscriber for the quarter (ARPU) was Ps.615 — outstanding level in the market — unchanged from the previous year.

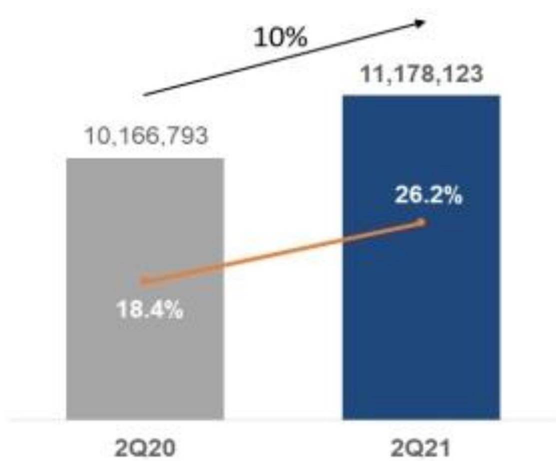
Churn



Given the notable demand for Total Play services, the company makes investments to increase geographic coverage and further expand its subscriber base. The number of homes passed across the country grew 10%, to 11.2 million at the end of the period, from 10.2 million a year ago.

Penetration — proportion of homes passed by Total Play network that have purchased the company's telecommunications services — continued its solid growth and reached 26.2% at the end of the quarter, 7.8 percentage points above the 18.4% a year ago.

Homes passes (millions) and penetration



During the second quarter of 2021, the National Institute of Statistics and Geography (INEGI by its name in Spanish: *Instituto Nacional de Estadística y Geografía*) released the updated number of homes across Mexico, based on the 2020 Population and Housing Census. On a pro forma basis, using the recently published figures by INEGI, Total Play increased the number of homes passed by 1,326,055 units, to reach a total of 12,504,178 units as of June 30, 2021. Additionally, the company released certain technical restrictions where it carried out pipelines and connections to be able to enter and provide services in properties and restricted housing subdivisions since 2010. This release totals 719,099 units. With these two adjustments, Total Play will register 13,223,277 homes passed as of June 30, 2021. The higher number of homes passed throughout the country further strengthens the solid growth prospects for the company going forward.

The adjustment by INEGI does not imply additional capital investment by the company and only reflects the growth of homes between the previous Census, done by INEGI in 2010, and the new 2020 Census. In future financial results releases, Total Play will adjust the number of homes passed with the new information available from INEGI.

Revenue from the enterprise segment was Ps.1,581 million, compared to Ps.1,222 million from the previous year, largely as a result of higher sales to government clients.

The demand for the company's high-capacity internet services, video surveillance and cloud and management solutions is solid and growing, by a large number of the most important companies in Mexico and by public entities. Total enterprise segment connected services grew 21% to 111,858 at the end of the quarter, compared to 92,207 the previous year.

Costs and expenses

Total costs and expenses grew 30%, as a result of a 46% increase in service costs and a 21% increase in general expenses. The increase in costs, to Ps.1,646 million, from Ps.1,131 million in the previous year, is mainly due to the acquisition of content, cost of sales of telecommunications equipment for business customers, licenses, commissions and leasing of connection links for the optimal functioning of the network.

The increase in expenses, to Ps.2,236 million, from Ps.1,846 million, reflects higher services, advertising and promotion expenses, as well as maintenance costs, within the framework of growing operations in Total Play.

EBITDA and net result

Total Play's EBITDA was Ps.2,957 million compared to Ps.1,499 million from the previous year. The company recorded operating income of Ps.884 million, versus an operating loss of Ps.44 million in the second quarter of 2020.

The main variations below EBITDA were the following:

Ps.530 million increase in depreciation and amortization, as a result of investments in coverage of the fiber optic network, and subscriber acquisition cost — telecommunications equipment, labor, installation expenses — in the context of strong company growth.

Ps.329 million growth in foreign exchange gain, as a consequence of the net monetary liability position in US dollars, together with a greater appreciation of the exchange rate of the Mexican peso against the US dollar for the quarter compared to the previous period.

Ps.289 million increase in interest charges, mainly derived from growth in long-term financial debt, which has facilitated the expansion of the company.

Total Play reported net income of Ps.560 million, from a loss of Ps.339 million in the same period of 2020.

Balance Sheet

As of June 30, 2021, the company's debt with cost was Ps.30,249 million, compared to Ps.18,297 million from the previous year. The balance of cash and cash equivalents at the end of the quarter totaled Ps.1,130 million, from Ps.130 million a year ago; as a result, net debt was Ps.29,119 million, compared to Ps.18,167 million from the previous year.

The growth of the debt balance is related to the successful placement of Senior Notes for US$575 million in international markets in November 2020, with an interest rate of 7.5%, due in 2025.

The Senior Notes — which were rated B2 by Moody's and BB- by Fitch — are used to increase the company's geographic coverage, as well as to refinance liabilities, in order to reduce the cost of debt and improve its maturity profile.

The lease liability was Ps.4,576 million, compared to Ps.3,720 million from the previous year.

Cash Flow

As of June 30, 2021, Total Play used flows in investment activities for Ps.7,980 million, which were largely directed to the geographic expansion of its network in the national territory, as well as the purchase of telecommunications equipment network to connect a growing number of users to the company's triple play services.

This amount was partially offset by the generation of cash flow from operating activities of Ps.5,511 million and flow from financing activities of Ps.1,812 million.

As a result, the company's cash and cash equivalents balance decreased by Ps.657 million in the period.

Six months' results

Revenue for the first six months of 2021 were Ps.13,195 million, 49% above the Ps.8,877 million of the previous year, within the framework of dynamic growth in residential and enterprise revenues.

Total costs and expenses grew 32%, to Ps.7,562 million, from Ps.5,736 million, as a result of a 37% increase in services costs — mainly derived from the acquisition of cutting-edge content that satisfies thousands of users, commission payments, cost of telecommunications equipment sold to our clients, payment of licenses and memberships, and leasing of connection links for the optimal operation of the network — as well as a 28% increase in general expenses due to higher expenses of maintenance of the network, services and advertising and promotion.

Total Play reported EBITDA of Ps.5,633 million, 79% above the Ps.3,141 million of the previous year. Operating income was Ps.1,542 million, from Ps.220 million in the same period of 2020.

The company posted a net income of Ps.344 million, compared to a net loss of Ps.709 million a year ago.

	6M 2020	**6M 2021**	**Change**	
			Ps.	**%**
Revenue from services	$8,877	**$13,195**	**$4,318**	**49%**
EBITDA	$3,141	**$5,633**	**$2,492**	**79%**
Operating result	$220	**$1,542**	**$1,322**	**----**
Net result	$(709)	**$344**	**$1,053**	**----**

Amounts in millions of pesos.
EBITDA: operating income before depreciation and amortization

About Total Play

Total Play is a leading Triple Play provider in Mexico that, thanks to the widest direct-to-home fiber optic network in the country, offers entertainment and technologically advanced services with the highest quality and speed in the market. For the latest news and updates about Total Play, visit: www.totalplay.com.mx

Total Play is a Grupo Salinas company (www.gruposalinas.com), a group of dynamic, fast growing, and technologically advanced companies focused on creating economic value through market innovation and goods and services that improve standards of living; social value to improve community wellbeing; and environmental value by reducing the negative impact of its business activities. Created by Mexican entrepreneur Ricardo B. Salinas (www.ricardosalinas.com), Grupo Salinas operates as a management development and decision forum for the top leaders of member companies. Each of the Grupo Salinas companies operates independently, with its own management, board of directors and shareholders. Grupo Salinas has no equity holdings. The group of companies shares a common vision, values and strategies for achieving rapid growth, superior results and world-class performance.

Except for historical information, the matters discussed in this press release are concepts about the future that involve risks and uncertainty that may cause actual results to differ materially from those projected. Other risks that may affect Total Play and its subsidiaries are presented in documents sent to the securities authorities.

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TOTAL PLAY TELECOMUNICACIONES, S.A. DE C.V. AND SUBSIDIARIES
CONSOLIDATED QUARTERLY INCOME STATEMENTS
(Millions of Mexican pesos)

	2Q20		2Q21		Change	
	$	%	$	%	$	%
Revenue from services	**4,476**	**100%**	**6,839**	**100%**	**2,363**	**53%**
Cost of services	(1,131)	(25%)	(1,646)	(24%)	(515)	(46%)
Gross profit	**3,345**	**75%**	**5,193**	**76%**	**1,848**	**55%**
General expenses	(1,846)	(41%)	(2,236)	(33%)	(390)	(21%)
EBITDA	**1,499**	**33%**	**2,957**	**43%**	**1,458**	**97%**
Depreciation and amortization	(1,543)	(34%)	(2,073)	(30%)	(530)	(34%)
Operating profit (loss)	**(44)**	**(1%)**	**884**	**13%**	**928**	**(2109%)**
Financial cost:						
Interest revenue	8	0%	7	0%	(1)	(13%)
Accrued interest expense	(321)	(7%)	(610)	(9%)	(289)	(90%)
Other financial (expenses) income - Net	(14)	(0%)	(81)	(1%)	(67)	479%
Foreign exchange (loss) gain - Net	39	1%	368	5%	329	(844%)
Profit (loss) before income tax provision	**(332)**	**(7%)**	**568**	**8%**	**900**	**(271%)**
Income tax provision	(7)	(0%)	(8)	(0%)	(1)	(14%)
Net income (loss) for the period	**(339)**	**(8%)**	**560**	**8%**	**899**	**(265%)**

TOTAL PLAY TELECOMUNICACIONES, S.A. DE C.V. AND SUBSIDIARIES
CONSOLIDATED ACCUMULATED INCOME STATEMENTS
(Millions of Mexican pesos)

	Accumulated 6M20		Accumulated 6M21		Change	
	$	%	$	%	$	%
Revenue from services	**8,877**	**100%**	**13,195**	**100%**	**4,318**	**49%**
Cost of services	(2,387)	(27%)	(3,273)	(25%)	(886)	(37%)
Gross profit	**6,490**	**73%**	**9,922**	**75%**	**3,432**	**53%**
General expenses	(3,349)	(38%)	(4,289)	(33%)	(940)	(28%)
EBITDA	**3,141**	**35%**	**5,633**	**43%**	**2,492**	**79%**
Depreciation and amortization	(2,921)	(33%)	(4,092)	(31%)	(1,171)	(40%)
Other income (expenses) - Net	-	0%	1	0%	1	na
Operating profit	**220**	**2%**	**1,542**	**12%**	**1,322**	**601%**
Financial cost:						
Interest revenue	18	0%	21	0%	3	17%
Accrued interest expense	(513)	(6%)	(1,172)	(9%)	(659)	(128%)
Other financial expenses	(46)	(1%)	(124)	(1%)	(78)	(170%)
Foreign exchange gain (loss) - Net	(375)	(4%)	94	1%	469	(125%)
Profit (loss) before income tax provision	**(696)**	**(8%)**	**361**	**3%**	**1,057**	**(152%)**
Income tax provision	(13)	(0%)	(17)	(0%)	(4)	31%
Net income (loss) for the period	**(709)**	**(8%)**	**344**	**3%**	**1,053**	**(149%)**

TOTAL PLAY TELECOMUNICACIONES, S.A. DE C.V. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Millions of Mexican pesos)

	As of June 30,					
	2020		2021		Change	
	$	%	$	%	$	%
Assets						
CURRENT ASSETS						
Cash and cash	130	0%	1,130	2%	1,000	769%
Restricted cash in trusts	1,623	4%	1,081	2%	(542)	(33%)
Customers - net	2,318	6%	2,840	5%	522	23%
Other receivables and recoverable taxes	2,531	6%	3,925	7%	1,394	55%
Inventories	1,396	3%	1,518	3%	122	9%
Prepaid expenses	524	1%	372	1%	(152)	(29%)
Total current assets	**8,522**	**21%**	**10,866**	**20%**	**2,344**	**28%**
NON-CURRENT ASSETS						
Property, plant and equipmente - Net	27,122	67%	37,797	70%	10,675	39%
Rights-of-use assets -Net	3,619	9%	4,174	8%	555	15%
Other non-current assets	1,411	3%	1,504	3%	93	7%
Total non-current assets	**32,152**	**79%**	**43,475**	**80%**	**11,323**	**35%**
Total assets	**40,674**	**100%**	**54,341**	**100%**	**13,667**	**34%**
Liabilities and Stockholders' Equity						
SHORT-TERM LIABILITIES						
Short-term financial debt	1,727	4%	1,358	2%	(369)	(21%)
Trade payables	8,440	21%	8,456	16%	16	0%
Other payables and taxes	1,907	5%	2,392	4%	485	25%
Derivative financial instruments	-	0%	137	0%	137	n.m.
Lease liabilities	1,367	3%	1,515	3%	148	11%
Total short-term liabilities	**13,441**	**33%**	**13,858**	**26%**	**417**	**3%**
LONG-TERM LIABILITIES						
Long-term financial debt	16,570	41%	28,891	53%	12,321	74%
Trade payables	69	0%	20	0%	(49)	(71%)
Other long-term payables	215	1%	81	0%	(134)	(62%)
Lease liabilities	2,353	6%	3,060	6%	707	30%
Total long-term liabilities	**19,207**	**47%**	**32,052**	**59%**	**12,845**	**67%**
Total liabilities	**32,648**	**80%**	**45,910**	**84%**	**13,262**	**41%**
STOCKHOLDERS' EQUITY	**8,026**	**20%**	**8,431**	**16%**	**405**	**5%**
Total stockholders' equity and liabilities	**40,674**	**100%**	**54,341**	**100%**	**13,667**	**34%**

TOTAL PLAY TELECOMUNICACIONES, S.A. DE C.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Millions of Mexican pesos)

	Years ended june 30, 2020	2021
Operating activities:		
(Loss) income before income tax provision	(709)	344
Items not requiring the use of resources:		
Depreciation and amortization	2,921	4,092
Employee benefits	7	15
Items related to investing or financing activities:		
Accrued interest income	(18)	(21)
Accrued interest expense and other financial transactions	514	1,172
Valuation of financial derivative instruments	(24)	(77)
	2,691	5,525
Resources (used in) generated by operating activities:		
Customers and unearned revenue	(162)	(464)
Other receivables	(828)	(551)
Related parties, net	208	172
Inventories	(136)	104
Trade payables	3,766	245
Other payables	308	480
Cash flows generated by operating activities	5,847	5,511
Investing activities:		
Acquisition of property, plant and equipment	(6,229)	(7,994)
Other assets	(25)	(7)
Collected interest	18	21
Cash flows (used in) investing activities	(6,236)	(7,980)
Financing activities:		
Loans received	3,175	3,928
Reverse factoring	156	(119)
Interest payment	(994)	(1,453)
Leasing cash flows	(1,395)	(735)
Fiduciary rights	(650)	191
Net cash flows generated by financing activities	292	1,812
Increase in cash and cash equivalents	(97)	(657)
Cash and cash equivalents at the beginning of the year	227	1,787
Cash and cash equivalents at the end of the year	130	1,130

Financial position, liquidity and capital resources [text block]

Balance Sheet

As of June 30, 2021, the company's debt with cost was Ps.30,249 million, compared to Ps.18,297 million from the previous year. The balance of cash and cash equivalents at the end of the quarter totaled Ps.1,130 million, from Ps.130 million a year ago; as a result, net debt was Ps.29,119 million, compared to Ps.18,167 million from the previous year.

The growth of the debt balance is related to the successful placement of Senior Notes for US$575 million in international markets in November 2020, with an interest rate of 7.5%, due in 2025.

The Senior Notes — which were rated B2 by Moody's and BB- by Fitch — are used to increase the company's geographic coverage, as well as to refinance liabilities, in order to reduce the cost of debt and improve its maturity profile.

The lease liability was Ps.4,576 million, compared to Ps.3,720 million from the previous year.

Cash Flow

As of June 30, 2021, Total Play used flows in investment activities for Ps.7,980 million, which were largely directed to the geographic expansion of its network in the national territory, as well as the purchase of telecommunications equipment network to connect a growing number of users to the company's triple play services.

This amount was partially offset by the generation of cash flow from operating activities of Ps.5,511 million and flow from financing activities of Ps.1,812 million.

As a result, the company's cash and cash equivalents balance decreased by Ps.657 million in the period.

Internal control [text block]

Disclosure of critical performance measures and indicators that management uses to evaluate entity's performance against stated objectives [text block]

Second quarter results

“Continued preference for Total Play's world-class telecommunications services, further strengthened the company's solid positioning in the market, and translated into substantial growth in the penetration of homes covered with our network and a steady increase in the number of services connected to organizations in the quarter,” commented Eduardo Kuri, CEO of Total Play. "The higher demand generated solid revenue increase, which, together with important initiatives to strengthen operating efficiencies, resulted in a notable expansion in the company´s EBITDA and profitability for the period."

Revenue for the quarter totaled Ps.6,839 million, 53% above the Ps.4,476 million for the same period of the previous year. Total costs and expenses were Ps.3,882 million, compared to Ps.2,977 million from the previous year.

As a result, Total Play's EBITDA grew 97%, to Ps.2,957 million, from Ps.1,499 million a year ago; the EBITDA margin for the quarter was 43%, ten percentage points higher than the 33% of the previous year. The company recorded operating profit of Ps.884 million, compared to an operating loss of Ps.44 million a year ago.

Total Play reported net income of Ps.560 million versus a loss of Ps.339 million in the same period of 2020.

	2Q 2020	**2Q 2021**	**Change**	
			Ps.	**%**
Revenue from services	$4,476	**$6,839**	**$2,363**	**53%**
EBITDA	$1,499	**$2,957**	**$1,458**	**97%**
Operating result	$(44)	**$884**	**$928**	**----**
Net result	$(339)	**$560**	**$899**	**----**

Amounts in millions of pesos.
EBITDA: operating income before depreciation and amortization

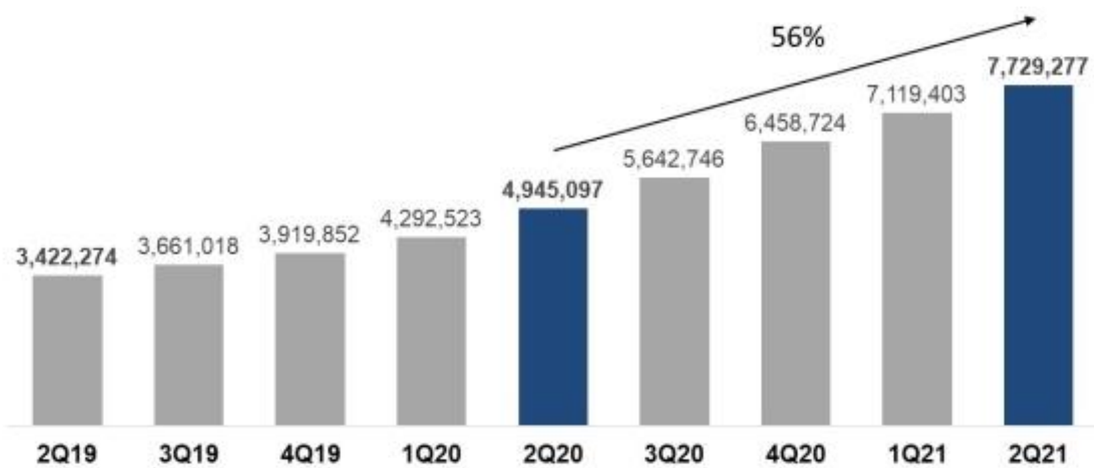
Revenue from services

The company's revenue grew 53%, as a result of a 62% increase in sales from the residential segment, and a 29% increase in revenue from the enterprise business.

Totalplay Residential revenue growth, to Ps.5,258 million, compared to Ps.3,254 million from the previous year, results from a 56% increase in the number of subscribers to the company's services, to 2'929,329.

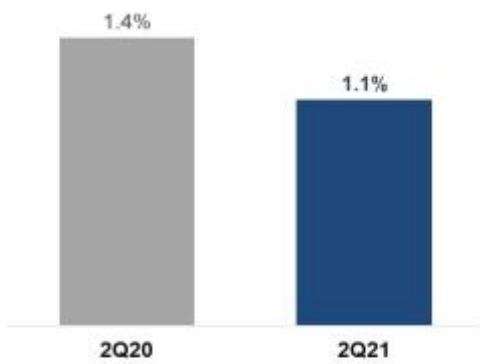
Revenue generating units (RGUs) grew 56%, to 7'729,277 at the end of the quarter, compared to 4'945,097 the previous year. The number of data RGUs grew 56%, to 2'929,329, voice RGUs grew 62%, to 2'866,068, and video RGUs increased 48%, to 1'933,880.

RGUs



The growth of Totalplay Residential reflects the preference of thousands of users for the solid offer of internet services with superior speeds in the market, content on applications and attributes of linear TV that optimize the customer's entertainment experience, as well as voice solutions with worldwide coverage from the mobile application. In this context, the average disconnection rate for the quarter was 1.1% compared to 1.4% a year ago, and the average revenue per subscriber for the quarter (ARPU) was Ps.615 — outstanding level in the market — unchanged from the previous year.

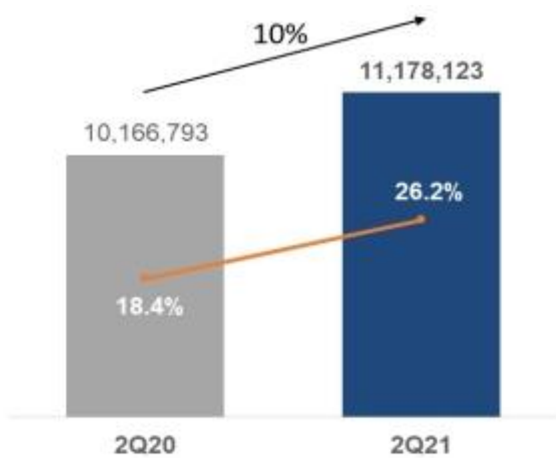
Churn



Given the notable demand for Total Play services, the company makes investments to increase geographic coverage and further expand its subscriber base. The number of homes passed across the country grew 10%, to 11.2 million at the end of the period, from 10.2 million a year ago.

Penetration — proportion of homes passed by Total Play network that have purchased the company's telecommunications services — continued its solid growth and reached 26.2% at the end of the quarter, 7.8 percentage points above the 18.4% a year ago.

Homes passes (millions) and penetration



During the second quarter of 2021, the National Institute of Statistics and Geography (INEGI by its name in Spanish: *Instituto Nacional de Estadística y Geografía*) released the updated number of homes across Mexico, based on the 2020 Population and Housing Census. On a pro forma basis, using the recently published figures by INEGI, Total Play increased the number of homes passed by 2,045,154 units, to reach a total of 13,223,277 units as of June 30, 2021. This adjustment does not imply additional capital investment by the company and only reflects the growth of homes between the previous Census, done by INEGI in 2010, and the new 2020 Census. In future financial results releases, Total Play will adjust the number of homes passed with the new information available from INEGI.

Revenue from the enterprise segment was Ps.1,581 million, compared to Ps.1,222 million from the previous year, largely as a result of higher sales to government clients.

The demand for the company's high-capacity internet services, video surveillance and cloud and management solutions is solid and growing, by a large number of the most important companies in Mexico and by public entities. Total enterprise segment connected services grew 21% to 111,858 at the end of the quarter, compared to 92,207 the previous year.

Costs and expenses

Total costs and expenses grew 30%, as a result of a 46% increase in service costs and a 21% increase in general expenses. The increase in costs, to Ps.1,646 million, from Ps.1,131 million in the previous year, is mainly due to the acquisition of content, cost of sales of telecommunications equipment for business customers, licenses, commissions and leasing of connection links for the optimal functioning of the network.

The increase in expenses, to Ps.2,236 million, from Ps.1,846 million, reflects higher services, advertising and promotion expenses, as well as maintenance costs, within the framework of growing operations in Total Play.

EBITDA and net result

Total Play's EBITDA was Ps.2,957 million compared to Ps.1,499 million from the previous year. The company recorded operating income of Ps.884 million, versus an operating loss of Ps.44 million in the second quarter of 2020.

The main variations below EBITDA were the following:

Ps.530 million increase in depreciation and amortization, as a result of investments in coverage of the fiber optic network, and subscriber acquisition cost — telecommunications equipment, labor, installation expenses — in the context of strong company growth.

Ps.329 million growth in foreign exchange gain, as a consequence of the net monetary liability position in US dollars, together with a greater appreciation of the exchange rate of the Mexican peso against the US dollar for the quarter compared to the previous period.

Ps.289 million increase in interest charges, mainly derived from growth in long-term financial debt, which has facilitated the expansion of the company.

Total Play reported net income of Ps.560 million, from a loss of Ps.339 million in the same period of 2020.

[110000] General information about financial statements

Ticker:	TPLAY
Period covered by financial statements:	2021-01-01 al 2021-12-31
Date of end of reporting period:	2021-06-30
Name of reporting entity or other means of identification:	TOTAL PLAY TELECOMUNICACIONES, S.A. DE C.V.
Description of presentation currency:	MXN
Level of rounding used in financial statements:	MILES DE PESOS
Consolidated:	Yes
Number of quarter:	2
Type of issuer:	CP
Explanation of change in name of reporting entity or other means of identification from end of preceding reporting period:	
Description of nature of financial statements:	

Disclosure of general information about financial statements [text block]

Follow-up of analysis [text block]

[210000] Statement of financial position, current/non-current

Concept	Close Current Quarter 2021-06-30	Close Previous Exercise 2020-12-31
Statement of financial position [abstract]		
Assets [abstract]		
Current assets [abstract]		
Cash and cash equivalents	1,129,503,000	1,786,852,000
Trade and other current receivables	7,137,641,000	6,170,925,000
Current tax assets, current	0	0
Other current financial assets	1,081,350,000	1,271,910,000
Current inventories	1,517,611,000	1,621,341,000
Current biological assets	0	0
Other current non-financial assets	0	0
Total current assets other than non-current assets or disposal groups classified as held for sale or as held for distribution to owners	10,866,105,000	10,851,028,000
Non-current assets or disposal groups classified as held for sale or as held for distribution to owners	0	0
Total current assets	10,866,105,000	10,851,028,000
Non-current assets [abstract]		
Trade and other non-current receivables	0	0
Current tax assets, non-current	0	0
Non-current inventories	0	0
Non-current biological assets	0	0
Other non-current financial assets	0	0
Investments accounted for using equity method	0	0
Investments in subsidiaries, joint ventures and associates	0	0
Property, plant and equipment	37,797,198,000	32,756,010,000
Investment property	0	0
Right-of-use assets that do not meet definition of investment property	4,174,373,000	4,142,487,000
Goodwill	0	0
Intangible assets other than goodwill	1,064,438,000	1,057,749,000
Deferred tax assets	438,553,000	438,553,000
Other non-current non-financial assets	0	0
Total non-current assets	43,474,562,000	38,394,799,000
Total assets	54,340,667,000	49,245,827,000
Equity and liabilities [abstract]		
Liabilities [abstract]		
Current liabilities [abstract]		
Trade and other current payables	9,497,298,000	9,135,601,000
Current tax liabilities, current	117,402,000	61,031,000
Other current financial liabilities	1,494,403,000	776,291,000
Current lease liabilities	1,514,611,000	1,681,024,000
Other current non-financial liabilities	0	0
Current provisions [abstract]		
Current provisions for employee benefits	0	0
Other current provisions	1,233,907,000	796,700,000
Total current provisions	1,233,907,000	796,700,000
Total current liabilities other than liabilities included in disposal groups classified as held for sale	13,857,621,000	12,450,647,000
Liabilities included in disposal groups classified as held for sale	0	0
Total current liabilities	13,857,621,000	12,450,647,000
Non-current liabilities [abstract]		
Trade and other non-current payables	19,602,000	14,120,000
Current tax liabilities, non-current	0	0

Concept	Close Current Quarter 2021-06-30	Close Previous Exercise 2020-12-31
Other non-current financial liabilities	28,890,749,000	25,749,567,000
Non-current lease liabilities	3,061,089,000	2,748,883,000
Other non-current non-financial liabilities	0	0
Non-current provisions [abstract]		
Non-current provisions for employee benefits	80,733,000	66,212,000
Other non-current provisions	0	37,363,000
Total non-current provisions	80,733,000	103,575,000
Deferred tax liabilities	0	0
Total non-current liabilities	32,052,173,000	28,616,145,000
Total liabilities	45,909,794,000	41,066,792,000
Equity [abstract]		
Issued capital	7,336,991,000	7,336,991,000
Share premium	1,539,398,000	1,539,398,000
Treasury shares	0	0
Retained earnings	(2,068,425,000)	(2,412,158,000)
Other reserves	1,622,909,000	1,714,804,000
Total equity attributable to owners of parent	8,430,873,000	8,179,035,000
Non-controlling interests	0	0
Total equity	8,430,873,000	8,179,035,000
Total equity and liabilities	54,340,667,000	49,245,827,000

[310000] Statement of comprehensive income, profit or loss, by function of expense

Concept	Accumulated Current Year 2021-01-01 - 2021-06-30	Accumulated Previous Year 2020-01-01 - 2020-06-30	Quarter Current Year 2021-04-01 - 2021-06-30	Quarter Previous Year 2020-04-01 - 2020-06-30
Profit or loss [abstract]				
Profit (loss) [abstract]				
Revenue	13,195,485,000	8,877,115,000	6,839,057,000	4,475,945,000
Cost of sales	5,073,535,000	3,612,768,000	2,537,250,000	1,717,007,000
Gross profit	8,121,950,000	5,264,347,000	4,301,807,000	2,758,938,000
Distribution costs	0	0	0	0
Administrative expenses	6,529,517,000	5,040,148,000	3,397,030,000	2,813,507,000
Other income	32,100,000	48,078,000	21,702,000	40,623,000
Other expense	83,126,000	51,170,000	42,049,000	29,913,000
Profit (loss) from operating activities	1,541,407,000	221,107,000	884,430,000	(43,859,000)
Finance income	3,803,253,000	1,877,334,000	934,192,000	1,355,389,000
Finance costs	4,984,035,000	2,794,136,000	1,251,401,000	1,643,342,000
Share of profit (loss) of associates and joint ventures accounted for using equity method	0	0	0	0
Profit (loss) before tax	360,625,000	(695,695,000)	567,221,000	(331,812,000)
Tax income (expense)	16,892,000	12,830,000	7,492,000	7,156,000
Profit (loss) from continuing operations	343,733,000	(708,525,000)	559,729,000	(338,968,000)
Profit (loss) from discontinued operations	0	0	0	0
Profit (loss)	343,733,000	(708,525,000)	559,729,000	(338,968,000)
Profit (loss), attributable to [abstract]				
Profit (loss), attributable to owners of parent	343,733,000	(708,525,000)	559,729,000	(338,968,000)
Profit (loss), attributable to non-controlling interests	0	0	0	0
Earnings per share [text block]	-0.1	-0.1	-0.1	-0.1
Earnings per share [abstract]				
Earnings per share [line items]				
Basic earnings per share [abstract]				
Basic earnings (loss) per share from continuing operations	0	0	0	0
Basic earnings (loss) per share from discontinued operations	0	0	0	0
Total basic earnings (loss) per share	0	0	0	0
Diluted earnings per share [abstract]				
Diluted earnings (loss) per share from continuing operations	0	0	0	0
Diluted earnings (loss) per share from discontinued operations	0	0	0	0
Total diluted earnings (loss) per share	0	0	0	0

[410000] Statement of comprehensive income, OCI components presented net of tax

Concept	Accumulated Current Year 2021-01-01 - 2021-06-30	Accumulated Previous Year 2020-01-01 - 2020-06-30	Quarter Current Year 2021-04-01 - 2021-06-30	Quarter Previous Year 2020-04-01 - 2020-06-30
Statement of comprehensive income [abstract]				
Profit (loss)	343,733,000	(708,525,000)	559,729,000	(338,968,000)
Other comprehensive income [abstract]				
Components of other comprehensive income that will not be reclassified to profit or loss, net of tax [abstract]				
Other comprehensive income, net of tax, gains (losses) from investments in equity instruments	0	0	0	0
Other comprehensive income, net of tax, gains (losses) on revaluation	0	0	0	0
Other comprehensive income, net of tax, gains (losses) on remeasurements of defined benefit plans	0	0	0	0
Other comprehensive income, net of tax, change in fair value of financial liability attributable to change in credit risk of liability	0	0	0	0
Other comprehensive income, net of tax, gains (losses) on hedging instruments that hedge investments in equity instruments	0	0	0	0
Share of other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss, net of tax	0	0	0	0
Total other comprehensive income that will not be reclassified to profit or loss, net of tax	0	0	0	0
Components of other comprehensive income that will be reclassified to profit or loss, net of tax [abstract]				
Exchange differences on translation [abstract]				
Gains (losses) on exchange differences on translation, net of tax	21,000	(16,329,000)	21,000	(16,329,000)
Reclassification adjustments on exchange differences on translation, net of tax	0	0	0	0
Other comprehensive income, net of tax, exchange differences on translation	21,000	(16,329,000)	21,000	(16,329,000)
Available-for-sale financial assets [abstract]				
Gains (losses) on remeasuring available-for-sale financial assets, net of tax	0	0	0	0
Reclassification adjustments on available-for-sale financial assets, net of tax	0	0	0	0
Other comprehensive income, net of tax, available-for-sale financial assets	0	0	0	0
Cash flow hedges [abstract]				
Gains (losses) on cash flow hedges, net of tax	0	0	0	0
Reclassification adjustments on cash flow hedges, net of tax	0	0	0	0
Amounts removed from equity and included in carrying amount of non-financial asset (liability) whose acquisition or incurrence was hedged highly probable forecast transaction, net of tax	0	0	0	0
Other comprehensive income, net of tax, cash flow hedges	0	0	0	0
Hedges of net investment in foreign operations [abstract]				
Gains (losses) on hedges of net investments in foreign operations, net of tax	0	0	0	0
Reclassification adjustments on hedges of net investments in foreign operations, net of tax	0	0	0	0
Other comprehensive income, net of tax, hedges of net investments in foreign operations	0	0	0	0
Change in value of time value of options [abstract]				
Gains (losses) on change in value of time value of options, net of tax	0	0	0	0

Concept	Accumulated Current Year 2021-01-01 - 2021-06-30	Accumulated Previous Year 2020-01-01 - 2020-06-30	Quarter Current Year 2021-04-01 - 2021-06-30	Quarter Previous Year 2020-04-01 - 2020-06-30
Reclassification adjustments on change in value of time value of options, net of tax	0	0	0	0
Other comprehensive income, net of tax, change in value of time value of options	0	0	0	0
Change in value of forward elements of forward contracts [abstract]				
Gains (losses) on change in value of forward elements of forward contracts, net of tax	0	0	0	0
Reclassification adjustments on change in value of forward elements of forward contracts, net of tax	0	0	0	0
Other comprehensive income, net of tax, change in value of forward elements of forward contracts	0	0	0	0
Change in value of foreign currency basis spreads [abstract]				
Gains (losses) on change in value of foreign currency basis spreads, net of tax	0	0	0	0
Reclassification adjustments on change in value of foreign currency basis spreads, net of tax	0	0	0	0
Other comprehensive income, net of tax, change in value of foreign currency basis spreads	0	0	0	0
Financial assets measured at fair value through other comprehensive income [abstract]				
Gains (losses) on financial assets measured at fair value through other comprehensive income, net of tax	(91,916,000)	23,550,000	47,199,000	(50,008,000)
Reclassification adjustments on financial assets measured at fair value through other comprehensive income, net of tax	0	0	0	0
Amounts removed from equity and adjusted against fair value of financial assets on reclassification out of fair value through other comprehensive income measurement category, net of tax	0	0	0	0
Other comprehensive income, net of tax, financial assets measured at fair value through other comprehensive income	(91,916,000)	23,550,000	47,199,000	(50,008,000)
Share of other comprehensive income of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss, net of tax	0	0	0	0
Total other comprehensive income that will be reclassified to profit or loss, net of tax	(91,895,000)	7,221,000	47,220,000	(66,337,000)
Total other comprehensive income	(91,895,000)	7,221,000	47,220,000	(66,337,000)
Total comprehensive income	251,838,000	(701,304,000)	606,949,000	(405,305,000)
Comprehensive income attributable to [abstract]				
Comprehensive income, attributable to owners of parent	251,838,000	(701,304,000)	606,949,000	(405,305,000)
Comprehensive income, attributable to non-controlling interests	0	0	0	0

[520000] Statement of cash flows, indirect method

Concept	Accumulated Current Year 2021-01-01 - 2021-06-30	Accumulated Previous Year 2020-01-01 - 2020-06-30
Statement of cash flows [abstract]		
Cash flows from (used in) operating activities [abstract]		
Profit (loss)	343,733,000	(708,525,000)
Adjustments to reconcile profit (loss) [abstract]		
+ Discontinued operations	0	0
+ Adjustments for income tax expense	16,892,000	12,830,000
+ (-) Adjustments for finance costs	1,151,192,000	495,474,000
+ Adjustments for depreciation and amortisation expense	4,091,504,000	2,920,661,000
+ Adjustments for impairment loss (reversal of impairment loss) recognised in profit or loss	0	0
+ Adjustments for provisions	14,549,000	6,902,000
+ (-) Adjustments for unrealised foreign exchange losses (gains)	0	0
+ Adjustments for share-based payments	0	0
+ (-) Adjustments for fair value losses (gains)	(77,327,000)	(24,477,000)
- Adjustments for undistributed profits of associates	0	0
+ (-) Adjustments for losses (gains) on disposal of non-current assets	0	0
	0	0
+ (-) Adjustments for decrease (increase) in inventories	103,730,000	(135,675,000)
+ (-) Adjustments for decrease (increase) in trade accounts receivable	(463,625,000)	(162,035,000)
+ (-) Adjustments for decrease (increase) in other operating receivables	(378,422,000)	(619,815,000)
+ (-) Adjustments for increase (decrease) in trade accounts payable	245,110,000	3,766,461,000
+ (-) Adjustments for increase (decrease) in other operating payables	463,463,000	295,269,000
+ Other adjustments for non-cash items	0	0
+ Other adjustments for which cash effects are investing or financing cash flow	0	0
+ Straight-line rent adjustment	0	0
+ Amortization of lease fees	0	0
+ Setting property values	0	0
+ (-) Other adjustments to reconcile profit (loss)	0	0
+ (-) Total adjustments to reconcile profit (loss)	5,167,066,000	6,555,595,000
Net cash flows from (used in) operations	5,510,799,000	5,847,070,000
- Dividends paid	0	0
	0	0
- Interest paid	0	0
+ Interest received	0	0
+ (-) Income taxes refund (paid)	0	0
+ (-) Other inflows (outflows) of cash	0	0
Net cash flows from (used in) operating activities	5,510,799,000	5,847,070,000
Cash flows from (used in) investing activities [abstract]		
+ Cash flows from losing control of subsidiaries or other businesses	0	0
- Cash flows used in obtaining control of subsidiaries or other businesses	0	0
+ Other cash receipts from sales of equity or debt instruments of other entities	0	0
- Other cash payments to acquire equity or debt instruments of other entities	0	0
+ Other cash receipts from sales of interests in joint ventures	0	0
- Other cash payments to acquire interests in joint ventures	0	0
+ Proceeds from sales of property, plant and equipment	0	0
- Purchase of property, plant and equipment	7,994,389,000	6,229,460,000
+ Proceeds from sales of intangible assets	0	0
- Purchase of intangible assets	6,690,000	25,034,000
+ Proceeds from sales of other long-term assets	0	0
- Purchase of other long-term assets	0	0

Concept	Accumulated Current Year 2021-01-01 - 2021-06-30	Accumulated Previous Year 2020-01-01 - 2020-06-30
+ Proceeds from government grants	0	0
- Cash advances and loans made to other parties	0	0
+ Cash receipts from repayment of advances and loans made to other parties	0	0
- Cash payments for futures contracts, forward contracts, option contracts and swap contracts	0	0
+ Cash receipts from futures contracts, forward contracts, option contracts and swap contracts	0	0
+ Dividends received	0	0
- Interest paid	0	0
+ Interest received	21,202,000	18,045,000
	0	0
+ (-) Other inflows (outflows) of cash	0	0
Net cash flows from (used in) investing activities	(7,979,877,000)	(6,236,449,000)
Cash flows from (used in) financing activities [abstract]		
+ Proceeds from changes in ownership interests in subsidiaries that do not result in loss of control	0	0
- Payments from changes in ownership interests in subsidiaries that do not result in loss of control	0	0
+ Proceeds from issuing shares	0	0
+ Proceeds from issuing other equity instruments	0	0
- Payments to acquire or redeem entity's shares	0	0
- Payments of other equity instruments	0	0
+ Proceeds from borrowings	4,637,634,000	6,741,601,000
- Repayments of borrowings	709,145,000	3,566,210,000
- Payments of finance lease liabilities	0	0
- Payments of lease liabilities	734,882,000	1,394,666,000
+ Proceeds from government grants	0	0
- Dividends paid	0	0
- Interest paid	1,453,771,000	994,140,000
+ (-) Income taxes refund (paid)	0	0
+ (-) Other inflows (outflows) of cash	71,893,000	(494,267,000)
Net cash flows from (used in) financing activities	1,811,729,000	292,318,000
Net increase (decrease) in cash and cash equivalents before effect of exchange rate changes	(657,349,000)	(97,061,000)
Effect of exchange rate changes on cash and cash equivalents [abstract]		
Effect of exchange rate changes on cash and cash equivalents	0	0
Net increase (decrease) in cash and cash equivalents	(657,349,000)	(97,061,000)
Cash and cash equivalents at beginning of period	1,786,852,000	227,212,000
Cash and cash equivalents at end of period	1,129,503,000	130,151,000

[610000] Statement of changes in equity - Accumulated Current

	Components of equity [axis]								
Sheet 1 of 3	Issued capital [member]	Share premium [member]	Treasury shares [member]	Retained earnings [member]	Revaluation surplus [member]	Reserve of exchange differences on translation [member]	Reserve of cash flow hedges [member]	Reserve of gains and losses on hedging instruments that hedge investments in equity instruments [member]	Reserve of change in value of time value of options [member]
Statement of changes in equity [line items]									
Equity at beginning of period	7,336,991,000	1,539,398,000	0	(2,412,158,000)	1,729,424,000	(10,201,000)	0	0	0
Changes in equity [abstract]									
Comprehensive income [abstract]									
Profit (loss)	0	0	0	343,733,000	0	0	0	0	0
Other comprehensive income	0	0	0	0	0	21,000	0	0	0
Total comprehensive income	0	0	0	343,733,000	0	21,000	0	0	0
Issue of equity	0	0	0	0	0	0	0	0	0
Dividends recognised as distributions to owners	0	0	0	0	0	0	0	0	0
Increase through other contributions by owners, equity	0	0	0	0	0	0	0	0	0
Decrease through other distributions to owners, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through other changes, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through treasury share transactions, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through share-based payment transactions, equity	0	0	0	0	0	0	0	0	0
Amount removed from reserve of cash flow hedges and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of time value of options and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of forward elements of forward contracts and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of foreign currency basis spreads and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Total increase (decrease) in equity	0	0	0	343,733,000	0	21,000	0	0	0
Equity at end of period	7,336,991,000	1,539,398,000	0	(2,068,425,000)	1,729,424,000	(10,180,000)	0	0	0

	Components of equity [axis]								
Sheet 2 of 3	Reserve of change in value of forward elements of forward contracts [member]	Reserve of change in value of foreign currency basis spreads [member]	Reserve of gains and losses on financial assets measured at fair value through other comprehensive income [member]	Reserve of gains and losses on remeasuring available-for-sale financial assets [member]	Reserve of share-based payments [member]	Reserve of remeasurements of defined benefit plans [member]	Amount recognised in other comprehensive income and accumulated in equity relating to non-current assets or disposal groups held for sale [member]	Reserve of gains and losses from investments in equity instruments [member]	Reserve of change in fair value of financial liability attributable to change in credit risk of liability [member]
Statement of changes in equity [line items]									
Equity at beginning of period	0	0	28,624,000	0	0	(33,043,000)	0	0	0
Changes in equity [abstract]									
Comprehensive income [abstract]									
Profit (loss)	0	0	0	0	0	0	0	0	0
Other comprehensive income	0	0	(91,916,000)	0	0	0	0	0	0
Total comprehensive income	0	0	(91,916,000)	0	0	0	0	0	0
Issue of equity	0	0	0	0	0	0	0	0	0
Dividends recognised as distributions to owners	0	0	0	0	0	0	0	0	0
Increase through other contributions by owners, equity	0	0	0	0	0	0	0	0	0
Decrease through other distributions to owners, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through other changes, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through treasury share transactions, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through share-based payment transactions, equity	0	0	0	0	0	0	0	0	0
Amount removed from reserve of cash flow hedges and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of time value of options and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of forward elements of forward contracts and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of foreign currency basis spreads and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Total increase (decrease) in equity	0	0	(91,916,000)	0	0	0	0	0	0
Equity at end of period	0	0	(63,292,000)	0	0	(33,043,000)	0	0	0

	Components of equity [axis]							
Sheet 3 of 3	**Reserve for catastrophe [member]**	**Reserve for equalisation [member]**	**Reserve of discretionary participation features [member]**	**Other comprehensive income [member]**	**Other reserves [member]**	**Equity attributable to owners of parent [member]**	**Non-controlling interests [member]**	**Equity [member]**
Statement of changes in equity [line items]								
Equity at beginning of period	0	0	0	0	1,714,804,000	8,179,035,000	0	8,179,035,000
Changes in equity [abstract]								
Comprehensive income [abstract]								
Profit (loss)	0	0	0	0	0	343,733,000	0	343,733,000
Other comprehensive income	0	0	0	0	(91,895,000)	(91,895,000)	0	(91,895,000)
Total comprehensive income	0	0	0	0	(91,895,000)	251,838,000	0	251,838,000
Issue of equity	0	0	0	0	0	0	0	0
Dividends recognised as distributions to owners	0	0	0	0	0	0	0	0
Increase through other contributions by owners, equity	0	0	0	0	0	0	0	0
Decrease through other distributions to owners, equity	0	0	0	0	0	0	0	0
Increase (decrease) through other changes, equity	0	0	0	0	0	0	0	0
Increase (decrease) through treasury share transactions, equity	0	0	0	0	0	0	0	0
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control, equity	0	0	0	0	0	0	0	0
Increase (decrease) through share-based payment transactions, equity	0	0	0	0	0	0	0	0
Amount removed from reserve of cash flow hedges and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of time value of options and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of forward elements of forward contracts and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of foreign currency basis spreads and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0
Total increase (decrease) in equity	0	0	0	0	(91,895,000)	251,838,000	0	251,838,000
Equity at end of period	0	0	0	0	1,622,909,000	8,430,873,000	0	8,430,873,000

[610000] Statement of changes in equity - Accumulated Previous

	Components of equity [axis]								
Sheet 1 of 3	Issued capital [member]	Share premium [member]	Treasury shares [member]	Retained earnings [member]	Revaluation surplus [member]	Reserve of exchange differences on translation [member]	Reserve of cash flow hedges [member]	Reserve of gains and losses on hedging instruments that hedge investments in equity instruments [member]	Reserve of change in value of time value of options [member]
Statement of changes in equity [line items]									
Equity at beginning of period	7,336,991,000	1,539,398,000	0	(1,865,138,000)	1,729,424,000	(6,423,000)	0	0	0
Changes in equity [abstract]									
Comprehensive income [abstract]									
Profit (loss)	0	0	0	(708,525,000)	0	0	0	0	0
Other comprehensive income	0	0	0	0	0	(16,329,000)	0	0	0
Total comprehensive income	0	0	0	(708,525,000)	0	(16,329,000)	0	0	0
Issue of equity	0	0	0	0	0	0	0	0	0
Dividends recognised as distributions to owners	0	0	0	0	0	0	0	0	0
Increase through other contributions by owners, equity	0	0	0	0	0	0	0	0	0
Decrease through other distributions to owners, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through other changes, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through treasury share transactions, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through share-based payment transactions, equity	0	0	0	0	0	0	0	0	0
Amount removed from reserve of cash flow hedges and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of time value of options and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of forward elements of forward contracts and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of foreign currency basis spreads and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Total increase (decrease) in equity	0	0	0	(708,525,000)	0	(16,329,000)	0	0	0
Equity at end of period	7,336,991,000	1,539,398,000	0	(2,573,663,000)	1,729,424,000	(22,752,000)	0	0	0

	Components of equity [axis]								
Sheet 2 of 3	Reserve of change in value of forward elements of forward contracts [member]	Reserve of change in value of foreign currency basis spreads [member]	Reserve of gains and losses on financial assets measured at fair value through other comprehensive income [member]	Reserve of gains and losses on remeasuring available-for-sale financial assets [member]	Reserve of share-based payments [member]	Reserve of remeasurements of defined benefit plans [member]	Amount recognised in other comprehensive income and accumulated in equity relating to non-current assets or disposal groups held for sale [member]	Reserve of gains and losses from investments in equity instruments [member]	Reserve of change in fair value of financial liability attributable to change in credit risk of liability [member]
Statement of changes in equity [line items]									
Equity at beginning of period	0	0	2,844,000	0	0	(9,570,000)	0	0	0
Changes in equity [abstract]									
Comprehensive income [abstract]									
Profit (loss)	0	0	0	0	0	0	0	0	0
Other comprehensive income	0	0	23,550,000	0	0	0	0	0	0
Total comprehensive income	0	0	23,550,000	0	0	0	0	0	0
Issue of equity	0	0	0	0	0	0	0	0	0
Dividends recognised as distributions to owners	0	0	0	0	0	0	0	0	0
Increase through other contributions by owners, equity	0	0	0	0	0	0	0	0	0
Decrease through other distributions to owners, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through other changes, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through treasury share transactions, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control, equity	0	0	0	0	0	0	0	0	0
Increase (decrease) through share-based payment transactions, equity	0	0	0	0	0	0	0	0	0
Amount removed from reserve of cash flow hedges and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of time value of options and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of forward elements of forward contracts and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of foreign currency basis spreads and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0	0
Total increase (decrease) in equity	0	0	23,550,000	0	0	0	0	0	0
Equity at end of period	0	0	26,394,000	0	0	(9,570,000)	0	0	0

	Components of equity [axis]							
Sheet 3 of 3	**Reserve for catastrophe [member]**	**Reserve for equalisation [member]**	**Reserve of discretionary participation features [member]**	**Other comprehensive income [member]**	**Other reserves [member]**	**Equity attributable to owners of parent [member]**	**Non-controlling interests [member]**	**Equity [member]**
Statement of changes in equity [line items]								
Equity at beginning of period	0	0	0	0	1,716,275,000	8,727,526,000	0	8,727,526,000
Changes in equity [abstract]								
Comprehensive income [abstract]								
Profit (loss)	0	0	0	0	0	(708,525,000)	0	(708,525,000)
Other comprehensive income	0	0	0	0	7,221,000	7,221,000	0	7,221,000
Total comprehensive income	0	0	0	0	7,221,000	(701,304,000)	0	(701,304,000)
Issue of equity	0	0	0	0	0	0	0	0
Dividends recognised as distributions to owners	0	0	0	0	0	0	0	0
Increase through other contributions by owners, equity	0	0	0	0	0	0	0	0
Decrease through other distributions to owners, equity	0	0	0	0	0	0	0	0
Increase (decrease) through other changes, equity	0	0	0	0	0	0	0	0
Increase (decrease) through treasury share transactions, equity	0	0	0	0	0	0	0	0
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control, equity	0	0	0	0	0	0	0	0
Increase (decrease) through share-based payment transactions, equity	0	0	0	0	0	0	0	0
Amount removed from reserve of cash flow hedges and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of time value of options and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of forward elements of forward contracts and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0
Amount removed from reserve of change in value of foreign currency basis spreads and included in initial cost or other carrying amount of non-financial asset (liability) or firm commitment for which fair value hedge accounting is applied	0	0	0	0	0	0	0	0
Total increase (decrease) in equity	0	0	0	0	7,221,000	(701,304,000)	0	(701,304,000)
Equity at end of period	0	0	0	0	1,723,496,000	8,026,222,000	0	8,026,222,000

[700000] Informative data about the Statement of financial position

Concept	Close Current Quarter 2021-06-30	Close Previous Exercise 2020-12-31
Informative data of the Statement of Financial Position [abstract]		
Capital stock (nominal)	2,336,991,000	2,336,991,000
Restatement of capital stock	0	0
Plan assets for pensions and seniority premiums	0	0
Number of executives	1,402	1,263
Number of employees	8,145	18,761
Number of workers	0	0
Outstanding shares	21,126,222	21,126,222
Repurchased shares	0	0
Restricted cash	1,081,350,000	1,271,910,000
Guaranteed debt of associated companies	0	0

[700002] Informative data about the Income statement

Concept	Accumulated Current Year 2021-01-01 - 2021-06-30	Accumulated Previous Year 2020-01-01 - 2020-06-30	Quarter Current Year 2021-04-01 - 2021-06-30	Quarter Previous Year 2020-04-01 - 2020-06-30
Informative data of the Income Statement [abstract]				
Operating depreciation and amortization	4,091,504,000	2,920,661,000	2,072,264,000	1,542,642,000

[700003] Informative data - Income statement for 12 months

Concept	Current Year 2020-07-01 - 2021-06-30	Previous Year 2019-07-01 - 2020-06-30
Informative data - Income Statement for 12 months [abstract]		
Revenue	23,875,448,000	16,736,514,000
Profit (loss) from operating activities	2,215,560,000	854,871,000
Profit (loss)	505,238,000	(379,867,000)
Profit (loss), attributable to owners of parent	505,238,000	(379,867,000)
Operating depreciation and amortization	7,611,016,000	5,332,168,000

[800100] Notes - Subclassifications of assets, liabilities and equities

Concept	Close Current Quarter 2021-06-30	Close Previous Exercise 2020-12-31
Subclassifications of assets, liabilities and equities [abstract]		
Cash and cash equivalents [abstract]		
Cash [abstract]		
Cash on hand	926,000	861,000
Balances with banks	1,128,577,000	1,785,991,000
Total cash	1,129,503,000	1,786,852,000
Cash equivalents [abstract]		
Short-term deposits, classified as cash equivalents	0	0
Short-term investments, classified as cash equivalents	0	0
Other banking arrangements, classified as cash equivalents	0	0
Total cash equivalents	0	0
Other cash and cash equivalents	0	0
Total cash and cash equivalents	1,129,503,000	1,786,852,000
Trade and other current receivables [abstract]		
Current trade receivables	2,839,810,000	2,376,186,000
Current receivables due from related parties	80,603,000	35,578,000
Current prepayments [abstract]		
Current advances to suppliers	0	0
Current prepaid expenses	371,590,000	407,255,000
Total current prepayments	371,590,000	407,255,000
Current receivables from taxes other than income tax	3,783,469,000	3,310,476,000
Current value added tax receivables	0	0
Current receivables from sale of properties	0	0
Current receivables from rental of properties	0	0
Other current receivables	62,169,000	41,430,000
Total trade and other current receivables	7,137,641,000	6,170,925,000
Classes of current inventories [abstract]		
Current raw materials and current production supplies [abstract]		
Current raw materials	0	0
Current production supplies	1,517,611,000	1,621,341,000
Total current raw materials and current production supplies	1,517,611,000	1,621,341,000
Current merchandise	0	0
Current work in progress	0	0
Current finished goods	0	0
Current spare parts	0	0
Property intended for sale in ordinary course of business	0	0
Other current inventories	0	0
Total current inventories	1,517,611,000	1,621,341,000
Non-current assets or disposal groups classified as held for sale or as held for distribution to owners [abstract]		
Non-current assets or disposal groups classified as held for sale	0	0
Non-current assets or disposal groups classified as held for distribution to owners	0	0
Total non-current assets or disposal groups classified as held for sale or as held for distribution to owners	0	0
Trade and other non-current receivables [abstract]		
Non-current trade receivables	0	0
Non-current receivables due from related parties	0	0
Non-current prepayments	0	0
Non-current lease prepayments	0	0
Non-current receivables from taxes other than income tax	0	0
Non-current value added tax receivables	0	0

Concept	Close Current Quarter 2021-06-30	Close Previous Exercise 2020-12-31
Non-current receivables from sale of properties	0	0
Non-current receivables from rental of properties	0	0
Revenue for billing	0	0
Other non-current receivables	0	0
Total trade and other non-current receivables	0	0
Investments in subsidiaries, joint ventures and associates [abstract]		
Investments in subsidiaries	0	0
Investments in joint ventures	0	0
Investments in associates	0	0
Total investments in subsidiaries, joint ventures and associates	0	0
Property, plant and equipment [abstract]		
Land and buildings [abstract]		
Land	21,408,000	21,408,000
Buildings	312,934,000	281,935,000
Total land and buildings	334,342,000	303,343,000
Machinery	525,949,000	491,911,000
Vehicles [abstract]		
Ships	0	0
Aircraft	0	0
Motor vehicles	33,442,000	35,482,000
Total vehicles	33,442,000	35,482,000
Fixtures and fittings	0	0
Office equipment	100,072,000	100,423,000
Tangible exploration and evaluation assets	0	0
Mining assets	0	0
Oil and gas assets	0	0
Construction in progress	672,347,000	794,979,000
Construction prepayments	0	0
Other property, plant and equipment	36,131,046,000	31,029,872,000
Total property, plant and equipment	37,797,198,000	32,756,010,000
Investment property [abstract]		
Investment property completed	0	0
Investment property under construction or development	0	0
Investment property prepayments	0	0
Total investment property	0	0
Intangible assets and goodwill [abstract]		
Intangible assets other than goodwill [abstract]		
Brand names	930,000,000	930,000,000
Intangible exploration and evaluation assets	0	0
Mastheads and publishing titles	0	0
Computer software	0	0
Licences and franchises	0	0
Copyrights, patents and other industrial property rights, service and operating rights	0	0
Recipes, formulae, models, designs and prototypes	0	0
Intangible assets under development	0	0
Other intangible assets	134,438,000	127,749,000
Total intangible assets other than goodwill	1,064,438,000	1,057,749,000
Goodwill	0	0
Total intangible assets and goodwill	1,064,438,000	1,057,749,000
Trade and other current payables [abstract]		
Current trade payables	8,455,899,000	8,335,726,000
Current payables to related parties	451,324,000	233,969,000
Accruals and deferred income classified as current [abstract]		

Concept	Close Current Quarter 2021-06-30	Close Previous Exercise 2020-12-31
Deferred income classified as current	172,423,000	269,279,000
Rent deferred income classified as current	0	0
Accruals classified as current	0	0
Short-term employee benefits accruals	0	0
Total accruals and deferred income classified as current	172,423,000	269,279,000
Current payables on social security and taxes other than income tax	159,365,000	93,649,000
Current value added tax payables	0	0
Current retention payables	0	0
Other current payables	258,287,000	202,978,000
Total trade and other current payables	9,497,298,000	9,135,601,000
Other current financial liabilities [abstract]		
Bank loans current	0	0
Stock market loans current	0	0
Other current iabilities at cost	1,230,331,000	443,025,000
Other current liabilities no cost	0	0
Other current financial liabilities	264,072,000	333,266,000
Total Other current financial liabilities	1,494,403,000	776,291,000
Trade and other non-current payables [abstract]		
Non-current trade payables	19,602,000	14,120,000
Non-current payables to related parties	0	0
Accruals and deferred income classified as non-current [abstract]		
Deferred income classified as non-current	0	0
Rent deferred income classified as non-current	0	0
Accruals classified as non-current	0	0
Total accruals and deferred income classified as non-current	0	0
Non-current payables on social security and taxes other than income tax	0	0
Non-current value added tax payables	0	0
Non-current retention payables	0	0
Other non-current payables	0	0
Total trade and other non-current payables	19,602,000	14,120,000
Other non-current financial liabilities [abstract]		
Bank loans non-current	0	0
Stock market loans non-current	0	0
Other non-current liabilities at cost	28,890,749,000	25,749,567,000
Other non-current liabilities no cost	0	0
Other non-current financial liabilities	0	0
Total Other non-current financial liabilities	28,890,749,000	25,749,567,000
Other provisions [abstract]		
Other non-current provisions	0	37,363,000
Other current provisions	1,233,907,000	796,700,000
Total other provisions	1,233,907,000	834,063,000
Other reserves [abstract]		
Revaluation surplus	1,729,424,000	1,729,424,000
Reserve of exchange differences on translation	(10,180,000)	(10,201,000)
Reserve of cash flow hedges	0	0
Reserve of gains and losses on hedging instruments that hedge investments in equity instruments	0	0
Reserve of change in value of time value of options	0	0
Reserve of change in value of forward elements of forward contracts	0	0
Reserve of change in value of foreign currency basis spreads	0	0
Reserve of gains and losses on financial assets measured at fair value through other comprehensive income	(63,292,000)	28,624,000
Reserve of gains and losses on remeasuring available-for-sale financial assets	0	0
Reserve of share-based payments	0	0
Reserve of remeasurements of defined benefit plans	(33,043,000)	(33,043,000)

Concept	Close Current Quarter 2021-06-30	Close Previous Exercise 2020-12-31
Amount recognised in other comprehensive income and accumulated in equity relating to non-current assets or disposal groups held for sale	0	0
Reserve of gains and losses from investments in equity instruments	0	0
Reserve of change in fair value of financial liability attributable to change in credit risk of liability	0	0
Reserve for catastrophe	0	0
Reserve for equalisation	0	0
Reserve of discretionary participation features	0	0
Reserve of equity component of convertible instruments	0	0
Capital redemption reserve	0	0
Merger reserve	0	0
Statutory reserve	0	0
Other comprehensive income	0	0
Total other reserves	1,622,909,000	1,714,804,000
Net assets (liabilities) [abstract]		
Assets	54,340,667,000	49,245,827,000
Liabilities	45,909,794,000	41,066,792,000
Net assets (liabilities)	8,430,873,000	8,179,035,000
Net current assets (liabilities) [abstract]		
Current assets	10,866,105,000	10,851,028,000
Current liabilities	13,857,621,000	12,450,647,000
Net current assets (liabilities)	(2,991,516,000)	(1,599,619,000)

[800200] Notes - Analysis of income and expense

Concept	Accumulated Current Year 2021-01-01 - 2021-06-30	Accumulated Previous Year 2020-01-01 - 2020-06-30	Quarter Current Year 2021-04-01 - 2021-06-30	Quarter Previous Year 2020-04-01 - 2020-06-30
Analysis of income and expense [abstract]				
Revenue [abstract]				
Revenue from rendering of services	13,195,485,000	8,877,115,000	6,839,057,000	4,475,945,000
Revenue from sale of goods	0	0	0	0
Interest income	0	0	0	0
Royalty income	0	0	0	0
Dividend income	0	0	0	0
Rental income	0	0	0	0
Revenue from construction contracts	0	0	0	0
Other revenue	0	0	0	0
Total revenue	13,195,485,000	8,877,115,000	6,839,057,000	4,475,945,000
Finance income [abstract]				
Interest income	21,202,000	18,045,000	6,884,000	7,880,000
Net gain on foreign exchange	3,782,051,000	1,859,289,000	927,308,000	1,347,509,000
Gains on change in fair value of derivatives	0	0	0	0
Gain on change in fair value of financial instruments	0	0	0	0
Other finance income	0	0	0	0
Total finance income	3,803,253,000	1,877,334,000	934,192,000	1,355,389,000
Finance costs [abstract]				
Interest expense	1,172,394,000	513,519,000	610,025,000	321,270,000
Net loss on foreign exchange	3,688,427,000	2,239,140,000	559,194,000	1,309,372,000
Losses on change in fair value of derivatives	0	0	0	0
Loss on change in fair value of financial instruments	0	0	0	0
Other finance cost	123,214,000	41,477,000	82,182,000	12,700,000
Total finance costs	4,984,035,000	2,794,136,000	1,251,401,000	1,643,342,000
Tax income (expense)				
Current tax	16,892,000	12,830,000	7,492,000	7,156,000
Deferred tax	0	0	0	0
Total tax income (expense)	16,892,000	12,830,000	7,492,000	7,156,000

[800500] Notes - List of notes

Disclosure of notes and other explanatory information [text block]

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.

b. Consolidated financial statements

Consolidation rules

TPG's consolidated financial statements include the Company and all of its subsidiaries (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, 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.

Disclosure of significant accounting policies [text block]

SUMMARY OF ACCOUNTING POLICIES

The accompanying consolidated financial statements were reclassified and grouped to be presented in the formats established by the Bolsa Institucional de Calores (Institutional Stock Exchange) and in compliance with the established requirements to which the company is subject to.

The Company and its subsidiaries are hereinafter collectively referred to as the TP Group. The most important accounting policies followed in the preparation of the consolidated financial statements are summarized below.

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 point f.

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.

b. Consolidated financial statements

Consolidation rules

TPG's consolidated financial statements include the Company and all of its subsidiaries (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, 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.

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.

(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. 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.

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

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”.

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, 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 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 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 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 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 and are presented in the statement of financial position under the caption “unearned revenue”.

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.

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.

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.
- Property, plant and equipment.
- Financial instruments (including those accounted for at amortized cost).

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.

[800600] Notes - List of accounting policies

Disclosure of significant accounting policies [text block]

SUMMARY OF ACCOUNTING POLICIES

The accompanying consolidated financial statements were reclassified and grouped to be presented in the formats established by the Bolsa Institucional de Calores (Institutional Stock Exchange) and in compliance with the established requirements to which the company is subject to.

The Company and its subsidiaries are hereinafter collectively referred to as the TP Group. The most important accounting policies followed in the preparation of the consolidated financial statements are summarized below.

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 point f.

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.

b. Consolidated financial statements

Consolidation rules

TPG's consolidated financial statements include the Company and all of its subsidiaries (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, 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.

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.

(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. 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.

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

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”.

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, 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 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 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 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 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 and are presented in the statement of financial position under the caption “unearned revenue”.

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.

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.

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.
- Property, plant and equipment.
- Financial instruments (including those accounted for at amortized cost).

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.

[813000] Notes - Interim financial reporting

Disclosure of interim financial reporting [text block]

The interim financial statements are presented in Mexican pesos ($), the currency under which the Company and its Mexican subsidiaries must maintain their accounting records pursuant to Mexican law. Said currency is also the Company's reporting and functional currency.

These financial statements have been prepared in accordance to the International Accounting Standard 34 "Interim Financial Reporting" (IAS 34) and does not includes all required information for annual financial statements under International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Description of significant events and transactions

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.

Dividends paid, ordinary shares:	0
Dividends paid, other shares:	0
Dividends paid, ordinary shares per share:	0
Dividends paid, other shares per share:	0