IMPORTANT NOTICE

THIS EXCHANGE OFFER AND CONSENT SOLICITATION (EACH, AS DEFINED BELOW) IS AVAILABLE ONLY TO HOLDERS OF EXISTING NOTES WHO ARE (1) "QUALIFIED INSTITUTIONAL BUYERS" ("QIBS") AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), IN A PRIVATE TRANSACTION IN RELIANCE UPON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY SECTION 4(A)(2) THEREOF, OR (2) PERSONS OTHER THAN "U.S. PERSONS" (AS DEFINED IN RULE 902 UNDER THE SECURITIES ACT, "U.S. PERSONS") OUTSIDE THE UNITED STATES WHO ARE NOT ACQUIRING NEW NOTES FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON, IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT, AND WHO ARE NON-U.S. QUALIFIED OFFEREES (AS DEFINED UNDER "TRANSFER RESTRICTIONS"), IN EACH CASE, WHOSE RECEIPT AND REVIEW OF THE EXCHANGE OFFER AND CONSENT SOLICITATION MEMORANDUM, AND PARTICIPATION IN THE EXCHANGE OFFER AND THE CONSENT SOLICITATION, IS OTHERWISE PERMITTED UNDER THE LAWS AND REGULATIONS OF ANY JURISDICTION APPLICABLE TO THEM.

IMPORTANT: You must read the following before continuing. The following applies to Total Play Telecomunicaciones, S.A.P.I. de C.V.'s (the "Company," "Total Play" or the "Issuer") exchange offer and consent solicitation memorandum dated January 7, 2025 (the "Exchange Offer and Consent Solicitation Memorandum") following this important notice, and you are advised to read this carefully before reading, accessing or making any other use of the Exchange Offer and Consent Solicitation Memorandum. In accessing the Exchange Offer and Consent Solicitation Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE LAWS OF OTHER JURISDICTIONS.

THE FOLLOWING EXCHANGE OFFER AND CONSENT SOLICITATION MEMORANDUM HAS BEEN PREPARED ON THE BASIS THAT ANY OFFER OF NEW NOTES IN ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (EACH, A "RELEVANT MEMBER STATE") WILL BE MADE PURSUANT TO AN EXEMPTION UNDER THE PROSPECTUS REGULATION FROM THE REQUIREMENT TO PUBLISH A PROSPECTUS FOR OFFERS OF NEW NOTES. ACCORDINGLY ANY PERSON MAKING OR INTENDING TO MAKE AN OFFER IN A RELEVANT MEMBER STATE OF NEW NOTES WHICH ARE THE SUBJECT OF THE EXCHANGE CONTEMPLATED IN THE EXCHANGE OFFER AND CONSENT SOLICITATION MEMORANDUM MAY ONLY DO SO IN CIRCUMSTANCES IN WHICH NO OBLIGATION ARISES FOR THE ISSUER OR THE DEALER MANAGERS AND SOLICITATION AGENTS NAMED ON THE COVER PAGE OF THE EXCHANGE OFFER AND CONSENT SOLICITATION MEMORANDUM (THE "DEALER MANAGERS AND SOLICITATION AGENTS") TO PUBLISH A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE PROSPECTUS REGULATION OR SUPPLEMENT A PROSPECTUS PURSUANT TO ARTICLE 23 OF THE PROSPECTUS REGULATION, IN EACH CASE, IN RELATION TO SUCH OFFER. NEITHER THE COMPANY NOR THE DEALER MANAGERS AND SOLICITATION AGENTS HAVE AUTHORIZED, NOR DO THEY AUTHORIZE, THE MAKING OF ANY OFFER OF NEW NOTES IN CIRCUMSTANCES IN WHICH AN OBLIGATION ARISES FOR THE ISSUER OR THE DEALER MANAGERS AND SOLICITATION AGENTS TO PUBLISH OR SUPPLEMENT A PROSPECTUS FOR SUCH OFFER. THE EXPRESSION "PROSPECTUS REGULATION" MEANS REGULATION (EU) 2017/1129, AS AMENDED.

THE FOLLOWING EXCHANGE OFFER AND CONSENT SOLICITATION MEMORANDUM HAS BEEN PREPARED ON THE BASIS THAT ANY OFFER OF NEW NOTES IN THE UNITED KINGDOM (THE "UK") WILL BE MADE PURSUANT TO AN EXEMPTION UNDER THE UK PROSPECTUS REGULATION FROM THE REQUIREMENT TO PUBLISH A PROSPECTUS FOR OFFERS OF NEW NOTES. ACCORDINGLY ANY

PERSON MAKING OR INTENDING TO MAKE AN OFFER IN THE UK OF NEW NOTES WHICH ARE THE SUBJECT OF THE EXCHANGE CONTEMPLATED IN THE EXCHANGE OFFER AND CONSENT SOLICITATION MEMORANDUM MAY ONLY DO SO IN CIRCUMSTANCES IN WHICH NO OBLIGATION ARISES FOR THE COMPANY OR THE DEALER MANAGERS AND SOLICITATION AGENTS TO PUBLISH A PROSPECTUS PURSUANT TO SECTION 85 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (AS AMENDED, "FSMA") OR SUPPLEMENT A PROSPECTUS PURSUANT TO ARTICLE 23 OF THE UK PROSPECTUS REGULATION, IN EACH CASE, IN RELATION TO SUCH OFFER. NEITHER THE COMPANY NOR THE DEALER MANAGERS AND SOLICITATION AGENTS HAVE AUTHORIZED, NOR DO THEY AUTHORIZE, THE MAKING OF ANY OFFER OF NEW NOTES IN CIRCUMSTANCES IN WHICH AN OBLIGATION ARISES FOR THE COMPANY OR THE DEALER MANAGERS AND SOLICITATION AGENTS TO PUBLISH OR SUPPLEMENT A PROSPECTUS FOR SUCH OFFER. THE EXPRESSION "UK PROSPECTUS REGULATION" MEANS REGULATION (EU) 2017/1129, AS IT FORMS PART OF THE DOMESTIC LAW OF THE UK BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018.

THE FOLLOWING EXCHANGE OFFER AND CONSENT SOLICITATION MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE EXCHANGE OFFER AND CONSENT SOLICITATION MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your representation: In order to be eligible to view the following Exchange Offer and Consent Solicitation Memorandum or make an investment decision with respect to the New Notes, holders of Existing Notes must (1) be (A) "qualified institutional buyers" as defined in Rule 144A under the Securities Act, in a private transaction in reliance upon the exemption from the registration requirements of the Securities Act provided by Section 4(a)(2) thereof, or (B) persons other than "U.S. Persons" (as defined in Rule 902 under the Securities Act, "U.S. Persons") outside the United States who are not acquiring New Notes for the account or benefit of a U.S. Person, in offshore transactions, in reliance on Regulation S under the Securities Act, and who are Non-U.S. Qualified Offerees (as defined under "Transfer Restrictions"), in each case, whose receipt and review of the Exchange Offer and Consent Solicitation Memorandum, and participation in the Exchange Offer and the Consent Solicitation, is otherwise permitted under the laws and regulations of any jurisdiction applicable to them, and (2) consent to delivery of such Exchange Offer and Consent Solicitation Memorandum by electronic transmission.

You are reminded that the following Exchange Offer and Consent Solicitation Memorandum has been delivered to you on the basis that you are a person into whose possession the Exchange Offer and Consent Solicitation Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver the Exchange Offer and Consent Solicitation Memorandum to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the dealer managers and solicitation agents or any affiliate of the dealer managers and solicitation agents is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such dealer managers or such affiliate on behalf of the Company in such jurisdiction.

The following Exchange Offer and Consent Solicitation Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission, and consequently neither the dealer managers and solicitation agents nor any person who controls them nor any of their respective directors, officers, employees nor any of their agents nor any affiliate of any such person accept any liability or responsibility whatsoever in respect of any difference between the Exchange Offer and Consent Solicitation Memorandum distributed to you in electronic format and the hard copy version available to you on request from the exchange and information agent.

EXCHANGE OFFER AND CONSENT SOLICITATION MEMORANDUM

STRICTLY CONFIDENTIAL

Total Play Telecomunicaciones, S.A.P.I. de C.V.

Offer to Exchange
any and all of the outstanding
6.375% Senior Notes due 2028 (the "Existing Notes") and a Cash Payment
for
11.125% Senior Secured Notes due 2032 (the "New Notes")
and
Solicitation of Consents from holders of Existing Notes

THE EXCHANGE OFFER AND THE CONSENT SOLICITATION (EACH AS DEFINED BELOW) WILL EXPIRE AT 5:00 P.M. (NEW YORK CITY TIME) ON FEBRUARY 6, 2025, UNLESS EXTENDED BY THE ISSUER IN ITS SOLE DISCRETION (SUCH DATE AND TIME, AS THEY MAY BE EXTENDED, THE "EXPIRATION DATE"). IN ORDER TO BE ELIGIBLE TO RECEIVE THE EARLY TENDER CONSIDERATION (AS DEFINED HEREIN), ELIGIBLE HOLDERS OF EXISTING NOTES (EACH AS DEFINED BELOW) MUST (1) SUBMIT THEIR TENDER ORDERS (AS DEFINED BELOW) AT OR PRIOR TO 5:00 P.M. (NEW YORK CITY TIME) ON JANUARY 22, 2025, UNLESS EXTENDED BY THE ISSUER IN ITS SOLE DISCRETION (SUCH DATE AND TIME, AS THEY MAY BE EXTENDED, THE "EARLY TENDER DATE") **AND** (2) DEPOSIT THEIR NEW MONEY DEPOSIT (AS DEFINED HEREIN) AT OR PRIOR TO 5:00 P.M. (NEW YORK CITY TIME) ON JANUARY 21, 2025, UNLESS EXTENDED BY THE ISSUER IN ITS SOLE DISCRETION (SUCH DATE AND TIME, AS THEY MAY BE EXTENDED, THE "EARLY NEW MONEY DEPOSIT DATE"). ELIGIBLE HOLDERS OF EXISTING NOTES WHO (1) VALIDLY SUBMIT THEIR TENDER ORDERS AFTER THE EARLY TENDER DATE, BUT ON OR PRIOR TO THE EXPIRATION DATE OR (2) VALIDLY DEPOSIT THEIR NEW MONEY DEPOSIT AFTER THE EARLY NEW MONEY DEPOSIT DATE, BUT ON OR BEFORE 11:59 P.M. (NEW YORK CITY TIME) ON FEBRUARY 5, 2025, UNLESS EXTENDED BY THE ISSUER IN ITS SOLE DISCRETION (SUCH DATE AND TIME, AS THEY MAY BE EXTENDED, THE "NEW MONEY DEPOSIT DATE"), WILL BE ELIGIBLE TO RECEIVE THE LATE TENDER CONSIDERATION (AS DEFINED BELOW). TENDER ORDERS MAY BE VALIDLY REVOKED AT ANY TIME PRIOR TO 5:00 P.M. (NEW YORK CITY TIME) ON JANUARY 22, 2025, UNLESS EXTENDED BY THE ISSUER IN ITS SOLE DISCRETION (SUCH DATE AND TIME, AS THE SAME MAY BE EXTENDED, THE "WITHDRAWAL DATE"), BUT NOT THEREAFTER. **THE DEADLINES SET BY ANY CUSTODIAN OR OTHER SECURITIES INTERMEDIARY OR RELEVANT CLEARING SYSTEM OR ANY FINANCIAL INSTITUTION OR OTHER FINANCIAL INTERMEDIARY MAY BE EARLIER THAN THESE DEADLINES.**

THE CASH TO BE DEPOSITED BY ELIGIBLE HOLDERS (THE "NEW MONEY DEPOSIT") WILL BE IN AN AMOUNT EQUAL 45% OF THE PRINCIPAL AMOUNT OF EXISTING NOTES TENDERED IN THE EXCHANGE OFFER AND THE CONSENT SOLICITATION IN EXCHANGE FOR THE EARLY TENDER CONSIDERATION OR THE LATE TENDER CONSIDERATION, AS APPLICABLE. THEREFORE, FOR EACH U.S.$1,000 PRINCIPAL AMOUNT OF EXISTING NOTES VALIDLY TENDERED, EACH HOLDER OF EXISTING NOTES MUST DEPOSIT A NEW MONEY DEPOSIT AMOUNT OF U.S.$450 IN CASH TO BE EXCHANGED FOR ADDITIONAL NEW NOTES IN THE EXCHANGE OFFER AND THE CONSENT SOLICITATION.

ELIGIBLE HOLDERS SHOULD CONTACT EITHER OF THE DEALER MANAGERS AND SOLICITATION AGENTS (AS DEFINED HEREIN) TO REQUEST A UNIQUE CODE ("ALLOCATION CODE") THAT IDENTIFIES EACH ELIGIBLE HOLDER AND ITS TENDER ORDER SUBMISSION AND CORRESPONDING NEW MONEY DEPOSIT. ELIGIBLE HOLDERS WILL BE RESPONSIBLE FOR PROVIDING THE CUSTODIANS OR OTHER SECURITIES INTERMEDIARIES THROUGH WHICH THEY HOLD EXISTING NOTES, AND ANY FINANCIAL INSTITUTION OR OTHER FINANCIAL INTERMEDIARY THROUGH WHOM THEY WILL SUBMIT THEIR NEW MONEY DEPOSITS, WITH THEIR UNIQUE ALLOCATION CODES. **THE ALLOCATION CODE MUST BE INCLUDED WITH ALL TENDER ORDERS SUBMITTED AND CORRESPONDING NEW MONEY DEPOSITS DEPOSITED IN ORDER TO HAVE VALID TENDERS OF EXISTING NOTES UNDER THE EXCHANGE OFFER AND THE CONSENT SOLICITATION. FAILURE TO INCLUDE THE ALLOCATION CODE WITH SUCH SUBMISSIONS AND DEPOSITS WILL RESULT IN THE REJECTION OF THE TENDER OF EXISTING NOTES OR DEPOSIT OF NEW MONEY DEPOSITS.**

THE NEW NOTES WILL BE SECURED BY A FIRST PRIORITY SECURITY INTEREST, SUBJECT TO PERMITTED LIENS, IN THE FOLLOWING (COLLECTIVELY, THE "COLLATERAL"): (I) THE DEBT SERVICE RESERVE ACCOUNT (AS DEFINED HEREIN); (II) THE FIBER TRUST (AS DEFINED HEREIN); (III) THE PAYMENT TRUST (AS DEFINED HEREIN); (IV) ALL PRESENT AND FUTURE CLAIMS, DEMANDS OR CAUSES IN ACTION IN RESPECT OF ANY OF THE FOREGOING; AND (V) ALL PAYMENTS ON OR UNDER AND ALL PROCEEDS OF ANY KIND AND NATURE WHATSOEVER IN RESPECT OF ANY OF THE FOREGOING.

Existing Notes	ISINs	CUSIPs	Aggregate Principal Amount of Existing Notes Outstanding	Early Tender Consideration[2] (Principal Amount of New Notes)	Late Tender Consideration[2] (Principal Amount of New Notes)
6.375% Senior Notes due 2028[1]	US89157FAC41 (144A) / USP9190NAC76 (Reg S)	89157F AC4 (144A) / P9190N AC7 (Reg S)	U.S.$600,000,000	U.S.$1,450[3]	U.S.$1,400[4]

(1) The Existing Notes are currently listed and traded on the Singapore Exchange Securities Trading Limited (the "SGX-ST").
(2) Per U.S.$1,000 principal amount of Existing Notes validly tendered and accepted for exchange and U.S.$450 in cash validly deposited by holders. The Exchange Consideration (as defined below) does not include the Accrued Interest Payment (as defined below). No separate or additional consideration will be paid in connection with the Consent Solicitation (as defined below).
(3) Holders of Existing Notes validly submitting Tender Orders at or prior to the Early Tender Date and validly depositing the corresponding U.S.$450 in cash at or prior the Early New Money Deposit Date will receive for each U.S.$1,000 principal amount of Existing Notes validly tendered and U.S.$450 in cash validly deposited and accepted for exchange, U.S.$1,000 principal amount of New Notes in exchange for the tendered Existing Notes and an additional U.S.$450 principal amount of New Notes in exchange for the cash deposit.
(4) Holders of Existing Notes validly submitting Tender Orders after the Early Tender Date and at or prior to the Expiration Date or validly depositing the corresponding U.S.$450 in cash after the Early New Money Deposit Date and at or prior to the New Money Deposit Date will receive for each U.S.$1,000 principal amount of Existing Notes validly tendered and U.S.$450 in cash validly deposited and accepted for exchange, U.S.$950 principal amount of New Notes in exchange for the tendered Existing Notes and an additional U.S.$450 principal amount of New Notes in exchange for the cash deposit.

Total Play Telecomunicaciones, S.A.P.I. de C.V. (the "Company," "Total Play" or the "Issuer") hereby invites (the "Exchange Offer") Eligible Holders to submit orders (the "Tender Orders") to exchange any and all of its outstanding 6.375% Senior Notes due 2028 (the "Existing Notes") and a cash payment of U.S.$450 for each U.S.$1,000 of Existing Notes tendered for newly issued 11.125% Senior Secured Notes due December 31, 2032 (the "New Notes"), on the terms and subject to the conditions described in this Exchange Offer and Consent Solicitation Memorandum (as it may be supplemented and amended from time to time, this "Exchange Offer and Consent Solicitation Memorandum"). In order to validly tender their Existing Notes and receive the Exchange Consideration (as defined herein) being offered, Eligible Holders of Existing Notes must both validly submit Tender Orders for such Existing Notes and validly deposit the corresponding New Money Deposits (as defined herein) by the applicable deadlines provided therefor herein. The New Notes will be secured by the Collateral. Unless otherwise indicated, references in this Exchange Offer and Consent Solicitation Memorandum to the "Total Play Group," "we," "our" "ours" or us or similar terms are to Total Play and all of its subsidiaries on a consolidated basis.

Additional eligibility criteria apply to holders resident in Canada and may apply to holders in certain other jurisdictions. If you are resident in Canada, please contact the Exchange and Information Agent (as defined herein) for more information regarding your eligibility to participate in the Exchange Offer.

Exchange Consideration

Early Tender Consideration

Eligible Holders of Existing Notes who validly submit a Tender Order at or prior to the Early Tender Date **and** validly deposit the corresponding U.S.$450 in cash for each U.S.$1,000 of Existing Notes tendered at or prior to the Early New Money Deposit Date will be eligible to receive, for each U.S.$1,000 principal amount of Existing Notes validly tendered and U.S.$450 in cash validly deposited and accepted for exchange, U.S.$1,000 principal amount of New Notes in exchange for the tendered Existing Notes and an additional U.S.$450 principal amount of New Notes in exchange for the cash deposit (the "Early Tender Consideration").

Late Tender Consideration

Eligible Holders of Existing Notes who validly submit a Tender Order after the Early Tender Date and at or prior to the Expiration Date or validly deposit the corresponding U.S.$450 in cash for each U.S.$1,000 of Existing Notes tendered by holders after the Early New Money Deposit Date and at or prior to the New Money Deposit Date will be eligible to receive, for each U.S.$1,000 principal amount of Existing Notes validly tendered and U.S.$450 in cash validly deposited and accepted for exchange, U.S.$950 principal amount of New Notes in exchange for the tendered Existing Notes and an additional U.S.$450 principal amount of New Notes in exchange for the cash deposit (the "Late Tender Consideration").

The Early Tender Consideration and the Late Tender Consideration together are referred to as the "Exchange Consideration."

Accrued Interest on Existing Notes

In addition to the Exchange Consideration, Eligible Holders whose Existing Notes are validly tendered and accepted for exchange in the Exchange Offer will also receive all accrued and unpaid interest from the last interest payment date to, but not including, the Settlement Date (as defined below) (such payment, the "Accrued Interest Payment"), to be paid in cash on the Settlement Date. See "The Exchange Offer and the Consent Solicitation" for a more detailed description of the Exchange Offer and the Consent Solicitation.

Allocation Codes

Eligible Holders who have submitted an Eligibility Letter to the Exchange and Information Agent should contact either of the Dealer Managers and Solicitation Agents (as defined herein) at the following email addresses to request an Allocation Code: Barclays Capital Inc. at TotalPlayExchange@barclays.com and Jefferies LLC at TotalPlayExchange@jefferies.com. The Allocation Code must be included with all Tender Orders submitted and corresponding New Money Deposits deposited. Eligible Holders of Existing Notes must both (1) validly submit Tender Orders and (2) validly deposit their corresponding New Money Deposits (in each case, along with the Eligible Holder's Allocation Code) by the requisite deadlines specified in this Exchange Offer and Consent Solicitation Memorandum to have validly tendered their Existing Notes in the Exchange Offer and the Consent Solicitation. Eligible Holders will receive only one Allocation Code relating to all Existing Notes beneficially owned by such Eligible Holders, including if held at different custodians. Eligible Holders will be responsible for providing the brokers, dealers, commercial banks, trust companies or other securities intermediaries through which they hold Existing Notes, and any other financial intermediary through whom they will submit their New Money Deposits, with their unique Allocation Code. Failure by any Eligible Holder to include the Allocation Code with such submissions of Tender Orders or deposits of New Money Deposits will result in the rejection of the tender of Existing Notes by such Eligible Holder.

Terms of New Notes

Principal and Interest Payments

Payments of principal of the New Notes will be made in 16 quarterly installments, each equivalent to 6.25% per quarter on the Adjusted Principal Amount during 2029, 2030, 2031 and 2032, on each March 31, June 30, September 30 and December 31, commencing on March 31, 2029, with a final maturity on December 31, 2032 to the holders of record on the immediately preceding March 15, June 15, September 15 and December 15, whether or not a Business Day (each, a "regular record date").

The New Notes will bear interest at a rate of 11.125% per year, payable quarterly in arrears on each March 31, June 30, September 30 and December 31 of each year, commencing on March 31, 2025.

Redemption

At any time prior to July 1, 2028, the Issuer may on any one or more occasions redeem up to 40% of the aggregate principal amount of the New Notes, upon not less than 10 nor more than 60 days' prior written notice to the holders thereof, at a redemption price equal to 111.500% of the principal amount thereof, *plus* accrued and unpaid interest, if any, to (but excluding) the redemption date and all additional amounts, if any, then due (subject to the rights of holders of New Notes on the relevant regular record date to receive interest and principal, due on the relevant Payment Date), with the net cash proceeds of any Public Equity Offering (as defined under "Description of the New Notes") by the Issuer; provided that: (i) at least 60% of the aggregate principal amount of the New Notes originally issued under the New Notes Indenture (as defined below) (excluding New Notes held by the Issuer or its Affiliates (as defined under "Description of the New Notes")) remain outstanding immediately after such redemption; and (ii) the redemption occurs within 180 days of the date of the closing of such Public Equity Offering.

At any time prior to July 1, 2028, the Issuer may on any one or more occasions redeem all or a part of the New Notes upon not less than 10 nor more than 60 days' prior written notice to the holders thereof, at a redemption price equal to 100.000% of the principal amount of the New Notes redeemed, *plus* the Applicable Premium (as defined under "Description of the New Notes"), as of, and accrued and unpaid interest, if any, to (but excluding) the redemption date and all additional amounts, if any, then due (subject to the rights of holders of the New Notes on the relevant regular record date to receive interest and principal, if any, due on the relevant Payment Date).

At any time on or after July 1, 2028, the Issuer may on any one or more occasions redeem all or a part of the New Notes upon not less than 10 nor more than 60 days' prior written notice to the holders thereof, at a redemption price of (i) 105.000% of the principal amount of the New Notes if redeemed on or after July 1, 2028 and before July 1, 2029, (ii) 102.500% of the principal amount of the New Notes if redeemed on or after July 1, 2029 and before July 1, 2030, or (iii) 100.00% of the principal amount of the New Notes if redeemed on or after July 1, 2030, *plus* accrued and unpaid interest, if any, to (but excluding) the redemption date and all additional amounts, if any, then due, on the New Notes redeemed (subject to the rights of holders of New Notes on the relevant regular record date to receive interest and principal, due on the relevant Payment Date).

In addition, the Issuer may redeem the New Notes, in whole but not in part, at a price equal to 100.000% of the outstanding principal amount thereof *plus* any accrued and unpaid interest to (but excluding) the redemption date, together with any additional amounts, upon the occurrence of specified tax events. See "Description of the New Notes— Redemption for Changes in Tax Law."

Security and Collateral

The Issuer's obligation to pay principal and interest due under the New Notes and the New Notes Indenture will be secured for the benefit of the holders of the New Notes by a security interest in: (i) the Fiber Trust (as defined under "Description of the New Notes"), a trust holding the Issuer's physical assets (fiber optic and electronics) constituting its Transport Network (as defined under "Description of the New Notes—Security"); (ii) an earmarked portfolio of receivables and their related cash flows of the Issuer and the Initial Guarantor, granted pursuant to the Master Trust (as defined under "Description of the New Notes—Security") and the Payment Trust (as defined under "Description of the New Notes"); and (iii) amounts deposited into a debt service reserve account.

The New Notes will: (i) be the Issuer's general senior unsubordinated obligations; (ii) be secured on a first-priority basis by the Collateral (as defined under "Description of the New Notes"); (iii) rank *pari passu* in right of payment with all of the Issuer's future indebtedness that is not subordinated in right of payment to the New Notes (except those obligations preferred by operation of law, including without limitation special privileged creditors, labor and tax claims); (iv) rank senior in right of payment to any of the Issuer's future indebtedness that is expressly subordinated in right of payment to the New Notes; (v) be effectively subordinated to all of the Issuer's existing and future indebtedness that is secured by property and assets that do not secure the New Notes, to the extent of the value of the property and assets securing such indebtedness; and (vi) be unconditionally guaranteed by the Guarantors (as defined below).

Proposed Amendments

The adoption of the Proposed Amendments (as defined below) requires the affirmative consent of holders of more than 50% of the outstanding aggregate principal amount of Existing Notes, excluding any Existing Notes held by the Issuer or its affiliates, under the Existing Notes Indenture. If the Issuer obtains the requisite Consents, the Existing Notes Indenture (as defined below) will be amended pursuant to the Supplemental Indenture (as defined below) that will eliminate in their entirety substantially all of the restrictive covenants and references thereto contained in the Existing Notes Indenture, as well as certain events of default, modify the covenant regarding mergers and consolidations and modify certain other provisions thereof, as described under "The Proposed Amendments." No separate or additional consideration will be paid in connection with the Consent Solicitation. The consents of the holders of a majority in aggregate principal amount of the outstanding Existing Notes (other than Existing Notes held by the Issuer or affiliates of the Issuer) will be required to approve the Proposed Amendments. By tendering its Existing Notes, each tendering Eligible Holder will be deemed to have delivered a consent to the Proposed Amendments in respect of such Existing Notes. By virtue of their having entered into transaction support agreements and agreeing to tender their Existing Notes in the Exchange Offer and the Consent Solicitation, Eligible Holders of Existing Notes representing over 50% of the outstanding principal amount of the Existing Notes (other than Existing Notes held by the Issuer or affiliates of the Issuer) have agreed to consent to the Proposed Amendments. See "—Transaction Support" below.

Transaction Support

Certain Eligible Holders of Existing Notes holding over 50% of the outstanding principal amount of the Existing Notes have entered into transaction support agreements with the Issuer, pursuant to which such Eligible Holders have committed to tender their Existing Notes (including any Existing Notes subsequently acquired by the Eligible Holder on or prior to the Early Tender Date) and deposit the corresponding New Money Deposit on or prior to the Early New Money Deposit Date in the Exchange Offer and the Consent Solicitation.

Participating in the Exchange Offer and the Consent Solicitation and investing in the New Notes involves risks. See "Risk Factors" beginning on page 36 of this Exchange Offer and Consent Solicitation Memorandum for a discussion of the risks Eligible Holders should consider prior to submitting a Tender Order under the Exchange Offer and the Consent Solicitation.

Application will be made for the New Notes to be admitted to trading on the Singapore Exchange Securities Trading Limited ("SGX-ST"). There can be no assurance that such application will be approved.

The New Notes have not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or with any securities regulatory authority of any state or other jurisdiction of the United States. The Issuer is offering the New Notes (1) in the United States, only to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) in private transactions in reliance upon the exemption from the registration requirements of the Securities Act provided by Section 4(a)(2) thereof, (2) outside the United States in reliance on Regulation S under the Securities Act to (i) non-U.S. persons (as defined in Rule 902 under the Securities Act), (ii) not acting for the account or benefit of a U.S. person and (iii) who are "Non-U.S. Qualified Offerees" (as defined under "Transfer Restrictions").

Only holders of Existing Notes who have returned a duly completed Eligibility Letter (as defined below) certifying that they are within one of the categories described in the immediately preceding sentence are authorized to receive and review this Exchange Offer and Consent Solicitation Memorandum, to participate in the Exchange Offer and the Consent Solicitation and to obtain an Allocation Code necessary to participate in the Exchange Offer and the Consent Solicitation.

For a description of certain restrictions on the transfer of the New Notes, see "Transfer Restrictions."

None of the SEC or any other regulatory body has registered, recommended or approved the issuance of these securities or passed upon the accuracy or adequacy of this Exchange Offer and Consent Solicitation Memorandum. Any representation to the contrary is a criminal offense.

THE INFORMATION IN THIS EXCHANGE OFFER AND CONSENT SOLICITATION MEMORANDUM IS OUR EXCLUSIVE RESPONSIBILITY AND IT HAS NOT BEEN REVIEWED OR AUTHORIZED BY THE MEXICAN NATIONAL BANKING AND SECURITIES COMMISSION (*COMISIÓN NACIONAL BANCARIA Y DE VALORES*, OR THE "CNBV"). THE NEW NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE MEXICAN NATIONAL SECURITIES REGISTRY (*REGISTRO NACIONAL DE VALORES*, OR THE "RNV") MAINTAINED BY THE CNBV, AND, THEREFORE, MAY NOT BE PUBLICLY OFFERED OR SOLD OR OTHERWISE BE THE SUBJECT OF BROKERAGE ACTIVITIES IN MEXICO, EXCEPT THAT THE NEW NOTES MAY BE OFFERED IN MEXICO, ON A PRIVATE PLACEMENT BASIS, TO PERSONS THAT ARE INSTITUTIONAL INVESTORS (*INVERSIONISTAS INSTITUCIONALES*) OR ACCREDITED INVESTORS (*INVERSIONIONISTAS CALIFICADOS*), PURSUANT TO THE PRIVATE PLACEMENT EXEMPTION OF ARTICLE 8, SECTION 1 OF THE MEXICAN SECURITIES MARKET LAW (*LEY DEL MERCADO DE VALORES*, OR THE "MEXICAN SECURITIES MARKET LAW") AND THE REGULATIONS THEREUNDER. AS REQUIRED UNDER THE MEXICAN SECURITIES MARKET LAW, THE ISSUER WILL NOTIFY THE CNBV OF THE OFFERING AND ISSUANCE OF THE NEW NOTES OUTSIDE OF MEXICO, AND THE MAIN TERMS OF THE NEW NOTES. SUCH NOTICE WILL BE SUBMITTED TO THE CNBV TO COMPLY WITH ARTICLE 7 OF THE MEXICAN SECURITIES MARKET LAW, FOR INFORMATIONAL PURPOSES ONLY AND DOES NOT IMPLY ANY CERTIFICATION AS TO THE INVESTMENT QUALITY OF THE NEW NOTES, OUR SOLVENCY, LIQUIDITY OR CREDIT QUALITY OR THE ACCURACY OR COMPLETENESS OF THE INFORMATION SET FORTH HEREIN. THIS EXCHANGE OFFER AND CONSENT SOLICITATION MEMORANDUM MAY NOT BE PUBLICLY DISTRIBUTED IN MEXICO. THE ACQUISITION OF THE NEW NOTES BY ANY INVESTORS, INCLUDING ANY INVESTOR WHO IS A RESIDENT OF MEXICO, WILL BE MADE ON SUCH INVESTOR'S RESPONSIBILITY.

Delivery of the New Notes is expected to be made in book-entry form through the facilities of The Depository Trust Company ("DTC") and its direct and indirect participants, including Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, S.A. ("Clearstream").

Joint Dealer Managers and Solicitation Agents

BARCLAYS **JEFFERIES**

The date of this Exchange Offer and Consent Solicitation Memorandum is January 7, 2025

THE EXCHANGE OFFER

Eligible Holders who validly submit a Tender Order at or prior to the Early Tender Date will be eligible to receive, for each U.S.$1,000 principal amount of Existing Notes validly tendered and U.S.$450 in cash validly deposited by Eligible Holders, the Early Tender Consideration. Eligible Holders who validly submit a Tender Order after the Early Tender Date at or prior to the Expiration Date will be eligible to receive, for each U.S.$1,000 principal amount of Existing Notes validly tendered and U.S.$450 in cash validly deposited by Eligible Holders, the Late Tender Consideration. In addition to the Exchange Consideration, Eligible Holders whose Existing Notes are validly tendered and accepted for exchange in the Exchange Offer will also receive the Accrued Interest Payment, to be paid in cash on the Settlement Date.

The Issuer may waive, in its sole discretion, any of the conditions to consummation of the Exchange Offer and the Consent Solicitation (except for the requirement to obtain the requisite Consents), subject to applicable law. See "The Exchange Offer and the Consent Solicitation—Conditions."

If any of the conditions to consummation of the Exchange Offer and the Consent Solicitation has not been satisfied or (to the extent permitted) waived, the Issuer will promptly cause the return of your Existing Notes to you.

Unless the context indicates otherwise, all references to a valid Tender Order of Existing Notes in this Exchange Offer and Consent Solicitation Memorandum shall mean that such Tender Order has been validly submitted at or prior to the Early Tender Date or the Expiration Date, as applicable, and the corresponding deposit of cash in an amount equal to 45% of the principal amount of Existing Notes tendered (the "New Money Deposit") by the Early New Money Deposit Date or the New Money Deposit Date, as applicable, that such tender has not been validly revoked at or prior to the Withdrawal Date (or thereafter, if applicable) and that the required Consents have been submitted to the Exchange and Information Agent.

NEW NOTES

The New Notes will be denominated and payable in U.S. dollars and mature on December 31, 2032. The principal of the New Notes will be amortized over 16 quarterly installments, each equivalent to 6.25% per quarter on the Adjusted Principal Amount during 2029, 2030, 2031 and 2032, on each March 31, June 30, September 30 and December 31, commencing on March 31, 2029. Interest will be payable on the New Notes quarterly after the Settlement Date at a rate of 11.125% per annum.

"Adjusted Principal Amount" as of any regular record date in respect of a Payment Date on which any principal amount is payable means the product of (1) the aggregate principal amount of the New Notes issued on the Settlement Date *minus* (2) the aggregate principal amount of any New Notes redeemed in accordance with the provisions described under "Description of the New Notes—Redemption—Optional Redemption" or repurchased by the Issuer in accordance with the provisions described under "Description of the New Notes—Repurchase at the Option of Holders" or otherwise *plus* (3) the aggregate principal amount of any Additional Notes (as defined under "Description of the New Notes"), in each case, determined by the Issuer.

The Issuer's obligation to pay principal, interest and additional amounts on the New Notes and pursuant to the New Notes Indenture will be secured by the Collateral.

The New Notes will be the Issuer's senior secured obligations and will: (i) be effectively senior to the Issuer's other indebtedness to the extent of the value of the Collateral; (ii) to the extent not secured by the Collateral, rank *pari passu* in right of payment with all of the Issuer's future unsecured and unsubordinated indebtedness (except those obligations preferred by operation of law, including without limitation special privileged creditors, labor and tax claims); (iii) rank senior in right of payment to any of the Issuer's future subordinated indebtedness; (iv) to the extent not secured by the Collateral, be effectively subordinated to all of the Issuer's existing and future indebtedness that is secured by property and assets that do not secure the New Notes, to the extent of the value of the assets securing such indebtedness; and (v) be unconditionally guaranteed by the Guarantors (as defined below).

The New Notes will be made eligible for delivery and clearing through the facilities of DTC (and through Euroclear and Clearstream via their applicable DTC Participants).

For more information see "Description of the New Notes."

THE CONSENT SOLICITATION

Each Eligible Holder of Existing Notes that submits a Tender Order (and does not validly revoke it) will be deemed to consent (the "Consents" and, the solicitation of the Consents, the "Consent Solicitation") to amend the indenture dated as of September 20, 2021, among the Company, Total Box, S.A. de C.V., as guarantor, and The Bank of New York Mellon, as trustee (the "Existing Notes Trustee"), registrar, transfer agent and paying agent, pursuant to which the Existing Notes were issued (as amended, modified and supplemented from time to time, the "Existing Notes Indenture"), to reflect the Proposed Amendments (as defined herein). The Proposed Amendments will, among other matters, eliminate in their entirety substantially all of the restrictive covenants and references thereto contained in the Existing Notes Indenture, as well as certain events of default, modify the covenant regarding mergers and consolidations and modify certain other provisions thereof. If the required Consents are obtained, a Supplemental Indenture giving effect to the Proposed Amendments will be executed. For more information on the Proposed Amendments. See "The Proposed Amendments."

The Issuer is seeking Consents to all the Proposed Amendments in order to amend the Existing Notes Indenture and the Existing Notes as a single proposal. If you deliver a Tender Order for Existing Notes, you are also giving us your written Consent authorizing us and the Existing Notes Trustee, and instructing the Existing Notes Trustee to enter into the Supplemental Indenture in order to give effect to the Proposed Amendments.

If you are an Existing Notes holder and do not submit your Tender Order and the Issuer consummates the Exchange Offer and the Consent Solicitation, you will continue to hold your Existing Notes, but many restrictive covenants and other provisions of the Existing Notes will be substantially eliminated or modified. See "Risk Factors—Risks Relating to the Collateral—If the Issuer consummates the Consent Solicitation and the Proposed Amendments become operative, holders of Existing Notes will no longer benefit from the protections provided by substantially all of the existing restrictive covenants, certain events of default and certain other provisions."

No separate letter of transmittal will be required for the submission of Tender Orders.

The Exchange Consideration will not include any payment or remuneration with respect to the Consents provided under the Consent Solicitation.

No separate or additional consideration will be paid in connection with the Consent Solicitation.

TIMELINE FOR THE EXCHANGE OFFER AND THE CONSENT SOLICITATION

Expected Date and Time	Events
January 7, 2025.....	***Launch***. The Exchange Offer and the Consent Solicitation are launched. ***Allocation Code***. Eligible Holders who have submitted an Eligibility Letter to the Exchange and Information Agent should contact either of the Dealer Managers and Solicitation Agents (as defined herein) at the following email addresses to request a unique code ("Allocation Code"): Barclays Capital Inc. at TotalPlayExchange@barclays.com and Jefferies LLC at TotalPlayExchange@jefferies.com. The Allocation Code must be included with all Tender Orders submitted and corresponding New Money Deposits deposited. Eligible Holders of Existing Notes must both (1) validly submit Tender Orders and (2) validly deposit their corresponding New Money Deposits (in each case, along with the Eligible Holder's Allocation Code) by the requisite deadlines specified in this Exchange Offer and Consent Solicitation Memorandum in order to have validly tendered their Existing Notes in the Exchange Offer and Consent Solicitation. Eligible Holders will receive only one Allocation Code relating to all Existing Notes beneficially owned by such Eligible Holders, including if held at different custodians. Eligible Holders will be responsible for providing the brokers, dealers, commercial banks, trust companies or other securities intermediaries through which they hold Existing Notes, and any financial institutions or other financial intermediary through whom they will submit their New Money Deposits, with their unique Allocation Codes. Failure by any Eligible Holder to include the Allocation Code with such submissions of Tender Orders or deposits New Money Deposits will result in the rejection of the tender of Existing Notes by such Eligible Holder.
January 21, 2025 at 5:00 p.m. (New York City time)	***Early New Money Deposit Date.*** Eligible Holders must validly deposit their New Money Deposits in accordance with the instructions provided under "The Exchange Offer and the Consent Solicitation—Procedures for New Money Deposits" at or prior to this date to be eligible to receive the Early Tender Consideration, which will be paid on the Settlement Date in respect of all New Money Deposits validly deposited at or prior to the Early New Money Deposit Date, together with the corresponding Tender Orders validly submitted at or prior to the Early Tender Date. Eligible Holders who validly deposit their New Money Deposits after the Early New Money Deposit Date and at or prior to the New Money Deposit Date or validly submit their Tender Orders after the Early Tender Date and at or prior to the Expiration Date will only be eligible to receive the Late Tender Consideration on the Settlement Date. The Issuer reserves, subject to applicable law, the right to extend the Early New Money Deposit Date at its discretion. See "The Exchange Offer and the Consent Solicitation—Early New Money Deposit Date."

January 22, 2025 at 5:00 p.m. (New York City time)	***Early Tender Date.***
	Eligible Holders must, subject to the immediately following sentence, validly submit their Tender Orders at or prior to this date to be eligible to receive the Early Tender Consideration, which will be paid on the Settlement Date in respect of all Tender Orders validly submitted at or prior to the Early Tender Date. Such Eligible Holders will only be eligible to receive the Early Tender Consideration if they **also** validly deposit their corresponding New Money Deposits at or prior to the Early New Money Deposit Date.
	Eligible Holders who validly submit their Tender Orders after the Early Tender Date or validly deposit their New Money Deposits after the Early New Money Deposit Date will only be eligible to receive the Late Tender Consideration on the Settlement Date.
	The Issuer reserves, subject to applicable law, the right to extend the Early Tender Date at its discretion. See "The Exchange Offer and the Consent Solicitation—Early Tender Date."
January 22, 2025 at 5:00 p.m. (New York City time)	***Withdrawal Date.*** The last time and date for Eligible Holders who have submitted their Tender Orders and/or deposited their New Money Deposit to revoke all or a portion of such Tender Order and the corresponding New Money Deposit. See "The Exchange Offer and the Consent Solicitation—Revocation of Tender Orders and New Money Deposits."
On or about January 24, 2025.....	***Announcement of Early Tender Results***.
	On or about the second business day following the Early Tender Date, the Issuer will announce the results of all tenders of Existing Notes made by Eligible Holders who validly submitted Tender Orders and validly deposited the corresponding New Money Deposits in respect of Existing Notes at or prior to the Early Tender Date and Early New Money Deposit Date, respectively, pursuant to the terms of the Exchange Offer and the Consent Solicitation.
February 5, 2025 at 11:59 p.m. (New York City time)	***New Money Deposit Date.***
	Eligible Holders must, subject to the immediately following sentence, validly deposit their New Money Deposits at or prior to this date to be eligible to receive the Late Tender Consideration, which will be paid on the Settlement Date in respect of all New Money Deposits validly deposited at or prior to the New Money Deposit Date. Such Eligible Holders will only be eligible to receive the Late Tender Consideration if they **also** validly submit their corresponding Tender Orders at or prior to the Expiration Date.
	Eligible Holders who validly deposit their New Money Deposits at or prior to the New Money Deposit Date but do not validly submit their Tender Orders at or prior to the Expiration Date will not be eligible to receive any Exchange Consideration.
	The Issuer reserves, subject to applicable law, the right to extend the New Money Deposit Date at its discretion. See "The Exchange Offer and the Consent Solicitation—New Money Deposit Date."

February 6, 2025 at 5:00 p.m. (New York City time)	***Expiration Date***. Eligible Holders must, subject to the immediately following sentence, validly submit their Tender Orders at or prior to this date to be eligible to receive the Late Tender Consideration, which will be paid on the Settlement Date in respect of all Tender Orders validly submitted at or prior to the Expiration Date. Such Eligible Holders will only be eligible to receive the Late Tender Consideration if they **also** validly deposit their corresponding New Money Deposits at or prior to the New Money Deposit Date. Eligible Holders who validly submit their Tender Orders at or prior to the Expiration Date but do not validly deposit their New Money Deposits at or prior to the New Money Deposit Date will not be eligible to receive any Exchange Consideration. The Issuer reserves, subject to applicable law, the right to extend the Expiration Date at its discretion. See "The Exchange Offer and the Consent Solicitation—Expiration Date; Extensions."
On or about February 7, 2025.....	***Announcement of Final Tender Results and Acceptance***. On or about the first business day following the Expiration Date, the Issuer (1) will announce the results of all tenders of Existing Notes made by Eligible Holders who validly submitted Tender Orders and validly deposited the corresponding New Money Deposits in respect of Existing Notes at or prior to the Expiration Date and New Money Deposit Date, respectively, pursuant to the terms of the Exchange Offer and the Consent Solicitation and (2) subject to the satisfaction or waiver (to the extent permitted) of the conditions to the Exchange Offer and the Consent Solicitation, will accept the submissions of Tender Orders and deposits of the corresponding New Money Deposits. Eligible Holders who validly deposited their New Money Deposits at or prior to the Early New Money Deposit Date **and** validly submitted their Tender Orders at or prior to the Early Tender Date will be eligible to receive the Early Tender Consideration. Eligible Holders not eligible for the Early Tender Consideration who validly deposited their New Money Deposits at or prior to the New Money Deposit Date **and** validly submitted their Tender Orders at or prior to the Expiration Date will be eligible to receive the Late Tender Consideration.
	Execution of the Supplemental Indenture. Assuming receipt of the requisite Consents, the Supplemental Indenture to the Existing Notes Indenture giving effect to the Proposed Amendments will be executed. The effectiveness of the Proposed Amendments will be conditioned on the occurrence of the Settlement Date. See "Proposed Amendments."
February 10, 2025, or as soon as practicable thereafter (the "Settlement Date")	***Settlement Date and Execution of the Payment Trust Agreement and the Fiber Trust Agreement.*** It is the date on which, provided that all conditions precedent to the Exchange Offer and the Consent Solicitation are satisfied or (to the extent permitted) waived, the Issuer expects to deliver the applicable Exchange

Consideration, expected to be the second business day following the Expiration Date or as soon as practicable thereafter. If any condition precedent to the Exchange Offer and the Consent Solicitation is not satisfied and the Issuer does not, or it is not permitted to, waive it, the Issuer will promptly return all Existing Notes and the corresponding New Money Deposits. See "The Exchange Offer and the Consent Solicitation—Settlement Date; Delivery of the applicable Exchange Consideration and Accrued Interest Payment."

The Issuer, the Initial Guarantor and the other parties thereto will also execute the Payment Trust Agreement and the Fiber Trust Agreement. See "Description of the New Notes—Collateral."

The above times and dates are subject to the Issuer's right to extend, amend and/or terminate the Exchange Offer and the Consent Solicitation (subject to applicable law and as provided in this Exchange Offer and Consent Solicitation Memorandum). Eligible Holders of Existing Notes are advised to check with any broker, dealer, commercial bank, trust company, custodian or other securities intermediary through which they hold Existing Notes as to when such securities intermediary would need to receive instructions from an Eligible Holder in order for that Eligible Holder to be able to tender, or withdraw their instruction to tender, their Existing Notes in the Exchange Offer and the Consent Solicitation before the deadlines specified in this Exchange Offer and Consent Solicitation Memorandum. The deadlines set by any such securities intermediary, including Euroclear and Clearstream, and DTC for the submission of tender orders will be earlier than the relevant deadlines specified herein. In addition, Eligible Holders of Existing Notes should check with their broker, bank or other financial institution as to when such financial institution would need to receive instructions from an Eligible Holder to deposit by wire transfer such Eligible Holder's New Money Deposit before the deadlines specified in this Exchange Offer and Consent Solicitation Memorandum.

QUESTIONS AND ANSWERS RELATING TO THE EXCHANGE OFFER AND THE CONSENT SOLICITATION

Q: What are the Exchange Offer and the Consent Solicitation?

A: The Issuer is asking Eligible Holders of Existing Notes to validly tender their Existing Notes in exchange for New Notes and to commit additional new cash in an amount equal to 45% of the principal amount of Existing Notes tendered in the Exchange Offer and Consent Solicitation which will be exchanged for additional New Notes in the Exchange Offer and the Consent Solicitation. Therefore, for each U.S.$1,000 principal amount of Existing Notes validly tendered, each Eligible Holder of Existing Notes must deposit a New Money Deposit amount of U.S.$450 in cash which will be exchanged for additional New Notes. In order to validly tender their Existing Notes and receive the Exchange Consideration being offered, Eligible Holders of Existing Notes must **both** validly submit Tender Orders for such Existing Notes **and** validly deposit the corresponding New Money Deposits by the applicable deadlines provided therefor herein.

The principal purpose of the Exchange Offer is to extend the average maturity of the Issuer's existing senior debt and to raise additional capital to refinance existing indebtedness and for general corporate purposes.

The purpose of the Consent Solicitation is to eliminate in their entirety substantially all of the restrictive covenants and references thereto contained in the Existing Notes Indenture, as well as certain events of default, modify the covenant regarding mergers and consolidations and modify certain other provisions thereof.

Q: What is being offered in return for the Existing Notes that I hold and my New Money Deposit?

A: Eligible Holders who validly submit their Tender Orders at or prior to the Early Tender Date and validly deposit their corresponding New Money Deposits at or prior to the Early New Money Deposit Date will be eligible to receive, for each U.S.$1,000 principal amount of Existing Notes validly tendered, the Early Tender Consideration. Eligible Holders who validly submit their Tender Orders after the Early Tender Date and at or prior to the Expiration Date, even if they have validly deposited their corresponding New Money Deposits at or prior to the Early New Money Deposit Date, will only be eligible to receive, for each U.S.$1,000 principal amount of Existing Notes validly tendered and corresponding New Money Deposits validly deposited, the Late Tender Consideration. Similarly, Eligible Holders who validly deposit their corresponding New Money Deposits after the Early New Money Deposit Date and at or prior to the New Money Deposit Date, even if they have validly submitted their Tender Orders at or prior to the Early Tender Date, will only be eligible to receive, for each U.S.$1,000 principal amount of Existing Notes validly tendered and corresponding New Money Deposits validly deposited, the Late Tender Consideration.

Eligible Holders of Existing Notes must both validly submit Tender Orders and validly deposit their corresponding New Money Deposits (in each case, with the applicable Allocation Code) by the requisite deadlines specified in this Exchange Offer and Consent Solicitation Memorandum in order to have valid tenders of Existing Notes under the Exchange Offer and Consent Solicitation. Failure to include the Allocation Code with such submissions and deposits will result in the rejection of the tender of Existing Notes.

In addition to the Exchange Consideration, Eligible Holders whose Existing Notes are validly tendered and accepted for exchange in the Exchange Offer will also receive the Accrued Interest Payment corresponding to such Existing Notes, to be paid in cash on the Settlement Date.

Q: What are the New Notes?

A: The New Notes will be denominated and payable in U.S. dollars and mature on December 31, 2032, unless earlier redeemed in accordance with their terms (see "Description of the New Notes—Optional Redemption"). Principal of the New Notes will be amortized over 16 quarterly installments, each equivalent to 6.25% per quarter on the Adjusted Principal Amount during 2029, 2030, 2031 and 2032, on each March 31, June 30, September 30 and December 31, commencing on March 31, 2029, with a final maturity on December 31, 2032, unless earlier redeemed in accordance with their terms (see "Description of the New Notes—Optional Redemption"). Interest will be payable on the New Notes quarterly after the Settlement Date at a rate of 11.125% per annum.

The Issuer's obligation to pay principal and interest, and additional amounts due under the New Notes and pursuant to the New Notes Indenture will be secured by the Collateral (as defined below).

The New Notes will: (i) be the Issuer's general senior unsubordinated obligations; (ii) be secured on a first-priority basis by the Collateral; (iii) rank *pari passu* in right of payment with all of the Issuer's future indebtedness that is not subordinated in right of payment to the New Notes (except those obligations preferred by operation of law, including without limitation special privileged creditors, labor and tax claims); (iv) rank senior in right of payment to any of the Issuer's future indebtedness that is expressly subordinated in right of payment to the New Notes; (v) be effectively subordinated to all of the Issuer's existing and future secured indebtedness that is secured by property and assets that do not secure the New Notes, to the extent of the value of the assets securing such indebtedness; and (vi) be unconditionally guaranteed by the Guarantors (as defined herein).

The New Notes will be made eligible for delivery and clearing through the facilities of DTC (and through Euroclear and Clearstream via their applicable DTC Participants). See "Description of the New Notes."

Q: How do I submit my Tender Order?

A: Eligible Holders who have submitted an Eligibility Letter to the Exchange and Information Agent should contact either of the Dealer Managers and Solicitation Agents at the following email addresses to request a unique Allocation Code: Barclays Capital Inc. at TotalPlayExchange@barclays.com and Jefferies LLC at TotalPlayExchange@jefferies.com.

If you are an Eligible Holder that is a beneficial owner whose Existing Notes are held by a broker, dealer, commercial bank, trust company, custodian or other securities intermediary and you wish to participate in the Exchange Offer and the Consent Solicitation, you should promptly instruct that securities intermediary to obtain on your behalf from the Dealer Managers and Solicitation Agents your Allocation Code and timely tender your Existing Notes, with your Allocation Code, on your behalf or otherwise follow the instructions of that securities intermediary.

If you are a DTC Participant, as defined in "The Exchange Offer and the Consent Solicitation—Procedures for Tendering," that holds Existing Notes, the Exchange and Information Agent and DTC have confirmed that the Exchange Offer and the Consent Solicitation are eligible for DTC's Automated Tender Offers Program ("ATOP"). Accordingly, DTC Participants must obtain from the Dealer Managers and Solicitation Agents the applicable Allocation Code for each beneficial owner of Existing Notes that has instructed such DTC Participant to tender Existing Notes on its behalf and electronically transmit such DTC Participant's acceptance of the Exchange Offer and the Consent Solicitation with respect to the Existing Notes held by such DTC Participant on behalf of each such beneficial owner by providing the Allocation Code associated with each such beneficial holder and causing DTC to transfer the Existing Notes held by such DTC Participant on behalf of each such beneficial owner to the Exchange and Information Agent in accordance with DTC's ATOP procedures for such transfer. DTC will then send a computer generated message (an "Agent's Message") to the Exchange and Information Agent. The delivery of such Agent's Message will constitute the agreement by the DTC Participant. See "The Exchange Offer and the Consent Solicitation—Procedures for Submitting Tender Orders." The submission of a Tender Order of Existing Notes by the submission of a valid electronic acceptance instruction to a clearing system will result in the blocking of such Existing Notes in the relevant clearing system upon receipt.

If your Existing Notes are held through Euroclear or Clearstream you must comply with the procedures established by Euroclear or Clearstream, as applicable, to participate in the Exchange Offer and the Consent Solicitation. Euroclear and Clearstream intend to collect from their direct participants (a) instructions to (1) obtain from the Dealer Managers and Solicitation Agents the applicable Allocation Code for each beneficial owner of Existing Notes that has instructed the direct participant to tender Existing Notes on its behalf, (2) submit a Tender Order, together with the applicable Allocation Code, on behalf of beneficial owners of Existing Notes who have instructed their direct participants to submit a Tender Order in the Exchange Offer and the Consent Solicitation, (3) "block" any transfer of Existing Notes so tendered until the completion of the Exchange Offer and the Consent Solicitation and (4) debit their account on or about the Settlement Date, or as soon as practicable thereafter, in respect of all Existing Notes accepted pursuant to the Exchange Offer and the Consent Solicitation by the Issuer; and (b) irrevocable authorizations to disclose the names of the direct participants and information about the foregoing instructions. Upon the receipt of these instructions, Euroclear and Clearstream will advise their applicable DTC Participant to electronically transmit their holders' acceptances of the Exchange Offer and the Consent Solicitation by

providing the applicable Allocation Code and causing DTC to transfer their Existing Notes to the Exchange and Information Agent in accordance with DTC's ATOP procedures for such transfer. Euroclear and Clearstream may impose additional earlier deadlines in order to properly process these instructions. As a part of tendering through Euroclear or Clearstream, you are required to become aware of any such deadlines. See "The Exchange Offer and the Consent Solicitation—Procedures for Tendering."

Tender Orders in respect of Existing Notes may be submitted only in principal amounts equal to minimum denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. No alternative, conditional or contingent tenders will be accepted. Eligible Holders who submit Tender Orders for less than all of their Existing Notes must continue to hold Existing Notes in at least the minimum denomination of U.S.$200,000 principal amount.

Note that it is very important that, prior to submitting any Tender Order, a securities intermediary or DTC Participant (including Euroclear, Clearstream or their respective representative DTC Participants), must obtain from the Dealer Managers and Solicitation Agents an Allocation Code for each beneficial owner of Existing Notes on whose behalf they are acting that must be included in each Tender Order submitted.

Q: How do I deposit my New Money Deposit?

A: The New Money Deposit that each Eligible Holder will be required to deposit will be an amount equal to 45% of the principal amount of the Existing Notes tendered by such Eligible Holder in the Exchange Offer and Consent Solicitation. Therefore, for each U.S.$1,000 principal amount of Existing Notes validly submitted pursuant to a Tender Order, each Eligible Holder of Existing Notes must deposit a New Money Deposit amount of U.S.$450 in cash in exchange for which such Eligible Holder will be eligible to receive additional New Notes.

If you are a beneficial owner of Existing Notes and you wish to participate in the Exchange Offer and the Consent Solicitation, you should contact your broker, bank or other financial institution to timely submit the New Money Deposit corresponding with the Existing Notes held by a broker, dealer, commercial bank, trust company, custodian or other securities intermediary (including through Euroclear or Clearstream) tendered on your behalf pursuant to a Tender Order.

All New Money Deposits must be wired by or on behalf of Eligible Holders who have obtained an Allocation Code to the Escrow Account (as defined herein) held by Barclays Bank PLC, New York Branch, acting as Escrow Agent (the "Escrow Agent"), and the wire transfer instructions must include the Eligible Holder's unique Allocation Code in order to be matched with a corresponding Tender Order and be considered to be validly deposited. The Escrow Account details and wire transfer instructions will be provided to Eligible Holders by the Dealer Managers and Solicitation Agents at the same time as they provide each Eligible Holder with its unique Allocation Code.

Any New Money Deposit that does not include a valid Allocation Code will not be able to be matched with the corresponding Tender Order and will be rejected and the funds returned to the sender after a verification process. While the Escrow Agent will not charge a fee for the return of such funds, the receiving bank may do so.

Please note that in order to ensure that the Tender Orders and the corresponding New Money Deposits can be matched by the Exchange and Information Agent to confirm a valid tender of Existing Notes in the Exchange Offer and Consent Solicitation, the deadline for deposit of the New Money Deposit will be on the business day immediately preceding the corresponding deadline for the submission of Tender Orders. As a result, the Early New Money Deposit Date is on the business day immediately preceding the Early Tender Date and the New Money Deposit Date is on the business day immediately preceding the Expiration Date.

The New Money Deposits held in the Escrow Account will not earn any interest and will be released to the Issuer in connection with the settlement of the Exchange Offer and Consent Solicitation as the purchase price for the additional New Notes purchased by tendering Eligible Holders of Existing Notes or, if a New Money Deposit is rejected because it is not matched with a Tender Order or if the Issuer elects to terminate the Exchange Offer and Consent Solicitation, such New Money Deposit will be returned to the sender after a verification process. While the Escrow Agent will not charge a fee for the return of such funds, the receiving bank may charge a fee to the sender for receiving the returned funds.

Q: As an Eligible Holder of Existing Notes, how do I deliver my Consent to the Proposed Amendments?

A: Each Eligible Holder of Existing Notes that submits a Tender Order (and does not validly revoke it) thereby also consents to the Proposed Amendments to the Existing Notes Indenture and the Existing Notes.

Q: Can I trade my Existing Notes after submitting a Tender Order?

A: No, by submitting your Tender Order you will be deemed to acknowledge, represent, warrant and agree that unless and until such Tender Order is timely revoked, you will not sell, pledge, hypothecate or otherwise encumber or transfer any Existing Notes tendered thereby or any interest therein from the date of the tender until the Settlement Date.

Q: When will the Exchange Offer and the Consent Solicitation expire?

A: The Exchange Offer and the Consent Solicitation will expire at 5:00 p.m. (New York City time) on February 6, 2025, unless the Issuer extends such date at its sole discretion. See "The Exchange Offer and the Consent Solicitation—Expiration Date; Extensions."

Q: What is the latest date to revoke my Tender Order and New Money Deposit?

A: If you have submitted a Tender Order and deposited the corresponding New Money Deposit, the last time and date to revoke all or a portion of such Tender Order and corresponding New Money Deposit is 5:00 p.m. (New York City time) on January 22, 2025, unless otherwise extended by the Issuer.

Q: If I submit a Tender Order, will I receive accrued but unpaid interest on my Existing Notes so tendered?

A: Yes. In addition to the applicable Exchange Consideration, Eligible Holders will receive the Accrued Interest Payment, which consists of a cash payment equal to all accrued and unpaid interest on such Eligible Holders' Existing Notes validly tendered and accepted for exchange from the last interest payment date to, but not including, the Settlement Date.

Q: If I submit a Tender Order and New Money Deposit, how will I be notified that you have accepted my Tender Order and New Money Deposit?

A: Subject to the terms and conditions of the Exchange Offer and the Consent Solicitation being satisfied or (to the extent permitted) waived, and the Issuer's right to extend, amend, terminate or withdraw the Exchange Offer and the Consent Solicitation, the Issuer will accept for exchange all Tender Orders validly submitted with the corresponding New Money Deposit. You will not receive a notice that your specific Tender Order and corresponding New Money Deposit has been accepted. The Issuer will, however, announce its acceptance of Tender Orders and New Money Deposits by issuing a press release promptly after the Expiration Date.

Q: Are there any conditions to the consummation of the Exchange Offer and the Consent Solicitation?

A: Yes. The Exchange Offer and the Consent Solicitation are conditioned on, among other things, (i) holders of not less than 50% in aggregate principal amount of the outstanding Existing Notes having validly submitted (and not validly withdrawn) Tender Orders with respect to their Existing Notes and validly deposited (and not validly withdrawn) the corresponding New Money Deposit in the Exchange Offer (the "Minimum Condition") and (ii) receipt of consents from holders of more than 50% in aggregate principal amount of the outstanding Existing Notes approving the Proposed Amendments (the "Consents"); provided that any Existing Notes owned by the Issuer or its affiliates will be deemed not to be outstanding for purposes of the Consents. However, the Issuer may waive the conditions to consummation of the Exchange Offer and the Consent Solicitation (except for the requirement that the Issuer obtains the requisite Consents), in its sole discretion. If the conditions to the Exchange Offer and the Consent Solicitation are not satisfied or waived, the Issuer will promptly return your Existing Notes and corresponding New Money Deposit to you. See "The Exchange Offer and the Consent Solicitation—Conditions" for a full description of the conditions to completion of the Exchange Offer and the Consent Solicitation.

Q: If my Tender Order and New Money Deposit are accepted for exchange in the Exchange Offer and Consent Solicitation, how will I receive the Exchange Consideration and the Accrued Interest Payment?

A: The applicable Exchange Consideration and the Accrued Interest Payment will be delivered on the Settlement Date, which is expected to be the second business day following the Expiration Date, or as soon as practicable thereafter. New Notes issued in exchange for Existing Notes and the Accrued Interest Payment will be delivered on

the Settlement Date to the DTC Participant account from which your Tender Order were submitted via ATOP and to the Euroclear or Clearstream direct participants to the account from which your Tender Order was submitted.

No fractional New Notes will be issued. If any tendering holder's tender of Existing Notes and New Notes issued in exchange for the corresponding New Money Deposit would otherwise result in the issuance to such holder of fractional New Notes, we will round down the principal amount of New Notes to be issued to the nearest integral multiple of U.S.$1 and we will not compensate such holder for any amounts so rounded.

Cash payments for the Existing Notes accepted for exchange will be made on the Settlement Date by the deposit of the Accrued Interest Payment for all Existing Notes being tendered and accepted in immediately available funds with DTC, Euroclear or Clearstream, as applicable.

Q: If I decide not to submit a Tender Order and New Money Deposit and the Exchange Offer and the Consent Solicitation are consummated, how will the Exchange Offer and the Consent Solicitation affect the Existing Notes that I continue to hold?

A: If you do not validly submit a Tender Order and validly deposit the corresponding New Money Deposit in the Exchange Offer and the Consent Solicitation and the Issuer consummates the Exchange Offer and the Consent Solicitation, you will continue to hold Existing Notes and you will not receive any Exchange Consideration. In the case of holders of Existing Notes, the Proposed Amendments will eliminate substantially all of the restrictive covenants and certain events of default and modify certain other provisions under the Existing Notes Indenture. As a result, if you continue to hold Existing Notes after the Proposed Amendments become operative, you will no longer have the protection of those provisions. See "The Proposed Amendments" for a full description of the Proposed Amendments.

Q: Under what circumstances can the Exchange Offer and the Consent Solicitation be extended, amended, waived or terminated?

A: Subject to the terms and conditions set forth in this Exchange Offer and Consent Solicitation Memorandum, the Issuer expressly reserves the right, but will not be obligated, at any time or from time to time, at or prior to the Expiration Date, to extend or amend the Exchange Offer and the Consent Solicitation in any respect.

If the Issuer makes a material change in the terms of the Exchange Offer and the Consent Solicitation or the information concerning the Exchange Offer and the Consent Solicitation, or if the Issuer waives a material condition of the Exchange Offer and the Consent Solicitation, the Issuer will disseminate additional materials relating to the Exchange Offer and the Consent Solicitation and extend the Exchange Offer and the Consent Solicitation to the extent required by law. In addition, the Issuer may extend the Exchange Offer and the Consent Solicitation for any other reason the Issuer deems appropriate. If the Issuer does not materially modify or extend the terms of the Exchange Offer and the Consent Solicitation, the Issuer will provide for reasonable revocation rights to any tendering Eligible Holders.

The Issuer expressly reserves the right, in its sole discretion, to terminate the Exchange Offer and the Consent Solicitation if any of the conditions set forth in "The Exchange Offer and the Consent Solicitation—Conditions," including the Minimum Condition, shall not have been satisfied or waived (to the extent permitted) by the Issuer. In the event that the Issuer terminates the Exchange Offer and the Consent Solicitation, the Issuer will give notice thereof to the Exchange and Information Agent and will make a public announcement in the manner described in "The Exchange Offer and the Consent Solicitation—Offering Restrictions; Eligible Holders—Expiration Dates; Extensions."

The Issuer will promptly announce any extension, amendment, waiver or termination. Without limiting the manner in which the Issuer may choose to make this announcement, unless otherwise required by law or pursuant to the requirements of the SGX-ST, the Issuer will (i) inform the Exchange and Information Agent, (ii) publish a press release and (iii) publish an announcement on the SGX-ST.

Q: What are the tax implications of the Exchange Offer and the Consent Solicitation?

A: You should read the section "Taxation" for a discussion of certain Mexican and United States federal income tax consequences of the Exchange Offer and the Consent Solicitation and the ownership and disposition of the New Notes. You should consult your own tax advisor concerning the Mexican and United States federal income tax consequences

in light of your particular situation, as well as any tax consequences arising under the laws of any other jurisdiction. Holders who decide not to submit a Tender Order for any or all of their Existing Notes should read the section "Taxation–Certain United States Federal Income Tax Considerations" for a discussion of certain United States federal income tax consequences of the Proposed Amendments.

Q: Where can I obtain further information about the Exchange Offer and the Consent Solicitation?

A: You may obtain additional copies of the Exchange Offer and the Consent Solicitation Documents by contacting the Exchange and Information Agent at the appropriate address and telephone number set forth on the back-cover page of this Exchange Offer and Consent Solicitation Memorandum. Questions relating to the mechanics of the Exchange Offer and the Consent Solicitation should also be directed to the Exchange and Information Agent. None of the Exchange and Information Agent, the Existing Notes Trustee, the trustee for the New Notes (the "New Notes Trustee") or the Singapore Listing Agent are permitted to or will provide advice, make recommendations or otherwise discuss the merits of the Exchange Offer and the Consent Solicitation.

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You should carefully read this entire Exchange Offer and Consent Solicitation Memorandum. The Issuer and the Dealer Managers and Solicitation Agents have not authorized anyone to provide you with any other information, and we and the Dealer Managers and Solicitation Agents take no responsibility for any other information that anyone else may provide you. You should assume that the information appearing in this Exchange Offer and Consent Solicitation Memorandum is accurate as of the date on the front cover of this Exchange Offer and Consent Solicitation Memorandum only. Our business, financial condition, results of operations and prospects may have changed since that date. Neither the delivery of this Exchange Offer and Consent Solicitation Memorandum nor exchange of Existing Notes made hereunder shall under any circumstances imply that the information herein is correct as of any date subsequent to the date on the cover of this Exchange Offer and Consent Solicitation Memorandum.

This Exchange Offer and Consent Solicitation Memorandum is personal to the offeree to whom it has been delivered and does not constitute an offer to any other person or to the public in general to participate in the Exchange Offer and the Consent Solicitation and subscribe for the New Notes. Distribution of this Exchange Offer and Consent Solicitation Memorandum to any person other than the offeree and any person retained to advise such offeree is unauthorized, and any disclosure of any of its contents without the Issuer's prior written consent is prohibited. Each offeree, by accepting delivery of this Exchange Offer and Consent Solicitation Memorandum, agrees to the foregoing and agrees not to make copies of this Exchange Offer and Consent Solicitation Memorandum, in whole or in part.

Any questions regarding procedures for submitting Tender Orders and New Money Deposits or requests for additional copies of this Exchange Offer and Consent Solicitation Memorandum and the Eligibility Letter should be directed to the Exchange and Information Agent by phone at +1 212-849-3880 or (toll free) at +1 (888) 593-9546 or by email at ipreo-exchangeoffer@ihsmarkit.com. You may also contact your broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Exchange Offer and the Consent Solicitation.

This Exchange Offer and Consent Solicitation Memorandum is intended solely for use in connection with the Exchange Offer and the Consent Solicitation and does not purport to summarize all of the terms, conditions, covenants and other provisions relating to the terms of the New Notes contained in the indenture being entered into in connection with the issuance of the New Notes (the "New Notes Indenture").

Certain market information in this Exchange Offer and Consent Solicitation Memorandum has been obtained by the Issuer from publicly available sources deemed by the Issuer to be reliable. The Issuer accepts responsibility for correctly extracting and reproducing such information.

You acknowledge that:

- you had an opportunity to review all financial and other information considered by you to be necessary to make your investment decision and to verify the accuracy of, or to supplement, the information contained in this Exchange Offer and Consent Solicitation Memorandum;
- you have not relied on the Dealer Managers and Solicitation Agents or us or any person affiliated with the Dealer Managers and Solicitation Agents or us in connection with your investigation of the accuracy of such information or your investment decision; and
- no person has been authorized to give any information or to make any representation concerning us or the New Notes other than as set forth in this Exchange Offer and Consent Solicitation Memorandum.

This Exchange Offer and Consent Solicitation Memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, any New Notes in any jurisdiction in which it is unlawful to make an offer or solicitation. You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or sell the New Notes and you must obtain any consent, approval or permission required for your purchase, offer or sale of the New Notes under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales, and the Issuer will not have any responsibility therefor.

Neither the Issuer, the Dealer Managers and Solicitation Agents nor any of our or its affiliates or representatives are making any representation to any offeree or purchaser of the New Notes offered hereby regarding the legality of any investment by such offeree or purchaser under any applicable law.

In making your decision whether to accept the Exchange Offer and the Consent Solicitation and invest in the New Notes, you must rely on your own examination of us and the terms of the Exchange Offer and the Consent Solicitation, including the merits and risks involved. You should not construe the contents of this Exchange Offer and Consent Solicitation Memorandum as legal, business, financial or tax advice. You should consult your own advisors as needed to make your investment decision and to determine whether you are legally permitted to purchase the New Notes under applicable legal investment or similar laws or regulations. You should be aware that you may be required to bear the financial risks of an investment in the New Notes for an indefinite period of time.

The Exchange Offer and the issuance of the New Notes were approved by the Issuer's shareholders and board of directors on December 24, 2024.

The New Notes have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold in the United States except in transactions exempt from or not subject to the requirements of the Securities Act and any applicable state securities laws. The New Notes offered through this Exchange Offer and Consent Solicitation Memorandum are subject to restrictions on transferability and resale, and may not be transferred or resold in the United States except as permitted under the Securities Act and applicable U.S. state securities laws pursuant to registration under, or exemption from, such laws. By submitting a Tender Order for your Existing Notes into the Exchange Offer and the Consent Solicitation and by delivering the Eligibility Letter, you will be deemed to have made certain acknowledgments, representations and agreements as set forth under "Transfer Restrictions" in this Exchange Offer and Consent Solicitation Memorandum.

The New Notes have not been approved or recommended by the U.S Securities and Exchange Commission or any U.S. federal or state securities commission or any other U.S. regulatory authority. Furthermore, the foregoing authorities have not passed upon or endorsed the merits of the offering or confirmed the accuracy or determined the adequacy of this Exchange Offer and Consent Solicitation Memorandum. Any representation to the contrary is a criminal offense in the United States.

The Dealer Managers and Solicitation Agents may, whether on their own account or on behalf of us or a noteholder, engage in stabilizing and similar transactions in the secondary market with a view to stabilizing the price of the New Notes in accordance with CNBV rules but are under no obligation to do so and any stabilization may be discontinued at any time without notice. All stabilizing transactions: (i) must conclude no later than 30 calendar days after the issuance date; (ii) may only be conducted to prevent or moderate price declines; and (iii) may not be carried out at prices above neither those of the initial placement nor those negotiated in transactions between parties unrelated to the distribution and placement of the New Notes.

The Dealer Managers and Solicitation Agents make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this Exchange Offer and Consent Solicitation Memorandum. Nothing contained in this Exchange Offer and Consent Solicitation Memorandum is, or shall be relied upon as, a promise or representation by the Dealer Managers and Solicitation Agents as to the past or future. The Dealer Managers and Solicitation Agents assume no responsibility for the accuracy or completeness of any such information.

ADDITIONAL INFORMATION

The Issuer has agreed that while any New Notes remain outstanding and are "restricted securities" as defined in Rule 144(a)(3) under the Securities Act, the Issuer will make available, upon request, to any holder or prospective purchaser of New Notes the information required pursuant to Rule 144A(d)(4) under the Securities Act with respect to us during any period in which the Issuer is not subject to Section 13 or 15(d) of the U.S. Securities and Exchange Act of 1934, as amended (the "Exchange Act") or exempt by virtue of Rule 12g3-2(b) thereunder. Any such request should be directed to the Issuer at its principal office at Avenida San Jerónimo number 252, Colonia La Otra Banda, Postal Code 04519, Alcaldía de Coyoacán, Mexico City, Mexico. Copies of the New Notes Indenture and other transaction documents referenced herein may be obtained from Ipreo LLC (acting as the Information and Exchange Agent) at its address on the back cover.

FORWARD-LOOKING STATEMENTS

This Exchange Offer and Consent Solicitation Memorandum contains statements that constitute forward-looking statements. Examples of such forward-looking statements include, but are not limited to: (i) statements regarding our future financial position and results of operations strategy, plans, objectives, goals and targets and future developments in the markets in which we participate or are seeking to participate or anticipated regulatory changes in the markets in which we operate or intend to operate in; and (ii) statements of assumptions underlying such statements. Words such as "believes," "anticipates," "should," "estimates," "seeks," "forecasts," "expects," "may," "intends," "plans," "might," "could," "can," "would," "will," "target," "project," "continue," "aim," "likely," "future," "potential" and similar expressions are intended to identify forward-looking statements but are not exclusive means of identifying such statements.

Forward-looking statements are not guarantees of future performance. These statements are based in large part on current expectations and projections about future events and financial trends that affect or may affect our business, industry, financial condition, results of operations or prospects and/or cash flow. Although we believe that these estimates and forward-looking statements are based on reasonable assumptions, these estimates and statements are subject to several risks and uncertainties and are made in light of the information currently available to us. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution prospective investors that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed or implied in such forward-looking statements, including the following factors:

- risks related to our plans and objectives for future operations and expansion or consolidation;
- risks related to our business, strategy, expectations about growth in demand for our services and business operations, financial condition and results of operations;
- our access to funding sources, and the cost of funding;
- changes in regulatory administrative or economic conditions affecting the telecommunications markets;
- telecommunications usage levels, including traffic and customer growth;
- competitive forces and competition, including pricing pressures, the ability to connect to other operators' networks and our ability to retain market share in the face of competition from existing and new market entrants as well as industry consolidation;
- legal or regulatory developments and changes, or changes in governmental policy, including with respect to availability of licenses, the level of tariffs, tax matters, the terms of interconnection, customer access and international settlement arrangements;
- delays in implementing new technologies or service access networks;
- our ability to anticipate increased use of bandwidth-intensive services;
- our ability to address service interruptions and delays or to properly deal with interruptions or cyber-attacks that affect our IT systems;
- our ability to maintain and expand our telecommunications network;
- foreign currency exchange fluctuations between the U.S. dollar (the currency in which a significant portion of our debt obligations, including the Existing Notes and the New Notes, are or will be denominated) and the Mexican peso (the currency in which we derive our revenues and earnings);
- risks related to Mexico's social, political or economic environment, including the judicial reform and other changes in the legal, political and economic landscape being made under the new administration of President Claudia Sheinbaum, and security risks in Mexico;
- the level and timing of the growth and profitability of new initiatives, start-up costs associated with entering new markets, the successful deployment of new systems and applications to support new initiatives;

- our ability to maintain existing relationships with our content providers on reasonable economic terms;
- our ability to comply with the terms of our operating concession and licenses;
- relationships with key suppliers and costs of technologies, set-top boxes and other equipment;
- technological advances, developments and evolving industry standards, including challenges in meeting customer demand for new technology and the cost of upgrading existing infrastructure;
- changes in our financial condition;
- our dependence on intellectual property rights and on not infringing on the intellectual property rights of others;
- labor relations with our employees or increases in labor costs, including but not limited to those arising from the amendments to the Mexican Federal Labor Law and the Mexican Social Security Law;
- other factors or trends affecting our financial condition or results of operations;
- developments and fluctuations in the U.S. and other economies outside Mexico impacting the Mexican economy or our business;
- the effect of changes in accounting principles, new legislation, intervention by regulatory authorities, government directives and monetary or fiscal policy in Mexico; and
- various other factors, including without limitation those described under "Risk Factors."

Prospective investors are cautioned that the foregoing list of significant factors may not contain all of the material factors that are important to you. In addition, in light of these risks and uncertainties, the matters referred to in the forward-looking statements contained in this Exchange Offer and Consent Solicitation Memorandum may not in fact occur. Many of these risks are beyond our ability to control or predict. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained throughout this Exchange Offer and Consent Solicitation Memorandum.

Should one or more of these factors or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected or intended.

Prospective investors should read the sections in this Exchange Offer and Consent Solicitation Memorandum entitled "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "The Total Play Group" for a more complete discussion of the factors that could affect our future results and the markets in which we operate. In light of these risks, uncertainties and assumptions, the forward-looking events described in this Exchange Offer and Consent Solicitation Memorandum may not occur. Moreover, no assurances can be given that any of the historical information, data, trends or practices mentioned and described in this Exchange Offer and Consent Solicitation Memorandum are indicative of future results or events.

None of the Issuer, the Guarantors or the Dealer Managers and Solicitation Agents undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

ENFORCEMENT OF JUDGMENTS AND SERVICE OF PROCESS

Each of the Issuer and the Initial Guarantor is a corporation incorporated and organized in accordance with the laws of Mexico. All the directors, officers and controlling persons of the Issuer and the Initial Guarantor are non-residents of the United States. In addition, all or a substantial portion of their respective assets and those of their respective directors, officers and controlling persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or to enforce judgments against them, including in any action based on civil liabilities under the civil liability provisions of United States federal securities laws.

The Company and the Initial Guarantor have been advised by their Mexican counsel, Nader, Hayaux y Goebel, S.C., that there is doubt as to the enforceability against the Issuer and the Initial Guarantor and the respective directors, officers and controlling persons in Mexico, whether in original actions in Mexico or in actions seeking enforcement of judgments rendered by U.S. courts, of liabilities based solely upon the U.S. federal securities laws.

The Company and the Initial Guarantor have been advised by such Mexican counsel that no bilateral treaty is currently in effect between the United States and Mexico that covers the reciprocal enforcement of civil foreign judgments. In the past, Mexican courts have enforced judgments rendered in the United States by virtue of the legal principles of reciprocity and comity, consisting of the review in Mexico of the United States judgment, in order to ascertain among other matters, whether Mexican legal principles of due process and the non-violation of Mexican law and/or Mexican public policy (*orden público*), among other requirements set forth under Mexican law, have been duly complied with, without reviewing the merits of the subject matter of the case; provided that U.S. courts recognize the principles of reciprocity and would enforce Mexican judgments as a matter of reciprocity.

See "Risk Factors—Risks Relating to the New Notes, the New Notes Guarantee and the Exchange Offer—The Issuer and the Initial Guarantor are incorporated or formed under the laws of Mexico and therefore it may be difficult to enforce civil liabilities against the Issuer, the Initial Guarantor or their respective directors, executive officers and controlling persons."

PRESENTATION OF FINANCIAL INFORMATION AND OTHER INFORMATION

Financial Statements

Our audited consolidated financial statements as of and for the years ended December 31, 2023, 2022 and 2021, including the notes thereto (our "Audited Annual Consolidated Financial Statements") and our unaudited interim condensed consolidated financial statements as of September 30, 2024 and for the nine months ended September 30, 2024 and 2023, including the notes thereto (our "Interim Consolidated Financial Statements" and, together with our Audited Annual Consolidated Statements, our "Consolidated Financial Statements"), have been prepared and are presented in accordance with International Financial Reporting Standards (collectively, "IFRS") issued by the International Accounting Standards Board ("IASB").

Our Audited Annual Consolidated Financial Statements included in this Exchange Offer and Consent Solicitation Memorandum have been audited by Mazars Auditores, S. de R.L. de C.V., independent auditors, as stated in their audit reports appearing herein. Our Interim Consolidated Financial Statements included in this Exchange Offer and Consent Solicitation Memorandum have been subject to a limited review by Mazars Auditores, S. de R.L. de C.V., independent auditors, as stated in their review report appearing herein.

Market Information

The market information presented or referred to throughout this Exchange Offer and Consent Solicitation Memorandum concerning the industry in which we operate was obtained from or generally based on market research, publicly available information and industry publications believed to be reliable. We have included or generally based such information from reports prepared by established sources, such as the Mexican Federal Institute of Telecommunications (*Instituto Federal de Telecomunicaciones*, the "IFT"), among others.

Although the information contained in such publications is derived from sources considered trustworthy and reliable, neither we nor the Dealer Managers and Solicitation Agents have independently verified and cannot guarantee the accuracy of such information. We have no reason to believe any of this information is inaccurate in any material respect.

Rounding

Certain amounts and percentages that appear in this Exchange Offer and Consent Solicitation Memorandum have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be the arithmetic sum of the figures that precede them.

Translation of Mexican Peso Amounts into U.S. Dollars

The financial and other information appearing in this Exchange Offer and Consent Solicitation Memorandum is presented in Mexican pesos. In this Exchange Offer and Consent Solicitation Memorandum references to "pesos" or "Ps." are to Mexican pesos and references to "U.S. dollars" or "U.S.$" are to United States dollars. This Exchange Offer and Consent Solicitation Memorandum contains translations of certain peso amounts into U.S. dollars at specified rates solely for the convenience of the reader. These translations should not be construed as representations that the peso amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the rate indicated or at all. The exchange rate we use for those convenience translations is not necessarily the same rate we used in preparing our Consolidated Financial Statements. This may mean, for example, that U.S. dollar items in our Consolidated Financial Statements (including expenses and liabilities) may have been translated into pesos using one exchange rate and reconverted to U.S. dollars using the convenience translation exchange rate. Unless otherwise indicated, U.S. dollar amounts that have been translated from pesos have been so translated at an exchange rate of Ps. 19.6290 per U.S.$1.00, the rate calculated by the Mexican Central Bank (*Banco de México*, or the "Central Bank") on September 30, 2024, and published on September 27, 2024 in the Mexican Official Gazette of the Federation (*Diario Oficial de la Federa*ción, or the "Official Gazette"), based on the average of wholesale foreign exchange market quotes for transactions settling within two banking business days (the "Mexican Central Bank Exchange Rate"). As of January 7, 2025, the Mexican Central Bank Exchange Rate for wire transfers in pesos per U.S. dollar was Ps.20.6708 per U.S.$1.00.

Non-IFRS Financial Measures

This Exchange Offer and Consent Solicitation Memorandum contains certain non-IFRS financial measures, including "EBITDA," "Consolidated L2QA EBITDA," "Consolidated LTM 3Q24 EBITDA," "EBITDA Margin," "Net Debt," "Total Debt/Consolidated L2QA EBITDA," "Net Debt/Consolidated L2QA EBITDA," "Consolidated Net Leverage Ratio," "Secured Debt," "Consolidated Secured Net Leverage Ratio," "Net Secured Debt/Consolidated L2QA EBITDA ," and "Adjusted Free Cash Flow" with respect to us that our management uses to evaluate our performance and that are not presented in accordance with IFRS and that we refer to as "non-IFRS financial measures." This additional financial information has been presented because we believe these measures may assist in the understanding of our results of operations by providing additional information on what we consider to be the principal drivers of our results of operations.

These non-IFRS financial measures have important limitations as analytical tools, and prospective investors should not consider them in isolation or as a basis or substitute for analysis of our results of operations or as an indicator of our operating performance or liquidity. "EBITDA," "Consolidated L2QA EBITDA," "Consolidated LTM 3Q24 EBITDA," "EBITDA Margin," "Total Debt/Consolidated L2QA EBITDA," "Net Debt/Consolidated L2QA EBITDA," "Consolidated Net Leverage Ratio" "Secured Debt," "Consolidated Secured Net Leverage Ratio," "Net Secured Debt/Consolidated L2QA EBITDA ," "Adjusted Free Cash Flow" and similar measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. Prospective investors should exercise caution in comparing these measures or data as reported by us to measures reported by other companies. "EBITDA," "Consolidated L2QA EBITDA," "Consolidated LTM 3Q24 EBITDA," "EBITDA Margin," "Net Debt," "Total Debt/Consolidated L2QA EBITDA," "Net Debt/Consolidated L2QA EBITDA," "Consolidated Net Leverage Ratio," "Secured Debt," "Consolidated Secured Net Leverage Ratio," "Net Secured Debt/Consolidated L2QA EBITDA ," and "Adjusted Free Cash Flow" are not measures of financial performance or liquidity under IFRS, and should not be considered as alternatives to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS, such as operating results and cash flows from operating, financing and investing activities.

These non-IFRS financial measures should be viewed as supplemental to, and not substitutive for, our Consolidated Financial Statements included elsewhere in this Exchange Offer and Consent Solicitation Memorandum. Because this financial information is not prepared in accordance with IFRS, investors are cautioned not to place undue reliance on this information. For a reconciliation of these Non-IFRS financial measures to the most directly comparable IFRS measures, see "Summary Historical Financial and Operating Data."

DEFINITIONS OF CERTAIN INDUSTRY AND FINANCIAL TERMS

Unless otherwise required by the context or explicitly stated, the following definitions shall apply throughout this Exchange Offer and Consent Solicitation Memorandum.

"*Adjusted Free Cash Flow*" refers to gross profit less (i) network-related and selling and administrative general expenses, (ii) other expenses, (iii) changes in working capital, (iv) capital expenditures and (v) interest payments.

"*ARPU*" refers to average revenue per user.

"*BRM*" refers to billing and revenue management.

"*CAGR*" refers to compound annual growth rate.

"*Consolidated L2QA EBITDA*" refers to EBITDA for the most recently ended two consecutive fiscal quarters for which internal financial statements are available immediately preceding any calculation date.

"*Consolidated LTM 3Q24 EBITDA*" refers to EBITDA for the 12 months ended on September 30, 2024 immediately preceding any calculation date.

"*Consolidated Net Leverage Ratio*" refers to Net Debt divided by EBITDA.

"*Consolidated Secured Net Leverage Ratio*" refers to Net Secured Debt divided by EBITDA.

"*DDoS*" refers to distributed denial of service.

"*DNS*" refers to domain name server.

"*DTH*" refers to direct-to-home.

"*EBITDA*" refers to gross profit less network-related and selling and administrative general expenses.

"*EBITDA Margin*" refers to EBITDA divided by revenues from services.

"*EU*" refers to the European Union.

"*FTTH*" refers to fiber-to-the-home.

"*FTTx*" refers to fiber-to-the-x.

"*Gbps*" refers to Gigabit per second.

"*GDP*" refers to Gross Domestic Product.

"*GPON*" refers to gigabit passive optical network.

"*IPTV*" refers to internet protocol television.

"*ISP*" means an internet service provider.

"*LAN*" refers to Local Area Network.

"*LTM*" refers to the Last Twelve Months.

"*LTM EBITDA*" refers to EBITDA for the most recently ended twelve months immediately preceding any calculation date.

"*Mexico*" refers to the United Mexican States.

"*MPLS*" refers to multiprotocol label switching.

"*MVNO*" refers to Mobile Virtual Network Operator.

"*Net Debt*" refers to short-term and long-term debt less total cash and cash equivalents.

"*Net Debt/Consolidated L2QA EBITDA*" refers to Net Debt divided by Consolidated L2QA EBITDA.

"*Net Secured Debt*" refers to the total short-term and long-term debt secured by collateral less total cash and cash equivalents.

"*Net Secured Debt/Consolidated L2QA EBITDA*" refers to the Net Secured Debt divided by Consolidated L2QA EBITDA.

"*OLTs*" refers to optical line terminals.

"*OTT*" means over-the-top.

"*PMP*" refers to point-to-multipoint.

"*PMS*" refers to property management system.

"*POPs*" refers to points of presence.

"*PoS*" refers to point-of-sale.

"*PTN*" refers to the public telecommunications network (*Red Pública de Telecommunicaciones*)

"*RGU*" refers to revenue generating unit.

"*SDWAN*" refers to Software-Defined Wide Area Network.

"*Total Debt/Consolidated L2QA EBITDA*" refers to the total short-term and long-term debt divided by Consolidated L2QA EBITDA.

"*TIIE*" refers to the Mexican Interbank Equilibrium Interest Rate calculated by the Central Bank.

"*Tbps*" refers to Terabits per second.

"*United States*" refers to the United States of America.

SUMMARY

The following summary highlights certain important information in this Exchange Offer and Consent Solicitation Memorandum. However, it does not contain all of the information that may be important to you in making a decision to participate in the Exchange Offer and the Consent Solicitation. We urge you to read and review carefully this entire Exchange Offer and Consent Solicitation Memorandum, in particular, the information under "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "The Total Play Group," and in our Audited Consolidated Financial Statements and our Interim Consolidated Financial Statements included herein, in order to understand our business and the Exchange Offer and the Consent Solicitation. You should also carefully read "Description of the New Notes," which sets forth the covenants, terms and conditions of the New Notes, and "The Proposed Amendments," which sets forth the amendments that will be made to the covenants, terms and conditions of the Existing Notes if the Proposed Amendments become effective.

Overview

We are a leading, high-growth, Mexican telecommunications group dedicated to providing broadband, entertainment and productivity services over one of the largest fiber-only networks in Mexico. We offer (i) Double-Play (fixed telephony and broadband internet services) and Triple-Play (fixed telephony, pay-TV and broadband internet services) packages for residential customers and (ii) industry leading telecommunications and managed services for business customers, as well as federal and state government agencies and entities. We offer these services direct-to-home through a proprietary fiber optic (FTTH) network that, as of September 30, 2024, spanned more than 155,585 kilometers and included 800 GPON (Gigabit Passive Optical Network) OLTs and 1,459 access nodes. The network, which enable us to feature broadband speeds between 9 to 10 Gbps, was consistently ranked #1 in internet speed in Mexico according to Netflix's monthly ISP (Internet Service Provider) index from October 2016 until February 2020 (when publication temporarily ceased) and again from January 2021 (upon resumption of publication) to November 2024, and in the second and third quarters of 2024 won the Fastest Fixed Network Speedtest Award and in the first and second quarters of 2023 won the Top-Rated Fixed Network Speedtest Award, both issued by Ookla, a leading fixed broadband and mobile network testing company. In 2022, we transferred our small and medium business units to *Totalplay Residential*, in an effort to optimize the economies of scale of our infrastructure within our geographical coverage.

Our internet services are world-class, optimizing the user experience for popular video streaming services, such as Netflix, YouTube, Amazon Prime Video, Disney+, Max and Paramount. Our unique in-house developed IPTV system allows us to deliver 4K linear TV programming along with AnytimeTV, creating a non-linear customer experience. Embedded applications, such as Max, Amazon Prime Video, and Netflix, are accessible directly from our set-top boxes and available on our system, providing a fully integrated entertainment center interface. Customer experience is further enhanced by our proprietary mobile app, which gives residential subscribers access to a softphone application, an alternative channel for client service and inquiries, including a payment platform, client referrals, changes in service address, account and WiFi password management, tools for signing up for additional services, trivia, contests, joining our Club WiFi, and reporting service issues, in addition to enjoying their favorite content with optimal streaming quality anywhere in the country. We were the world's first adopter of addressable advertising, partnering with Google Ads to enable Mexican advertisers to target customers using our state-of-the-art ad insertion technology and behavioral analytics. As of September 30, 2024, in our residential business unit, *Totalplay Residential*, reached 87 cities in 28 Mexican states through our network, with 17.6 million homes passed and 5.1 million subscribers, representing 29.1% of our homes passed, as compared to September 30, 2021, when *Totalplay Residential* reached 13.4 million homes passed and 3.2 million subscribers. As of September 30, 2024, approximately 49% of our 5.1 million *Totalplay Residential* customers had Triple-Play packages and approximately 51% had Double-Play packages.

Through our *Totalplay Empresarial* business unit, we offer private and publicly-listed companies and federal and state government agencies and entities industry-leading telecommunications and managed services including dedicated internet access, broadband internet access, voice services, encrypted private networks (SDWAN & MPLS), video surveillance, videoconferencing, cloud-based productivity suites, public cloud services, computing services, next-generation WiFi, IT solutions, cybersecurity solutions, unify communications and digital transformation solutions. As of September 30, 2024, *Totalplay Empresarial* served customers located in 173 cities in all 32 states of

Mexico and provided services installed at 102,371 locations (including multiple locations for the same customer) comprised of 89,228 locations of private and publicly-listed companies and 13,143 locations of federal and state government agencies. As of September 30, 2024, approximately 50% of *Totalplay Empresarial* revenues came from private and publicly-listed companies and 50% came from federal and state government agencies and entities. Within the public sector, 55% of our customers are federal government entities and 45% are state government entities.

Our fiber optic network is designed to offer greater capacity and reliability that is less dependent on the power grid than traditional technologies. Our network has also been designed to be adaptable to future technological developments including 8K or HDR television content and to keep pace with bandwidth demand requirements as major content providers launch "over-the-top" video streaming applications requiring higher bandwidth.

Although comparable to certain Latin American countries, as compared to certain other countries in the hemisphere, Mexico has a relatively low penetration rate in fixed internet, allowing for continuing growth. Although other countries show a trend towards decreased pay-TV and fixed telephony, the Mexican market has been stable though with reduced growth. As of September 2024, we reached 18.3%, 11.6% and 17.9% market share in broadband internet, pay-TV and fixed telephony, respectively, as compared to 10.3%, 6.2% and 10.1%, respectively, as of September 2023, according to the IFT. The following table shows recent penetration rates (per each 100 homes) in fixed internet, pay-TV and fixed telephony access in Mexico as compared to certain other countries:

	Fixed Internet	**Pay-TV**	**Fixed Telephony**
		(%)	
Mexico	69	74	75
Argentina	81	66	56
Canada	119	64	64
Chile	71	49	31
United States	99	43	68

Source: Banco de Información de Telecomunicaciones (BIT) published by the IFT. The information published by the IFT in the BIT incorporates information from other country sources as of dates that differ from country to country. For Mexico, figures shown are as of December 31, 2023, while the other countries are as of October 31, 2024.

In addition, the telecommunications and broadcasting industry in Mexico has increased its contribution to Mexico's national GDP, representing 1.6% of GDP for the first six months of 2024, 1.6% of GDP for the full year 2023, 1.5% of GDP for the full year 2022, and 1.4% of GDP for the full year 2021. Accordingly, we believe the Mexican telecommunications sector has high growth potential, considering that we had achieved 29.1% of our existing residential network coverage of homes passed as of September 30, 2024, as compared to 17.6% as of September 30, 2020, and we believe we are well-positioned to take advantage of expected growth in the market and increase our market share by leveraging our extensive and high-capacity fiber optic network, strong brand recognition and high-quality services and content.

Data published on August 6, 2024 by Bloomberg Market Intelligence estimates that fiber optic technology in Mexico will experience the highest growth in revenues, subscriptions and penetration in the period from 2024 to 2028 as compared to other technologies, with a CAGR of 11%, 14% and 12%, respectively. We believe our technology and infrastructure give us a significant advantage to exploit this growth opportunity without significant additional capital investment. In addition to our uniquely developed infrastructure, we also have a proven ability to market new or additional offerings to our current customers, through a data pool that provides us with detailed information on each customer's demographics, characteristics, content preferences and consumption behavior, allowing us to quickly and effectively segment our customers and offer them the most relevant products.

We have reduced our ratio of total debt to EBITDA from 3.9x as of December 31, 2021 to 2.9x as of September 30, 2024, in each case based on the applicable LTM EBITDA. During the last three years, we have experienced significant growth in EBITDA. For the nine months ended September 30, 2024, we had revenues of Ps.33,354 million

(U.S.$1,699 million), net comprehensive loss of Ps.3,156 million (U.S.$161 million) and EBITDA of Ps.15,473 million (U.S.$788 million) compared to revenues of Ps.29,830 million (U.S.$1,520 million), net comprehensive loss of Ps.2,414 million (U.S.$123 million) and EBITDA of Ps.13,625 million (U.S.$694 million) for the comparable period in 2023. Our LTM revenues and LTM EBITDA have grown at a CAGR of 28% and 34%, respectively, in the period from September 30, 2019 through September 30, 2024. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Our vision is to be the most innovative and best-in-class telecommunications company, information technology provider and digital entertainment provider in Mexico, widely recognized as a market leader. The work philosophy we apply to achieve this vision is based on the following strategic pillars:

- Be the leader in providing the most innovative telecommunications solutions by deploying the most advanced infrastructure to offer the fastest and highest-quality service while continuously developing cutting-edge products, such as AnytimeTV, 4K linear TV programming, addressable advertising, artificial intelligence oriented to client service, unparalleled streaming services and our own Totalplay mobile app.
- Provide exceptional customer service through our fast response times and by using our customer profiles and customization capabilities to tailor our response to each customer's needs.
- Increase product offerings to drive ARPU and RGU growth in both the *Totalplay Residential* and *Totalplay Empresarial* segments by providing differentiated quality service and content and positioning us to command premium pricing while simultaneously increasing our market share.
- Achieve profitability through a focus on (i) increased market penetration, (ii) increased lifetime value of each customer and (iii) controlling operating expenses. Our current infrastructure with state-of-the-art technology is able to provide coverage to up to 17.6 million households allowing us to provide the fastest internet speed in Mexico, offer innovative products in bundle packages and provide high-quality customer service while at the same time positioning us to increase customer numbers with minimal additional costs.
- Create an optimized work environment with a focus on professional development, including technical training and courses on financial education offered through the "*Aprende y Crece*" (Learn and Grow) program offered by Banco Azteca. In addition, we intend to continue to participate in and expand on initiatives of Grupo Salinas that promote a culture of environmental responsibility, such as "*Un Nuevo Bosque*" (A New Forest), a reforestation activity throughout Mexico, and "Limpiemos México" (Let's clean Mexico), a campaign to collect waste. For the sixth consecutive year, we received the Socially Responsible Company (ESR) award from the Mexican Center for Philanthropy (CEMEFI).

Our Service Offering

We offer our residential customers Double-Play and Triple-Play services including broadband internet access, pay-TV and fixed telephony services through our *Totalplay Residential* business unit. We offer private sector companies and public sector entities telecommunication services and IT solutions that improve operations and business processes, including broadband internet access, Flexnet SDWAN Corporate connectivity, fixed wireless access, cloud solutions, cybersecurity, managed WiFi services, surveillance and IT solutions through our *Totalplay Empresarial* business unit. In addition, Total Box, a subsidiary of Total Play, provides telecommunications terminal equipment and devices to *Totalplay Residential* customers.

The following table shows our revenues by type of service and as a percentage of total revenue for the nine months ended September 30, 2024 and September 30, 2023:

	Nine Months ended September 30,			
	2024		2023	
	(in millions of Ps., except percentages)			
Consolidated				
Pay-TV and audio, fixed telephony and internet access	27,358	82%	25,155	85%
Business-oriented services	5,536	17%	4,188	14%
Advertising	341	1%	394	1%
Other	119	—	93	—
Total	**33,354**	**100%**	**29,830**	**100%**

The following table shows our revenues by segment and as a percentage of total revenue for the nine months ended September 30, 2024 and September 30, 2023:

	Nine Months ended September 30,			
	2024		2023	
	(in millions of Ps., except percentages)			
Revenue from services				
Totalplay Residential	27,818	83%	25,642	86%
Totalplay Empresarial[(1)]	5,536	17%	4,188	14%
Total	**33,354**	**100%**	**29,830**	**100%**

(1) Ps.2,668 million and Ps.2,693 million were revenue from private and publicly-listed companies and federal and state government agencies and entities, respectively, for the nine months ended September 30, 2024, compared to Ps.2,588 million and Ps.1,600 million, respectively, for the nine months ended September 30, 2023.

Totalplay Residential

Totalplay Residential offers Double-Play and Triple-Play packages that feature high-quality content provided through a proprietary system that delivers a home entertainment experience that has been a point of reference in the Mexican and international markets for years. Our Double-Play offering consists of either fixed telephony and internet services and our Triple-Play offering consists of fixed telephony, internet and pay-TV services. As of September 30, 2024, approximately 49% of the *Totalplay Residential* customer base had Triple-Play packages and approximately 51% had Double-Play packages. *Totalplay Residential* launched on 2021 its set-top box for its Triple-Play packages, which includes WiFi-6, 4K video and Alexa built in, as of September 30, 2024 approximately 41% of the *Totalplay Residential* customer base had Triple Play packages with Alexa.

Our *Totalplay Residential* product portfolio focuses on offering an optimized connectivity and entertainment plan, customized to the specific, individual needs of our target customers. The portfolio of services for our *Totalplay Residential* business unit includes linear TV, internet, fixed telephony and our own Totalplay mobile app:

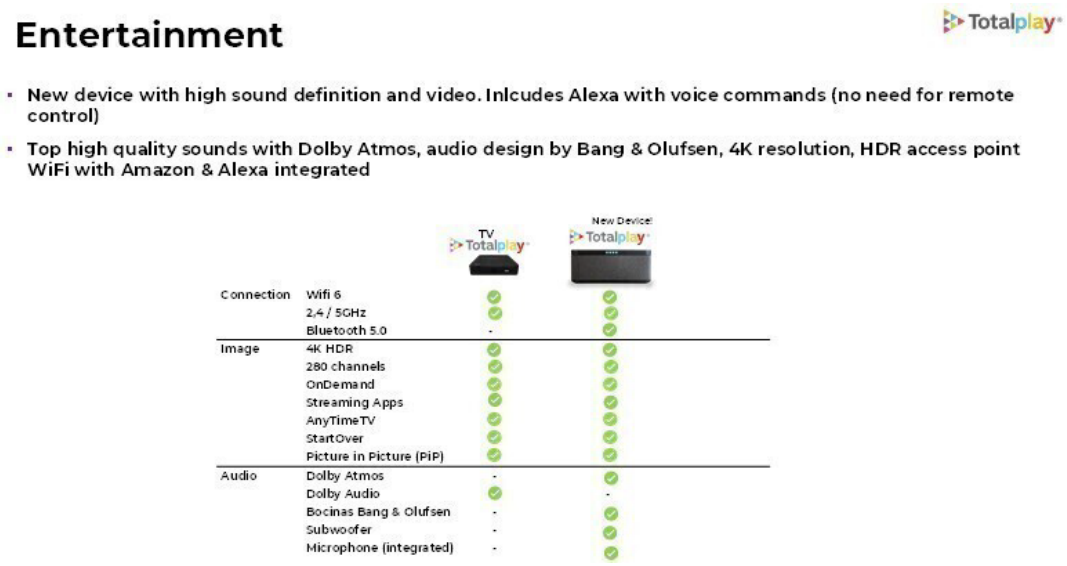
- Linear TV. Our customers have access to 4K set-top boxes that feature a WiFi-6 range extender and a decoder with HD technology at no additional cost. We offer access to more than 230 channels, including 180 HD channels (the most complete high-definition offering in Mexico) and eight 4K channels (the only offer of this type in Mexico). We also offer several additional services, such as video-on-demand and AnytimeTV (which provides more than 145 channels with up to a seven-day deferral), at no additional cost. Our unique in-house developed IPTV system allows us to provide 4K linear TV programming along with AnytimeTV, creating a non-linear experience for our customers. Embedded apps, such as Max, Amazon Prime Video, Disney+ and Netflix, are available directly from our system, providing a fully integrated entertainment center interface.
- Internet. Totalplay Residential's internet service differs from the competition in various important respects, including the following:
  - We have a direct-to-home FTTH (*fiber to the home*) network which means that we offer residential customers a 100% fiber optic network direct-to-home (multi gigabit backbone), which enables us to offer plans with speeds up to 10 Gbps (and effectively deliver them).

- Our network offers IPV6, 4K and 8K services with the same quality in all coverage locations.
- We provide multiple internet connections with Tier One providers in the United States, including Cirion Technologies (formerly Level3), Cogent Communications and Zayo, to deliver the best user experience.
- We provide hundreds of content delivery servers (caches) from Netflix, Meta (including Facebook, Instagram and WhatsApp), Google (including YouTube) Amazon Prime Video and Akamai, among others, to ensure a top-quality streaming experience for our customers and efficiently transport content.
- We have multiple peering connections to top content providers, such as Amazon, Apple, Microsoft and Verizon Edgecast, to ensure efficient direct delivery to our subscribers.
- We provide WiFi coverage through internet-repeating video STBs which can be enabled in the 5 GHz band.
- We provide network extension equipment to extend WiFi coverage to ensure access to high-quality service.
- We launched our WiFi Club to enhance our customers' connectivity experience.
- We introduced symmetrical internet plans to enable same download and upload speeds.

- Application content. *Totalplay Residential* has developed its own user-friendly, graphic and intuitive TV interface that integrates VOD, linear TV and popular apps, such as Netflix, YouTube, FOXplay, Prime Video, Max, Google, Starz Play, Paramount and others, offering customers the full complement of services available on these apps on a single platform. Customers can also subscribe to most of these third-party services from the platform and pay for services using our integrated billing available directly on our platform. Additionally, subscribers have access to all of these features on our IOS and Android-compatible mobile app which offers Anytime video-on-demand, and payment and billing services.

- Telephony. In addition to traditional service, our *Totalplay Residential* mobile service customers receive worldwide coverage as if they were connecting on their land line (*Softphone* portability).

- Addressable advertising. We were chosen to partner with Google Ads as the world's first adopter of addressable television advertising, allowing Mexican advertisers to target customers using our advertisement insertion technology and behavioral analytics to optimize advertising investment.



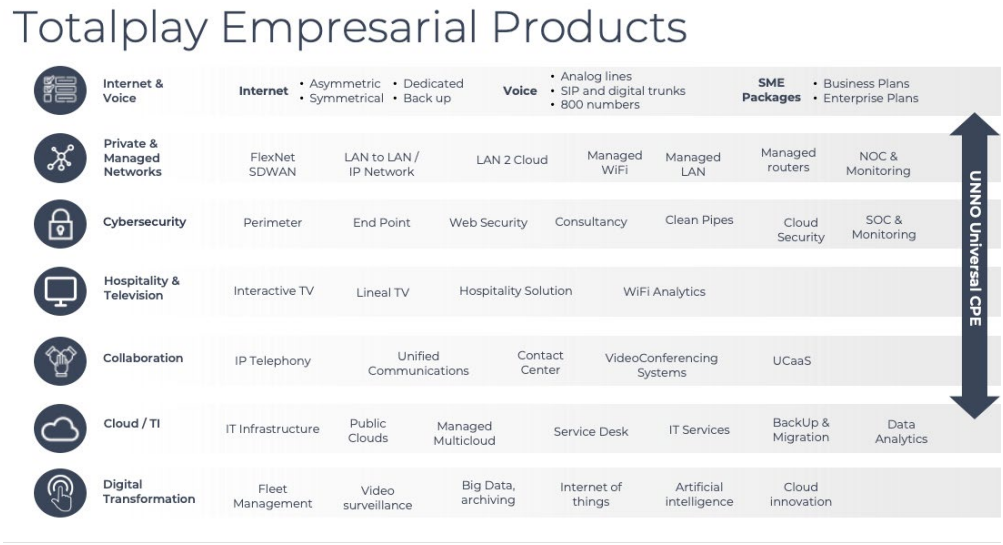
In addition to our residential offerings, through *Totalplay Residential* we also offer a product portfolio for personal, micro and small businesses that focuses on offering optimized connectivity and productivity services to entrepreneurs and self-employed customers connecting from home. In 2022, we transferred our small and medium business units to *Totalplay Residential*, in an effort to optimize the economies of scale of our infrastructure within our geographical coverage.

We have a double-play offering of high-speed internet and fixed telephony (including two fixed lines with local and international calling and *Softphone* capabilities, with the possibility of increasing to eight fixed lines) that also includes productivity services, such as e-invoicing, web page (hosting, domain and email accounts), antivirus protection, concierge services, cloud storage service and CRM/CRP (Saas). This product also offers additional add-ons for increased productivity (Bitdefender), additional devices (4K set-top box and additional WiFi extenders), pay-TV service or symmetric broadband.

Totalplay Empresarial

Totalplay Empresarial offers telecommunications and IT solutions that solve connectivity requirements to improve operation and business processes. As of September 30, 2024, we provided services installed at 102,371 locations (including multiple locations for the same customer) comprised of 89,228 locations of private and publicly-listed companies and 13,143 locations of federal and state government agencies. As of September 30, 2024, approximately 50% of *Totalplay Empresarial* revenues came from private and publicly-listed companies and 50% came from federal and state government agencies and entities. Within the public sector, 55% of our customers are federal government entities and 45% are state government entities.

Our *Totalplay Empresarial* network leverages the extensive fiber optics deployment of our *Totalplay Residential* business unit. Furthermore, we have metro Ethernet rings for high-capacity broadband connections that support *Totalplay Empresarial*'s coverage. Additionally, we have a PMP (point-to-multipoint) microwave network (on the 5GHz unlicensed spectrum band) which includes more than 677 base stations with more than 1,900 sectors, serving customers located in 173 cities and allowing us to deliver higher bandwidth availability to our business customers. This network overlays our FTTx (fiber-to-the-x) network and complements our coverage to provide connectivity in coverage areas where fiber optics is not available. Among the solutions we offer business customers are the following:



Internet and Voice Solutions

- Best Effort or Broadband Internet Service: Internet service in which the bandwidth granted is shared with other customers of the same network segment. The highest available bandwidth at any given time is delivered, up to the maximum of the contracted bandwidth. The bandwidth may be asymmetric or symmetric.
- Dedicated Internet Service: Internet service where the granted bandwidth is not shared with other customers of the same network segment, ensuring the contracted bandwidth is delivered at all times. In this service, the bandwidth is always symmetrical.
- Voice: Connectivity services to the PTN, providing numbering to enable global telephone calls through analog, digital, or IP trunk lines via Internet.

- Internet and Voice Bundles: Best effort asymmetric services delivered through fiber optics, with the option to add voice service (analog, with a physical or cloud switch) over the same service and equipment.
- Microwave and 4G Backup: Backup and redundancy services for connectivity, using alternative means of access to the main fiber optical, such as microwave and/or 4G mobile network (mobile network) technologies.

Private Networks Solutions

- UNNO: A telecommunications ecosystem solution implementing virtualized network functions. Optimized for companies needing agile, reliable, and secure management of diverse telecommunications and IT services.
- FlexNet: Connects all offices, branches, and remote sites of our clients' businesses, ensuring protected information transfer using SDWAN technology. This system adapts to business needs and enables secure access to distributed resources.
- MPLS / RedIP: Connects offices, branches, and remote locations through Internet-isolated links, enhancing security for critical transactions and providing the needed reliability.
- LAN to Cloud: Creates a direct connection between a local data center and public cloud infrastructure using a private, high-performance channel. This enhances adoption and resource utilization, leveraging the capacity and flexibility of the public cloud in a local data center. It enables optimized resource use by accessing multiple public cloud environments, including Amazon Web Services (AWS), Microsoft Azure, and Google Cloud Platform (GCP), through the same infrastructure.
- LAN to LAN: It establishes an end-to-end connection between two offices via a private and fully dedicated communication network, carrying only the client's data traffic. This solution is particularly effective for extending a local network to geographically distant sites.
- Monitoring: It integrates a monitoring layer into the customer's network, enhancing visibility across the infrastructure. This allows organizations to observe and manage traffic flow, ensuring optimized application performance and network efficiency. The proactive approach to customer connections enhances operational responsiveness and mitigates potential failures.

Cybersecurity Solutions

- Logical and Cyber Security: Through our affiliated company, TotalSec, we offer a full complement of security solutions (including firewalls, endpoint security, DDoS (Distributed Denial of Service), UTM (Unified Threat Management), video surveillance, content filtering and DNS (Domain Name Server) protections), services (including SOC (Security Operation Center) services and ethical hacking) and PCI (Payment Card Industry) (including compliance audits and consulting and virtual security services for our secure internet service offering).
- Public Cloud and IT Solutions: Our cloud solutions encompass services based on leading public clouds like AWS, Azure, Huawei Cloud, Google Cloud Platform, and IBM Cloud. We deliver value through consulting services to determine migration types and service modernization scopes, alongside managed services. Our offerings include hybrid, public, and multi-cloud solutions, featuring operation, support, monitoring, and post-sale consulting. These are based on best practices such as AWS's Well-Architected Framework and Microsoft Azure, ensuring constant technical and financial optimization. Our services are built on five pillars: Consulting and Managed Services, Infrastructure as a Service (IaaS), DevOps as a Service, Data and Analytics, and IT Services.
- Managed WiFi Services Solutions: We provide integrated and managed WiFi solutions that span the SME segment to large hotels and stadiums. Among our successful projects is our WiFi project for all the baseball stadiums of the Liga Mexicana del Pacífico.

Hospitality Solutions

We provide IPTV solutions for the hospitality industry (hotels and hospitals) offering:

- Fully interactive solution: We leverage the *Totalplay Residential* IPTV offering which is customized for the hospitality market and include our best-in-class dedicated internet access. This solution allows for integration with hotel's PMS (property management system) solution for check in/check out and interactivity with hotel services (restaurants, spa, etc.)
- "Distributed Video" solution: We can reuse existing coaxial infrastructure for hospitality customers that do not want to revamp their existing infrastructure.

Digital Transformation Solutions

We offer innovative solutions to create integrated collaborative ecosystems in a digital environment, allowing real-time business information for decision-making. This generates cost savings, agile and efficient operations, flexibility in market adaptability, and an exponential increase in user experience across various segments and business verticals, including enterprise and government.

- IOT (Internet of Things): We offer IOT devices with a centralized cloud management platform. This enables the automation of buildings, houses, and internal and external common areas, achieving efficiency in resource consumption, such as water, electricity, and gas, directly impacting operating costs and user experience.
- CCTV (Intelligent Video Surveillance): Our value proposition involves creating intelligent video circuits managed from a centralized cloud platform, focused on various business objectives, such as security, quality, and user experience. It applies analytics to video, optimizing costs by utilizing existing infrastructure.
- DS (Digital Signage): This is a cloud-based solution for interactive content deployment, directly focused on enhancing user experience through screens, totems, and specialized kiosks. These integrated technologies like video, augmented reality, artificial intelligence, robotics and communicate with business tracking tools such as ERP, PMS, CRM, WMS.
- Observability: This solution enables scanning and monitoring of physical, hybrid, or cloud corporate networks. It identifies components (network equipment, links, servers, storage, computation, and applications), communication and transaction processes, and the impact business revenue, evaluating performance parameters for adequacy.

Systems Integration Division

This business unit was created in 2019 to offer design, provisioning, implementation, support, and management for non-standard IT solutions required by government and large customers where the requirements are not fully covered by our standard portfolio. Through this unit, we propose "a-la-carte" solutions for our customers organized into product units labelled Smart IT (providing WiFi, security, collaboration, data center, desktop network services and IT managed service desks), Smart City (providing video surveillance (now also with thermal imaging and analytics), data base integration, intelligence unit, cyber police, command Center (C4, C5), IoT Sensors, and road access control gates. Our most recent public award is the Mexico City video surveillance and command center upgrade valued at more than Ps.1 million) and Smart Branch (providing LAN and WLAN managed services, data analytics, PoS (point-of-sale), security and monitoring).

Advertising

We have the right to insert advertisements, as a revenue source, in spots ranging from 10 seconds to 2 minutes during each hour of programming, on more than 60 channels of series, movies, sports, children, news, music and documentaries for marketing within the carrier (service providers or network operators).

We were the world's first adopter of addressable advertising, as the first company in the world to enter into an alliance with Google to use non-linear programming, to allow Mexican advertisers to target customers using our state-of-the-art ad insertion technology and behavioral analytics. This means that we can offer our clients the insertion of personalized spots or personalized advertising, segmenting the campaigns by socioeconomic level, geography, viewer behavior, form of payment, use of applications and demographic information, among other options.

Business Strengths

We believe the following core strengths have enabled us to capitalize on growth opportunities in the Mexican market and will allow us to execute our business strategy, to continue expanding penetration of our existing network coverage, increasing our share in the residential and business segments of the Mexican market.

Extensive network and infrastructure provides us with a superior and value-add platform. We are a leading telecommunications company in Mexico offering direct-to-home internet service and content on a network that is completely fiber optic. We believe that the size and reach of our fiber optic network positions us well to take advantage of projected growth in the media and telecommunications markets in Mexico. Our 100% fiber optic network delivers the fastest fixed internet speed in Mexico and is designed to seamlessly accommodate new technology. In the period from 2015 to September 30, 2024, we invested an aggregate of Ps.108,651 million (U.S$5,082 million) in capital expenditures, of which Ps.8,902 million (U.S$454 million) was invested in the nine months ended September 30, 2024, in order to ensure that our infrastructure became and remains one of the most advanced in Mexico.

- We offer Double-Play and Triple-Play services which include broadband internet access, pay-TV and fixed telephony services for residential, business and government customers. In addition, our fiber optic network is designed to offer greater capacity and reliability and is less dependent on the electrical grid than traditional technologies. By comparison, the hybrid copper-based and fiber optic networks used by some of our main competitors provide inconsistent service offerings, speeds and user experience results that vary by region.
  - Our network also has been designed to be adaptable to future technological developments without significant additional capital expenditures (such as its ability to provide IPV6 internet protocol or 8K and HDR television content formatting and the ability to keep pace with bandwidth demand as major content providers launch "over-the-top" video streaming applications requiring higher bandwidth), which strongly positions us to meet our customers' evolving demands and to provide innovative product offerings, a feature that is not available to our competitors that do not have a completely fiber-optic network.
  - Our unique proprietary IPTV system offers 4K linear TV programming along with AnytimeTV, creating a non-linear experience for our pay-TV customers. Along with SD and HD, we believe we offer the best quality in video and audio available in Mexico.
- We believe we will be able to further penetrate the broadband services as we continue to expand service offerings to our existing customers by leveraging our data technology to target customized services to individual customers. Our advanced fiber optic network, its configuration and equipment allow us to provide a differentiated customer experience for the consumption of streaming content and other high-value services that can generate incremental revenue. We plan to continue to reinforce our nationwide network which allows us to offer the same services, speed and experience in every town, city and region in Mexico in which we operate.
- Our principal competitors include Grupo Televisa, Megacable and América Móvil which offer hybrid copper-based and fiber optic networks. Other market competitors, such as Dish, Telefónica (Movistar), AT&T and Telcel (a subsidiary of América Móvil), provide low-speed wireless or internet offerings. Even though our competitors are transitioning to a full fiber-optic network, it takes a significant investment of time and resources, which allow us to continue to enhance our own offerings and retain our technological advantage while increasing our market share by continuing to nurture and enhance the loyalty of our customer base.

High-growth opportunities in an underpenetrated and underserved market. We believe we have potential to increase our subscriber base within our current coverage region. Our market share in each of the broadband internet, pay-TV and fixed telephony segments has been steadily growing since 2013. Broadband access is dominated by fiber (50.3%), followed by cable (20.8%) and DSL (7.8%). There is a growth potential of 13.5% in 2023-2028 for subscribers to change to fiber within the current homes passed without requiring additional capital expenditure. Our competitors principally offer less capable hybrid copper-based / fiber networks and are deploying FTTH technology over certain segments of their network, which requires an enormous expenditure of capital that we have already made. In addition, Mexico has a relatively low penetration rate in broadband

internet, when compared to more developed economies, allowing for potential growth. However, Mexico's trend of penetration rate in pay-TV and fixed telephony is decreasing.

We have strong brand positioning and offer high-quality services. We believe the "*Totalplay*" brand is widely recognized for network reliability and high-quality customer care. As of September 30, 2024, we had a UPAX Customer NET Promoter Score of 41.4%, compared to the 26.1% average score for our principal competitors of the same date, reflecting the number of customers who are satisfied with our services and are brand promoters. In our *Totalplay Residential* business unit, we have contracts with linear, non-linear and streaming video applications which allow us to provide the most complete, attractive and best quality offering available in Mexico. Our on-demand content is updated continuously and we have access to all sports content (except exclusive content held by Sky). In addition, we have a proprietary mobile app developed in-house which enhances our customer experience by offering a seamless connection to the customer's set-top box and allows customers to watch their favorite content (linear or video-on-demand) from this mobile app, handle WiFi setup and manage their account remotely, refer friends and family and place phone calls, among other things.

- In both our *Totalplay Residential* and *Totalplay Empresarial* business units, we believe that the higher quality and reliability of our broadband service, as well as the superior speed of our offerings provide customers differentiated value that distinguishes us from our competitors. Our network enables us to offer up to 10 Gbps of browsing speed for our residential and SME customers.
- We offer dedicated internet access, LAN-to-LAN and MPLS (multiprotocol label switching) using SDWAN (software-defined wide-area networking) technology. This enables us to deliver services in less than five days "on-network." This solution is integrated with a PMP back-up link in the coverage area.
- Through *Totalplay Empresarial*, we provide IPTV solutions for the hospitality industry (hotels and hospitals) by, among other things, leveraging the *Totalplay Residential* IPTV offering which is customized for the hospitality industry and includes best-in-class dedicated internet access.
- Our customer base in our *Totalplay Residential* business unit represents a unique opportunity to up-sell and cross-sell additional digital and broadband products and services. Our Double-Play and Triple-Play services, our established "*Totalplay*" brand, the general trend towards digitalization and our increased broadband penetration position us to sell additional products and services to current customers. Our ability to market new and additional products to these customers is enhanced by our access to each customer's preferences and consumption behavior that allows us to effectively customize and target product offerings. Since our targeted customers are generally from higher socioeconomic segments of the population, they are better candidates for up-selling. Brand promoters also highlight the quality of our internet capabilities, our superior customer service and technical support.

Superior subscriber lifetime value. We have an attractive subscriber lifetime value compared to our competitors. For the nine months ended September 30, 2024, our monthly average revenue per user was Ps.615 (U.S.$31), compared to Ps.421 (U.S.$21) for Megacable. According to a 2023 KPMG market study, the most common reason given for churn is price, with 25% of customers citing price as the reason, and our Customer Experience Excellence rating at 7.9 are the highest ratings among our main competitors (Izzi, Megacable and Telmex (América Móvil)). We retain our subscribers by providing fast and helpful IT and customer service. In our *Totalplay Residential* business unit, our target to install service after the order is placed by the customer is within 48 hours. We also employ a targeted sales strategy that focuses on the full customer life cycle, including customer retention through our excellent customer service. Our *Totalplay Residential* customers do not have fixed contract terms, but the average subscription life of our *Totalplay Residential* customers is 67 months based on a monthly churn rate of 1.5% as of September 30, 2024 as compared to 62 months based on a monthly churn rate of 1.5% as of September 30, 2023. Our *Totalplay Empresarial* customers have an average subscription life of 228 months based on a monthly churn rate of 0.4% as of September 30, 2024 as compared to 257 months based on a monthly churn rate of 0.4% as of September 30, 2023.

Strong and conservative financial management. We have a proven track record of high growth in the residential and business segments. In the period from September 30, 2019 to September 30, 2024, consolidated LTM revenue in *Totalplay Residential* and *Totalplay Empresarial* segments increased at a CAGR of 32.8% and 12.1%, respectively, and the number of our subscribers in those segments grew 29.4%% and 13.8%, respectively.

We believe we will be able to meet capital expenditure needs to face increased competition and adapt to an evolving regulatory and technological environment.

Experienced management and committed shareholders. We have a highly experienced management team with deep industry knowledge. Each member of our senior management team has at least 14 years of industry experience. Our top management is supported by a broad base of experienced second-level managers in each of *Totalplay Residential* and *Totalplay Empresarial*. In addition, our principal shareholder has been extremely committed to us from the start, with a proven track record of committing to management's business and growth strategy plans.

Our Business Strategy

Our long-term business strategy focuses on the continued expansion of our network and increasing our broadband penetration in the residential and business segments. The key elements of our long-term strategy include:

Maintain current network and infrastructure and focus on increasing market share. Our 100% fiber optic network delivers the fastest internet speed in Mexico and is designed to seamlessly accommodate new technology. With our network expansion complete, we will continue to commit resources to maintain our business on the cutting edge of technological innovation with our foremost goal being to maximize return of capital in the infrastructure in which we have already invested. Because of our competitive technological advantages, we have increased our market share in existing markets, including working to provide coverage to more than 17 million households.

Increase internet bandwidth penetration and expand internet bandwidth services. We will continue growing broadband internet subscribers in both *Totalplay Residential* and *Totalplay Empresarial* by emphasizing our bandwidth capabilities, superior product offering and compelling value offer. We will focus on growing our existing *Totalplay Residential* and *Totalplay Empresarial* subscriber base to reach a higher penetration of our existing network by adding new customers, while leveraging cross-selling opportunities to existing ones. Our network enables client-authorized Optical Network Terminals (ONT) enrollment, enhancing connectivity through our Club WiFi, which offers a home-like navigation experience with access to millions of network points.

Increase internet protocol television (IPTV) penetration by offering digital TV and other premium digital TV services. We seek to grow our IPTV subscriber base by providing innovative premium digital services with our unique in-house developed system that creates a linear and non-linear customer experience. We will continue to offer existing and future television platforms, such as Max, Amazon Prime Video, Netflix and others, in our services to fully integrate our entertainment center interface. Our interface is user-friendly, coherent, intuitive, visually attractive, and oriented to maximizing the benefits of the platform including anytime TV, video on demand (VDO), start-over features, loyalty benefits, and integration of new services. We have continuously innovated our set-top boxes by integrating voice commands, WiFi6 dual-band technology, and high-fidelity sound through alliances with Dolby Atmos and Bang & Olufsen, along with the incorporation of materials and energy efficiency improvements aligned with environmental sustainability.

Maintain focus on customer satisfaction as a key element to the development and growth of our "Totalplay" brand. We continuously monitor our customers' perception of the quality of our services and seek to improve their customer experience through world-class customer service. We closely monitor key performance indicators to assess our operational processes, sales and marketing efficiency and the reliability of our infrastructure. To enhance customer loyalty, we offer ongoing training and development programs for our sales force, call center, and technicians.

Maintain focus on individual customers. We recognize that each individual in any household or business has a unique set of needs and preferences. As a result, we will continue to provide a tailored and targeted offering to our customers in their individual capacities, rather than focusing on household units or businesses in a generalized manner.

Increase focus on innovative products and services. Our team's innovative drive is a main component in our long-term business plan as we continue improving the user experience by:

- Making new streaming services available on our platform directly from our system, providing a fully integrated entertainment center interface for our entire customer base;

- Continuing to enhance the capabilities and features of our mobile app which gives residential subscribers an alternative channel for service and inquiries, including clients referrals, changes in service address, and reporting service issues, in addition to enjoying their favorite content with optimal streaming quality anywhere in the country
- Introducing new products for our residential and business customers to meet future needs, such as cloud-based services and next generation WiFi, and anticipating new service offerings for our customers, including through strategic business partnerships, such as our current alliance with Google, Amazon and AI developments; and
- Making available ad insertion technology and behavioral analytics so advertisers are able to target customers more effectively.

Increase focus on financial performance and efficiencies. Our strategy includes a focus on financial performance by controlling capital and operating expenditures while growing our residential and business subscriber base by increasing penetration in our current network and increasing our ARPU and RGU metrics through cross-selling new and innovative products and services to our existing customers. At the same time, we will create operating efficiencies across our business units by achieving economies of scale by leveraging our fixed overhead as we continue to increase our subscriber base. We have focused on initiatives leading to significant savings while maintaining our customer service quality, such as adopting pre-connected fiber, shifting sales from external to internal channels, outsourcing home delivery, emphasizing our app for customer service, boosting digital and app-based sales, eliminating marketing printouts, refining sales force control ratios, and regularly reviewing geographic sales segmentation.

Recent Developments

- On October 8, 2024, we issued *Cebures* in the principal amount of Ps.2,500 million (U.S.$127 million) under the *CIBanco Cebures* program. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness."
- On November 21, 2024 we rolled over Ps.1,000 million (U.S.$51 million) of outstanding *Cebures* under the *Total Play Cebures* program. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness."

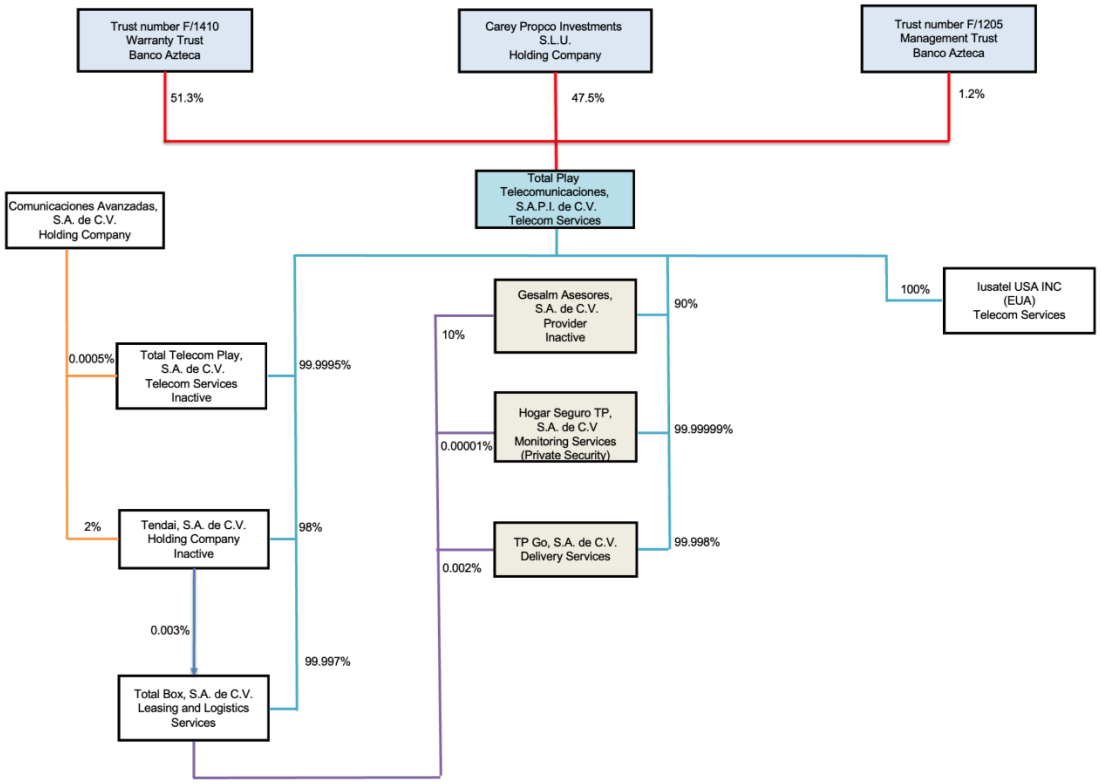
Principal Shareholders

As of September 30, 2024, 98.8% of the capital stock of the Company was owned indirectly by Mr. Ricardo B. Salinas Pliego and 1.2% was owned by Banco Azteca (Trust Direction), as trustee of Trust F/1205 on behalf of María Laura Medina de Salinas.

Corporate Structure

The Issuer is a corporation *(sociedad anónima promotora de inversion de capital variable)* organized and operating under the laws of Mexico. Its principal executive office and registered domicile is located at Avenida San Jerónimo number 252, Colonia La Otra Banda, Postal Code 04519, Alcaldía de Coyoacán, Mexico City, and its telephone number is +52 (55) 8870-7000. Its website is https://www.totalplay.com.mx/. Information posted on its website does not form part of this Exchange Offer and Consent Solicitation Memorandum.

The following chart shows our general consolidated corporate structure:



Contact Information

The Issuer's principal executive offices are located at Avenida San Jerónimo number 252, Colonia La Otra Banda, Postal Code 04519, Alcaldía de Coyoacán, Mexico City, Mexico. Its telephone number is +52 (55) 8870-7000. Its website is www.totalplay.com.mx. Information in or connected to its website is not part of this Exchange Offer and Consent Solicitation Memorandum.

SUMMARY OF THE EXCHANGE OFFER AND THE CONSENT SOLICITATION

The following is a brief summary of certain terms of the Exchange Offer and the Consent Solicitation. For a more complete description of the Exchange Offer and the Consent Solicitation, see "The Exchange Offer and the Consent Solicitation" and the "Proposed Amendments" in this Exchange Offer and Consent Solicitation Memorandum.

Purpose of the Exchange Offer and the Consent Solicitation.....

The principal purpose of the Exchange Offer is to extend the average maturity of the Issuer's existing senior debt and to raise additional capital to refinance existing indebtedness and for general corporate purposes.

The purpose of the Consent Solicitation is to eliminate in their entirety substantially all of the restrictive covenants and references thereto contained in the Existing Notes Indenture, as well as certain events of default, to modify the covenant regarding mergers and consolidations and to modify certain other provisions thereof.

Allocation Code .....

Eligible Holders who have submitted an Eligibility Letter to the Exchange and Information Agent should contact either of the Dealer Managers and Solicitation Agents to request an Allocation Code. The Allocation Code must be included with all Tender Orders submitted and corresponding New Money Deposits deposited.

Eligible Holders of Existing Notes must both (1) validly submit Tender Orders and (2) validly deposit their corresponding New Money Deposits (in each case, along with the Eligible Holder's Allocation Code) by the requisite deadlines specified in this Exchange Offer and Consent Solicitation Memorandum in order to have validly tendered their Existing Notes in the Exchange Offer and Consent Solicitation.

Eligible Holders will receive only one Allocation Code relating to all Existing Notes beneficially owned by such Eligible Holders, including if held at different custodians. Eligible Holder will be responsible for providing the brokers, dealers, commercial banks, trust companies or other securities intermediaries through which they hold Existing Notes with their unique Allocation Codes. Failure by any Eligible Holder to include the Allocation Code with such submissions of Tender Orders or deposits New Money Deposits will result in the rejection of the tender of Existing Notes by such Eligible Holder.

The Offer; Exchange Consideration.....

Upon the terms and subject to the conditions set forth in this Exchange Offer and Consent Solicitation Memorandum, the Issuer is offering to exchange, for each U.S.$1,000 principal amount of Existing Notes tendered in the Offer, the following consideration:

- Eligible Holders of Existing Notes that submit the Tender Orders for any and all of the outstanding principal amount of the Existing Notes shall also deposit cash in an amount equal

to 45% of the principal amount of Existing Notes tendered in the Exchange Offer and Consent Solicitation in exchange for the Early Tender Consideration or the Late Tender Consideration, as applicable. Therefore, for each U.S.$1,000 principal amount of Existing Notes validly tendered, each holder of Existing Notes must deposit a New Money Deposit amount of U.S.$450 in cash to be exchanged for additional New Notes in the Exchange Offer and the Consent Solicitation.

- If Tender Orders are validly submitted at or prior to the Early Tender Date and the corresponding New Money Deposits are validly deposited at or prior to the Early New Money Deposit Date, an Eligible Holder of the Existing Notes would receive the Early Tender Consideration (subject to any tax withholdings applicable), as set forth in the table on the cover page of this Exchange Offer and Consent Solicitation Memorandum.
- If Tender Orders are validly submitted after the Early Tender Date and at or prior to the Expiration Date and the corresponding New Money Deposits are validly deposited after the Early New Money Deposit Date and at or prior to the New Money Deposit Date, an Eligible Holder of the Existing Notes would receive the Late Tender Consideration (subject to any tax withholdings applicable), as set forth in the table on the cover page of this Exchange Offer and Consent Solicitation Memorandum.

See "The Exchange Offer and the Consent Solicitation—Terms of the Exchange Offer and the Consent Solicitation—Overview."

If 100% of the Existing Notes are tendered into the Exchange Offer and the Consent Solicitation and the corresponding New Money Deposits are validly deposited such that all Eligible Holders are eligible to receive the Early Tender Consideration, U.S.$870 million principal amount of New Notes would be issued on the Settlement Date.

The actual amount of New Notes that will be issued on the Settlement Date will depend on the level of participation in the Offer.

Accrued Interest Payment ..... In addition to the applicable Exchange Consideration, Eligible Holders whose Existing Notes are validly tendered and accepted for exchange and who validly deposit the New Money Deposits will receive the Accrued Interest Payment. The Accrued Interest Payment will be equal to all accrued and unpaid interest on such holders' Existing Notes validly tendered and accepted for exchange from the last interest payment date to, but not including, the Settlement Date (subject to any tax withholdings applicable).

Under no circumstances will any interest be payable because of any delay in the transmission of funds to Eligible Holders by DTC, Euroclear, Clearstream or any other clearing system.

Denominations	Tender Orders in respect of Existing Notes may only be submitted in principal amounts equal to minimum denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. To the extent that any Tender Order is submitted which would result in less than the minimum denomination of New Notes to be paid as Exchange Consideration, no New Notes will be issued and the tendered Existing Notes will not be accepted for exchange and will be returned to the tendering Eligible Holder. The New Notes will be issued in denominations of U.S.$200,000 and integral multiples of U.S.$1 in excess thereof.
No Fractional Interests	The Issuer will not issue any fractional New Notes. If any tendering holder's allocation of New Notes would otherwise result in the issuance to such holder of fractional New Notes, the Issuer will round down to the nearest U.S.$1 and the Issuer will not compensate such holder for such fractional New Note.
The Consent Solicitation	Each Eligible Holder of Existing Notes that submits a Tender Order (and does not validly revoke it) and validly deposits New Money Deposits thereby also consents to the Proposed Amendments. If the Issuer obtains the required Consents of Existing Notes, the Issuer, Total Box, S.A. de C.V., as guarantor, and the Existing Notes Trustee will execute the Supplemental Indenture promptly after the Early Tender Date; however, the Proposed Amendments will only become operative upon the payment of the applicable Exchange Consideration on the Settlement Date. If the Proposed Amendments become operative they will be binding on all holders of the Existing Notes even those who did not tender their Existing Notes. If the Issuer does not obtain the required Consents for any reason, the Supplemental Indenture will not be executed and the Proposed Amendments will not become operative and the Existing Notes Indenture will remain in effect in its present form and the Consents received will no longer be valid. No separate or additional consideration will be paid in connection with the Consent Solicitation.
Eligibility	You may only participate in the Exchange Offer and the Consent Solicitation if you are an Eligible Holder as defined in "The Exchange Offer and the Consent Solicitation—Offering Restrictions; Eligible Holders" and sign and return a duly completed Eligibility Letter.
Early New Money Deposit Date	5:00 p.m. (New York City time) on January 21, 2025 with respect to the Exchange Offer and the Consent Solicitation, unless further extended or earlier terminated by the Issuer. Eligible Holders must, subject to the immediately following sentence, validly deposit the New Money Deposits at or prior to the Early New Money Deposit Date to be eligible to receive the Early Tender Consideration, which will be paid on the Settlement Date in respect of all New Money Deposits validly deposited at or prior to the Early New Money Deposit Date, such Eligible

	Holders will only be eligible to receive the Early Tender Consideration if they also validly submit their corresponding Tender Orders at or prior to the Early Tender Date. Eligible Holders who validly deposit the New Money Deposits after the Early New Money Deposit Date and at or prior to the New Money Deposit Date or validly submit the Tender Orders after the Early Tender Date and at or prior to the Expiration Date will only be eligible to receive the Late Tender Consideration on the Settlement Date.
Early Tender Date	5:00 p.m. (New York City time) on January 22, 2025 with respect to the Exchange Offer and the Consent Solicitation, unless further extended or earlier terminated by the Issuer. Eligible Holders must, subject to the immediately following sentence, validly submit the Tender Orders at or prior to the Early Tender Date to be eligible to receive the Early Tender Consideration, which will be paid on the Settlement Date in respect of all Tender Orders validly submitted at or prior to the Early Tender Date. Such Eligible Holders will only be eligible to receive the Early Tender Consideration if they also validly deposit their corresponding New Money Deposits at or prior to the Early New Money Deposit Date. Eligible Holders who validly submit the Tender Orders after the Early Tender Date or validly deposit the New Money Deposits after the Early New Money Deposit Date will only be eligible to receive the Late Tender Consideration on the Settlement Date.
Withdrawal Date	5:00 p.m. (New York City time) on January 22, 2025 with respect to the Exchange Offer and the Consent Solicitation, unless further extended or earlier terminated by the Issuer.
Revocation of Tender Orders and New Money Deposits	Tender Orders and New Money Deposits may be validly revoked at any time at or prior to the Withdrawal Date. Tender Orders submitted and/or New Money Deposits validly deposited after the Withdrawal Date may not be revoked, except in limited circumstances. After the Withdrawal Date, Tender Orders and New Money Deposits may not be validly revoked unless the Issuer amends or otherwise change the Exchange Offer and the Consent Solicitation in a manner material to tendering Eligible Holders or as otherwise required by law to permit withdrawal (as determined by the Issuer in its reasonable discretion). See "The Exchange Offer and the Consent Solicitation—Revocation of Tender Orders and New Money Deposits."
New Money Deposit Date	11:59 p.m. (New York City time) on February 5, 2025 with respect to the Exchange Offer and the Consent Solicitation, unless further extended or earlier terminated by the Issuer. Eligible Holders must, subject to the immediately following sentence, validly deposit the New Money Deposits at or prior to the New Money Deposit Date to be eligible to receive the Late Tender Consideration, which will be paid on the Settlement Date in respect of all New Money Deposits validly deposited at or prior

	to the New Money Deposit Date. Such Eligible Holders will only be eligible to receive the Late Tender Consideration if they also validly submit their corresponding Tender Orders at or prior to the Expiration Date. Eligible Holders who validly deposit the New Money Deposits at or prior to the New Money Deposit Date but do not validly submit the Tender Orders at or prior to the Expiration Date will not be eligible to receive any Exchange Consideration.
Expiration Date; Extension	The Exchange Offer and the Consent Solicitation will expire at 5:00 p.m. (New York City time) on February 6, 2025, unless further extended or earlier terminated by the Issuer. The Issuer may extend the expiration time for any reason. If the Issuer decides to extend the Exchange Offer and the Consent Solicitation, the Issuer will announce any extensions by press release or other permitted means no later than 9:00 a.m. (New York City time) on the business day immediately following the previously scheduled expiration time.
Minimum Condition and Requisite Consents	The Exchange Offer and the Consent Solicitation are conditioned on, among other things, (i) holders of not less than 50% in aggregate principal amount of the outstanding Existing Notes having validly submitted (and not validly withdrawn) Tender Orders with respect to their Existing Notes and validly deposited (and not validly withdrawn) the corresponding New Money Deposit in the Exchange Offer (the "Minimum Condition") and (ii) receipt of consents from holders of more than 50% in aggregate principal amount of the outstanding Existing Notes approving the Proposed Amendments (the "Consents"); provided that any Existing Notes owned by the Issuer or its affiliates will be deemed not to be outstanding for purposes of the Consents.
Other Conditions	See "The Exchange Offer and the Consent Solicitation—Conditions" for a full description of the conditions to consummation of the Exchange Offer and the Consent Solicitation.
How to Participate If You Are a Beneficial Owner	If you are a beneficial owner whose Existing Notes are held by a broker, dealer, commercial bank, trust company or other securities intermediary and you wish to participate in the Exchange Offer and the Consent Solicitation, you should promptly instruct that securities intermediary to timely tender on your behalf by following the instructions of your securities intermediary.
How to Participate If You Are a DTC Participant	If you are a DTC Participant, as defined in "The Exchange Offer and the Consent Solicitation—Procedures for Tendering," that holds Existing Notes, the Exchange and Information Agent and DTC have confirmed that the Exchange Offer and the Consent Solicitation are eligible for ATOP. Accordingly, DTC Participants must (i) ensure that they have received the unique Allocation Code from each Eligible Holder that is a beneficial

owner of Existing Notes and has instructed the DTC Participant to tender Existing Notes on its behalf and (ii) electronically transmit such DTC Participant's acceptance of the Exchange Offer and the Consent Solicitation with respect to the Existing Notes held by such DTC Participant on behalf of each such Eligible Holder by (A) providing the Allocation Code associated with each such Eligible Holder and (B) causing DTC to transfer the Existing Notes held by such DTC Participant on behalf of each such Eligible Holder to the Exchange and Information Agent in accordance with DTC's ATOP procedures for such transfer. DTC will then send an Agent's Message to the Exchange and Information Agent. The delivery of such Agent's Message will constitute the agreement by the DTC Participant.

The submission of a Tender Order of Existing Notes by the submission of a valid electronic acceptance instruction to a clearing system will result in the blocking of such Existing Notes in the relevant clearing system upon receipt.

See "The Exchange Offer and the Consent Solicitation—Procedures for Tendering."

How to Participate If You Hold Existing Notes Through Clearstream or Euroclear .

If your Existing Notes are held through Euroclear or Clearstream you must comply with the procedures established by Euroclear or Clearstream, as applicable, to participate in the Exchange Offer and the Consent Solicitation. Euroclear and Clearstream intend to collect from their direct participants (a) the unique Allocation Code for each Eligible Holder that is a beneficial owner of Existing Notes and has instructed the direct participant to tender Existing Notes on its behalf, (b) instructions to (1) submit a Tender Order, including the applicable Allocation Code, on behalf of Eligible Holders who have instructed their direct participants to submit a Tender Order in the Exchange Offer and the Consent Solicitation, (2) "block" any transfer of Existing Notes so tendered until the completion of the Exchange Offer and the Consent Solicitation and (3) debit their account on or about the Settlement Date, or as soon as practicable thereafter, in respect of all Existing Notes accepted pursuant to the Exchange Offer and the Consent Solicitation by the Issuer; and (c) irrevocable authorizations to disclose the names of the direct participants and information about the foregoing instructions. Upon the receipt of these instructions, Euroclear and Clearstream will advise their applicable DTC Participant to electronically transmit their holders' acceptances of the Exchange Offer and the Consent Solicitation by providing the applicable Allocation Code and causing DTC to transfer their Existing Notes to the Exchange and Information Agent in accordance with DTC's ATOP procedures for such transfer. Euroclear and Clearstream may impose additional earlier deadlines in order to properly process these instructions. As a part of tendering through Euroclear or Clearstream, you are required to become aware of any such deadlines. See "The Exchange Offer and the Consent Solicitation—Procedures for Tendering.

New Money Deposits	The New Money Deposit will be an amount equal to 45% of the principal amount of the Existing Notes tendered in the Exchange Offer and Consent Solicitation. Therefore, for each U.S.$1,000 principal amount of Existing Notes validly submitted pursuant to a Tender Order, each holder of Existing Notes must deposit a New Money Deposit amount of U.S.$450 in cash to be exchanged for additional New Notes. All New Money Deposits must be wired by or on behalf of Eligible Holders who have obtained an Allocation Code to the Escrow Account held by the Escrow Agent, and the wire transfer instructions must include the Eligible Holder's unique Allocation Code in order to be matched with a corresponding Tender Order and be considered to be validly deposited. The Escrow Account details and wire transfer instructions will be provided to Eligible Holders by the Dealer Managers and Solicitation Agents at the same time as they provide each Eligible Holder with its unique Allocation Code. The New Money Deposits held in the Escrow Account will not earn any interest and will be released to the Issuer in connection with the settlement of the Exchange Offer and Consent Solicitation in exchange for the additional New Notes to be issued to tendering Eligible Holders of Existing Notes or, if a New Money Deposit is rejected because it is not matched with a Tender Order or if the Issuer elects to terminate the Exchange Offer and Consent Solicitation, such New Money Deposit will be returned to the sender. While the Escrow Agent will not charge a fee for the return of such funds, the receiving bank may charge a fee to the sender for receiving the returned funds.
Delivery	New Notes issued in exchange for Existing Notes and any Exchange Consideration payable will be delivered to the DTC Participant you specify in the Agent's Message and to Euroclear and Clearstream participants to the account from where Tender Orders were submitted. Cash payment in respect of the Accrued Interest Payment for the Existing Notes validly tendered and accepted for exchange shall be made on the Settlement Date by the deposit of the Accrued Interest Payment for all Existing Notes tendered and accepted in immediately available funds with DTC, Euroclear or Clearstream, as applicable. Under no circumstances will interest on the Exchange Consideration be paid by the Company by reason of any delay on the part of DTC, Euroclear or Clearstream in making any payment to holders or otherwise.
Settlement Date.....	The Issuer expects to deliver the applicable Exchange Consideration on the second business day following the Expiration Date, or as soon as practicable thereafter, provided that all conditions precedent to the Exchange Offer and the Consent Solicitation are satisfied or (to the extent permitted) waived.
Exchange and Information Agent.....	Ipreo LLC is the "Exchange and Information Agent" for the Exchange Offer and the Consent Solicitation. The address and

	telephone number of the Exchange and Information Agent are set forth on the back-cover page of this Exchange Offer and Consent Solicitation Memorandum.
Further Information	Any questions or requests for assistance concerning the Exchange Offer and the Consent Solicitation may be directed to the Exchange and Information Agent at its address and telephone number set forth on the back-cover page of this Exchange Offer and Consent Solicitation Memorandum. Additional copies of this Exchange Offer and Consent Solicitation Memorandum may be obtained by contacting the Exchange and Information Agent at its address and telephone number set forth on the back-cover page of this Exchange Offer and Consent Solicitation Memorandum.
Use of Proceeds	The Issuer will not receive any cash proceeds from the issuance of the New Notes in the Exchange Offer and the Consent Solicitation to the extent of the tendered Existing Notes; however, it will receive cash proceeds to the extent of the issuance of the New Notes in exchange for the New Money Deposits. The Issuer expects to receive U.S.$270 million of proceeds from deposit of the New Money Deposits, assuming that all U.S.$600 million principal amount of Existing Notes are validly tendered for exchange and the corresponding U.S.$270 million of New Money Deposits are validly deposited. The Issuer intends to use the net proceeds of the New Money Deposits: (i) to deposit U.S.$25 million to fund the New Notes Cash Reserve account; (ii) to repay outstanding debt and liabilities in the aggregate principal amount of U.S.$200 million and (iii) for general corporate purposes.
Taxation	For a summary of certain Mexican tax consequences and U.S. federal income tax consequences of the Exchange Offer and the Consent Solicitation and the ownership and disposition of the New Notes, see "Taxation."
Existing Notes Trustee	The Bank of New York Mellon.
Dealer Managers and Solicitation Agents	Barclays Capital Inc. and Jefferies LLC (the "Dealer Managers and Solicitation Agents"). The addresses and telephone numbers of the Dealer Managers and Solicitation Agents are set forth on the back-cover page of this Exchange Offer and Consent Solicitation Memorandum.
Escrow Agent	Barclays Bank PLC, New York Branch. The address and telephone number of the Escrow Agent is set forth on the back-cover page of this Exchange Offer and Consent Solicitation Memorandum.
Risk Factors	Participating in the Exchange Offer and the Consent Solicitation and investing in the New Notes involves certain risks. See "Risk Factors."

SUMMARY OF THE NEW NOTES

The following is a brief summary of certain terms of the New Notes. For a more complete description of the terms of the New Notes, and for definitions of capitalized terms not defined below, see "Description of the New Notes."

Issuer	Total Play Telecomunicaciones, S.A.P.I. de C.V. a variable capital stock corporation organized under Mexican law.
Titles	11.125% Senior Secured Notes due 2032 (the "New Notes").
Final Maturity Date	December 31, 2032 (the "Maturity Date"), unless earlier redeemed or repurchased in accordance with their terms.
Principal Amount of the Exchange and the New Money Deposit	New Notes will be exchanged at an exchange rate of (x) U.S.$1,000 principal amount of New Notes per U.S.$1,000 principal amount of Existing Notes for tenders of Existing Notes at or prior to the Early Tender Date and an additional U.S.$450 principal amount of New Notes in exchange for the U.S.$450 in cash validly deposited at or prior to the Early New Money Deposit Date or (y) U.S.$950 principal amount of New Notes per U.S.$1,000 principal amount of Existing Notes for tenders of Existing Notes after the Early Tender Date and at or prior to the Expiration Date and an additional U.S.$450 principal amount of New Notes in exchange for the U.S.$450 in cash validly deposited after the Early New Money Deposit Date and at or prior to the New Money Deposit Date.
Amortization of Principal	In 16 quarterly installments, each equivalent to 6.25% per quarter on the Adjusted Principal Amount, on each Payment Date, beginning on March 31, 2029 and ending on the Maturity Date, unless earlier redeemed or repurchased in accordance with their terms (see "Description of the New Notes").
Payment of Interest	Interest will accrue on the New Notes at the rate of 11.125% per annum, payable quarterly in arrears on each March 31, June 30, September 30 and December 31 of each year, commencing on March 31, 2025.
Currency	U.S. dollars.
Collateral	The Issuer's obligation to pay principal, interest and additional amounts and all other amounts due under the New Notes and the New Notes Indenture will be secured by a first-priority security interest, subject to Permitted Liens, in the following (collectively, the "Collateral"): (i) the Debt Service Reserve Account; (ii) the Fiber Trust; (iii) the Payment Trust; (iv) all

present and future claims, demands or causes in action in respect of any of the foregoing; and (v) all payments on or under and all proceeds of any kind and nature whatsoever in respect of any of the foregoing.

New Notes Guarantee..... The New Notes will be fully, irrevocably and unconditionally guaranteed (each, a "New Notes Guarantee") on a senior unsecured basis initially by Total Box, S.A. de C.V. (the "Initial Guarantor" and, together with any other subsidiary of the Issuer that guarantees the New Notes in the future, the "Guarantors").

Status and Ranking of the New Notes..... The New Notes will:

- be the general senior unsubordinated obligations of the Issuer;
- be secured on a first-priority basis by the Collateral;
- rank *pari passu* in right of payment with all future Indebtedness of the Issuer that is not subordinated in right of payment to the New Notes (except those obligations preferred by operation of law, including without limitation special privileged creditors, labor and tax claims);
- rank senior in right of payment to all future Indebtedness of the Issuer that is expressly subordinated in right of payment to the New Notes;
- be effectively subordinated to any existing and future Indebtedness of the Issuer that is secured by property and assets that do not secure the New Notes, to the extent of the value of the property and assets securing such Indebtedness; and
- be unconditionally guaranteed by the Guarantors.

See "Description of the New Notes."

As of September 30, 2024, we had Ps.58,550 million (U.S.$2,984 million) of total debt, U.S.$2,036 million of which was secured and U.S.$63 million of which was debt of the Issuer's subsidiaries. Subsequent to that date, we issued *Cebures* in the principal amount of Ps.2,500 million (U.S.$127 million) on October 8, 2024 under the CIBanco *Cebures* program, and rolled over Ps.1,000 million (U.S.$51 million) of outstanding *Cebures* on November 21, 2024 under the Total Play *Cebures* program.

Ranking of the New Notes Guarantee.....

Each New Notes Guarantee provided by a Guarantor will:

- be the general unsecured senior unsubordinated obligation of such Guarantor;
- rank *pari passu* in right of payment with all future Indebtedness of such Guarantor that is not subordinated in right of payment to its New Notes Guarantee;
- rank senior in right of payment to all existing and future Indebtedness of such Guarantor that is expressly subordinated in right of payment to its New Notes Guarantee, if any;
- be effectively subordinated to any existing and future Indebtedness of each Guarantor that is secured by property and assets that do not secure the New Notes, to the extent of the value of the property and assets securing such Indebtedness; and
- be structurally subordinated to all obligations of such Guarantor's Subsidiaries that do not provide a New Notes Guarantee of the New Notes.

The obligations of the Guarantors will be contractually limited to reflect limitations under applicable law with respect to maintenance of share capital, corporate benefit, fraudulent conveyance and other legal restrictions applicable to each Guarantor and its shareholders, directors and general partners. See "Risk Factors—Risks Relating to the New Notes, the New Notes Guarantee and the Exchange Offer."

Additional Amounts .....

All payments made by or on behalf of the Issuer or any Guarantor in respect of the New Notes will be made free and clear of, and without withholding or deduction for or on account of, any present or future Taxes (as defined under "Description of the New Notes") imposed or levied by or on behalf of Mexico or any other Tax Jurisdiction (as defined under "Description of the New Notes"), unless such withholding or deduction is required by law. In the event of any such withholding or deduction, the Issuer or a Guarantor, as applicable, will pay to holders such additional amounts as will result in the receipt by each holder or beneficial owner of the New Notes of the net amounts that would otherwise have been receivable by such holder or beneficial owner in the absence of such withholding or deduction. The payment of additional amounts will

be subject to certain exceptions. See "Description of the New Notes—Additional Amounts."

Optional Redemption .....

At any time prior to July 1, 2028, the Issuer may, from time to time, redeem up to 40% of the aggregate principal amount of the New Notes, at a redemption price equal to 111.500% of the principal amount thereof, plus accrued and unpaid interest, if any, to (but excluding) the redemption date and all additional amounts, if any, then due (subject to the rights of holders of New Notes on the relevant regular record date to receive interest and principal, if any, due on the relevant Payment Date), with the net cash proceeds of any Public Equity Offering by the Issuer; provided that (1) at least 60% of the aggregate principal amount of the New Notes originally issued under the New Notes Indenture (excluding New Notes held by the Issuer or its Affiliates) remain outstanding immediately after such redemption; and (2) the redemption occurs within 180 days of the closing of such Public Equity Offering.

At any time prior to July 1, 2028, the Issuer may redeem, from time to time, in whole or in part, the New Notes upon not less than 10 nor more than 60 days' prior written notice to the holders thereof, at a redemption price equal to 100.000% of the principal amount of the New Notes redeemed, plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but excluding) the redemption date and all additional amounts, if any, then due (subject to the rights of holders of the New Notes on the relevant regular record date to receive interest and principal, if any, due on the relevant Payment Date).

On or after July 1, 2028, the Issuer may redeem, from time to time, in whole or in part, the New Notes, upon not less than 10 nor more than 60 days' prior written notice to the holders thereof, at a redemption price of (i) 105.000% of the principal amount of the New Notes if redeemed on or after July 1, 2028, (ii) 102.500% of the principal amount of the New Notes if redeemed on or after July 1, 2029, or (iii) 100.000% of the principal amount of the New Notes if redeemed on or after July 1, 2030, plus accrued and unpaid interest, if any, to (but excluding) the redemption date and all additional amounts, if any, then due, on the New Notes redeemed, if redeemed on or after the dates indicated above (subject to the rights of holders of New Notes on the relevant regular record date to receive interest

	and principal, if any, due on the relevant Payment Date). See "Description of the New Notes—Redemption—Optional Redemption."
Optional Redemption for Tax Reasons.....	The Issuer may redeem the New Notes in whole but not in part, at a price equal to 100.000% of the outstanding principal amount thereof *plus* accrued and unpaid interest, if any, to (but excluding) the redemption date together with any additional amounts, upon the occurrence of specified tax events. See "Description of the New Notes—Redemption for Changes in Tax Law."
Purchases of the New Notes.....	The Issuer and its subsidiaries may at any time, or from time to time, subject to the terms and conditions of the New Notes, purchase New Notes through market purchases, by tender or by private agreement. See "Description of the New Notes—No Mandatory Redemption; Open Market Purchases."
Certain Covenants.....	The New Notes Indenture governing the New Notes will, among other things, restrict the ability of the Issuer and its Restricted Subsidiaries to: • make certain payments, including dividends or other distributions, with respect to the equity interests of the Issuer or its Restricted Subsidiaries; • incur or guarantee additional indebtedness and issue certain preferred stock; • prepay or redeem subordinated debt or equity; • make certain investments; • create or incur certain liens; • create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to the Issuer or its Restricted Subsidiaries; • sell, lease or transfer certain assets, including the stock of Restricted Subsidiaries; • with respect to the Issuer and the Guarantors only, consolidate or merge with other entities; and • engage in certain transactions with affiliates.

	Each of these covenants is subject to significant exceptions and qualifications. See "Description of the New Notes—Certain Covenants."
Suspension of Certain Covenants.....	The Issuer's and its Restricted Subsidiaries' obligation to comply with certain of the covenants set forth in the New Notes Indenture will be suspended if and for as long as the New Notes have Investment Grade Rating from each of the Rating Agencies. See "Description of the New Notes—Suspension of Certain Covenants when Notes Have Investment Grade Rating."
Change of Control Triggering Event	Upon the occurrence of a Change of Control Triggering Event (as defined herein), the Issuer will be required to offer to purchase the outstanding New Notes at a price equal to 101.000% of their principal amount *plus* accrued and unpaid interest, if any, to (but excluding) the date of purchase. See "Description of the New Notes— Repurchase at the Option of Holders— Change of Control Triggering Event."
Events of Default	For a discussion of events that will permit acceleration of the payment of the principal of and accrued interest on the Issuer's New Notes, see "Description of the New Notes—Events of Default and Remedies."
Additional Notes	Subject to the covenants contained in the New Notes Indenture, we may issue additional New Notes under the New Notes Indenture having identical terms and conditions as the outstanding New Notes, other than the issue date, issue price and, if applicable, the first Payment Date; *provided* that unless the additional New Notes are issued with a separate CUSIP number, ISIN or other identifying number (as applicable), the additional New Notes shall be fungible with the New Notes offered hereby for U.S. federal income tax purposes. Any additional New Notes issued under the New Notes Indenture will be part of a single class with all of the New Notes offered hereby and will vote on all matters with the New Notes. See "Description of the New Notes—Additional New Notes."
Form and Denomination.....	The New Notes will initially be issued in the form of one or more global notes without interest coupons, registered in the name of DTC or its nominee. The New Notes will be issued in minimum denominations of U.S.$200,000 and integral multiples of U.S.$1 in excess thereof. To the extent that any Tender Order is submitted which would result in less than the minimum denomination of New Notes to be paid as Exchange

	Consideration, no New Notes will be issued and the tendered Existing Notes will not be accepted for exchange and will be returned to the tendering Eligible Holder.
Listing	Application will be made for the New Notes to be admitted to trading on the SGX-ST. There can be no assurance that such application will be approved.
Governing Law	Each of the New Notes Indenture and the New Notes will be governed by the laws of the State of New York. The Fiber Trust Agreement and the Payment Trust Agreement will be governed by the laws of Mexico.
Jurisdiction	The Issuer and the Guarantors will irrevocably submit to the non-exclusive jurisdiction of any state or federal court sitting in the Borough of Manhattan, City of New York, United States of America, except that any controversy or foreclosure in connection with the Fiber Trust or the Payment Trust will be subject to the jurisdiction of any Mexican court sitting in Mexico City, Mexico.
New Notes Trustee, Registrar, Transfer Agent, Paying Agent, Offshore Collateral Agent and Debt Representative	The Bank of New York Mellon.
Fiber Trustee and Payment Trustee	CIBanco, S.A., Institución de Banca Múltiple.
Fiber Trust Collateral Agent	Banco Actinver, S.A., Institución de Banca Múltiple, Grupo Financiero Actinver.
Singapore Listing Agent	Allen & Gledhill LLP.
Transfer Restrictions	The New Notes have not been and will not be registered under the Securities Act or the securities laws of any state in the United States and are subject to certain restrictions on transfer and resale. See "Transfer Restrictions."

SUMMARY HISTORICAL FINANCIAL AND OPERATING INFORMATION

The following selected historical financial data as of and for each of the years ended December 31, 2023, 2022 and 2021 have been derived from our Audited Consolidated Financial Statements and notes thereto included in this Exchange Offer and Consent Solicitation Memorandum. The following selected historical financial data as of September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023 have been derived from our Interim Consolidated Financial Statements and notes thereto included in this Exchange Offer and Consent Solicitation Memorandum. Our Consolidated Financial Statements have been prepared in accordance with IFRS, as issued by the IASB.

The summary financial and operating data included herein is qualified in its entirety and should be read together with our Annual Consolidated Financial Statements and the notes thereto and our Interim Consolidated Financial Statements and the notes thereto as well as the sections entitled "Presentation of Financial and Other Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	Nine Months Ended September 30,			Year Ended December 31,			
	2024	**2024**	**2023**	**2023**	**2023**	**2022**	**2021**
	(U.S.$)	**(Ps.)**	**(Ps.)**	**(U.S.$)**	**(Ps.)**	**(Ps.)**	**(Ps.)**
	(in millions except for Operating Information, percentages and ratios) (unaudited)						
(A) FINANCIAL INFORMATION:							
Consolidated Statements of Comprehensive Income:							
Revenue from services	1,699	33,354	29,830	2,063	40,503	36,352	28,089
Cost of services	(326)	(6,400)	(5,737)	(397)	(7,801)	(7,588)	(6,481)
Gross profit	1,373	**26,954**	**24,093**	**1,666**	**32,702**	**28,764**	**21,608**
General expenses:							
Network-related	(238)	(4,669)	(3,680)	(258)	(5,072)	(4,108)	(2,948)
Selling and administrative.....	(332)	(6,521)	(6,758)	(462)	(9,069)	(8,544)	(6,591)
Depreciation and amortization.....	(642)	(12,602)	(11,914)	(817)	(16,045)	(12,871)	(8,902)
Other income (expenses), net	(15)	(291)	(30)	(10)	(200)	(144)	(49)
	(1,227)	**(24,083)**	**(22,382)**	**(1,548)**	**(30,386)**	**(25,667)**	**(18,490)**
Operating profit (loss)	**146**	**2,871**	**1,711**	**118**	**2,316**	**3,097**	**3,118**
Financial cost:							
Accrued interest income	12	235	138	10	191	98	54
Change in fair value of financial instruments ..	(51)	(1,010)	(459)	(29)	(576)	(373)	(62)
Accrued interest expense:							
Financial debt	(219)	(4,308)	(3,549)	(249)	(4,884)	(3,617)	(2,532)
Leases	(18)	(348)	(518)	(33)	(645)	(611)	(480)
Other financial expense	(10)	(191)	(342)	(20)	(392)	(239)	(168)
Foreign exchange gain (loss), net	(185)	(3,627)	2,771	172	3,384	1,338	(578)
Total Financial cost	(471)	(9,249)	(1,959)	(149)	(2,922)	(3,404)	(3,766)
Equity in net results of subsidiaries	—	—	(19)	(1)	(19)	(1)	—

Income (loss) before income tax provisions	(325)	**(6,378)**	**(267)**	**(32)**	**(625)**	**(308)**	**(648)**
Income tax provisions	20	393	(1,856)	(128)	(2,522)	(1,970)	(846)
Income (loss) before non-controlling interest	**(305)**	**(5,985)**	**(2,123)**	**(160)**	**(3,147)**	**(2,278)**	**(1,494)**
Non-controlling interest	—	—	—	—	—	27	—
Net (loss)	**(305)**	**(5,985)**	**(2,123)**	**(160)**	**(3,147)**	**(2,251)**	**(1,494)**
Other comprehensive income (loss):							
Fair value adjustments-of property, plant and equipment	78	1,540	—	45	877	—	1,757
Fair value of intangibles	10	196	770	39	770	—	260
Hedge fair value	56	1,095	(1,067)	(57)	(1,122)	(1,067)	231
Actuarial gains	—	—	—	—	(9)	28	35
Result from foreign subsidiary translation	—	(2)	6	—	9	(4)	6
Total Other comprehensive income (loss)	144	2,829	(291)	27	525	(1,043)	2,290
Net comprehensive income (loss)	**(161)**	**(3,156)**	**(2,414)**	**(134)**	**(2,622)**	**(3,294)**	**795**

(1) Solely for the convenience of the reader, peso amounts as of and for the nine months ended September 30, 2024 and as of and for the year ended December 31, 2023 have been translated into U.S. dollars at the Mexican Central Bank Exchange Rate on September 30, 2024 of Ps.19.6290 per U.S.$1.00. See "Exchange Rates and Exchange Controls."

	As of September 30,			As of December 31,			
	2024[(1)]	**2024**	**2023**	**2023[(1)]**	**2023**	**2022**	**2021**
	(U.S.$)	**(Ps.)**	**(Ps.)**	**(U.S.$)**	**(Ps.)**	**(Ps.)**	**(Ps.)**
		(unaudited)					
	(in millions except for Operating Information, percentages and ratios)						
Statements of financial position							
Assets:							
Current Assets:							
Cash and cash equivalents	179	3,507	1,750	121	2,377	1,890	4,166
Restricted cash / Fiduciary rights	121	2,379	3,828	172	3,377	1,988	887
Accounts receivable:							
Customers - net	198	3,877	4,445	225	4,426	5,506	3,749
Other receivables, recoverables taxes and related parties	220	4,317	4,537	239	4,691	4,356	4,235
Inventories	127	2,486	2,765	149	2,926	2,342	1,880
Prepaid expenses	25	494	516	27	529	908	695
Total current assets	**870**	**17,060**	**17,841**	**933**	**18,326**	**16,990**	**15,612**
Non-current Assets:							
Property, plant and equipment - net	3,170	62,229	60,365	3,156	61,946	58,165	45,851
Rights-of-use assets - net	186	3,642	5,446	244	4.780	6,703	4,997

	As of September 30,			As of December 31,			
	2024[(1)]	2024	2023	2023[(1)]	2023	2022	2021
	(U.S.$)	(Ps.)	(Ps.)	(U.S.$)	(Ps.)	(Ps.)	(Ps.)
		(unaudited)					
	(in millions except for Operating Information, percentages and ratios)						
Other non-current assets	140	2,740	2,340	119	2,336	1,522	1,647
Total non-current assets	**3,496**	**68,611**	**68,151**	**3,519**	**69,062**	**66,390**	**52,495**
Total assets	**4,366**	**85,671**	**85,992**	**4,452**	**87,388**	**83,380**	**68,107**
Liabilities:							
Short-term liabilities:							
Short-term portion of long-term debt	313	6,137	4,448	233	4,573	6,973	2,615
Lease liabilities	126	2,468	2,399	119	2,338	2,108	1,651
Trade payables	817	16,034	13,274	681	13,373	10,750	7,498
Reverse factoring	76	1,488	2,225	114	2,234	2,691	1,269
Related parties	67	1,309	863	52	1,012	365	225
Other short-term liabilities	132	2,595	3,182	148	2,901	3,944	2,748
Total short-term liabilities	**1,531**	**30,031**	**26,391**	**1,347**	**26,431**	**26,831**	**16,006**
Long-term liabilities:							
Long-term debt	2,425	47,599	45,832	2,426	47,626	42,560	38,881
Lease liabilities	120	2,346	3,975	169	3,327	4,965	3,758
Trade payables	—	—	—	—	—	—	4
Other payables	286	5,617	6,353	345	6,769	3,168	431
Total long-term liabilities	**2,831**	**55,562**	**56,160**	**2,940**	**57,722**	**50,693**	**43,074**
Total liabilities	**4,362**	**85,593**	**82,551**	**4,287**	**84,153**	**77,524**	**59,080**
Stockholders' equity:							
Capital stock	418	8,201	7,501	382	7,501	7,501	7,389
Paid-in capital	—	—	1,539	78	1,539	1,539	1,539
Retained earnings (losses)	(652)	(12,791)	(8,270)	(473)	(9,294)	(6,147)	(3,907)
Other comprehensive income	238	4,668	2,671	178	3,489	2,963	4,006
Total stockholders' equity	**4**	**78**	**3,441**	**165**	**3,235**	**5,856**	**9,027**
Total liabilities and stockholders' equity	**4,366**	**85,671**	**85,992**	**4,452**	**87,388**	**83,380**	**68,107**

	As of September 30,			As of December 31,			
	2024[1]	2024	2023	2023[1]	2023	2022	2021
	(U.S.$)	(Ps.) (unaudited)	(Ps.)	(U.S.$)	(Ps.)	(Ps.)	(Ps.)
	(in millions except for Operating Information, percentages and ratios)						
(B) OPERATING INFORMATION:							
Subscribers:							
Number of subscribers at period-end	N/A	5,124,433	4,693,721	N/A	4,779,480	4,364,085	3,514,959
Net additions	N/A	345,000	329,636	N/A	415,395	849,126	1,031,127
Churn (%)	N/A	1.5%	1.6%	N/A	1.6%	1.3%	1.1%
Penetration	N/A	29.1%	26.4%	N/A	27.2%	24.8%	23.9%
Number of cities serviced	N/A	87	87	N/A	87	85	75
Number of employees	N/A	5,183	6,386	N/A	5,529	6,642	3,692
(C) OTHER OPERATING, FINANCIAL INFORMATION:							
EBITDA[2]	788	15,473	13,625	936	18,361	15,968	12,020
Total Debt[3]	2,984	58,550	56,654	2,947	57,864	56,606	46,905
Net Debt[4]	2,805	55,043	54,904	2,826	55,487	54,716	42,739
Consolidated L2QA EBITDA[2][6]	1,068	20,972	18,382	—	—	—	—
Consolidated LTM 3Q24 EBITDA[2]	1,030	20,209	18,005	—	—	—	—
Cash flow information:							
Net cash flows from operating activities	1,007	19,772	16,662	1,056	20,727	17,820	10,704
Net cash flows from investing activities	(448)	(8,787)	(11,740)	(785)	(15,416)	(22,281)	(18,037)
Net cash flows from financing activities	(502)	(9,855)	(5,062)	(246)	(4,823)	2,184	9,712
Ratios:							
EBITDA Margin	N/A	46.4%	45.7%	N/A	45.3%	43.9%	42.8%
Net Debt / EBITDA	N/A	3.6	4.0	N/A	3.0	3.4	3.6
Ratios pursuant to Indentures[5]:							
Consolidated Net Leverage Ratio[6]	N/A	2.6	3.0	N/A	2.9		
Consolidated Secured Net Leverage Ratio[7]	N/A	1.7	1.5	N/A	1.5		

(1) Solely for the convenience of the reader, peso amounts as of and for the nine months ended September 30, 2024 and as of and for the year ended December 31, 2023 have been translated into U.S. dollars at the Mexican Central Bank Exchange Rate on September 30, 2024 of Ps.19.6290 per U.S.$1.00. See "Exchange Rates and Exchange Controls."

(2) EBITDA is a supplemental measure of our financial and operating performance that is not required by or prepared in accordance with IFRS. Our management uses EBITDA because we believe it provides a view of our recurring operating performance that is unaffected by our capital structure and because it enables management to evaluate operating trends and identify strategies to improve operating performance. In addition, we believe EBITDA assists potential investors and analysts in comparing our performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core operating performance. You are encouraged to evaluate those adjustments and the reasons we consider them appropriate for supplemental analysis. Our definition of EBITDA is different from Consolidated EBITDA as defined in the New Notes Indenture. See "Description of the New Notes." In evaluating our EBITDA, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in this presentation. Our presentation of

EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

Our EBITDA is not comparable to similarly-titled measures used by other companies. We encourage you to review our financial information in its entirety and to not rely on a single financial measure in making an investment decision. See "Presentation of Financial and Other Information—Non-IFRS Financial Measures" for an explanation of our definition of EBITDA and certain limitations to the use of EBITDA.

EBITDA reconciliation:

	Nine Months Ended September 30,			Year Ended December 31,			
	2024[1]	2024	2023	2023[1]	2023	2022	2021
	(U.S.$)	(Ps.)	(Ps.)	(U.S.$)	(Ps.)	(Ps.)	(Ps.)
		(unaudited)		(in millions)			
EBITDA Reconciliation:							
Gross profit	1,373	26,954	24,093	1,666	32,702	28,764	21,608
Less:							
General expenses Network-related	(238)	(4,669)	(3,680)	(258)	(5,072)	(4,108)	(2,948)
Selling and administrative	(332)	(6,521)	(6,758)	(462)	(9,069)	(8,544)	(6,591)
Other expenses (income)	(15)	(291)	(30)	(10)	(200)	(144)	(49)
EBITDA	**788**	**15,473**	**13,625**	**936**	**18,361**	**15,968**	**12,020**

(3) **Total Debt Reconciliation:**

	Nine Months Ended September 30,			Year Ended December 31,			
	2024[1]	2024	2023	2023[1]	2023	2022	2021
	(U.S.$)	(Ps.)	(Ps.)	(U.S.$)	(Ps.)	(Ps.)	(Ps.)
		(unaudited)		(in millions)			
Short-term portion of long-term debt	313	6,137	4,448	233	4,573	6,973	2,615
Lease liabilities (short-term)	126	2,468	2,399	119	2,338	2,108	1,651
Long-term debt	2,425	47,599	45,832	2,426	47,626	42,560	38,881
Lease liabilities (long-term)	120	2,346	3,975	169	3,327	4,965	3,758
Total debt	**2,984**	**58,550**	**56,654**	**2,947**	**57,864**	**56,606**	**46,905**

(4) **Net Debt Reconciliation:**

	Nine Months Ended September 30,			Year Ended December 31,			
	2024[1]	2024	2023	2023[1]	2023	2022	2021
	(U.S.$)	(Ps.)	(Ps.)	(U.S.$)	(Ps.)	(Ps.)	(Ps.)
		(unaudited)		(in millions)			
Total debt	2,984	58,550	56,654	2,947	57,864	56,606	46,905
Cash and cash equivalents	(179)	(3,507)	(1,750)	(121)	(2,377)	(1,890)	(4,166)
Net Debt	**2,805**	**55,043**	**54,904**	**2,826**	**55,487**	**54,716**	**42,739**

(5) Ratios included in the Existing Notes Indenture and New Notes Indenture.

(6) The definition of Consolidated Net Leverage Ratio is the same in the Existing Notes Indenture and in the New Notes Indenture pursuant to which the New Notes offered hereby will be issued.

(7) The definition of Consolidated Secured Net Leverage Ratio is the same in the Existing Notes Indenture and in the New Notes Indenture pursuant to which the New Notes offered hereby will be issued.

(8) **Adjusted Free Cash Flow Reconciliation:**

	Nine Months Ended September 30,			Year Ended December 31,			
	2024[(1)]	**2024**	**2023**	**2023[(1)]**	**2023**	**2022**	**2021**
	(U.S.$)	**(Ps.)**	**(Ps.)**	**(U.S.$)**	**(Ps.)**	**(Ps.)**	**(Ps.)**
				(in millions)			
		(unaudited)					
Adjusted Free Cash Flow Reconciliation:							
Gross profit.....	1,373	26,954	24,093	1,666	32,702	28,764	21,608
Less:							
General expenses Network-related.....	(238)	(4,669)	(3,680)	(258)	(5,072)	(4,108)	(2,948)
Selling and administrative	(332)	(6,521)	(6,758)	(462)	(9,069)	(8,544)	(6,591)
Other expenses (income)	(15)	(291)	(30)	(10)	(200)	(144)	(49)
Changes in working capital	217	4,251	3,078	122	2,386	1,715	(1,086)
Capital expenditures	(454)	(8,902)	(11,815)	(796)	(15,627)	(22,461)	(17,959)
Interest payments.....	(236)	(4,624)	(3,809)	(273)	(5,349)	(3,910)	(2,760)
Adjusted Free Cash Flow	**316**	**6,198**	**1,078**	**(11)**	**(229)**	**(8,688)**	**(9,785)**

Summary of Key Performance Indicators:

	Nine Months Ended September 30,		Year Ended December 31,		
	2024	**2023**	**2023**	**2022**	**2021**
ARPU (in Ps.)					
Triple Play	747	729	731	710	665
Data / Voice	480	477	478	473	515
Blended Average	615	618	617	616	613
RGU (in millions)					
Video	2,470,651	2,495,776	2,479,590	2,512,219	2,203,788
Data	5,124,433	4,693,721	4,779,480	4,364,085	3,516,071
Voice	5,124,433	4,693,721	4,779,480	4,364,085	3,516,071
Total	**12,719,517**	**11,883,218**	**12,038,550**	**11,240,389**	**9,235,930**
Churn Rate (%)[(1)]					
Triple Play	1.5%	1.6%	1.6%	1.2%	1.0%
Data/Voice	1.5%	1.5%	1.6%	1.4%	1.4%
Data/TV	N/A	N/A	N/A	N/A	N/A
Blended Average	1.5%	1.6%	1.6%	1.3%	1.1%
Total debt/subscriber (in Ps.)	11,480	12,054	12,055	12,865	13,401
Capital expenditures (in millions of Ps.)	8,902	11,815	15,627	22,461	17,960
Revenue (in millions of Ps.)	33,354	29,830	40,503	36,352	28,089
Subscribers (in millions)	5.1	4.7	4.8	4.4	3.5
Capital expenditures as percent of revenue	26.7%	39.6%	38.6%	61.8%	63.9%
Homes passed (in millions)	17.6	17.6	17.5	17.3	14.5

(1) With an average monthly churn rate of 1.5%, the average life of *Totalplay Residential* subscriber base is 67 months (calculated by dividing 1/0.015).

RISK FACTORS

Prior to participating in the Exchange Offer and investing in the New Notes, you should carefully consider the risks described below, in addition to the other information contained in this Exchange Offer and Consent Solicitation Memorandum. We also may face additional risks and uncertainties that are not presently known to us, or that, as of the date of this Exchange Offer and Consent Solicitation Memorandum, we deem immaterial, which may impair our business. If any of these events occur, the trading price of the New Notes could decline, and we may not be able to pay all or part of the interest or principal on the New Notes, and you may lose part or all of your investment. In general, you take more risk when you invest in the securities of issuers in emerging markets such as Mexico than when you invest in the securities of issuers in the United States and other developed markets. The information in this Risk Factors section includes forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of numerous factors, including those described in "Forward-Looking Statements."

Risks Relating to Our Business

The telecommunications industry is characterized by rapid and continuous technological change, and if we fail or are unable to make necessary investments and our network and equipment becomes obsolete, our access to comparable technologies could be limited and cause an asset impairment charge.

Network and other equipment used in the telecommunications industry may have a limited useful life and must be replaced in order to avoid obsolescence. Such upgrades or migrations require significant capital expenditures and our services could become obsolete due to unforeseen technological developments. Furthermore, in the event of obsolescence, we may not be able to have access to new technologies at reasonable prices or at all. To the extent equipment or systems become obsolete, we may be required to recognize an impairment charge to such assets, which may have a material adverse effect on our business and results of operations.

Technological advances may require us to make significant capital expenditures to maintain and improve the competitiveness of our product and service offerings.

The telecommunications industry is subject to continuous, rapid and significant changes in technology and introductions of new products and services. These include evolving industry standards, ongoing improvements in the capacity and quality of digital and other related technology, shorter development cycles for new products, enhancements and changes in end-user needs and preferences, and continuing development of alternative technologies in mobile and fixed-line telephony, high-speed data communications, satellite direct services and internet related services. We expect that new services and technologies applicable to our market will continue to emerge and we cannot predict the effect of technological changes on our business. Our competitors may implement superior new technologies that enable them to offer lower prices or higher quality services and resulting in rapid loss or shifting of customers. Any such new service offerings may adversely affect our competitive position, render certain of our current businesses obsolete or require significant capital expenditures for which we may be unable to obtain additional financing.

Delays in implementing new technologies or service access networks could adversely affect our results of operations.

Telecommunications companies must continuously update to new technologies to satisfy demand for services. We continuously test different services and fiber optic technologies, such as routers, set-top boxes, switches, optical transmission and Fiber Optic Modem, to deliver converged telecommunications services and programming to our customers. Deployment of these technologies is susceptible to delays and such technologies may fail to meet expected capacities and capabilities, which would result in slower growth and adversely affect our business, financial condition and results of operations.

Significant unanticipated increases in the use of bandwidth-intensive, Internet-based services could increase our costs.

The popularity of bandwidth-intensive, Internet-based services poses risks for our broadband services. Examples of such services include "over-the-top" programming, peer-to-peer file sharing services, gaming services and the delivery of video via streaming technology and state-of-the-art technology, such as 4K and 8K streaming and

virtual reality, among others. If heavy usage of bandwidth-intensive broadband services grows beyond our current expectations, we may be required to incur more capital expenditures than budgeted to expand bandwidth capacity. In order to provide quality services at optional prices, we need continued flexibility to develop and refine business models that respond to changing consumer uses and demands and to manage bandwidth usage efficiently. If we fail to make the necessary investments in bandwidth capacity to keep pace with growing demand for bandwidth, our business, financial condition and results of operations could be materially adversely affected.

We operate in a highly competitive business environment, which could materially and adversely affect our business, financial condition, results of operations and liquidity.

We operate in a highly competitive, consumer-driven industry and compete with a variety of broadband, pay-TV and telephony providers and delivery systems, including broadband communications companies, wireless data and telephony providers, satellite-delivered video signals, Internet-delivered video content and broadcast television channels available to customers in our service areas. In addition, our pay-TV services compete with providers of leisure, news, information and entertainment, including movies, sporting or other live events, radio broadcasts, home-video services, console games, print media and the Internet. We face strong competition and expect that competition will increase in the future as a result of the entry of new operators, the development of new technologies, products and services in the broadband, entertainment and productivity services. In addition, we anticipate that the telecommunications sector will consolidate in response to the need for operators to reduce costs and expand their services options. This trend could result in the emergence of larger operators with greater financial, technical, promotional and other resources to compete with us. Among other things, our competitors could:

- pay higher commissions to their distributors;
- offer streaming services or other services (such as Internet access) for free;
- offer services at lower prices through double-play, triple-play, quadruple-play packages and other similar pricing strategies;
- expand their networks more rapidly than we do; or
- develop and deploy new and better technologies more rapidly.

More than 85% and 83% of our revenues in 2023 and in the nine months ended September 30, 2024, respectively, came from residential services in Mexico. A shift in consumer preferences away from pay-TV services in Mexico could result in a reduction in our revenue, which could adversely affect our business, financial condition and results of operations. In addition, our ability to generate revenue depends on our ability to retain and expand our customer base. In order to attract new clients and retain existing users, we must incur certain costs, including sales commissions, market expenses, installation costs, and investment on acquisition of new equipment, which will continue to increase. Although we should recover these costs and investments over time, if we have high customer churn, we could experience an adverse impact on business, financial condition and results of operations.

Our pay-TV service also competes with video content services over the Internet directly to customers, some of which is offered free of charge. This competition comes from sources including companies that deliver movies, television shows and other video programming over broadband Internet connections, such as Netflix, iTunes, YouTube and SKY. Other competitors may enter our market and begin offering free video content. Increasingly, content owners, such as HBO, CBS and ESPN, are selling their programming directly to consumers over the Internet without requiring a pay-TV subscription. The availability of these services has and will continue to adversely affect customer demand for our pay-TV services, including premium and on-demand services. Further, due to innovations in consumer electronics, consumers are able to watch content on television sets and mobile devices directly. Internet access also is offered by providers of wireless services, including traditional cellular phone carriers and others focused solely on wireless data services. Some wireless carriers in Mexico have started to offer unlimited data plans, which could, in some cases, become a substitute for the fixed broadband services we provide.

Our ability to compete successfully will depend on the quality of our fiber optic network and internet services; our customer service; the implementation of effective marketing initiatives; and our ability to predict and react to the various factors affecting competition in the telecommunications industry, including the availability of new services

and technologies, changes in consumer preferences, demographic trends, economic conditions, new technologies and price discount strategies of our competitors.

If we fail to keep pace with technological advances, either in a timely manner or at an acceptable cost, we could lose users to our competitors. If we fail to attract new users, increase usage levels and introduce new services to offset any price reductions and respond to competition, our revenues and profitability could decline.

In addition, we need to make significant capital investments, including in the maintenance and modernization of our networks on an ongoing basis, to expand our coverage, increase our capacity to absorb the growth in demand for our broadband, entertainment and productivity services and adapt to new technologies. We may not be able to accurately predict technological trends or the success of new services in the market. In addition, the introduction of new services may be subject to legal or regulatory restrictions. If such services fail to gain market acceptance, or if the costs related to their implementation and introduction increase significantly, our ability to retain and attract users could be adversely affected.

We have a history of losses due to investments in recent years.

We have a history of losses due to investments to build our network and to expand our subscriber base in new cities. When we make investments to build our network and expand our subscriber base, we incur additional costs and expenses including costs associated with equipment installations. Over the long term this results in an increase in revenues and improvement in credit metrics while in the short term it contributes to a net loss.

We had a net comprehensive income of Ps.796 million (U.S.$41 million) for the year ended December 31, 2021, a net comprehensive loss of Ps.3,294 million (U.S.$168 million) for the year ended December 31, 2022 and a net comprehensive loss of Ps.2,621 million (U.S.$134 million) for the year ended December 31, 2023. We had a net comprehensive loss of Ps.3,156 million (U.S.$161 million) for the nine months ended September 30, 2024, and a net comprehensive loss of Ps.2,414 million (U.S.$123 million) for the comparable period in 2023.

Our net losses have historically resulted primarily from the substantial investments required to grow our business, including the significant increase in recent periods in the size of our network. We expect that these costs and investments will continue to increase as we continue to grow our business. We also intend to invest in maintaining our high level of customer service and support, which we consider critical to our continued success. Our operating costs and other expenses may be greater than we anticipate, and our investments to make our business and our operations more efficient may not be successful. We also expect to incur additional general and administrative expenses as a result of our growth. These expenditures will make it more difficult for us to maintain profitability, and we cannot predict whether we will maintain profitability for the foreseeable future.

The review report of our independent auditors with respect to our Interim Consolidated Financial Statements expresses substantial doubt about our ability to continue as a going concern.

We have a history of losses due to investments to build our network and to expand our subscriber base in new cities. When we make investments to build our network and expand our subscriber base, we incur additional costs and expenses, including costs associated with equipment installations. Over the long term, this investment results in an increase in revenues and improvement in credit metrics while in the short term it contributes to a net loss.

We have accumulated losses in excess of two-thirds of our share capital. The Mexican General Law of Commercial Companies (*Ley General de Sociedades Mercantiles*) states that companies that record losses in excess of two-thirds of their share capital may be dissolved if ordered by a court at the request of any interested party (including a company's creditor). Additionally, as shown in our Interim Consolidated Financial Statements as of September 30, 2024 and 2023, and December 31, 2023, short-term liabilities exceed our current assets and we have incurred recurring net losses over the nine-month periods ended September 30, 2024 and 2023. As a result of our history of losses, the loss of more than two-thirds of our share capital and the fact that our short-term liabilities exceed our current assets as of September 30, 2024 and 2023 and December 31, 2023, our independent auditors noted an uncertainty relating to going concern in their review report with respect to our Interim Consolidated Financial Statements, without qualifying their conclusion, and the Interim Consolidated Financial Statements were prepared assuming the continuity of our operations. Our management has implemented plans to offset the potential effects of this uncertainty and has a reasonable expectation that we will have adequate resources to continue our operating existence for the foreseeable future.

If our customer churn rate increases, our business, financial condition and results of operations could be adversely affected.

Due to the nature of our residential customer contracts, customers are not subject to a mandatory term and we may terminate them for nonpayment. If we experience higher customer churn rates in the future that is not compensated by new subscribers, our business, financial condition and results of operations as well as our ability to make payments on the New Notes could be adversely affected. Customer acquisition costs are much higher than the cost of maintaining an existing customer. Accordingly, customer churn could have an adverse impact on our operating income, even if we are able to obtain one new customer for each lost customer. For the nine months ended September 30, 2024, based on data from our BRM system, our average monthly customer churn rate for *Totalplay Residential* and *Totalplay Empresarial* was 1.5% and 0.4%, respectively. We believe churn rate mainly results from customer deactivations due to nonpayment of bills and migrations to cities or areas where we have no service coverage. In addition, a decline in general economic conditions in Mexico could lead to an increase in churn due to nonpayment, particularly among our residential customers.

If our suppliers fail to provide services, technologies and/or equipment, our business, financial condition and results of operations could be adversely affected.

Our main suppliers include Huawei Technologies de México, S.A. de C.V., Anixter, de México, S.A. de C.V., SAGEMCOM México, S.A. de C.V., Fox Latin American Channel, Inc., Televisa, S.A.B. de C.V., Fibras Ópticas de México, S.A. de C.V., YOFC International Mexico, S.A. de C.V., Operbes, S.A. de C.V., Wuhan Fiberhome International de Mexico, S.A. de C.V., Red Comercial Empresarial, S.A. de C.V., Crossopt México, S. de R.L. de C.V., and MATC Digital, S. de R.L. de C.V., among others. If any of our key suppliers fails or becomes unable to provide services, technologies and/or equipment necessary for our operations, and no alternate supplier is available, our ability to make the necessary technology to support our services would be adversely affected, which could adversely affect our business, financial condition and results of operations.

A system failure could cause delays or interruptions of service, which could cause a loss of customers.

To be successful, we will need to continue providing our customers reliable service over our network. Some of the risks that our network and infrastructure are exposed to include:

- physical damage to access lines;
- power surges or outages;
- software defects; and
- disruptions beyond our control.

Disruptions may cause interruptions in service or reduced capacity for customers, either of which could cause a loss of customers or the incurrence of additional expenses.

We may be subject to interruptions or failures in our information technology systems, as well as to cyberattacks or other breaches of network or IT security.

We rely on sophisticated IT systems and infrastructure to support our business, including process control technology. These systems may be susceptible to outages due to fire, floods, earthquakes, power loss, telecommunications failures and similar events. The failure of any of our information technology systems may cause disruptions in our operations, adversely affecting our sales and profitability. We cannot assure you that our business continuity plans will be completely effective in the event of interruptions or failure of our information technology systems.

Furthermore, our technologies, systems and networks, and those of our business partners, may become the target of cyberattacks or information security breaches that could result in the unauthorized release, misuse or loss of confidential information, or other disruption of our business operations. Our business is highly dependent on our technology infrastructure and that of our service providers, and we are not immune to attacks against our or their network or systems. Although we have not experienced any material loss related to cyberattacks, there can be no assurance that we will not be the target of cyberattacks in the future that could adversely affect our operations or

financial condition. In addition, if we fail to prevent the theft of valuable information such as financial data and sensitive information about us, or if we fail to protect the privacy of customer and employee confidential data, our business could be adversely affected. As cyber threats continue to evolve, we may be required to incur additional expenses to enhance our protective measures or to remediate any information security vulnerability.

In 2020 with the rapid establishment of remote work (virtual office) due to the COVID-19 pandemic and in 2022 due to the cyber-war between Russia and Ukraine, cyber-attacks have substantially increased worldwide. As a result, we continue to adopt new security controls and strengthen existing measures (including technology and digital hygiene awareness campaigns) increasing our ability to respond to such events.

Costs related to a cyber security incident could include major expenditures on information and cyber security measures, damage to our reputation or loss of customers and partners and could cause us to incur financial losses due to the need to take remediation measures and face potential liabilities, including potential litigation and penalties. Any of these circumstances could have a material adverse effect on our results of operations and financial condition.

Failure to properly manage personal data could lead to improper handling of personal data.

We process large amounts of personal data of our customers and employees and we are subject to various regulatory requirements regarding compliance, security, privacy and quality in the management of this data. Failure to properly manage personal data could lead to improper handling of personal data, which in turn could result in data loss, lead to investigations or sanctions by regulatory authorities and create cybersecurity risks. We are subject to regulation regarding the privacy of personal data; and our failure to comply with applicable regulations could expose us to increased costs and limit our ability to transmit data which could adversely affect our operations.

Our operations depend upon our ability to protect our infrastructure.

We depend on our ability to protect our infrastructure against natural disasters, such as damage from fire, earthquakes, tsunamis, wildfires, droughts, blizzards, tornadoes, hurricanes, floods, power loss, security breaches, software flaws and similar events, and on building networks that are not vulnerable to the effects of such events. In addition, our business could be affected by epidemics or health outbreaks, disrupting business operations. The occurrence of a natural disaster or other unanticipated problems at the facilities or sites of switches, data centers or points of presence ("*POPs*") could cause interruptions in the services that we provide. The failure of a switch, data center, or POP would result in the interruption of service to the customers served by that equipment until necessary repairs are made or replaced. Repairing or replacing damaged equipment may be costly. Any damage or failure that causes interruptions in our operations could have a material adverse effect on our business, financial condition and results of operations.

Additionally, cyber pirates may obtain and wrongfully use or divulge our customers' confidential information stored in our computer systems, which may result in reputational damage and costly litigation.

Our network growth strategy may fail to generate anticipated revenues.

In the nine months ended September 30, 2024 and in the years ended December 31, 2023, 2022 and 2021, we invested Ps.8,902 million (U.S.$454 million), Ps.15,627 million (U.S.$796 million), Ps. 22,461 million (U.S.$1,144 million) and Ps.17,960 million (U.S.$915 million), respectively, in our network infrastructure, and we expect to make additional significant annual investments on a continuing basis to maintain and upgrade our network and increase our capacity and achieve business growth in the future. These investments, together with operating expenses, may affect our cash flow and profitability, particularly if such investments do not result in additional revenue or efficiencies. If we are unable to meet the challenges that such growth presents, our business, financial condition and results of operations could be adversely affected.

If we do not successfully maintain, upgrade and efficiently operate our accounting, billing, customer service and management information systems, we may not be able to maintain and improve our operating efficiencies.

Having efficient information and processing systems is vital to our operations and projected growth strategy, and to be able to monitor costs, provide timely invoices for services, process service orders, provide customer service and achieve operating goals. We believe that we have the systems necessary to provide these services efficiently. However, we can provide no assurance that in the future we will be able to continue the optimal operation and maintenance of such systems or that they will continue to perform as expected or that our systems will not be subject

to hacking or interference. Any failure in these systems could affect our billing, collection and customer responsiveness and may adversely affect our business, financial condition and results of operations.

We depend on access to infrastructure owned by the Federal Electricity Commission (Comisión Federal de Electricidad).

A significant portion of our public telecommunications network is installed on the electric power poles owned by the Mexican Federal Electricity Commission (*Comisión Federal de Electricidad* or the *"CFE*"). To maintain our right of access and access to new poles, we must comply with the terms of our agreement with the CFE and applicable regulations. If we fail to comply with these terms and conditions, our business, financial condition and results of operations could be adversely affected. Additionally, in some circumstances we may face obstacles and increased costs resulting from the imposition of requirements by local authorities to install and maintain our infrastructure.

Our pay-TV content is provided by third parties and if we face difficulty securing such content we may experience customer losses.

We have long-term arrangements with programmers for access to their content. The success of our pay-TV services depends on our ability to access an attractive and varied selection of programming. The ability to provide movie, sports and other popular programming is a major factor that attracts customers to our pay-TV services. If we are not able to obtain sufficient high-quality programming for our pay-TV services on satisfactory terms or at all this could result in reduced demand for, and lower revenue and profitability from, our cable services. Moreover, there can be no assurance that our existing programming contracts will be renewed on favorable or comparable terms, or at all, or that the rights we negotiate will be adequate for us to execute our business strategy.

We may be liable for the material that content providers distribute over our network.

The law relating to the liability of private network operators for information carried on, stored or disseminated through their networks is still unsettled. As such, we could be exposed to legal claims relating to content disseminated on our network. Claims could challenge the accuracy of materials on our network or could involve matters such as defamation, invasion of privacy or copyright infringement. If we need to take costly measures to reduce our exposure to these risks or are required to defend ourselves against such claims, our business, reputation, financial condition and results of operations could be materially adversely affected.

If Netflix or any other provider of streaming or over-the-top ("*OTT*") service stops providing their services, our content offering may be materially reduced and adversely impact our ability to retain existing customers and acquire new subscribers, and as a result we could become a linear pay-TV service with reduced revenue and profit.

Programming and retransmission costs fluctuate, and we may not have the ability to pass these changes on to our customers. Disputes with programmers and the inability to retain or obtain popular programming can adversely affect our relationship with customers and lead to customer losses.

Programming costs are one of our largest categories of costs. In prior years, the cost of programming has increased significantly and is expected to continue fluctuating, particularly for sports programming and broadcast network programs. We may not be able to pass to our customers changing programming costs due to the competitive environment. If we are unable to pass these costs on to our customers, our business, financial condition and results of operations would be adversely affected. In addition, programming costs are related directly to the number of customers in our customer base. As our customer base continues to grow, we are able to reduce our programming cost per subscriber and to the extent we add additional subscribers the cost of our programming per subscriber should decrease and if we fail to grow our customer base such cost per customer would increase.

Agreements with government agencies face a greater level of uncertainty.

Revenues from contracts with government agencies represented 6% and 9% of total revenues for the year ended December 31, 2023 and the nine months ended September 30, 2024, respectively. These contracts represent some risk for us, even if they are terminated and certain conditions are not satisfied if they may not be extended at will, as a public bidding process is required for an extension. The loss of market share or revenue from agreements with government agencies may not have a negative impact in our financial condition and results from operations.

Any loss of key personnel could adversely affect our business.

Our success depends, in large measure, on the skills, experience, efforts and collaboration of our senior management team and other key personnel and the correct strategic decision making by the executive team. Our executive management team has extensive experience in the industry and it is of the utmost importance that they continue to be a part of our company or be replaced by equally qualified executives to maintain our most important customer relationships and the proper operation of our business. The loss of the technical knowledge, management and industry expertise of key employees could hinder the optimal execution of our business plan and could result in delays in launching new products, loss of customers and diversion of resources to the extent that such employees cannot be replaced. If we are not able to attract, hire or retain highly skilled, talented and committed senior managers or other key employees, our ability to fully implement our business objectives may be adversely affected.

Any deterioration of relations with our employees or increase in labor costs may have a negative impact on our business, financial condition, results of operations and prospects.

We employed 5,183 employees throughout México as of September 30, 2024. In addition to requiring us to carefully manage our administrative expenses, our growth will require us to attract, hire and retain qualified personnel to efficiently manage such growth. Any significant increase in labor costs, deterioration of employee relations, slowdowns or work stoppages at any of our locations, whether due to union activities, employee turnover, changes in the Mexican Federal Labor Law (*Ley Federal del Trabajo*) or the interpretation thereof, could have a material adverse effect on our business, financial condition, results of operations and prospects. Likewise, a strike, work or other labor unrest could, in some cases, impair our ability to provide our services to customers, which could result in reduced net sales.

In 2021, amendments to the Mexican Federal Labor Law and the Mexican Social Security Law (*Ley del Seguro Social*) were approved to legally prohibit the subcontracting of personnel (the "*Subcontracting Reform*"). Schemes known as insourcing, in which corporate groups create their own service companies to hire and provide personnel to other legal entities of the corporate group, are also prohibited. Insourcing of employees who perform specialized services or works distinct from the corporate purpose or main economic activity of the beneficiary of the services are permitted; provided that they comply with several requirements, including the formalization of the agreements and the registration of such agreements with the Ministry of Labor and Social Welfare (*Secretaría del Trabajo y Previsión Social*). Anyone who fails to comply with the Subcontracting Reform will be jointly and severally liable with the service company with respect to any labor, social security and/or tax obligations. Since the implementation of the Subcontracting Reform, we have taken all necessary measures and actions to comply with the Subcontracting Reform, including the adjustment of our personnel structure, which has in the past and may in the future increase our overall labor and social security payments.

The Subcontracting Reform could adversely affect our business, prospects, results of operations, and financial condition if insourced employees bring legal proceedings based on the Subcontracting Reform against employers.

Our operations are subject to the general risks of litigation.

We are involved in litigation on an ongoing basis arising in the ordinary course of business or otherwise. Litigation may include class actions involving consumers, shareholders, employees or injured persons, and claims related to commercial, labor, employment, antitrust, securities or environmental matters. Moreover, the process of litigating cases, even if we are successful, may be costly, and may approximate the cost of damages sought. These actions could also expose us to adverse publicity, which might adversely affect our brands and reputation and/or customer preference for our products. In 2012, Mexico's Congress approved legislation allowing consumers and other market participants to initiate class action lawsuits against us. There is very limited experience in Mexico with class action lawsuits and judicial precedent regarding these laws is extremely limited. Furthermore, there may be claims or expenses that are denied insurance coverage by our insurance carriers or not fully covered by our insurance; that is in excess of the amount of our insurance coverage or not insurable at all. Litigation trends and expenses and the outcomes of litigation cannot be predicted with certainty and adverse litigation trends, expenses and outcomes could have a material adverse effect on our business, financial condition and results of operations. See "The Total Play Group—Market & Competition—Legal and Administrative Proceedings."

Online piracy of entertainment and media content could result in reduced revenues and increased expenditures, which could materially adversely affect our business, financial condition and results of operations.

Online entertainment and media content piracy is persuasive in many parts of the world and is made easier by technological advances. This trend facilitates the creation, transmission and sharing of high-quality unauthorized copies of entertainment and media content. The proliferation of unauthorized copies of this content will likely continue, and if it does, could have an adverse effect on our business, financial condition and results of operations because these products could reduce the revenue we receive for our products. Additionally, in order to contain this problem, we may have to implement elaborate and costly security and antipiracy measures, which could result in significant expenses and losses of revenue. There can be no assurance that even the highest levels of security and anti-piracy measures will prevent piracy.

Our business depends on intellectual property rights and on not infringing on the intellectual property rights of others.

We rely on copyrights and trademarks owned by us, as well as licenses and other agreements with our vendors and other parties, to use technologies, conduct our operations and sell our products and services. Our intellectual property rights may be challenged and invalidated by third parties and may not be strong enough to provide meaningful commercial competitive advantages. Third parties have in the past asserted, and may in the future assert, claims or initiate litigation related to exclusive patent, copyright, trademark and other intellectual property rights to technologies and related standards that are relevant to us. Because of the existence of a large number of patents in the networking field, the secrecy of some pending patents and the rapid rate of issuance of new patents, we believe it is not possible to determine in advance whether a product or any of its components infringes or will infringe on the patent rights of others. Asserted claims and/or initiated litigation can include claims against us or our manufacturers, suppliers or customers, alleging infringement of their proprietary rights with respect to our existing or future products and/or services or components of those products and/or services.

Regardless of the merit of these claims, they can be time-consuming, result in costly litigation and diversion of technical and management personnel, or require us to modify our business, develop a non-infringing technology, be enjoined from use of certain intellectual property, use alternate technology or enter into license agreements. There can be no assurance that licenses will be available on acceptable terms and conditions, if at all, or that any indemnification by our suppliers will be adequate to cover our costs if a claim were brought directly against us or our customers. Furthermore, because of the potential for court awards that are not necessarily predictable, it is not unusual to find even arguably unmeritorious claims settled for significant amounts. If any infringement or other intellectual property claim made against us by any third party is successful, if we are required to indemnity a customer with respect to a claim against the customer, or if we fail to modify our business, develop non-infringing technology, use alternate technology or license the proprietary rights on commercially reasonable terms and conditions, our business, financial condition and results of operations could be materially adversely affected.

We may not have sufficient insurance to cover future liabilities, including any litigation claims, either due to coverage limits or as a result of insurance carriers' denial of coverage of such liabilities, which, in either case, could have a material adverse effect on our business, financial condition and results of operations.

Our third-party insurance coverage may not be sufficient to cover damages that we may incur if the amount of such damages surpasses the amount of our insurance coverage or the damages are not covered by our insurance policies. Such losses could cause us to suffer significant unanticipated expenses resulting in an adverse effect on our business, financial condition and results of operations. In addition, our insurance carriers may seek to rescind or deny coverage with respect to future liabilities, including from lawsuits, investigations and other legal actions against us. If we do not have sufficient coverage under our policies, or if the insurance companies are successful in rescinding or denying coverage to us, this could have a material adverse effect on our business, financial condition and results of operations.

Our majority shareholder, Ricardo Salinas Pliego who controls us indirectly through certain intermediate trusts, may have interests that are not aligned with the interest of Total Play, its bondholders or other creditors.

As of September 30, 2024, Mr. Salinas Pliego owned, through certain intermediate trusts controlled by him, 98.8% of our outstanding voting stock (see "Principal Shareholders"). Accordingly, Mr. Salinas Pliego has and will

continue to have the power to control our affairs and operations and may exercise his control in a manner that differs from the interests of our creditors, including holders of the New Notes offered hereby. The interests of Mr. Salinas Pliego may be different from the interests of minority shareholders, holders of the New Notes or other creditors in material aspects, including with respect to, among others, the appointment of board members, the appointment of the CEO and the approval of mergers, acquisitions and other non-recurring transactions. Although each of the companies that Mr. Salinas Pliego controls determines its own business plan according to the industry in which it operates, Mr. Salinas Pliego can exert significant influence over our business strategy, administration and operations. Mr. Salinas Pliego also controls other companies. Consequently, any business decision or changes in Mr. Salinas Pliego's global strategy for all the companies he controls could adversely affect our business, financial condition and results of operations.

We may be associated with news reports, allegations, investigations and legal or regulatory proceedings with respect to alleged misconduct relating to Ricardo Salinas Pliego, our controlling shareholder, or companies in Grupo Salinas, and our reputation and business could be adversely affected by the negative publicity associated with such matters.

A number of news reports have been published that may be detrimental to our reputation and that of Mr. Salinas Pliego. Mr. Salinas Pliego, who owned, through certain intermediate trusts controlled by him, 98.8% of our outstanding voting stock as of September 30, 2024, was identified in a periodical as having personal interests in a transaction that is under investigation by the Mexican government regarding alleged government corruption involving the Mexican state-owned oil company, PEMEX, and Fertinal, a Mexican fertilizer company to which Banco Azteca, a bank which is part of Grupo Salinas and indirectly owned by our controlling shareholder, provided financing as a member of a lending syndicate. Neither Mr. Salinas Pliego nor Banco Azteca have been summoned or asked to appear before any governmental body in connection with such matter. Mr. Salinas Pliego and Banco Azteca have stated that they consider such reports without merit and in 2019 filed a libel suit against the periodical that initiated the reports before a Civil Court of Mexico City which is currently pending resolution. Mr. Salinas Pliego did not have and, as of the date of this Exchange Offer and Consent Solicitation Memorandum, does not have personal interests, directly or indirectly, in Fertinal.

On April 2024, Representative Henry Cuellar of Texas and his wife, Imelda Cuellar, were indicted by the U.S. Department of Justice (the "*DOJ*") on charges alleging corruption, bribery, and other criminal offenses by the Cuellars in connection with their alleged receipt of funds flowing downstream to them from payments that an Azerbaijani oil and gas company and an unnamed bank based in Mexico City made to third parties. Rep. Cuellar allegedly agreed to influence legislative activity and to advise and pressure high-ranking U.S. Executive Branch officials regarding measures beneficial to the bank related to accessing U.S. correspondent banks. These proceedings have attracted significant media attention and political interest in both the United States and Mexico. The Committee on Ethics of the U.S. House of Representatives has initiated an investigation into Rep. Cuellar. Certain news reports in the United States and Mexico have identified the Mexican bank as Banco Azteca and have identified a former Banco Azteca executive as being referenced in the indictment. The indictment also references an unnamed executive of a Mexican conglomerate of which Grupo Elektra and Banco Azteca are allegedly members.

Banco Azteca conducted an internal review related to this matter without negative findings. In addition, Banco Azteca has been in contact with the DOJ. To date, Banco Azteca has not been charged with any crimes. Banco Azteca is currently responding to a request from the DOJ for Banco Azteca to voluntarily produce documents and other information pertinent to the pending prosecution of the Cuellars.

If, for any reason, we are unable to disassociate ourselves from these or other news reports, allegations, investigations and legal or regulatory proceedings in the future, such failure could have a material adverse effect on our reputation and commercial dealings. Furthermore, there can be no assurance that these or other similar matters will not have a material adverse effect on our reputation, commercial dealings and the price of our securities.

We enter into transactions with related parties and affiliates, which could result in conflicts of interest.

We have entered into and, subject to compliance with the covenants that will apply to the New Notes, will continue to enter into transactions with entities directly or indirectly owned or controlled by our controlling shareholder. Specifically, we have entered into certain service contracts with our affiliates in exchange for certain fees. We are likely to continue engaging in transactions with companies controlled by our controlling shareholder and

their respective subsidiaries and affiliates, and our subsidiaries and affiliates are likely to continue engaging in transactions among themselves. Such transactions could result in conflicts of interest.

No assurance can be given that the terms that we consider to be "substantially on market conditions" will be considered as such by third parties. Although we intend to continue carrying out transactions with related parties under market conditions, future conflicts of interest between us and companies controlled by our controlling shareholder and their respective subsidiaries or affiliates, and among our subsidiaries and affiliates, may arise, which conflicts are not required to be and may not be resolved in our favor. See "Related Party Transactions."

Our current level of indebtedness may affect our flexibility in operating and developing our business and our ability to fulfill our obligations or achieve our strategic objective.

As of September 30, 2024, we had Ps.58,550 million (U.S.$2,984 million) of total consolidated financial debt including lease liabilities, accrued interest payable and debt issuance costs. Our level of indebtedness may have significant implications for investors, including:

- limiting our ability to generate sufficient cash flow to satisfy our obligations with respect to our indebtedness, particularly in the event of a default under one of our other instruments;
- limiting the cash flow available to fund our working capital, capital expenditures (including maintenance) or other general corporate requirements;
- increasing our vulnerability to adverse economic and industry conditions, including increases in interest rates, foreign currency exchange rate fluctuations and market volatility;
- limiting our ability to obtain additional financing to refinance our debt or to fund our future working capital, capital expenditures, other general corporate requirements and acquisitions on favorable terms or at all;
- limiting our flexibility in planning for, or reacting to, changes in our business and industry; and
- limiting our ability to incur additional financings to make acquisitions, investments or take advantage of corporate opportunities in general.

If we incur additional indebtedness, the risks outlined above could increase. In addition, our cash requirements in the future may be greater than expected. Our cash flow from operations may not be sufficient to repay all of our outstanding debt as it becomes due, and we may not be able to borrow money, sell assets or otherwise raise funds on acceptable terms or at all, to refinance our debt. See "—Risks Relating to the New Notes, the New Notes Guarantee and the Exchange Offer—We may not be able to generate sufficient cash to service all of our indebtedness, including the New Notes, and may be forced to take other actions to satisfy our obligations under such indebtedness, which may not be successful."

We might not be able to obtain funding if a deterioration in the credit and capital markets or reductions in our credit ratings were to occur, which could hinder or prevent us from meeting our future capital needs and from refinancing our existing indebtedness when it comes due.

A deterioration of capital and credit markets could hinder our ability to access these markets. In addition, adverse changes in our credit ratings, which are based on various factors, including the level and volatility of our earnings, the quality of our management, the liquidity of our statement of financial position and our ability to access a broad array of funding sources, may increase our cost of funding. If this were to occur, we cannot be certain that additional funding for our capital needs from credit and capital markets would be available, if needed, on acceptable terms or at all. In addition, we might be unable to refinance our existing indebtedness when it comes due on terms that are acceptable to us or at all. If we were unable to meet our capital needs or refinance our existing indebtedness, it could have a material adverse effect on our business, financial condition and results of operations.

We may require additional financing, which could aggravate the risks associated with our debt.

We operate in a capital intensive industry and expect to make investments in the future as new technologies are implemented and we expand the capacity and coverage of our existing infrastructure to exploit market opportunities and maintain our network, data centers, switches and POPs. In addition, we operate in a highly regulated industry and must maintain government-mandated capital investment requirements that may change over time as our

connections are renewed or expanded. There can be no assurance that we will have sufficient resources available to make these investments or to cover potential expenditures requested by government agencies and that, if required, there would be funding available on terms and conditions acceptable to us. In addition, our ability to obtain additional financing will be limited to the terms and conditions of existing credit agreements or those entered into the future.

Adverse and volatile conditions in the domestic or international credit markets, including higher interest rates, reduced liquidity or a decrease in the willingness of financial institutions to grant us credit, have increased the cost of funding or the possibility of refinancing the debt maturities in the past and could increase it in the future. This could have adverse consequences on our financial condition or results of operations. There can be no assurance that financial resources will be obtained to refinance the incurred debt or obtain proceeds from the sale of assets or the raising of capital to make payments for such debt.

Risks Relating to the Mexican Telecommunications Industry

Recent developments in Mexican telecommunications regulation, including the creation of a new government agency, may create uncertainty that could materially adversely affect our business, financial condition and results of operations

Amendments to the Mexican Constitution and proposed legislative reforms are expected to significantly alter the regulatory landscape for the telecommunications and broadcasting industries in Mexico. These changes include the creation of a new government agency, which will assume key regulatory roles previously held by autonomous entities such as the IFT. The reforms also contemplate the dissolution of autonomous regulatory bodies, including the IFT, and a redistribution of their powers to the Executive Branch.

On November 28, 2024, the Mexican federal government published a decree amending the Organic Law of the Federal Public Administration (*Ley Orgánica de la Administración Pública Federal*), including, among other matters, the establishment of the Agency for Digital Transformation and Telecommunications (*Agencia de Transformacion Digital y de Telecomunicaciones,* the "Digital Agency"), effective as of November 29, 2024. The Digital Agency will oversee the formulation and implementation of telecommunications and broadcasting policies, regulate competition in these sectors, manage concessions, and address monopolistic practices. However, details regarding the agency's structure, responsibilities, and decision-making authority remain unclear, as they will be defined through secondary legislation that has yet to be enacted.

In addition, amendments to Articles 6 and 28 of the Mexican Constitution, published in the Federal Official Gazette on December 20, 2024, seek to consolidate regulatory powers under the Executive Branch. These changes include (i) the replacement of the IFT and other autonomous bodies with executive-led authorities and (ii) a new framework for regulating concessions, competition, and dominant market participants. Pursuant to transitional provisions, the IFT will be dissolved after 180 days following the issuance of new secondary legislation. However, no specific timeline has been set for the enactment of such legislation, creating further uncertainty.

The implementation of these reforms, including the dissolution of the IFT and the transfer of its powers to the Digital Agency or other Executive Branch bodies, may create significant regulatory uncertainty. This uncertainty could result in delays, changes, or inconsistencies in concession renewals, approvals, or regulatory decisions that are critical to our operations. Further, the lack of clarity regarding the structure and independence of the new regulatory authority that will replace the IFT could adversely affect market competition, regulatory oversight, and the predictability of the legal framework governing our industry.

There can be no assurance as to when these changes will be fully implemented or how they will impact the telecommunications sector in Mexico or our business. Any delays or adverse changes in the regulatory process, or any unfavorable actions taken by the new authorities, could materially adversely affect our business, financial condition and results of operation.

Additional competition from new entrants in the pay-TV business, including América Móvil to the extent it is permitted to offer pay-TV services in the future, could have a material adverse effect on our business, financial condition and results of operations.

América Móvil, the largest incumbent provider with an estimated 39.7% market share of broadband internet and 36.1% in fixed telephony services according to the IFT as of September 30, 2024, is prohibited from offering pay-

TV services. However, if América Móvil is authorized in the future to provide pay-TV services, it could lead to a reduction in our growth plans in the face of this new competition, which in turn would adversely impact our revenues and profitability. Competitors in pay-TV services could decide to invest heavily in modernizing their infrastructure, which could potentially result in lower price for our services, impact our new customer acquisition targets and have a material adverse effect on our business, financial condition and results of operation.

If América Móvil ceases to be considered a "preponderant economic agent" in the Mexican telecommunications market, it will no longer be required to comply with certain regulations, which could have a material adverse effect on our business, financial condition and results of operations.

As of the date of this Exchange Offer and Consent Solicitation Memorandum, the economic group consisting of América Móvil and its subsidiaries is considered to constitute one of the "preponderant economic agents" in the Mexican telecommunications market, given its market concentration and focus on providing local telephony and internet services. As a result, América Móvil and its subsidiaries are subject to certain specific regulation.

If América Móvil ceases to be a preponderant economic agent, certain specific regulations that apply to it and that allow us access to América Móvil's wholesale services on competitive terms, such as the use of passive infrastructure and the provision of Ethernet private lines, would be terminated, which could adversely impact our investment plans. It would either increase our costs for such services from América Móvil or terminate such services.

If potential new entrants enter the market, our business, financial condition and results of operations could be materially and adversely affected.

Other groups and investors could enter the market, increasing the number of viable competitors, potentially leading to price reductions, ARPU reductions, and adversely impact our ability to attract and retain subscribers.

We operate in a highly regulated industry. Government regulation of our industry or changes to the legal framework could adversely affect our ability to offer or expand our services.

The operation of telecommunications systems in Mexico is currently subject to laws and regulations administered by the IFT, intended to regulate and promote competition and the efficient development of the telecommunications and broadcasting industry in Mexico. As a public service provider, we are subject to extensive regulation. Therefore, our activities may be materially and adversely affected by the interpretation and enforcement of the current laws and by future amendments to such laws. Our ability to continue offering or expanding our product lines and increasing our revenue may be limited by the scope, date of enactment, interpretation and enforcement of current or future laws, including any new or higher taxes.

The telecommunications sector continues to undergo major changes due to the development of new technologies that offer users a range of options to meet their communication needs. These changes include, among others, regulatory reforms, the evolution of industry standards, the constant improvement in the capacity and quality of digital technology, the contraction of new product development cycles, the evolution of clean and renewable energy technologies, and the changing needs and preferences of end-users. Both the pace and level of growth in user demand and the extent to which prices for airtime, broadband services, pay-TV services and line rentals will continue to decline are uncertain.

In addition, changes in public administration may result in new regulations and the adoption of policies that could affect our operations, including tax and antitrust regulations and policies applicable to communications services.

Further, the status of the IFT as the primary regulatory body for the Mexican telecommunications industry will change due to recent changes in Mexican law. See "—Recent developments in Mexican telecommunications regulation, including the creation of a new government agency, may create uncertainty that could materially adversely affect our business, financial condition and results of operations."

Under Mexican law, our concessions could be seized or suspended.

Pursuant to the Mexican Federal Law of Telecommunications and Broadcasting (*Ley Federal de Telecomunicaciones y Radiodifusión*, the "*LFTR*") enacted in August 2014, public telecommunications networks concessions in Mexico are considered of public interest and holders of telecommunications networks concessions are subject to the provisions of the LFTR. The LFTR provides, among other things, for the following:

- the rights and obligations granted under the concessions to install, operate and exploit public telecommunications networks may only be assigned with the prior authorization of the IFT;
- neither the concession nor the rights thereunder or the related assets may be assigned, pledged, mortgaged, placed in escrow or sold to any government or country; and
- the Mexican government may expropriate for public utility purposes or temporarily requisition and seize the assets (*requisa*) related to the concessions in the event of natural disasters, war, significant public disturbance or threats to internal peace or for other reasons relating to economic or public order.

Reasons for seizure are wide-ranging and may be claimed by the Mexican government at any time. Mexican law sets forth the process for indemnification by the government for direct damages arising from expropriation or temporary seizure of the assets related to the concessions. However, if the concessionaire does not agree with the indemnity amount determined by the IFT, it may appeal to the specialized tribunals on telecommunication matters that they may determine the definitive amount. If our concessions are expropriated, there may be significant delays in the receipt of payment of the applicable indemnification. In addition, the indemnification payment may be insufficient to compensate us for damages suffered. Furthermore, expropriation of our concessions may limit our ability to continue operations. The expropriation or suspension of our concessions would have a material adverse effect on our business, financial condition and results of operation.

Further, the status of the IFT as the primary regulatory body for the Mexican telecommunications industry will change due to recent changes in Mexican law. See "—Recent developments in Mexican telecommunications regulation, including the creation of a new government agency, may create uncertainty that could materially adversely affect our business, financial condition and results of operations.

We are subject to the supervision and verification authority of the IFT.

As a concessionaire of a public telecommunications network regulated by the IFT, we must submit detailed periodic information, including specifically regarding the provision of our services. The IFT has sanction and supervision powers and must guarantee continuity of public services of general interest pursuant to applicable law. Under such authority, the IFT may impose sanctions and/or fines on us. The IFT also issues warnings regarding possible service continuity problems from time to time, which may trigger a seizure event under applicable law if they remain unresolved.

Further, the status of the IFT as the primary regulatory body for the Mexican telecommunications industry will change due to recent changes in Mexican law. See "—Recent developments in Mexican telecommunications regulation, including the creation of a new government agency, may create uncertainty that could materially adversely affect our business, financial condition and results of operations.

Our assets are located in Mexico and are therefore subject to the provisions of the Mexican Asset Forfeiture Law (Ley Nacional de Extinción de Dominio or the "LNED").

The LNED empowers the public prosecutor (*agente del ministerio público*) to exercise forfeiture actions with respect to all types of assets related to crimes in a broad range of categories, including organized crime, kidnapping, crimes related to hydrocarbons, oil and petrochemicals, crimes against health, human trafficking, crimes for acts of corruption, cover-ups, crimes committed by public servants, theft of vehicles, resources of illicit origin and extortion. Pursuant to the LNED, the forfeiture actions may be exercised with respect to assets related to any of these crimes, including if the assets are used by a party other than the owner of the asset in order to commit the crime.

The LNED permits a final judgment on forfeiture even in certain cases when the criminal trial has not yet concluded; provided the governmental authority determines that solid and reasonable grounds exist to infer the existence of assets that are covered by the LNED. In such cases, if the affected person were to later prove its innocence and the asset has already been monetized, the affected person would only be able to recover the proceeds from the monetization of the asset.

Legal remedies are available to challenge the enforcement of the LNED on the grounds of a possible violation of human and constitutional rights such as property rights and the presumption of innocence. Should our assets ever be challenged under LNED grounds, in order to defend our rights, it may be necessary to incur significant costs due

to litigation and/or full or partial loss of the assets subject to forfeiture proceedings. All of the foregoing could adversely affect our business, reputation, results of operations and financial condition.

Decreases in market rates for telecommunication services could have a material adverse effect on our results of operations and financial condition.

It is expected that the Mexican telecommunications market will continue experiencing rate pressure, primarily as a result of:

- increased competition and focus by competitors on increasing market share; and
- recent technological advances that permit substantial increases in the transmission capacity of both new and existing fiber optic networks resulting in long distance overcapacity.

Continued rate pressure could have a material adverse effect on our business, financial condition and operating results if we are unable to generate sufficient traffic and increased revenues of our business to offset the impact of the decreased rates on our operating margin.

The publication of negative or incorrect information on social networks or platforms could affect our prestige.

Negative or inaccurate information about us or our brands may be published at any time on social media or other similar platforms – including blogs, social networking sites and other Internet media - and may be heard or seen by a wide audience of consumers and other interested parties. This information could damage our reputation without giving us an opportunity to respond, rectify, or clarify, which in turn could materially adversely affect our business, financial condition and results of operations.

Risks Relating to Mexico and Other Global Risks

Our business is highly dependent on the general state of the Mexican economy. Economic developments in Mexico may adversely affect our business and results of operations.

Total Play is a Mexican corporation, and the majority of our subsidiaries are also Mexican corporations. For the years ended December 31, 2021, 2022 and 2023, and the nine months ended September 30, 2024, our operations in Mexico accounted for 100% of our total consolidated revenues. As a result, our business may be significantly affected by the Mexican economy's general condition, by the depreciation of the peso, by inflation and high-interest rates in Mexico, or by political developments in Mexico. Declines in growth and consumer purchasing power, high rates of inflation, and high-interest rates in Mexico have a generally adverse effect on our operations. If inflation in Mexico increases while economic growth slows, our business, results of operations, and financial condition will be affected. In addition, high-interest rates and economic instability could increase our costs of financing.

Our business is highly dependent on the Mexican economy and, accordingly, economic developments in Mexico may adversely affect our business and results of operations. Rating agency credit ratings of Mexico and PEMEX, the state-owned oil and gas company whose performance has a significant impact on the country's ratings, are an indicator of the health and outlook of the Mexican economy. Since 2021, the leading credit ratings agencies have downgraded the credit ratings of Mexico's sovereign debt from BBB (Fitch Ratings), Baa1 (Moody's) and BBB (S&P) to its current ratings of BBB- (Fitch Ratings), Baa2 (Moody's) and BBB (S&P) and PEMEX's long-term Issuer Default Rating (IDR) from BB- (Fitch Ratings), Baa3 (Moody's) and BBB (S&P) to its current ratings of B+ (Fitch Ratings), B3 (Moody's) and BBB (S&P). On July 14, 2023, Fitch downgraded PEMEX's long-term IDR to B+ on rating watch negative. On December 20, 2023, Fitch removed the rating watch negative outlook on PEMEX and assigned a stable rating outlook. On February 9, 2024, Moody's downgraded its ratings on PEMEX's corporate family, PEMEX's existing senior unsecured notes and PEMEX's guarantee from B1 to B3 (negative outlook). On May 16, 2024, Moody's completed a periodic review of Mexico and left its Baa2 long term IDR, with stable outlook unchanged. On July 18, 2024, Fitch Ratings affirmed Mexico's long-term foreign-currency IDR at BBB- with a stable outlook. On November 14, 2024, Moody's changed the outlook for Mexico from stable to negative, while maintaining its Baa2 rating. According to the agency, this change reflected concerns about the weakening of Mexico's political and institutional framework, which could affect the country's fiscal and economic stability. Additionally, the agency pointed out that the recent constitutional reform to the judiciary could jeopardize the independence of this branch of government, which would negatively impact Mexico's economic and fiscal strength. It also mentioned that PEMEX's contingent liabilities could increase fiscal risks if they were to affect the Mexican government's balance sheet.

However, the affirmation of the Baa2 rating was based on Mexico's economic strength, supported by a diverse economy and the potential benefits of nearshoring.

On December 13, 2024, S&P reaffirmed Mexico's sovereign debt rating, maintaining it at BBB for foreign currency debt and BBB+ for local currency debt, both with a stable outlook. This decision was based on the expectation that President Claudia Sheinbaum's new administration will pursue cautious macroeconomic management, with prudent fiscal and monetary policies and fiscal consolidation aimed at reducing the public sector financial requirements from 5.9% to 3.9% of GDP in the coming year. S&P warned that an increase in the fiscal deficit, higher debt levels, or increased support to PEMEX and the CFE could lead to a downgrade in the next two years. Any such downgrades could adversely affect the Mexican economy and, consequently, us as well as our business, financial condition, operating results and prospects.

Developments in other countries, particularly the United States, could materially affect the Mexican economy and, in turn, our business, financial condition and results of operations.

The U.S. economy heavily influences the Mexican economy, and therefore, the deterioration of the United States' economy, the termination of the United States–Mexico–Canada Agreement (the "*USMCA*") or other related events may impact the economy of Mexico. The USMCA is scheduled for its first mandated review in 2026, at which time any of the United States, Mexico or Canada can opt not to renew the trade accord. Economic conditions in Mexico have become increasingly correlated to economic conditions in the United States as a result of the USMCA and its predecessor, the North American Free Trade Agreement ("*NAFTA*"), which have induced higher economic activity between the two countries. Through the first seven months of 2024, 83.1% of Mexico's total exports were purchased by the United States, the single country with the highest share of trade with Mexico. Failure to renew the USMCA or renegotiations of the USMCA's terms could lead to less favorable trade conditions for Mexico, impacting export revenues and economic stability, and generally having an adverse impact on Mexico's economy generally and job creation in Mexico, which, in turn, could significantly adversely affect our business, financial performance and results of operations. If changes in the economic, political or social situation were to result in a loss of jobs in Mexico, our customers' ability to pay could be affected by the loss of their source of income, which in return would reduce our ability to collect and, therefore, increase our levels of past-due accounts.

Likewise, any action taken by the current or incoming U.S. or Mexico administrations, including changes to the USMCA and/or other U.S. government policies that may be adopted by the current or incoming U.S. administrations, could have a negative impact on the Mexican economy, such as reductions in the levels of remittances, reduced commercial activity or bilateral trade or declining foreign direct investment in Mexico. Additionally, stricter enforcement of USMCA labor provisions may increase compliance costs for Mexican businesses, including ours. In addition, increased or perceptions of increased economic protectionism in the United States, Mexico and other countries could potentially lead to lower levels of trade and investment and economic growth, which could have a similarly negative impact on the Mexican economy. These economic and political consequences could adversely affect our business, operating results and financial condition.

Additionally, economic conditions and the financial market in Mexico may also be affected by and is exposed to some extent to political developments in the United States, such as changes as a result of the new administration of president-elect Donald J. Trump that will take office in January 2025, and the persistent armed conflicts and social and political crises in Ukraine, North Africa and the Middle East. Uncertain global financial conditions could negatively affect commodity prices, capital outflows, and growth. An escalation of Russia's war in Ukraine or the Israel-Hamas conflict, along with any resulting economic sanctions, could disrupt trade and impact supply chain components. Increased disruption and volatility in global trade and the global financial markets could have a materially adverse effect on us, including our ability to access funding, capital, and liquidity on financial terms acceptable to us, if at all. We cannot provide assurances that any events in the United States or elsewhere will not materially and adversely affect us.

Economic situation in other countries may affect the price of the New Notes.

Securities issued by Mexican companies may be affected by economic and market conditions in other countries. Although the economic situation in those countries may be different from that of Mexico, investors' reactions to events in any of these other countries could change the market and counterparty risk regarding securities

of Mexican institutions. Therefore, there can be no assurance that the New Notes will not be adversely affected by events in other parts of the world.

The political situation in Mexico could negatively affect our operating results.

In Mexico, political instability has been a determining factor in business investment. We are a Mexican corporation, the majority of our subsidiaries are Mexican corporations and most of our assets and operations are in Mexico. Therefore, the political situation in Mexico has a significant impact on our financial condition and results of operations. Significant changes in laws, public policies and/or regulations could affect Mexico's political and economic situation, which could, in turn, adversely affect our business. Any change in the current consumer protection or outer regulatory policies could have a significant effect on Mexican consumer service providers, including us, variations in interest rates, demand for our products and services, market conditions, and the prices of and returns on Mexican securities.

Mexico's presidential and congressional elections in June 2024 introduced a period of political and economic uncertainty, with the ruling political party and its allies winning a super-majority in the lower house of Congress and a majority in the Senate, which will permit the ruling party to implement significant changes in statutes, laws, regulations and policies affecting wide range of political, economic and regulatory matters. Changes in government policies, economic strategies, and regulatory frameworks, such as the new reform to the Mexican Constitution regarding the judicial branch which was published in the Official Gazette and came into law on September 15, 2024 (the "*Judicial Reform*"), could significantly impact various sectors, including those in which we operate, and negatively affect investor confidence and the business environment in the country.

Under the Judicial Reform, among other things, beginning in 2025, (i) Supreme Court Justices, judges, and magistrates will no longer be appointed and will be democratically elected via direct citizen vote and can be re-elected (except for Supreme Court Justices), (ii) the professional qualification requirements for Supreme Court Justices, judges and magistrates was lowered and the requirement of having experience in the judicial branch was eliminated, (iii) the number of Supreme Court Justices will be reduced from 11 to 9, (iv) Justices will now serve for 12 years, from the previous 15 years, with no re-election permitted, (v) a lower threshold of six votes (instead of eight) will now be required to set binding precedent and six votes (instead of unanimous votes) will be needed to declare laws unconstitutional, and (vi) a new judicial administration body and disciplinary court will be created. As a result, confidence in the judiciary and Mexican courts has been negatively affected, protests both for and against the Judicial Reform have been organized, and judges and court workers have gone on strike, slowing down the processing of cases.

The first phase of the judicial elections is scheduled for June 2025 during which approximately 7,000 judges, magistrates and other judicial positions, including Supreme Court Justices, are to be elected. The prospective candidates for judicial positions were required to register by November 24, 2024, in order to become eligible for these upcoming elections. In response to these reforms, eight of the eleven sitting Supreme Court Justices submitted their resignations, indicating their resignations will become effective as of August 31, 2025, concurrently with the transition to the new judicial system, and expressing concerns that the changes could undermine judicial independence by subjecting it to political influences. The justices who resigned included the Court's president, Norma Piña, and Justices Javier Laynez, Alberto Pérez Dayán, Margarita Ríos Farjat, Juan Luis González Alcántara, Alfredo Gutiérrez Ortiz Mena, Jorge Pardo, and Luis María Aguilar. The remaining three justices—Yasmín Esquivel, Lenia Batres, and Loretta Ortiz— have chosen to remain and participate in the upcoming elections in June 2025.

Secondary legislation is expected to outline the specifics of the electoral process for judges and operations of the disciplinary court. The impact of the Judicial Reform in Mexico or us is uncertain, and we cannot predict whether further changes in law, policy and regulations in Mexico, including the Judicial Reform, could affect our business, financial condition, operating results and prospects.

Social and political instability in or affecting Mexico could adversely affect our business, financial condition and results of operations, as well as market conditions and prices of our securities. These and other future developments in the Mexican political or social environment may cause disruptions to our business operations and decreases in our sales and net income.

The Mexican government has exercised, and continues to exercise, a significant influence over many aspects of the Mexican economy. Thus, the actions and policies of the Mexican federal government relating to the economy

as a whole, and in particular taxes, salaries, pension, transport and similar services, could have a significant impact on us, as well as a more general impact on market conditions, prices and yields on Mexican variable and fixed income securities. Total Play cannot predict whether changes in the law, policy and regulations in Mexico, including measures related to new or increased taxes, and/or environmental policy, could affect Total Play's business activities, financial condition, operating results, cash flows and prospects.

Health epidemics and similar events related to public health could adversely affect our business, financial condition, results of operations and prospects.

Any outbreak of bacteria or viruses, such as the COVID-19 pandemic, as well as the recurrence of avian influenza, SARS, Ebola or AH1N1 influenza, and any other similar events related to public health in Mexico and other countries around the world, including contamination, adulteration or shortages of food or water, epidemics or health outbreaks, could have a significant effect on our business.

Any subsequent measures, as well as restrictions to businesses and the population in general, enacted by federal, local, or municipal governments, could have an effect on our business, our investments and the issuance of the New Notes and it is not possible to predict the effects that current measures or any other measures adopted at a later time will have.

These events could affect our ability to perform our functions and even render us and our business unable to continue operating on an uninterrupted basis, which in turn could have a material adverse impact on us and our business and results of our operations.

Fluctuations of the peso relative to the U.S. dollar could adversely affect our financial condition, our ability to repay debt and other obligations and results of operations.

The exchange rate for the peso fluctuates in relation to the U.S. dollar and such fluctuations may, from time to time, have a material adverse effect on our earnings, assets, liability valuation and cash flows. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Effects of Fluctuations in Exchange Rates between the Peso and the U.S. Dollar." Moreover, currency movements can also affect our leverage, as a significant portion of our debt is denominated in U.S. dollars. As of September 30, 2024, 39% of our debt (U.S.$1,175 million) was denominated in U.S. dollars. In particular, the Existing Notes, the Mexican Promissory Notes and our Senior Secured Notes due 2028 represent a substantial part of our total indebtedness, and the payment obligations under the Existing Notes, the Mexican Promissory Notes and our Senior Secured Notes due 2028 are denominated in U.S. dollars. In addition, the New Notes will also be denominated in U.S. dollars. Considering that we do not obtain revenue in U.S. dollars, we must use our revenue in pesos or in other currencies in order to service our U.S. dollar-denominated debt, including the New Notes. A material devaluation or depreciation of the peso against the U.S. dollar may result in disruption of the international foreign exchange markets and may limit our ability to transfer or to convert pesos into U.S. dollars and other currencies to make timely payments of interest and principal on our U.S. dollar-denominated debt or obligations in other currencies, including the Existing Notes, our Senior Secured Notes due 2028 and any New Notes.

The peso is a free-floating currency and, as such, it experiences exchange rate fluctuations relative to the U.S. dollar over time. During 2023, the peso appreciated by 12.7% against the U.S. dollar compared to 2022, whereas as of September 30, 2024, the peso depreciated by 16.2%, closing at Ps.19.6290 on September 30, 2024, as compared to Ps.16.8935 on December 31, 2023. While the Mexican government does not currently restrict, and since 1982 has not restricted, the right or ability of Mexican or foreign persons or entities to convert pesos into U.S. dollars or to transfer other currencies out of Mexico, the Mexican government could impose restrictive exchange rate policies in the future, as it has done in the past. Currency fluctuations may have an adverse effect on our financial position, results and cash flows in future periods. When the financial markets are volatile, as they have been in recent periods, our results may be substantially affected by variations in exchange rates and commodity prices and, to a lesser degree, interest rates. These effects include foreign exchange gain and loss on assets and liabilities denominated in U.S. dollars, fair value gain and loss on derivative financial instruments, commodities prices and changes in interest income and interest expense. These effects can be much more volatile than our operating performance and our operating cash flows.

Fluctuations in interest rates and inflation may adversely affect our business.

Mexico has, and is expected to continue to have, high real and nominal interest rates relative to the United States, its main commercial partner. According to the Central Bank, on September 30, 2024, the interest rate on 28-day Mexican government treasury securities was 10.35%. Any negative variations in prevailing interest rates could have an adverse effect on our financial condition because the amount of interest we owe may increase with regard to our present liabilities and indebtedness or any liabilities and indebtedness incurred in the future. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting our Results and Operations—Effects of Inflation in Mexico."

Inflation in Mexico has historically been higher than that of more developed economies. According to calculations made by the Mexican National Institute of Statistics and Geography (*Instituto Nacional de Estadística y Geografia* or "INEGI") and information published by the Central Bank, annual inflation was 4.7%, 7.8% and 7.4%, for the years ended December 31, 2023, 2022 and 2021, respectively, and for the nine months ended September 30, 2024, annualized inflation was 4.6%. Any significant increase in the inflation rate in Mexico could adversely affect our financial condition and results of operations because inflation can adversely affect consumer purchasing power.

If the Mexican government imposes exchange controls and restrictions, we may not be able to service our debt in U.S. dollars.

In the past, the Mexican economy has experienced balance of payment deficits and shortages in foreign exchange reserves. There can be no assurance that the Mexican government will not institute a restrictive exchange control policy. Any such restrictive exchange control policy could prevent or restrict access to U.S. dollars and limit our ability to service our debt. Moreover, we cannot predict what impact a restrictive exchange control policy would have on the Mexican economy generally.

Fluctuations in the U.S. economy or the global economy in general may adversely affect Mexico's economy and our business.

Mexico's economy is vulnerable to global market downturns and economic slowdowns. Moreover, Mexico's economy is largely influenced by economic conditions in the United States and Canada as a result of various factors, including the volume of commercial transactions under the USMCA and the level of U.S. investments in Mexico. Therefore, events and conditions that affect the U.S. economy can also affect our business, results of operations and financial condition, both indirectly and directly.

After the recession caused by the outbreak of COVID-19 in 2020, the global economy, including Mexico and the United States, have recovered, with higher employment, but also with increased inflation. To moderate the higher prices, central banks have increased interest rates, which has affected liquidity in the economy. The macroeconomic environment in which we operate is beyond our control, and the future economic environment may be less favorable than in recent years. Our level of revenues depends significantly on our ability to increase our number of subscribers and broaden the coverage area of our services, which in turn depend on the continued recuperation of the Mexican and global economy. There is no assurance that such recovery will continue, or the current economic conditions will ameliorate. The risks associated with current and potential changes in the Mexican and United States economies are significant and could have a material adverse effect on our business and results of operations.

Although foreign direct investment has recently increased in Mexico, in the context of a Nearshoring process, which entails moving companies closer to the markets that demand the products, financial problems or an increase in risk related to investment in emerging economies could limit foreign investment in Mexico and adversely affect the Mexican economy. We cannot predict the impact any future economic downturn could have on our results of operations and financial condition. However, consumer demand generally decreases during economic downturns.

The Mexican government exercises significant influence over the economy.

The Mexican government has and continues to exert significant influence over the Mexican economy. The Mexican government's economic plans in the past often have not fully achieved their objectives, and we cannot assure you that current and future economic plans of the Mexican government will achieve our stated goals. Similarly, we cannot determine what effect these plans or their implementation will have on the Mexican economy or on our

business. Future Mexican governmental actions could have a significant effect on Mexican companies, including us, and market conditions.

Security risks in Mexico could increase, and this could adversely affect our results.

In recent years, Mexico has experienced a period of elevated criminal activity and particularly high homicide rates, primarily due to organized crime. In recent months, shopping centers in certain regions of Mexico, including Mexico City, have reported increases in criminal activities and violence. In response, the Mexican government has implemented various security measures, such as the creation of the national guard, a new military police force. Despite these efforts, crime continues to exist in Mexico. The presence of violence among drug cartels, and between these and the Mexican law enforcement and armed forces, or an increase in other types of crime, pose a risk to our business, and might negatively impact business continuity. This insecurity situation in Mexico is likely to worsen as criminal groups gain strength.

Wars, terrorist attacks or the continuing threat of terrorism and organized crime in Mexico and other countries, as well as the potential for military action and increased security measures in response to such threats, could have a significant impact on trade worldwide. These activities, their possible escalation and the violence associated with them could have a negative impact on the Mexican economy or our operations in the future. If criminal activities continue or increase, this could have negative consequences on the Mexican economy or destabilize the political system, which could negatively affect our business. In addition, certain political events could generate prolonged periods of uncertainty that could adversely affect our activity, business, financial condition, results of operations and prospects.

We are subject to anti-corruption, anti-bribery, anti-money laundering and antitrust laws and regulations in Mexico. Any violation of any such laws or regulations could have a material adverse impact on our reputation and results of operations and financial condition.

We are subject to anti-corruption, anti-bribery, anti-money laundering, antitrust and other international laws and regulations and are required to comply with the applicable laws and regulations of Mexico. In addition, we are subject to regulations on economic sanctions that restrict our dealings with certain sanctioned countries, individuals and entities. There can be no assurance that our internal policies and procedures will be sufficient to prevent or detect all inappropriate practices, fraud or violations of law by our affiliates, employees, directors, officers, partners, agents and service providers or that any such person will not take actions in violation of our policies and procedures. Any violations by us of anti-bribery and anti-corruption laws or sanctions regulations could have a material adverse effect on our business, reputation, results of operations and financial condition.

Risks Relating to the New Notes, the New Notes Guarantee and the Exchange Offer

The New Notes will be effectively subordinated to our existing and future secured debt (except for the Collateral), and the existing and future liabilities of our subsidiaries, as applicable.

The New Notes will constitute our unsubordinated obligations and will rank *pari passu*, without any preferences among themselves, with all of our other present and future secured and unsubordinated debt obligations (other than obligations preferred by operation of law), to the extent of the value of the Collateral. Under the Mexican Bankruptcy Law (*Ley de Concursos Mercantiles*), the obligations under the New Notes are subordinated to certain statutory preferences including claims for salaries, wages, social security, taxes and court fees and expenses. If the Issuer or the Initial Guarantor is declared bankrupt (*en quiebra*) or if the Issuer or the Initial Guarantor becomes subject to a reorganization proceeding (*concurso mercantil*), the rights of the holders of the New Notes will rank junior to the above statutory preferences and, as a result, the ability to pay amounts outstanding under the New Notes may be affected.

The New Notes are not secured by any of our assets, other than the Collateral. Any claims of secured creditors with respect to other of our assets securing their financing will be prior to any claim of the holders of the New Notes with respect to those assets.

As of September 30, 2024, we had total consolidated debt of Ps.58,550 million (U.S.$2,984 million). The Issuer owed Ps.57,312 million (U.S.$2,921 million), which represented 98% of our total debt as of September 30, 2024, with the rest owed only by the Initial Guarantor. See “Principal Existing Indebtedness.”

Our subsidiaries are separate and distinct legal entities from us. Except for the Initial Guarantor, our subsidiaries have no obligation to pay any amounts due on the New Notes or to provide us with funds to meet our payment obligations on the New Notes, whether in the form of dividends, distributions, loans, guarantees or other payments. In addition, any payment of dividends, loans or advances by our subsidiaries could be subject to statutory or contractual restrictions. Payments to us by our subsidiaries will also be contingent upon the subsidiaries' earnings and business considerations. Our right to receive any assets of any of our subsidiaries upon their bankruptcy, liquidation or reorganization, and therefore the right of the holders of the New Notes to participate in those assets, will be effectively subordinated to the claims of that subsidiary's creditors, including trade creditors.

If we become insolvent or are liquidated, or we become subject to bankruptcy proceedings, or if payment under any secured debt is accelerated, the relevant lenders would be entitled to exercise the remedies available to a secured lender. Accordingly, any proceeds upon a realization of the collateral granted for the benefit of secured creditors would be applied first to amounts due under the secured debt obligations, including the New Notes, before any proceeds would be available to make payments on the Existing Notes. After such application of the proceeds from collateral and priorities, it is possible that there would be no assets remaining from which claims of the holders of the Existing Notes could be satisfied.

Further, if any assets remain after payment of these lenders, the remaining assets would be available to creditors preferred by statute, such as holders of tax, social security and labor claims, and might be insufficient to satisfy the claims of the holders of the Existing Notes and holders of other unsecured debt including trade creditors that rank equal to holders of the Existing Notes.

In addition, the Issuer's and the Initial Guarantor's creditors may hold negotiable instruments or other instruments governed by local law that grant rights to attach the Issuer's or the Initial Guarantor's assets at the inception of judicial proceedings in the relevant jurisdiction, which attachment is likely to result in priorities benefitting those creditors when compared to the rights of holders of the Existing Notes.

The New Notes Guarantee may not be enforceable under applicable laws.

The New Notes will be fully and unconditionally guaranteed by our subsidiary, Total Box, S.A. de C.V. The New Notes Guarantee provides a basis for a direct claim against the Initial Guarantor; however, it is possible that the New Notes Guarantee may not be enforceable under Mexican, U.S. or other applicable laws.

While Mexican law does not prohibit the giving of guarantees by a subsidiary and, as a result, does not prevent the guarantee of the New Notes from being valid, binding and enforceable against the Initial Guarantor, if the Initial Guarantor becomes subject to a judicial reorganization proceeding *(concurso mercantil)* or to bankruptcy (*quiebra*), the New Notes Guarantee provided by the Initial Guarantor may be deemed to have been a fraudulent transfer and declared void based upon the Initial Guarantor being deemed not to have received fair consideration in exchange for such guarantee.

Among other things, a legal challenge of a subsidiary guarantor's obligations under a guarantee on fraudulent conveyance grounds could focus on the benefits, if any, realized by such subsidiary guarantor as a result of the issuance of the New Notes. To the extent the New Notes Guarantee is voided as a fraudulent conveyance or held unenforceable for any other reason, the holders of the New Notes would not have any claim against the Initial Guarantor and would be creditors solely of the Issuer. If any such event were to occur, the creditworthiness of the New Notes, and the market value of the New Notes in the secondary market, may be materially adversely affected.

Under the New Notes Indenture, we may incur substantially more secured indebtedness than we are currently permitted under the Existing Notes Indenture.

The New Notes Indenture will include a covenant that limit our ability to incur additional indebtedness, subject to certain qualifications and exceptions described under "Description of the New Notes—Certain Covenants" and, among other things, permits us to secure such permitted additional indebtedness to the extent that our Consolidated Net Leverage Ratio does not exceed 4.50 to 1.00. As a result, we may incur substantially more secured indebtedness than we are currently permitted under the Existing Notes Indenture, which could adversely affect our financial condition and prevent us from fulfilling our obligations, including our obligations under the New Notes.

A downgrade in the credit ratings of our securities could have an adverse impact on our operations and financial position and the marketability of the New Notes.

Our securities are rated by Fitch and Moody's and during 2023 and 2024, our ratings were subject to several downgrades, although more recently they have stabilized.

In November 2023, Moody's downgraded our Corporate Family Rating to Caa from B2 following a review for downgrade initiated in August 2023. Likewise, the ratings for the Senior Notes due 2025 were also downgraded to "B+"/"RR4"; Caa2, with negative outlook.

On November 26, 2024, Moody's upgraded our Corporate Family Ratings and our Senior Secured Notes due 2028 to B3, from Caa1, and changed the outlook to stable from negative. Likewise, the rating for the Senior Notes due 2025 and the Existing Notes were also upgraded to Caa1, from Caa2, and similarly improved the outlook to stable, from negative. Moody's Ratings recognized our improved liquidity position, the generation of positive cash flow and the extension of our debt maturity profile, while also taking into consideration our competitive position and solid financial and operating indicators.

On February 28, 2024, Fitch downgraded our Long-Term Foreign and Local Currency Issuer Default Ratings "CCC+" from "B-"; while Rating Watch Negative was removed. In conjunction with this downgrade, the ratings for the outstanding balance of our Senior Notes due 2025 and Existing Notes were also downgraded to "CCC"/"RR5" from "B-/RR4", which was affirmed by Fitch on April 23, 2024.

On February 28, 2024, Fitch stated that the downgrade was the result of our private exchange with a group of Mexican investors for U.S.$213.5 million of our U.S.$575 million Senior Notes due 2025, which are unsecured, for the Mexican Promissory Notes with a higher interest rate, which Fitch viewed negatively as it did not include an unconditional offer to all the holders of the Senior Notes due 2025 and would leave the remaining Senior Notes due 2025 and Existing Notes in a weaker debt ranking. According to Fitch, after the issuance of the Mexican Promissory Notes, approximately 45% of our total accounts receivable that flow through trusts are earmarked and committed to service secured debt, compared to 38% as of December 31, 2023, which further limits our financial flexibility. The interest rate of the Mexican Promissory Notes is higher than the Senior Notes due 2025, limiting financing options and impacting cash flow generation. An increase in the percentage of secured debt that further subordinates the Senior Notes due 2025 and Existing Notes could lead to a two-notch subordination from the Issuer Default Ratings. Subsequently in March 2024, we made an exchange offer to the remaining holders of the Senior Notes due 2025 and retired U.S.$305.5 million of the Senior Notes due 2025 in exchange for U.S.$305.5 million of the Senior Secured Notes due 2028. On April 4, 2024, Fitch assigned a "CCC+"/"RR4" rating for our Senior Secured Notes due 2028.

On April 23, 2024, Fitch affirmed the rating for the remaining balances of each of our Senior Notes due 2025 and Existing Notes at "CCC"/"RR5". The affirmation followed the exchange offer referred to above. According to Fitch, our capital structure changed as a result of the exchange offer and the issuance of the Mexican Promissory Notes and now heavily leans toward a secured debt structure.

On December 23, 2024, Fitch upgraded our Long-Term Foreign and Local Currency IDRs to "B-" from "CCC+" and our Senior Secured Notes due 2028 to "B-"/"RR4" from "CCC+"/"RR4". Fitch has additionally affirmed the rating for the outstanding balance of our Senior Notes due 2025 and Existing Notes at "CCC" and revised the Recovery Rating of those notes to "RR6" from "RR5" and assigned a stable rating outlook. The upgrade reflects the improvement of our liquidity position, supported by positive free cash flow generation during 2024, and the reduction in refinancing needs in combination with an extended maturity profile.

Such ratings are limited in scope, do not address all material risks relating to an investment in our securities (including the Existing Notes and the New Notes) and reflect only the views of the rating agencies at the time the ratings are issued. Our current ratings depend in part upon economic conditions and other factors affecting credit risk that are outside our control. Detailed explanations of the ratings may be obtained from the rating agencies.

We cannot assure you that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in the judgment of such rating agencies, circumstances so warrant. Negative developments in our business, financial condition and results of operations or other factors could cause the ratings agencies to lower the credit ratings, or ratings outlook, of our short and long-term debt, which may impair our ability to raise new financing or refinance our current borrowings and

increase our costs of issuing any new debt instruments. See "Management's Discussion and Analysis of Financial Condition and Results of Operations." A further ratings downgrade or the suspension or withdrawal of such ratings could have an adverse effect on the market price and marketability of the New Notes.

We may not be able to generate sufficient cash to service all of our indebtedness, including the New Notes, and may be forced to take other actions to satisfy our obligations under such indebtedness, which may not be successful.

Our ability to make scheduled payments on or refinance our debt obligations, including the New Notes, depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond our control. We may be unable to maintain a level of cash flows from operating activities sufficient to pay the principal, premium, if any, and interest on our indebtedness, including the New Notes.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance our indebtedness, including the New Notes. We may not be able to effect any such alternative measures, if necessary, on commercially reasonable terms or at all and, even if successful, those alternatives may not allow us to meet our scheduled debt service obligations. The New Notes Indenture pursuant to which the New Notes offered hereby will be issued will restrict our ability to dispose of assets and use the proceeds from those dispositions and may also restrict our ability to raise debt or equity capital to be used to repay other indebtedness when it becomes due. We may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations then due.

Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms or at all, would materially and adversely affect our financial position and results of operations and our ability to satisfy our obligations under the New Notes.

If we cannot make scheduled payments on our debt, we will be in default and holders of the New Notes could declare all outstanding principal and interest to be due and payable, causing a cross-acceleration or cross-default under certain of our other debt agreements, and we could be forced into bankruptcy, liquidation or restructuring proceedings. All of these events could result in your losing your investment in the New Notes or your investment being impaired.

We have in the past benefited from being able to extend the payment terms of our account and trade payables. There is no assurance, however, that we will be successful in extending such payment terms in the future. To the extent we are not able to successfully extend such payment terms in the future, we may not have sufficient cash flows to satisfy our debt obligations, including to make scheduled payments of interest and principal on the New Notes.

Your decision to tender Existing Notes for New Notes exposes you to the risk of nonpayment for a longer period of time.

The Existing Notes will mature on September 20, 2028. The New Notes will mature on December 31, 2032. If, following the maturity dates of the Existing Notes but prior to the maturity date of the New Notes, we were to become subject to a bankruptcy, taking of possession, liquidation or similar proceeding, the Eligible Holders of Existing Notes who did not exchange their Existing Notes for New Notes could have been paid in full and there would exist a risk that Eligible Holders of Existing Notes who exchanged their Existing Notes for New Notes would not be paid in full, if at all. Your decision to tender your Existing Notes should be made with the understanding that the lengthened maturity of the New Notes exposes you to the risk of nonpayment for a longer period of time if we were become subject to a bankruptcy, tacking of possession, liquidation or similar proceedings.

We may be unable to purchase the New Notes upon a Change of Control Triggering Event, which would result in a default under the New Notes Indenture pursuant to which the New Notes offered hereby will be issued.

The New Notes Indenture pursuant to which the New Notes offered hereby will be issued will require us to make an offer to repurchase the New Notes upon the occurrence of a Change of Control Triggering Event at a purchase price equal to 101.000% of the principal amount of the New Notes, plus accrued and unpaid interest to the date of the purchase. Any financing arrangements the Issuer may enter may require repayment of amounts outstanding upon the occurrence of a change of control event and limit the Issuer's ability to fund the repurchase of the New Notes in certain

circumstances. The Issuer may not have sufficient funds at the time of the Change of Control Triggering Event to make the required repurchase of the New Notes or that restrictions in its other financing arrangements will not allow the repurchase. If the Issuer fails to repurchase the New Notes in such circumstance, the Issuer would default under the New Notes Indenture, which may, in turn, trigger cross-default provisions in any of our other debt instruments. See "Description of the New Notes — Change of Control Triggering Event."

The instruments governing our indebtedness, including the New Notes offered hereby, contain cross-default provisions that may cause all of the debt issued under such instruments to become immediately due and payable as a result of a default under an unrelated debt instrument.

The New Notes Indenture pursuant to which the New Notes offered hereby will be issued will contain restrictive covenants. Instruments governing our existing indebtedness also contain, and the instruments governing indebtedness we may incur in the future may contain, certain affirmative and negative covenants and require us and our subsidiaries to meet certain financial ratios and tests. Our failure to comply with the obligations contained in these instruments could result in an event of default under the applicable instrument, which could then result in the related debt and the debt issued under other instruments becoming immediately due and payable. In such event, we would need to raise funds from alternative sources, which may not be available to us on favorable terms, on a timely basis or at all. Alternatively, such default could require us to sell our assets and otherwise curtail operations in order to pay our creditors.

The New Notes are subject to transfer restrictions, which could limit your ability to resell your Notes.

The New Notes have not been registered under the Securities Act or any state securities laws, and we are not required to and currently do not plan on making any such registration. As a result, the New Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Prospective investors should be aware that investors may be required to bear the financial risks of this investment for an indefinite period of time. See "Transfer Restrictions" for a full explanation of such restrictions.

An active trading market for the New Notes may not develop.

Currently there is no market for the New Notes. Application will be made to the SGX-ST for the New Notes to be admitted to trading on the SGX-ST. Even if the New Notes become listed on the SGX-ST, we may delist the New Notes. A trading market for the New Notes may not develop, even if the New Notes are listed as specified above, or if a market for the New Notes were to develop, the New Notes may trade at a discount from their respective initial issue price (*i.e.*, the exchange rate vis-a-vis the Existing Notes), depending upon many factors, including prevailing interest rates, declines and volatility in the market for similar securities, general economic conditions and our financial condition and results of operations. We cannot assure you that any trading markets with respect to the New Notes will develop or be maintained. Accordingly, we cannot assure you as to the development or liquidity of any trading market for the New Notes. If a trading market does not develop or is not maintained, you may experience difficulty in reselling the New Notes or may be unable to sell them at an attractive price or at all. Further, even if a market develops, the liquidity of any market for the New Notes will depend on the number of holders of New Notes, the interest of securities dealers in making a market in the New Notes and other factors. We cannot assure you that the New Notes will not trade at a discount from their initial trading price, whether for reasons related or unrelated to us.

The liquidity of the New Notes may be affected by the aggregate amount of New Notes that are outstanding.

As of the date of this Exchange Offer and Consent Memorandum, U.S.$600 million aggregate principal amount of the Existing Notes are outstanding. However, all holders of the Existing Notes may not be Eligible Holders and, accordingly, may not be eligible to participate in the Exchange Offer. In addition, all Eligible Holders may not elect to participate in the Exchange Offer. Therefore, the aggregate principal amount of New Notes may be less than the aggregate principal amount of the Existing Notes, and accordingly, the New Notes may not be as liquid as the Existing Notes.

Trading in the clearing systems is subject to minimum denomination requirements.

The New Notes will be issued in denominations of U.S.$200,000 and integral multiples of U.S.$1 in excess thereof. It is possible that the clearing systems may process trades which could result in amounts being held in

denominations smaller than the minimum denomination. If definitive New Notes are required to be issued in relation to such New Notes in accordance with the provisions of the relevant Global Note, a holder who does not hold beneficial interests in such Global Note in at least the minimum denomination or any integral multiple of U.S.$1 in excess thereof in its account with the relevant clearing system at the relevant time may not receive all of its entitlement in the form of definitive New Notes unless and until such time as its holding satisfies the minimum denomination requirement.

To the extent that any Tender Order is submitted which would result in less than the minimum denomination of New Notes to be paid as Exchange Consideration, no New Notes will be issued and the tendered Existing Notes will not be accepted for exchange and will be returned to the tendering Eligible Holder.

Payments claimed on the New Notes or the New Notes Guarantee in Mexico, pursuant to a judgment or otherwise, would be required to be made in local currency.

In the event that proceedings are brought against the Issuer or the Initial Guarantor in Mexico, either to enforce a judgment or as a result of an original action, or if payment is otherwise claimed from the Issuer or the Initial Guarantor therein, the Issuer or the Initial Guarantor would not be required to discharge those obligations in a currency other than pesos and a claim for any deficiency after conversion would not be enforceable. If such a claim were brought in the country of incorporation of any other subsidiary guarantor, or if payment is otherwise claimed from such subsidiary guarantor therein, such subsidiary guarantor may similarly be required to discharge those obligations in a currency other than its local currency. As a result, you may suffer a U.S. dollar shortfall if you obtain a judgment or a payment in any currency other than U.S. dollars.

Our obligations under the New Notes would be affected in the event of our bankruptcy or the bankruptcy of the Initial Guarantor.

Under Mexican Bankruptcy Law *(Ley de Concursos Mercantiles),* if the Issuer or the Initial Guarantor is declared bankrupt *(en quiebra)* or if the Issuer or the Initial Guarantor becomes subject to a reorganization proceeding *(concurso mercantil),* the Issuer's and the Initial Guarantor's obligations under the New Notes and the New Notes Guarantee, respectively would (i) be converted into pesos and then from pesos into UDIs, (ii) be satisfied at the time claims of all our creditors are satisfied, (iii) be subject to the outcome of, and priorities recognized in, the relevant proceedings (including priorities resulting from applicable law, such as tax, social security and labor claims, and claims of secured creditors (up to the value of the collateral provided to such creditors)), (iv) cease to accrue interest from the date the *concurso mercantil* is declared, and (v) not be adjusted to take into account any depreciation of the peso against the U.S. dollar (or any other currency) occurring after such declaration. As a result, upon the occurrence of any such events, payments under the New Notes by the Issuer or the Initial Guarantor may be affected.

We may not be able to make payments in U.S. dollars.

In the past, the Mexican economy has experienced balance of payments deficits and shortages in foreign exchange reserves. While the Mexican government does not currently restrict the ability of Mexican or foreign persons or entities to convert pesos to foreign currencies, including U.S. dollars, it has done so in the past and could do so again in the future. We cannot assure you that the Mexican government will not implement a restrictive exchange control policy in the future. Any such restrictive exchange control policy could prevent or restrict our access to U.S. dollars to meet our U.S. dollar obligations and could also have a material adverse effect on our business, financial condition and results of operations.

The Issuer and the Initial Guarantor are incorporated or formed under the laws of Mexico and therefore it may be difficult to enforce civil liabilities against the Issuer, the Initial Guarantor or their respective directors, executive officers and controlling persons.

A significant number of the directors, executive officers and controlling persons of the Issuer and the Initial Guarantor are not residents of the United States and substantially all of the assets of such persons and a significant portion of all of our assets are located in Mexico. As a result, it may not be possible for investors to effect service of process within the United States upon such persons, the Issuer or the Initial Guarantor or to enforce against any such persons in courts of any jurisdiction outside of Mexico, judgments predicated upon the laws of any other jurisdiction, including any judgment predicated substantially upon the civil liability provisions of United States federal and state securities laws. We have been advised that there is doubt as to the enforceability in Mexican courts, in original actions or in actions for enforcement of judgments obtained in courts of jurisdictions outside of Mexico, of civil liabilities

arising under the laws of any jurisdiction outside of Mexico, including any judgment predicated solely upon United States federal or state securities laws. No treaty is currently in effect between the United States and Mexico that covers the reciprocal enforcement of foreign judgments. In the past, Mexican courts have enforced judgments rendered in the United States by virtue of principles of reciprocity and comity as well as the provisions of Mexican law relating to the enforcement of foreign judgments in Mexico, consisting of the review by Mexican courts of the United States judgment in order to ascertain whether Mexican legal principles of due process and public policy (*orden público),* among other requirements, have been duly complied with, without reviewing the merits of the subject matter of the case; provided that U.S. courts would grant reciprocal treatment to Mexican judgments issued in analogous cases.

We cannot assure you that the credit ratings for the New Notes will not be lowered, suspended or withdrawn by the rating agencies.

The credit ratings of the New Notes may change after issuance. Such ratings are limited in scope and do not address all material risks relating to an investment in the New Notes, but rather reflect only the views of the rating agencies at the time the ratings are issued. An explanation of the significance of such ratings may be obtained from the rating agencies. We cannot assure you that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in the judgment of such rating agencies, circumstances so warrant. Any lowering, suspension or withdrawal of such ratings may have an adverse effect on the market price and marketability of the New Notes.

We may choose to redeem the New Notes and you may be unable to reinvest the proceeds at the same or a higher rate of return.

We will have the right to redeem the New Notes, in whole or in part, prior to their maturity on the terms and at the prices provided under "Description of the New Notes—Optional Redemption." We may choose to redeem the New Notes at times when prevailing interest rates may be relatively low. Accordingly, you may not be able to reinvest the redemption proceeds in a comparable security with an effective interest rate as high as that of the New Notes being redeemed.

The New Notes Indenture will impose significant operating and financial restrictions on us which may prevent us from capitalizing on business opportunities.

The New Notes Indenture will include covenants that, among other things, limit our ability to:

- incur additional indebtedness;
- pay dividends or make distributions or repurchase or redeem stock;
- prepay, redeem or repurchase certain indebtedness;
- make loans and investments;
- sell assets;
- incur liens;
- enter into transactions with affiliates;
- enter into agreements restricting our restricted subsidiaries' ability to pay dividends; and
- consolidate, merge or sell all or substantially all of our assets.

These covenants are subject to a number of exceptions and qualifications. For more details, see "Description of the New Notes—Certain Covenants." Notwithstanding, these restrictions could limit our ability to seize attractive growth opportunities for our businesses that are currently unforeseeable, particularly if we are unable to incur financing or make investments to take advantage of these opportunities. In addition, the breach of any of these covenants or the failure to meet any of such conditions could result in a default under the New Notes. Our ability to comply with these covenants may be affected by events beyond our control, including prevailing economic, financial and industry conditions and the authorizations used in our business.

The New Notes are not registered securities in the United States, and they will be subject to transfer restrictions that may adversely affect the value of the New Notes and limit your ability to resell the New Notes.

The New Notes have not been registered under the Securities Act or any state securities laws, and we are not required to and currently do not plan on making any such registration in the immediate future. The New Notes may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Such exemptions include offers and sales that occur outside the United States for non-U.S. persons in compliance with Regulation S and in accordance with any applicable securities laws of any other jurisdiction, and sales to U.S. qualified institutional buyers as defined under Rule 144A. You should be aware that investors may be required to bear the financial risks of this investment for an indefinite period of time. See "Transfer Restrictions" for a more detailed explanation of such restrictions.

The terms of the New Notes Indenture provide only limited protection against significant events that could adversely impact your investment in the New Notes.

Upon the occurrence of a Change of Control Triggering Event (as defined under "Description of the New Notes"), we will be required to offer to repurchase all outstanding New Notes, as provided in the New Notes Indenture. However, the Change of Control Triggering Event provisions will not afford you protection in the event of certain highly leveraged transactions that may adversely affect you. For example, any leveraged recapitalization, refinancing, restructuring or acquisition initiated by us generally will not constitute a Change of Control Triggering Event. As a result, we could enter into any such transaction even though the transaction could increase the total amount of our outstanding indebtedness, adversely affect our capital structure or credit rating or otherwise adversely affect the holders of the New Notes. If any such transaction were to occur, the value of your New Notes could decline. In addition, the financial covenants in the New Notes Indenture are subject to significant exceptions.

The price at which holders will be able to sell their New Notes prior to maturity will depend on a number of factors and may be substantially less than the amount holders originally invested.

The market value of the New Notes at any time may be affected by changes in the level risks perceived in connection with the Issuer, the Initial Guarantor or the market. For example, an increase in the level of the risk perceived could cause a decrease in the market value of the New Notes. Conversely, a decrease in the level of risk perceived may cause an increase in the market value of the New Notes.

The level of risk perceived will be influenced by complex and interrelated political, economic, financial and other factors that can affect the money markets generally and/or the market in which we operate. Volatility is the term used to describe the size and frequency of market fluctuations. If the volatility of the perception of the risk varies, the market value of the New Notes may change.

Our indebtedness could adversely affect our financial condition and prevent us from fulfilling our obligations, including our obligations under the New Notes.

As of September 30, 2024, our consolidated total debt was Ps.58,550 million (U.S.$2,984 million). We issued *Cebures* in the principal amount of Ps.2,500 million (U.S.$127 million) on October 8, 2024 under the *CIBanco Cebures* program, and rolled over Ps.1,000 million (U.S.$51 million) of outstanding *Cebures* on November 21, 2024 under the *Total Play Cebures* program. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness." The level of our indebtedness could have important consequences to you, including the following:

- it may limit our ability to borrow money to fund our working capital needs and capital expenditures;
- it may limit our flexibility in planning for, or reacting to, changes in our business and industry sector, in particular our ability to take advantage of future business opportunities;
- it may make us more vulnerable to a downturn in our business or industry sector, as well as in the Mexican or international economy, including increases in interest rates, foreign currency exchange rate fluctuations and market volatility;
- it may place us at a competitive disadvantage compared to our competitors with lower levels of indebtedness;

- it may make more difficult for us to generate sufficient cash flow to satisfy our obligations with respect to the New Notes;
- a material portion of our cash flow from operations will be dedicated to the repayment of our indebtedness, and will not be available for other purposes; and
- there would be a material adverse effect on our business and financial condition if we were unable to service our indebtedness or obtain additional financing as needed.

Although the New Notes Indenture restricts our ability to incur additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and the indebtedness we may incur in compliance with these restrictions could be significant. For more information about the restrictive covenant related to limitation on debt, see "Description of the New Notes—Certain Covenants— Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock."

We may not be able to generate the significant amount of cash flow needed to pay interest and principal amounts on all of our debts as they become due, including principal and interest on the New Notes and any future indebtedness, which could result in our inability to fulfill our obligations under the New Notes. In addition, we may be required to refinance our indebtedness as it becomes due, including the New Notes, and we cannot assure you that we will be able to do so.

Developments in other emerging markets may adversely affect the market value of the New Notes.

The market price of the New Notes may be adversely affected by developments in the international financial markets and world economic conditions. Mexican securities markets are influenced, to varying degrees, by economic and market conditions in other countries, especially those in Latin America and other emerging markets. Although economic conditions are different in each country, investor reaction to the developments in one country may affect the securities of issuers in other countries, including Mexico. We cannot assure you that the market for the securities of Mexican issuers will not be affected negatively by events elsewhere or that such developments will not have a negative impact on the market value of the New Notes. For example, an increase in the interest rates in a developed country, such as the United States, or a negative event in an emerging market, may induce significant capital outflows from Mexico and depress the trading price of the New Notes.

We may make investments and make other restricted payments even when highly leveraged.

The New Notes Indenture will restrict our ability and that of our restricted subsidiaries to make certain restricted payments, including paying dividends, making distributions or redemptions with respect to our capital stock or making payments on debt that is subordinated to the New Notes. However, these restrictions are subject to significant exceptions. Moreover, the New Notes Indenture does not fully restrict our ability and that of our restricted subsidiaries to make investments, including investments in unrestricted project finance subsidiaries. These exceptions include a general permitted investment basket in an amount equal to the greater of U.S.$75.0 million and 25% of Consolidated L2QA EBITDA. See "Description of the New Notes—Certain Covenants—Limitation on Restricted Payments" and "Description of the New Notes—Certain Definitions—Permitted Investments."

We may redeem the New Notes prior to maturity.

The New Notes are redeemable at our option under certain circumstances specified in "Description of the New Notes—Optional Redemption." We may choose to redeem the New Notes at times when prevailing interest rates may be relatively low. Accordingly, an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the New Notes.

Risks Relating to the Collateral

The Collateral represented by the Payment Trust will not be funded from any sources other than the Receivables.

The Collateral represented by a security interest in the Payment Trust will be funded with proceeds from collection rights on eligible account receivables (the "Receivables") from the earmarking of certain customer accounts (the "Customer Accounts") under the services agreements entered into by the Issuer and the Initial Guarantor with their clients regarding telecommunications services for the benefit of the holders. The Issuer will enter into the

Payment Trust Agreement in order to fund the Collateral with the Receivables, as permitted by current foreign exchange regulations. We will not be required to fund the Collateral under the Payment Trust from any source other than collections from the Receivables, there is no minimum amount up to which the Collateral needs to be funded, and subscribers could delay payments of the Receivables, which could materially affect the value of the Collateral.

The security interest in the Fiber Trust is limited to the assets comprising the Fiber Assets.

Although the estimated value of the assets constituting the Fiber Assets (as defined in "Description of the New Notes—Mexican Trust Arrangements"), specifically those comprising the Transport Network, will, at the time the New Notes are issued, exceed the outstanding principal amount of the New Notes and the present value of all interest payments due under the New Notes over the term of the New Notes, the Issuer is not required to contribute additional assets, nor to replace or substitute the assets initially contributed, to maintain the initial coverage ratio in respect of the New Notes on their issue date.

The Fiber Trust serves as a collateral mechanism intended to benefit multiple creditors, including potentially affiliates of Total Play, which may dilute the value of the security interests of the holders of the New Notes and their control over the process of foreclosing upon the assets within the Fiber Assets.

As of the issuance date, the holders of the New Notes, through the New Notes Trustee acting in its capacity as Debt Representative under the Fiber Trust, will be the sole beneficiaries of the Fiber Trust; however, the Issuer will be permitted to secure an unlimited amount of additional debt with the assets of the Fiber Trust under the Fiber Trust Agreement and the inclusion of new creditors as beneficiaries of the Fiber Trust will reduce any amount the holders of the New Notes may recover upon a foreclosure of the assets of the Fiber Trust.

Many decisions concerning the management of the Trust's Estate, in particular any foreclosure of its assets, must be made in accordance with the instructions of those beneficiaries of the Fiber Trust who hold a majority of the outstanding payment obligations that are beneficiaries of the Fiber Trust. Such beneficiaries may include affiliates of Total Play. If the holders of the New Notes, through the New Notes Trustee acting in its capacity as Debt Representative under the Fiber Trust, do not represent a majority of the outstanding payment obligations that are beneficiaries of the Fiber Trust, the Debt Representative will not be able to instruct or otherwise control the actions of the Fiber Trustee and the Fiber Assets may not be foreclosed upon, or may be subject to a foreclosure procedure that is not in the interests of the holders of the New Notes, even if the Issuer defaults on its principal, interest or any payment obligations under the New Notes.

Beneficiaries of the Fiber Trust may only be entitled to foreclose upon the Collateral thereunder in the case of a payment default or in certain other limited circumstances.

The events that are "events of default" under the New Notes Indenture are not considered to be "events of default" under the Fiber Trust Agreement. Accordingly, beneficiaries of the Fiber Trust, including holders of the New Notes, may not seek to foreclose upon the assets of the Fiber Trust, except upon a payment default under the documents underlying their secured debt, upon acceleration of that debt or upon the failure by the Issuer to comply with the Fiber Trust Agreement, the Use Agreement or the Maintenance Agreement which failure adversely affects, or may reasonably be expected to adversely affect, the holders of any debt secured by the Fiber Trust, or the rights of such holders under their respective documents underlying their secured debt.

The ownership of the assets comprising the Transport Network may be difficult to prove.

While most of the assets comprising the Transport Network are supported by an invoice, which will be delivered to the Fiber Trustee as the new owner of such assets, the ownership of other assets is only supported by the legal presumption arising from their possession.

Additionally, the Fiber Trust Agreement contemplates a virtual transfer of the assets comprising the Transport Network, meaning there is no tangible or factual process confirming the existence and delivery of each asset to the Fiber Trustee.

Accordingly, in any foreclosure procedure, the ownership of such assets and therefore the ability of the holders of the New Notes and any other secured parties under the Fiber Trust may not be able to foreclose upon such assets.

The treatment of the New Notes holders' preferred claims to the Collateral in an insolvency proceeding in Mexico cannot be assured.

Principal and interest under the New Notes will be secured by the Collateral pursuant to the Fiber Trust and the Payment Trust, both governed by Mexican law. The Fiber Trust may secure other present or future creditors than the holders of the New Notes. If the Issuer or the Initial Guarantor is declared bankrupt (*en quiebra*) or if the Issuer or the Initial Guarantor becomes subject to a reorganization proceeding (*concurso mercantil*) in Mexico, our unsecured creditors may challenge the validity of the Fiber Trust, the Payment Trust and the security interest created thereunder. We cannot give you any assurance that the Fiber Trust, the Payment Trust or the security interest created thereunder will be held valid by a Mexican court in the context of an insolvency procedure. As a result, holders of the New Notes may not be able to prevail on the recognition of their preferred claims to the Collateral in the context of an insolvency procedure in Mexico. In that case, the entirety of their claim under the New Notes may be considered unsecured and any recovery made on the Collateral may be subject to clawback.

The laws of Mexico may limit the enforcement of rights to the Collateral.

The creation and perfection of the security interest in favor of the Onshore Trustee for the benefit of the holders and enforcement of the rights regarding the Collateral are governed by the laws of Mexico. The laws relating to the creation and perfection of security interests in Mexico differ from those in the United States and their enforcement may be subject to restrictions and limitations, including the effect of fraudulent conveyance and similar laws. The enforcement of contract rights against us, the Fiber Trust or the Payment Trust, would depend on successful enforcement action, as established in the Fiber Trust Agreement and the Payment Trust Agreement, respectively. These restrictions and limitations may have the effect of preventing, limiting and/or delaying the enforcement of rights over the Collateral, and may materially impair the claims of the holders of the New Notes. Any such delay in having an enforceable claim could also diminish the value of the interest of the holders of the New Notes in the Collateral due to, among other things, the existence of other potential creditors and claimants. Such a diminished interest could materially affect the ability of holders of New Notes to recover their proportionate share of the value of the Collateral in an Event of Default (as defined under "Description of the New Notes") or default under the New Notes.

Risks Relating to the Exchange Offer and the Existing Notes

If the issuer is unable to consummate the Exchange Offer, we may consider other restructuring or relief alternatives available under applicable laws. Any such alternatives could be on terms less favorable to the holders of Existing Notes than the terms of the Exchange Offer.

If the Issuer is unable to consummate the Exchange Offer, we may consider other restructuring or relief alternatives available to us. Those alternatives may include asset dispositions, joint ventures, alternative refinancing transactions or relief under applicable insolvency laws. Any such alternatives could be on terms less favorable to the holders of Existing Notes than the terms of the Exchange Offer and the New Notes. Accordingly, there is a risk that the ability of the holders of Existing Notes to recover their investments would be substantially delayed and/or impaired if the proposed Exchange Offer is not consummated.

If the Issuer consummates the Exchange Offer, no assurance can be given that we will be able to repay principal of the Existing Notes that remain untendered.

The final maturity of the Existing Notes is September 20, 2028. If the Issuer consummates the Exchange Offer, the Issuer expects to use cash on hand and certain financing options to repay the Existing Notes that are not tendered and accepted in the Exchange Offer. However, depending on the level of participation, our capacity to pay such Existing Notes at maturity will depend on several factors outside of our control, including market, financing and regulatory conditions at the time, including our capacity to access the local exchange market for the payment of foreign financial indebtedness.

Existing Notes that remain outstanding will be effectively subordinated to all of our existing and future debt that is secured to the extent of the value of the property and assets securing such debt, including the New Notes, the Mexican Promissory Notes and the Senior Secured Notes due 2028. See "The Exchange Offer and the Consent Solicitation."

The Exchange Offer may result in reduced liquidity for any Existing Notes that are not exchanged.

The trading market for Existing Notes that are not exchanged could become more limited than the existing trading market for the Existing Notes and could cease to exist altogether due to the reduction in the principal amount of the Existing Notes outstanding upon consummation of the Exchange Offer. A more limited trading market might adversely affect the liquidity, market price and price volatility of the Existing Notes. If a market for the Existing Notes that are not exchanged exists or develops, the Existing Notes may trade at a discount to the price at which they would trade if the principal amount outstanding were not reduced. There can, however, be no assurance that an active market in the Existing Notes will exist, develop or be maintained, or as to the prices at which the Existing Notes may trade, after the Exchange Offer is consummated.

You may not receive the Exchange Consideration in the Exchange Offer if you do not follow the procedures for the Exchange Offer.

The Issuer will pay the Exchange Consideration, in exchange for your Existing Notes only if you tender your Existing Notes and deposit your New Money Deposit in accordance with the terms of the Exchange Offer. You will not receive the Early Tender Consideration if you do not tender your Existing Notes and deposit your New Money Deposit by the Early Tender Date and Early New Money Deposit Date, respectively. If you tender your Existing Notes and deposit your New Money Deposit after the Early Tender Date, Early New Money Deposit Date, respectively, and before the Expiration Date and the New Money Deposit Date, respectively, you will only be eligible to receive the Late Tender Consideration.

You should allow sufficient time to ensure timely delivery of the necessary documents and receipt of the required amount of cash. Neither the Issuer nor the Exchange and Information Agent is under any duty to give notification of defects or irregularities with respect to the tenders of Existing Notes for exchange, or to remind holders or beneficial owners of the Existing Notes of the relevant deadlines. If you are the beneficial owner of Existing Notes that are registered in the name of your broker, dealer, commercial bank, trust company, custodian or other nominee, and you wish to tender in the Exchange Offer, you should promptly contact the person in whose name your Existing Notes are registered and instruct that person to tender on your behalf.

Any tender of Existing Notes or deposits of New Money Deposits made after the Expiration Date or the New Money Deposit Date, respectively, will be rejected, you will not receive any Exchange Consideration and your Existing Notes and/or New Money Deposit will be returned to you. While the Escrow Agent will not charge a fee for the return of such funds, the receiving bank may charge a fee to the account holder for receiving the returned funds.

The consummation of the Exchange Offer may be delayed or may not occur.

The Issuer is not obligated to complete the Exchange Offer under certain circumstances and unless and until certain conditions, including the Minimum Condition, are satisfied, as described more fully under "Description of the Exchange Offer—Conditions to the Exchange Offer." Even if the Exchange Offer is completed, it may not be completed on the schedule described in this Exchange Offer and Consent Solicitation Memorandum. Accordingly, Eligible Holders participating in the Exchange Offer may have to wait longer than expected to receive their Exchange Consideration, during which time those Eligible Holders will not be able to effect transfers of their Existing Notes tendered in the Exchange Offer.

The Exchange Consideration to be received in the Exchange Offer does not reflect any valuation of the Existing Notes or the New Notes.

Our board of directors has made no determination that the consideration to be received in the Exchange Offer represents a fair valuation of either the Existing Notes or the New Notes. We have not obtained a fairness opinion from any financial advisor about the fairness to us or to you of the consideration to be received by Eligible Holders of Existing Notes. Accordingly, none of us, our board of directors, our officers, the Dealer Managers and Solicitation Agents, the Exchange and Information Agent, the Existing Notes Trustee, the New Notes Trustee or any other person is making any recommendation regarding the Exchange Offer, and you have to make your own decision as to whether to tender Existing Notes.

The New Notes may be issued with original issue discount for U.S. federal income tax purposes.

The New Notes may be issued with original issue discount ("OID") for U.S. federal income tax purposes. In such event, subject to the possible application of rules governing acquisition premium, U.S. Holders (as defined under "Taxation—Certain United States. Federal Income Tax Considerations") with an initial tax basis in the New Notes less than their stated principal amount generally will be required to include such OID in gross income (as ordinary income) on an annual basis under a constant yield accrual method regardless of their regular method of accounting for U.S. federal income tax purposes. As a result, U.S. Holders of the New Notes generally will include any OID in income in advance of the receipt of cash attributable to such income. See "Taxation—Certain United States Federal Income Tax Considerations—Tax Consequences to U.S. Holders of Holding and Disposing of New Notes—Original Issue Discount."

Cash that would otherwise be available to satisfy payments under the Existing Notes at maturity will instead be used to pay the Accrued Interest Payment.

Eligible Holders of validly tendered Existing Notes that are accepted for exchange will receive the Accrued Interest Payment in cash. This payment will constitute a cash expense that will reduce the amount of cash available to us to make payments due on the Existing Notes. Holders of the Existing Notes that do not submit Tender Orders may be subject to the risk that the Company does not have sufficient funds available to pay principal and interest on the Existing Notes at maturity.

If the Issuer consummates the Consent Solicitation and the Proposed Amendments become operative, holders of Existing Notes will no longer benefit from the protections provided by substantially all of the existing restrictive covenants, certain events of default and certain other provisions.

If the Proposed Amendments become operative, which will occur upon acceptance and payment for the Existing Notes, Existing Notes that are not validly tendered and accepted pursuant to the Exchange Offer will remain outstanding immediately following the completion of the Exchange Offer and will be subject to the terms of the Existing Notes Indenture as modified by the Supplemental Indenture. Among other things, as a result of the Proposed Amendments, substantially all of the restrictive covenants, certain events of default and certain other provisions under the Existing Notes Indenture will be eliminated or modified.

Upon the Proposed Amendments becoming operative, holders of Existing Notes not tendered or accepted for exchange in the Exchange Offer will no longer be entitled to the benefits and protections of such covenants, events of default and other provisions. Subject to the terms of our other indebtedness, the elimination of these protections will permit us and our subsidiaries to take certain actions previously prohibited that could increase our credit risks with respect to the remaining Existing Notes, as well as adversely affect the market price and credit rating of the remaining Existing Notes.

USE OF PROCEEDS

We will not receive any cash proceeds from the issuance of the New Notes in the Exchange Offer to the extent of the exchange of the tendered Existing Notes; however, we will receive cash proceeds to the extent of the issuance of the New Notes in exchange for the New Money Deposits. The Existing Notes exchanged in the Exchange Offer and the Consent Solicitation will be retired or cancelled and will not be reissued.

We expect to receive U.S.$270 million of proceeds from deposit of the New Money Deposits, assuming that all outstanding U.S.$600 million principal amount of Existing Notes are validly tendered for exchange and not validly withdrawn and the corresponding U.S.$270 million of New Money Deposits are validly deposited and not withdrawn and, in each case, such tenders and deposits are accepted by us. We intend to use the net proceeds of the New Money Deposits: (i) to deposit U.S.$25 million to fund the New Notes Cash Reserve account; (ii) to repay outstanding debt and liabilities in the aggregate principal amount of U.S.$200 million and (iii) for general corporate purposes. If less than all of the outstanding U.S.$600 million principal amount of Existing Notes are validly tendered for exchange or tendered Existing Notes are validly withdrawn, or are not accepted by us, we will receive less than U.S.$270 million in proceeds, which could limit the proceed available to repay our outstanding debt and liabilities.

CAPITALIZATION

The following table sets forth the cash and cash equivalents and total capitalization of Total Play as of September 30, 2024, on (1) an actual basis, (2) a pro forma basis to give effect to indebtedness incurred by Total Play after September 30, 2024 and (3) an as adjusted basis to give effect to the consummation of the Exchange Offer and the Consent Solicitation assuming that all of the Existing Notes are validly tendered and accepted in the Exchange Offer on or prior to the Early Tender Date and tendering holders have deposited the corresponding New Money Deposits in exchange for additional New Notes, but not the use of proceeds of such New Money Deposits by Total Play. This table should be read in conjunction with our Interim Consolidated Financial Statements and the notes thereto included in this Exchange Offer and Consent Solicitation Memorandum. For a discussion of the proposed use of proceeds from the cash received by Total Play from the New Money Deposits in the Exchange Offer, including repayment of indebtedness, please see "Use of Proceeds."

	As of September 30, 2024					
	Actual		Pro-forma[3]		As Adjusted[4]	
	(U.S.$)[1]	(Ps.)	(U.S.$)[1]	(Ps.)	(U.S.$)[1]	(Ps.)
	(in millions) (unaudited)					
Cash and cash equivalents [2]	179	3,507	306	6,007	551	10,816
Total short-term liabilities	439	8,605	439	8,605	439	8,605
Long-term liabilities						
7.500% Senior Notes due 2025	57	1,100	57	1,100	57	1,100
Mexican Promissory Notes	213	4,190	213	4,190	213	4,190
10.500% Senior Secured Notes due 2028	306	5,996	306	5,996	306	5,996
6.375% Senior Notes due 2028	600	11,777	600	11,777	—	—
11.125% Senior Secured Notes due 2032 offered hereby	—	—	—	—	870	17,077
Other long-term debt	1,370	26,882	1,497	29,382	1,497	29,382
Total long-term liabilities	2,546	49,945	2,673	52,445	2,943	57,745
Total liabilities	2,985	58,550	3,112	61,050	3,382	66,350
Total stockholders' equity.	4	78	4	78	4	78
Total capitalization[5]	2,989	58,628	3,116	61,128	3,386	66,428

(1) Solely for the convenience of the reader, peso amounts as of September 30, 2024 have been translated into U.S. dollars at the Mexican Central Bank Exchange Rate on September 30, 2024 of Ps.19.6290 per U.S.$1.00. See "Exchange Rates and Exchange Controls."

(2) Excludes restricted cash.

(3) Pro forma to reflect the issuance of *Cebures* in the principal amount of Ps.2,500 million (U.S.$127 million) on October 8, 2024 under the *CIBanco Cebures* program and the rollover of outstanding *Cebures* of Ps.1,000 million (U.S.$51 million) on November 21, 2024 under the *Total Play Cebures* program. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness."

(4) As adjusted columns assume that all outstanding Existing Notes are validly tendered and accepted in the Exchange Offer on or prior to the Early Tender Date and tendering holders have deposited the corresponding New Money Deposits in exchange for the additional New Notes pursuant to the terms of the Exchange Offer.

(5) Total capitalization is equal to total liabilities plus total stockholders' equity.

EXCHANGE RATES AND EXCHANGE CONTROLS

Mexico has had a free market for foreign exchange since 1994, allowing the peso to float freely against the U.S. dollar and other foreign currencies. Exchange rate policy is determined by the Mexican Exchange Rate Commission (*Comisión de Cambios*), which is formed by officers from the Mexican Finance Ministry (*Secretaría de Hacienda y Crédito Público*, "*SHCP*") and the Central Bank. In February 2017, the Mexican Exchange Rate Commission announced the implementation of a foreign exchange market mechanism that consists of non-deliverable forward auctions that are settled in pesos. The mechanism aims to maintain the proper functioning of the local exchange market, while supplying market participants with a foreign exchange hedging instrument to mitigate exposure to foreign exchange risk. The implementation of monetary policy by the Central Bank is achieved by using a target for the overnight interest rate charged in the interbank market. The Central Bank intervenes directly in the foreign exchange market only to reduce excessive short-term volatility and conducts open market operations (liquidity and auctions) on a regular basis to determine the size of Mexico's monetary base. These operations provide incentives for commercial banks to keep their accounts at the Central Bank with a balance of zero at the daily market closing, in an environment where the overnight rate equals the target rate, thus providing or withdrawing liquidity as needed to meet its target rate through these operations. Positive balances in the accounts kept by commercial banks at the Central Bank are not paid interest, while overdrafts or negative balances are charged twice the overnight interest rate target. An increase in interest rates can make domestic financial assets more attractive to investors than foreign financial assets, which could trigger an appreciation of the nominal exchange rate and vice versa.

There can be no assurance that the Central Bank will maintain its current policies with respect to the peso or that the peso will not depreciate or appreciate significantly in the future.

The following table sets forth, for the periods indicated, the period-end, average, high and low, the Central Bank Exchange Rate expressed in pesos per U.S. dollar. The Mexican Central Bank Exchange Rate is currently determined by the Central Bank every business day in Mexico based on an average of wholesale foreign exchange market quotes and published the following business banking day in the Official Gazette and on the Central Bank's website (www.banxico.org.mx). The rates shown below are in nominal pesos that have not been restated in constant currency units. No representation is made that the peso amounts referred to in this Exchange Offer and Consent Solicitation Memorandum could have been or could be converted into U.S. dollars at any particular rate or at all. Unless otherwise indicated, U.S. dollar amounts that have been converted from pesos have been so converted at an exchange rate of Ps.19.6290 to U.S.$1.00, the Mexican Central Bank Exchange Rate determined by the Central Bank on September 30, 2024 and published in the Official Gazette on September 27, 2024.

	Mexican Central Bank Exchange Rate[(1)]			
Year Ended December 31,	**Period-End**	**Average[(2)]**	**High**	**Low**
2020	19.9487	21.4961	25.1185	18.5712
2021	20.5835	20.2818	21.8185	19.5793
2022	19.3615	20.1250	21.3775	19.1433
2023	16.8935	17.7620	19.4883	16.6895
2024	20.2683	18.3024	20.7185	16.3357

	Mexican Central Bank Exchange Rate [(1)]			
Month	**Period-End**	**Average[(2)]**	**High**	**Low**
August 2024	19.8168	19.0583	19.8168	18.5970
September 2024	19.6290	19.6397	20.0583	19.2483
October 2024	20.0208	19.6715	20.0208	19.2127
November 2024	20.4173	20.1919	20.7185	19.8277
December 2024	20.2683	20.2438	20.4402	20.1035

(1) Source: Central Bank.

(2) Average daily rates for each complete year for 2020, 2021, 2022, 2023 and 2024. Average of daily rates for each month of 2024.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our Annual Audited Consolidated Financial Statements and our Interim Consolidated Financial Statements and related notes thereto included elsewhere in this Exchange Offer and Consent Solicitation Memorandum and should also be read in conjunction with the "Presentation of Financial Information and Other Information," "Summary Historical Financial and Operating Data" and other financial information contained in this Exchange Offer and Consent Solicitation Memorandum.

Our Consolidated Financial Statements have been prepared in accordance with IFRS, as issued by the IASB, and require our management to make certain estimates and assumptions to determine the valuation of certain items included in our financial statements and to make appropriate disclosures therein. Although the actual results may differ from such estimates, our management believes that the estimates and assumptions used were adequate under the circumstances.

Overview

We are a leading, high-growth, Mexican telecommunications group dedicated to providing broadband, entertainment and productivity services over one of the largest fiber-only networks in Mexico. We offer (i) Double-Play (fixed telephony and broadband internet services or pay-TV and broadband internet services) and Triple-Play (fixed telephony, pay-TV and broadband internet services) packages for residential customers and (ii) industry leading telecommunications and managed services for business customers, as well as federal and state government agencies and entities. We offer these services direct-to-home through a proprietary fiber optic (FTTH) network that, as of September 30, 2024, spanned more than 155,585 kilometers and included 800 GPON (Gigabit Passive Optical Network) OLTs and 1,459 access nodes. The network, which enable us to feature broadband speeds of up to 10 Gbps, was consistently ranked #1 in internet speed in Mexico according to Netflix's monthly ISP (Internet Service Provider) index from October 2016 until February 2020 (when publication temporarily ceased) and again from January 2021 (upon resumption of publication) to November 2024, and in the second and third quarters of 2024 won the Fastest Fixed Network Speedtest Award and in the first and second quarters of 2023 won the Top-Rated Fixed Network Speedtest Award, both issued by Ookla, a leading fixed broadband and mobile network testing company. In 2022, we transferred our small and medium business units to *Totalplay Residential*, in an effort to optimize the economies of scale of our infrastructure within our geographical coverage.

Through our *Totalplay Empresarial* business unit, we offer private and publicly-listed companies and federal and state government agencies and entities industry-leading telecommunications and managed services including dedicated internet access, broadband internet access, voice services, encrypted private networks (SDWAN & MPLS), video surveillance, videoconferencing, cloud-based productivity suites, public cloud services, computing services, next-generation WiFi, IT solutions, cybersecurity solutions, unify communications and digital transformation solutions. As of September 30, 2024, *Totalplay Empresarial* served customers located in 173 cities in all 32 states of Mexico and provided services installed at 102,371 locations (including multiple locations for the same customer) comprised of 89,228 locations of private and publicly-listed companies and 13,143 locations of federal and state government agencies. As of September 30, 2024, approximately 50% of *Totalplay Empresarial* revenues came from private and publicly-listed companies and 50% came from federal and state government agencies and entities. Within the public sector, 55% of our customers are federal government entities and 45% are state government entities.

We have reduced our ratio of total debt to EBITDA from 3.9x as of December 31, 2021 to 2.9x as of September 30, 2024, in each case based on the applicable LTM EBITDA. During the last three years, we have experienced significant growth in EBITDA. For the nine months ended September 30, 2024, we had revenues of Ps.33,354 million (U.S.$1,699 million), net comprehensive loss of Ps.3,156 million (U.S.$161 million) and EBITDA of Ps.15,473 million (U.S.$788 million) compared to revenues of Ps.29,830 million (U.S.$1,520 million), net comprehensive loss of Ps.2,414 million (U.S.$123 million) and EBITDA of Ps.13,625 million (U.S.$694 million) for the comparable period in 2023. Our LTM revenues and LTM EBITDA have grown at a CAGR of 28% and 34%, respectively, in the period from September 30, 2019 through September 30, 2024.

The following table sets forth certain financial data by market segment:

	Nine Months Ended September 30,			Year Ended December 31,			
	2024	2024	2023	2023	2023	2022	2021
	(U.S.$)	(Ps.)	(Ps.)	(U.S.$)	(Ps.)	(Ps.)	(Ps.)
		(unaudited)		(in millions)			
Totalplay Residential							
Revenue from services	1,417	27,818	25,642	1,762	34,586	30,551	22,762
Cost of services	(228)	(4,477)	(4,399)	(302)	(5,920)	(5,851)	(4,765)
Operating expenses	(510)	(10,003)	(9,109)	(628)	(12,327)	(11,044)	(8,194)
Depreciation and amortization, financial cost and other	(1,048)	(20,564)	(15,088)	(1,054)	(20,680)	(17,563)	(13,166)
Net (loss)	**(369)**	**(7,226)**	**(2,954)**	**(222)**	**(4,341)**	**(3,907)**	**(3,363)**
Account receivable – Customers	100	1,965	1,506	192	3,777	4,626	1,589
Property, plant and equipment – net	2,644	51,899	46,481	2,694	52,873	48,875	33,044
Right-of-use assets – net	155	3,038	4,194	208	4,080	5,632	3,601
Totalplay Empresarial							
Revenue from services	282	5,536	4,188	301	5,917	5,801	5,327
Cost of services	(98)	(1,923)	(1,338)	(96)	(1,881)	(1,737)	(1,716)
Operating expenses	(60)	(1,187)	(1,329)	(92)	(1,814)	(1,608)	(1,345)
Depreciation and amortization, financial cost and other	(60)	(1,184)	(690)	(52)	(1,028)	(800)	(397)
Net income	**64**	**1,242**	**831**	**61**	**1,194**	**1,656**	**1,869**
Account receivable – Customers	97	1,912	2,939	33	649	880	2,160
Property, plant and equipment – net	526	10,330	13,884	462	9,073	9,290	12,807
Right-of-use assets – net	31	605	1,252	36	700	1,071	1,396
Consolidated							
Revenue from services	1,699	33,354	29,830	2,063	40,503	36,352	28,089
Cost of services	(326)	(6,400)	(5,737)	(397)	(7,801)	(7,588)	(6,481)
Operating expenses	(570)	(11,190)	(10,438)	(720)	(14,141)	(12,652)	(9,539)
Depreciation and amortization, financial cost and other	(1,108)	(21,748)	(15,778)	(1,104)	(21,708)	(18,363)	(13,563)
Net (loss)	**(305)**	**(5,984)**	**(2,123)**	**(159)**	**(3,147)**	**(2,251)**	**(1,494)**
Customers	198	3,877	4,445	225	4,426	5,506	3,749
Property, plant and equipment – net	3,170	62,229	60,365	3,156	61,946	58,165	45,851
Right-of-use assets – net	186	3,643	5,446	244	4,780	6,703	4,997

We have a history of losses due to investments to build our network and to expand our subscriber base in new cities. When we make investments to build our network and expand our subscriber base, we incur additional costs

and expenses, including costs associated with equipment installations. Over the long term, this investment results in an increase in revenues and improvement in credit metrics while in the short term it contributes to a net loss.

We have accumulated losses in excess of two-thirds of our share capital. The Mexican General Law of Commercial Companies (*Ley General de Sociedades Mercantiles*) states that companies that record losses in excess of two-thirds of their share capital may be dissolved if ordered by a court at the request of any interested party (including a company's creditor). Additionally, as shown in our Interim Consolidated Financial Statements as of September 30, 2024 and 2023, and December 31, 2023, short-term liabilities exceed our current assets and we have incurred recurring net losses over the nine-month periods ended September 30, 2024 and 2023. As a result of our history of losses, the loss of more than two-thirds of our share capital and the fact that our short-term liabilities exceed our current assets as of September 30, 2024 and 2023 and December 31, 2023, our independent auditors noted an uncertainty relating to going concern in their review report with respect to our Interim Consolidated Financial Statements, without qualifying their conclusion, and the Interim Consolidated Financial Statements were prepared assuming the continuity of our operations. Our management has implemented plans to offset the potential effects of this uncertainty and has a reasonable expectation that we will have adequate resources to continue our operating existence for the foreseeable future. See "Risk Factors—Risks Relating to—The review report of our independent auditors with respect to our Interim Consolidated Financial Statements expresses substantial doubt about our ability to continue as a going concern".

Penetration of Telecommunication Services in Mexico

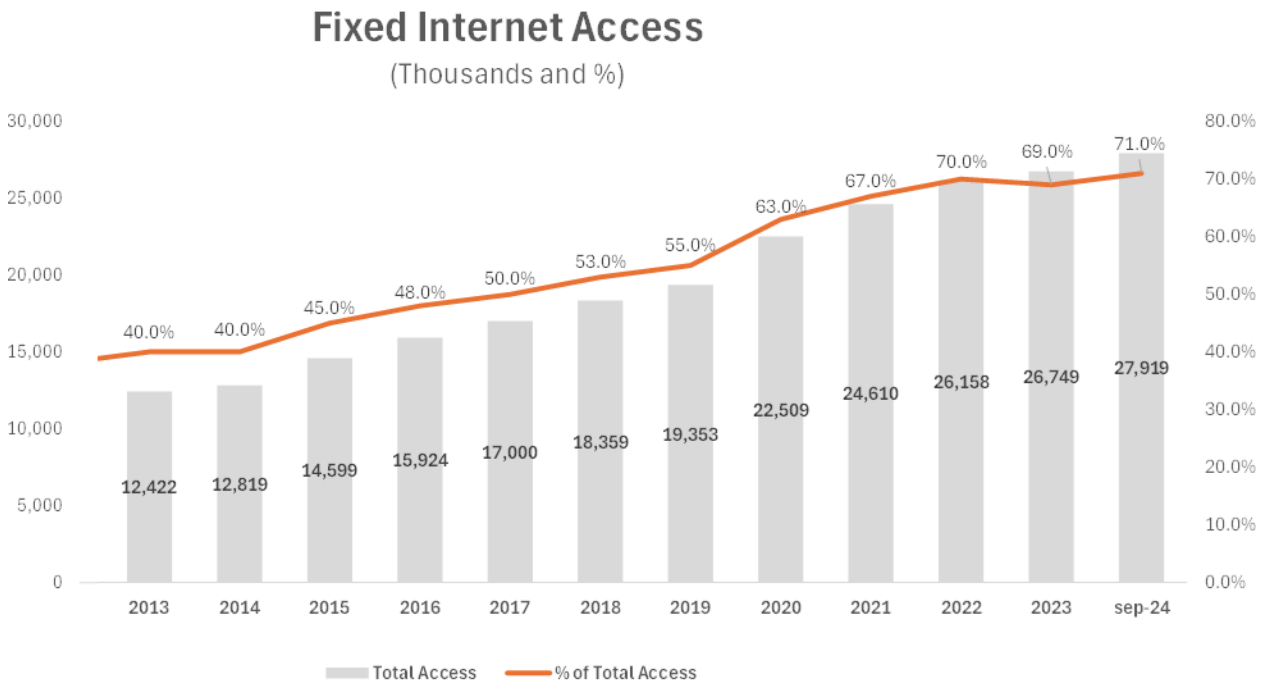
Although comparable to certain Latin American countries, as compared to certain other countries in the hemisphere, Mexico has a relatively low penetration rate in fixed internet services, allowing for continuing growth. Although other countries show a trend towards decreased pay-TV and fixed telephony, the Mexican market has been stable, though with reduced growth. As of September 2024, we reached 18.3%, 11.6% and 17.9% market share in broadband internet, pay-TV and fixed telephony, respectively, as compared to 10.3%, 6.2% and 10.1%, respectively, as of September 2023, according to the IFT. The following table shows recent penetration rates (per each 100 homes) in fixed internet, pay-TV and fixed telephony access in Mexico as compared to certain other countries:

	Fixed Internet	Pay-TV	Fixed Telephony
		(%)	
Mexico	69	74	75
Argentina	81	66	56
Canada	119	64	64
Chile	71	49	31
United States	99	43	68

Source: Banco de Información de Telecomunicaciones (BIT) published by the IFT. The information published by the IFT in the BIT incorporates information from other country sources as of dates that differ from country to country. For Mexico, figures shown are as of December 31, 2023, while the other countries are as of October 31, 2024.

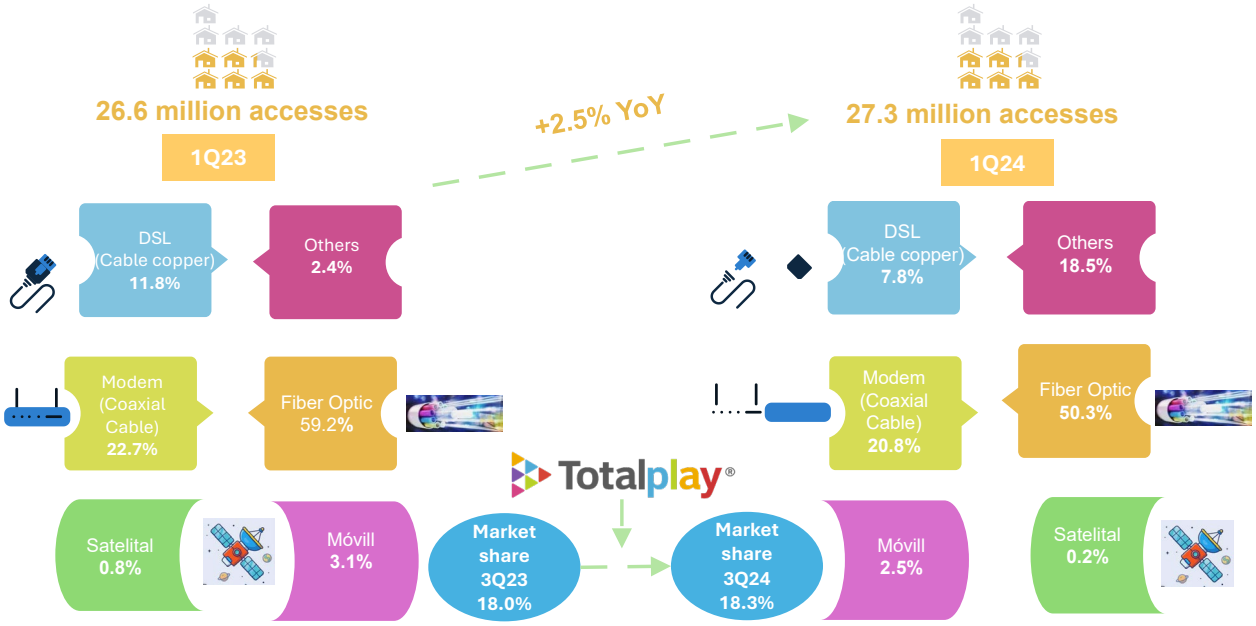
Penetration of Internet Services

The total penetration of fixed internet access in Mexico is 71 homes per 100 (as of June 2024) with approximately 27.9 million connections as of September 2024. When compared to other countries such as Canada and United States, Mexico's internet penetration remains low. This represents an important opportunity for us. We believe internet penetration in Mexico will increase as routine daily activities increasingly require the use of the internet. The following tables show the number of fixed internet accesses (including as percentage) in Mexico as of September 30, 2024 and the type of technology used to provide access to fixed internet:



Source: Third Quarter 2024 IFT Report

PENETRATION OF FIXED INTERNET SERVICES



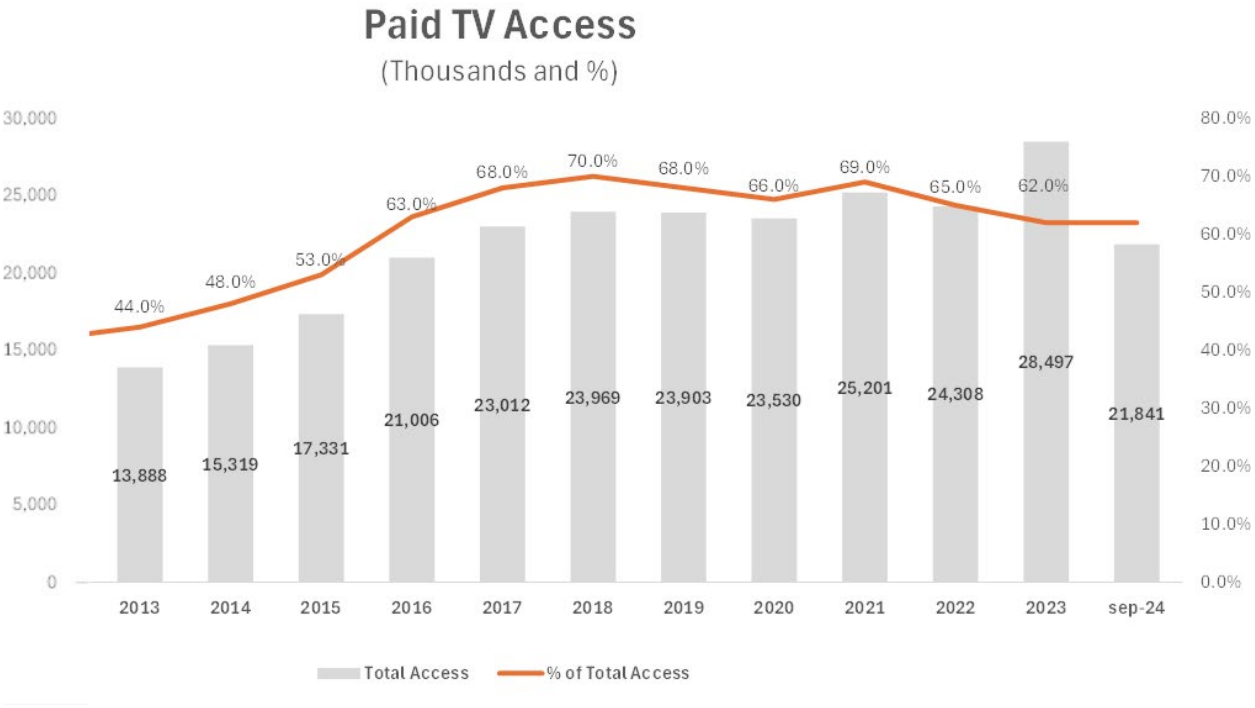
Source: Third Quarter 2024 IFT Report

According to information provided by the IFT as of September, 2024, we had a 18.3% market share of the fixed internet market, América Móvil had 39.7%, Televisa had 21.8%, Megacable had 18.5% and all other participants collectively had 1.8%. According to IFT reports, we increased our market share of the fixed internet market by 0.3

percentage points from 18.0% for the third quarter of 2023 to the third quarter of 2024, and 11.0 percentage points from 7.7% for the third quarter of 2019 to the third quarter of 2024.

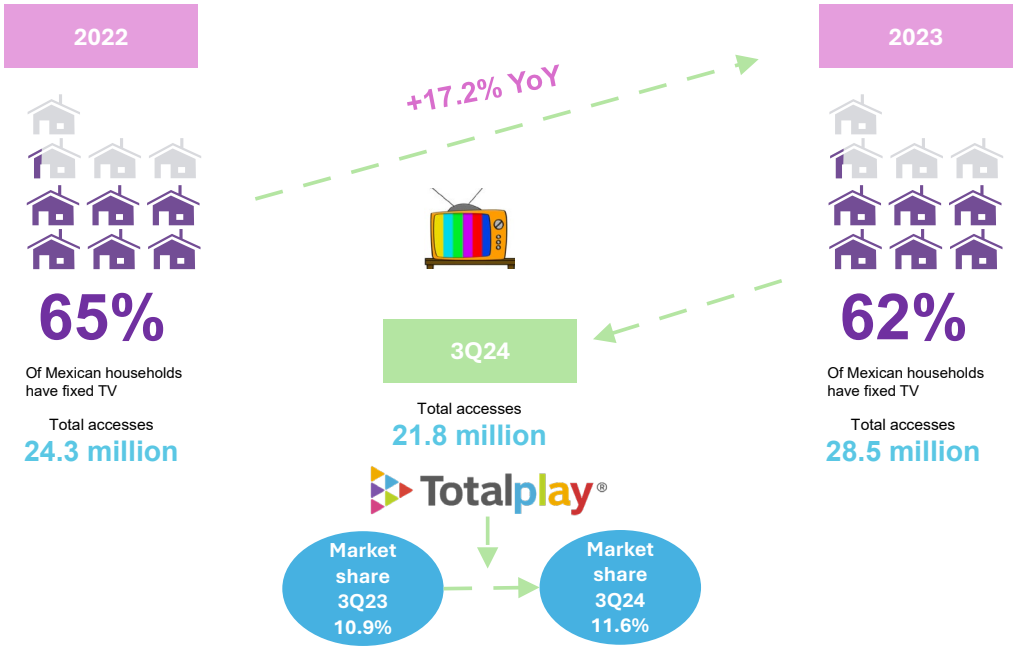
Penetration of Pay-TV Services

According to data published by the IFT, pay-TV had a penetration of 62% of Mexican homes at the end of 2023, with approximately 21.8 million accesses as of September 2024. Pay-TV access increased at a CAGR of 0.6% from 2019 to 2023. Our market share of pay-TV grew from 0.8% in 2014 to 11.6% as of September 30, 2024. Since our pay-TV services include streaming and popular apps, management believes that our penetration will continue to accelerate, despite the industry decreasing from 28.5 million accesses as of December 31, 2023 to 21.8 million accesses as of September 30, 2024.



Source: Third Quarter 2024 IFT Report

PENETRATION OF RESTRICTED TV SERVICES

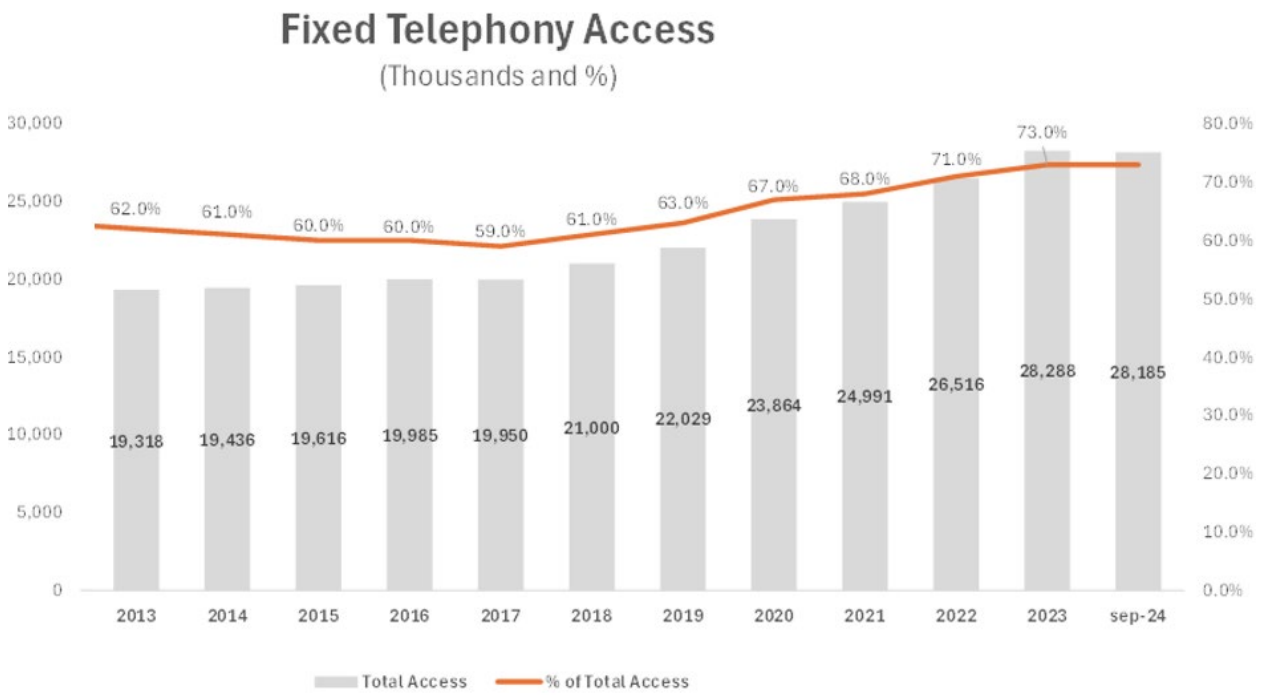


Source: Third Quarter 2024 IFT Report

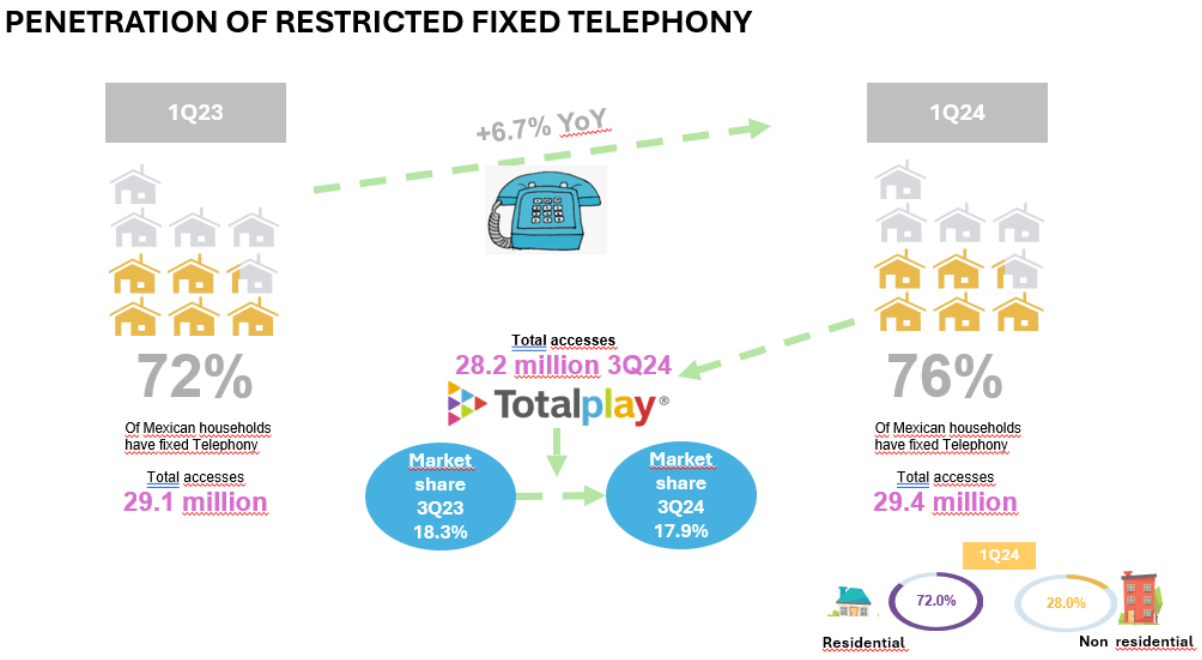
According to information provided by the IFT as of September 30, 2024, we had a 11.6% market share of the pay-TV market, Televisa had 55.1%, Megacable had 26.8% and all other participants collectively had 6.6%. According to IFT reports, we increased our market share by 0.7 percentage points from 10.9% for the third quarter of 2023 to the third quarter of 2024, and 7.1 percentage points from 4.5% as of the end of 2019 to the third quarter 2024.

Penetration of Telephony Services

According to the IFT, total penetration of fixed telephone lines in Mexico was 75 lines per 100 homes for the fourth quarter of 2023, which is higher than the penetration in Argentina and Chile. Our fixed telephony services offer a clear differentiator with an IP Phone that includes our phone app that can be used anywhere in the world where there is an internet connection.



Source: Third Quarter 2024 IFT Report



Source: Third Quarter 2024 IFT Report

According to information provided by the IFT as of September 2024, we had a 17.9% market share of the fixed telephony market, América Móvil had 36.1%, Televisa had 29.7%, Megacable had 16.3% and all other participants collectively had 0.1%. According to IFT reports, we increased our market share by 0.4% percentage points from 17.5%

from the end of 2023, and decreased 0.4 percentage points from the end of the third quarter of 2023, and increased market share 10.5 percentage points from 7.4% in 2019.

Barriers to Entry

In the current market environment, there are three double-play and triple-play telecommunications companies in addition to us, namely América Móvil, Izzi and Megacable, that control the overall market share and that have been in operations for more than 10 years creating a high barrier to entry for new players. Moreover, due to its competitive landscape, potential new entrants would face substantial technological development barriers in order to differentiate themselves among competitors and require significant capital requirements as the telecommunications industry requires significant capital expenditures in order to upgrade the network and develop product offerings to meet customer demands. Even though our competitors are transitioning to a full fiber-optic network, it requires a significant investment of capital, time and resources, which allows us to continue to enhance our own offerings and retain our technological advantage while increasing our market share by continuing to nurture and enhance the loyalty of our customer base. Constitutional reforms in 2013 opened the sector to competition in Mexico to reduce América Móvil's market concentration. See "Regulation."

Factors Affecting our Consolidated Results of Operations

Mexican Economic Environment

During the third quarter of 2024, Mexican GDP grew by 1.6% compared to the same period in 2023. This trend reflects a continued positive economic performance since the negative effects of the COVID-19 outbreak in 2020. Growth in the first nine months of 2024 was 1.5%, mainly boosted by the tertiary economic activities (service sector), such as commerce, transport, storage, media, financial services, professional services, education, leasing and culture, among others. During the third quarter of 2024, these activities represented 59.6% of Mexico's GDP. External conditions also boosted GDP in Mexico in the first nine months of 2024, particularly in the United States, where GDP grew at rate of 2.8% in the third quarter of 2024, and which is the destination of the majority of Mexican exports.

On July 6, 2022, S&P changed the outlook on Mexico to stable from negative and affirmed foreign currency sovereign debt on BBB and local currency sovereign debt on BBB+. On July 26, 2024, S&P affirmed the rating. On July 8, 2022, Moody's downgraded the credit ratings for Mexico's sovereign debt from Baa1 to Baa2 and changed to stable outlook. On July 11, 2022, Moody's downgraded its ratings on PEMEX's corporate family and its ratings of PEMEX's existing senior unsecured notes, as well as its ratings of PEMEX's guarantee, from Ba3 to B1 (negative outlook). On July 14, 2023, Fitch downgraded PEMEX's Long-Term Foreign Currency Issuer Default Rating ("IDR") to B+ and put it on rating watch negative. On December 7, 2023, Fitch affirmed Mexico's IDR at BBB- and maintained the rating outlook stable. These downgrades, and any further negative action by one or more ratings agencies, could adversely affect the Mexican economy and, consequently, our business, financial condition, operating results and prospects. On December 20, 2023, Fitch removed the ratings of PEMEX from Rating Watch Negative (RWN) and assigned a stable rating outlook. On February 9, 2024, Moody's downgraded its ratings on PEMEX's corporate family and its ratings of PEMEX's existing senior unsecured notes, as well as its ratings of PEMEX's guarantee, from B1 to B3 (negative outlook). On December 16, 2024, Fitch affirmed PEMEX's at 'B+' rating with a stable outlook, indicating that the company remains financially vulnerable. Fitch noted that including resources for PEMEX in the 2025 government budget was a positive sign, as it provided greater clarity on government support. However, Fitch estimated that PEMEX will face a cash deficit of U.S.$75 billion between 2025 and 2027, in addition to U.S.$20 billion in debt maturities during the same period. Additionally, Fitch pointed out environmental, social, and governance concerns due to recent incidents and greenhouse gas emissions involving PEMEX.

Sources of Revenue and Costs

We generate revenue mainly from fees associated with communication, entertainment, data, and information services that we provide to our customers, including monthly subscription fees, revenue sharing with content providers, broadband internet, fixed telephony, pay-TV and other services and sales and rentals of equipment, cloud and ICT. We principally generate our revenues from monthly fees charged to our subscribers that are payable in pesos. We generally seek to increase our revenues through the growth of our customer base and through the introduction of value-added services and products aimed at different customer needs. Further, we expect to increase our revenue

through new product launches and the expansion of our broadband customer base. Our results of operations are therefore dependent on our customer base and the number of services that each customer uses.

Our costs consist primarily of marketing, digital campaigns, POP (point of purchase) material, tools and uniforms for the sales force, control desk and sales call center (telemarketing), base salary and commissions, point of sale rentals, office rentals and payments to indirect sales channels.

Our cost of services consists primarily of content licensing, cost of equipment sold, expected credit loss allowance, rent for telecommunications links, memberships, and software licenses, among others. For the nine months ended September 30, 2024 and the years ended December 31, 2023, 2022 and 2021, the percentages of our U.S. dollar-denominated costs were 22%, 26%, 28%, and 26%, respectively. The portion of costs that are U.S. dollar-denominated is mainly comprised of content licensing, rent for telecommunications links and software licenses, among others.

Overall revenue and costs are also affected by the mix of services we provide, with broadband generally being associated with higher margins than pay-TV. We expect that during the following years, the broadband subscriptions' percentage share of our revenues will continue to increase. The following table sets forth the composition of our revenues.

	Nine Months Ended September 30,	Year Ended December 31,		
	2024	2023	2022	2021
	(unaudited)		(%)	
Pay-TV and audio, fixed telephony and internet services	82	84	82	79
Business-oriented services	17	15	16	19
Advertising	1	1	1	1
Other	—	—	1	1
Total	100	100	100	100

Drivers of Revenue Growth; Capital expenditures to expand and improve our network and increase our footprint

We are expanding our business with our available state-of-the-art fiber optic network and connecting homes and businesses to our infrastructure to deliver products and services for our *Totalplay Residential* and *Totalplay Empresarial* segments. We are seeking to improve the quality and increase the number of subscribers with the available coverage of our fiber optic network. Capital expenditures are currently used for maintenance purposes. The carrying value of property, plant and equipment and intangible assets, and increase depreciation and amortization expense. In addition, as customers increase their utilization of our network, we incur higher operating expenses, including interconnection charges, network operation and maintenance costs, employee costs and selling, general and administrative expenses.

Capital expenditures during the nine months ended September 30, 2024 and during the years ended December 31, 2023, 2022 and 2021 were Ps.8,902 million (U.S.$454 million), Ps.15,627 million (U.S.$796 million), Ps.22,461 million (U.S.$1,144 million), Ps.17,959 million (U.S.$915 million), respectively, resulting in improvements in the quality of our network and increased capacity and coverage, which attracted additional customers. Our investments remain directed towards the network and infrastructure that underpins our future growth.

Effects of Inflation in Mexico

Inflation in Mexico has historically been higher than that of more developed economies. According to calculations made by INEGI and information published by the Central Bank, annual inflation was 4.7%, 7.8% and 7.4%, for the years ended December 31, 2023, 2022 and 2021, respectively, and for the nine months ended September 30, 2024, annualized inflation was 4.6%. A general increase in prices due to inflation could have a negative effect on our *Totalplay Residential* and *Totalplay Empresarial* segments. Our customers' purchasing power could be adversely affected, thereby reducing spending and demand for our services.

According to the Central Bank's September 2024 Survey, inflation was expected to be 4.48% for 2024 and the expected inflation reported in the December 2024 Survey is 4.36%.

Effects of Fluctuations in Exchange Rates between the Peso and the U.S. Dollar

The exchange rate for the peso fluctuates in relation to the U.S. dollar and such fluctuations may, from time to time, have a material adverse effect on our earnings, assets, liability valuation and cash flows. Moreover, currency movements can also affect our financial leverage, as some of our debt is denominated in U.S. dollars. See "Risk Factors—Risks Related to Mexico and Other Global Risks—Fluctuations of the peso relative to the U.S. dollar could adversely affect our financial condition, our ability to repay debt and other obligations and results of operations."

After the Exchange Offer, a significant portion of our indebtedness will continue to be denominated in U.S. dollars and therefore fluctuations in the U.S. dollar/peso exchange rate will continue to have a larger impact on our results of operation and financial position.

The U.S. dollar/peso exchange rate moved from U.S.$1.00 to Ps.16.8935 as of December 31, 2023, and to U.S.$1.00 to Ps.19.6290 as of September 30, 2024. This change in the exchange rate had an impact on our Net Comprehensive Income for the nine months ended September 30, 2024, resulting in a foreign exchange loss of Ps.3,627 million (U.S.$185 million).

Competitive and regulatory pressures on pricing

The market in which we operate is highly competitive, and we expect competition will remain robust. Telecommunications operators compete for customers principally on the basis of price, services offered, advertising and brand image, quality and reliability of service and coverage area. We seek to sustain our market leadership by providing innovative services on fast and reliable networks, and by leading with significant positive initiatives that reflect our commitment to sustainability. According to publicly available information from the IFT, Total Play had 18.3% of the penetration of the broadband market in Mexico as of September 30, 2024.

Increased Competition in Internet Broadband Access

Dedicated and broadband Internet access are facing strong price-based competition from a host of new players entering the Mexican market following enactment of the telecommunications reform enacted in 2013. These new competitors are mobile carriers, such as AT&T and ALTAN. Given their relatively large investments in fiber optics networks, they are able to offer very low prices in their coverage areas which may require us to reduce our prices to remain competitive and adversely affect our revenues.

Technological Investments

Network infrastructure investment encompasses multiple layers, ranging from customer-premise equipment (ONTs, STBs, and WiFi extenders) to core network transmission equipment and network operations management systems. The main components of our core network infrastructure are:

- Outside Plant infrastructure, including fiber optic cables and splitters
- Custom outdoor cabinets providing housing, power, and cooling to access network equipment
- Access network equipment, including GPON FTTX devices, MetroEthernet switches and microwaves
- Core network equipment, including MetroEthernet switches, MPLS collectors, content caches, BNG concentrators and servers including antispam, DNS, DHCP and NTP
- Long Haul equipment including MetroEthernet switches, routers and DWDM transmission shelves
- Internet connectivity equipment, including carrier-grade NAT appliances, PoP Internet routers and performance probes
- Telephony infrastructure, including IMS and SBC infrastructure along with provisioning and mediation infrastructure
- IPTV signal distribution infrastructure, including satellite receivers for signal acquisition, physical and virtual encoding appliances, and quality of service probes

- Network management and ticketing systems, both COTS and in-house developed

The foregoing investments we have made will result in developing more and better products and services and generating an increase in our subscriber base, thereby increasing ARPU and reducing customer churn.

Critical Accounting Policies

Preparation of our consolidated financial statements in conformity with IFRS requires our management to make estimates and judgments that affect the assets and liabilities reported in our Consolidated Financial Statements. Actual results may differ from those we have estimated. Our Consolidated Financial Statements were prepared at historical cost of acquisition base and, where applicable, at fair value. The main estimates and judgments are set forth in the notes of our Consolidated Financial Statements.

Results of Operations

Nine Months Ended September 30, 2024 Compared with Nine Months Ended September 30, 2023

Revenue from Services

Our revenue for the nine months ended September 30, 2024 increased by 12% to Ps. 33,354 million (U.S.$1,699 million) from Ps.29,830 million (U.S.$1,520 million) for the comparable period in 2023.

The 8% increase in revenue of our *Totalplay Residential* segment for the nine months ended September 30, 2024 to Ps.27,818 million (U.S.$1,417 million) from Ps.25,642 million (U.S.$1,306 million) in the comparable period was primarily due to the subscriber base growth in cities already covered.

The 32% increase in revenue of our *Totalplay Empresarial* segment for the nine months ended September 30, 2024 to Ps.5,536 million (U.S.$282 million) from Ps.4,188 million (U.S.$213 million) for the comparable period in 2023 was primarily due to an increase in the number of projects with government clients.

Cost of Services

Our cost of services for the nine months ended September 30, 2024 increased by 12% to Ps.6,400 million (U.S.$326 million) from Ps.5,737 million (U.S.$292 million) for the comparable period in 2023, primarily due to increases in (i) cost of sales of equipment and licenses of Ps.268 million (U.S.$14 million) due to a larger number of projects and (ii) cost of telecommunications links of Ps. 192 million (U.S.$10 million).

Costs for our *Totalplay Residential* segment for the nine months ended September 30, 2024 increased by 2% to Ps.4,477 million (U.S.$228 million) from Ps.4,399 million (U.S.$224 million) for the comparable period in 2023, primarily due to increases in (i) cost of telecommunications links of Ps.39 million (U.S.$2 million) and (ii) allowance for expected credit losses of Ps.18 million (U.S.$1 million).

Costs for our *Totalplay Empresarial* segment for the nine months ended September 30, 2024 increased by 44% to Ps.1,923 million (U.S.$97 million) from Ps.1,338 million (U.S.$68 million) for the comparable period in 2023, primarily due to the cost of equipment related to the projects of equipment and fiber optic network installation in Jalisco state and Banco Bienestar.

Operating Expenses

Our operating expenses for the nine months ended September 30, 2024 increased by 7% to Ps.11,190 million (U.S.$570 million) from Ps.10,438 million (U.S.$532 million) for the comparable period in 2023, primarily due to an increase of expenses associated with: (i) maintenance of Ps.1,274 million (U.S.$65 million); and (ii) professional fees of Ps.787 million (U.S.$40 million), net of decreases in (x) advertising expenses of Ps.992 million (U.S.$51 million) and (y) salaries of personnel of Ps.336 million (U.S.$17 million).

Depreciation and Amortization

Our depreciation and amortization expense for the nine months ended September 30, 2024 increased by 6% to Ps.12,602 million (U.S.$642 million) from Ps.11,914 million (U.S.$607 million) for the comparable period in 2023. This increase was primarily due to increases in: (i) depreciation of subscriber acquisition costs of Ps.407 million (U.S.$21 million) due to the increase in our subscriber base, which grew to 5.1 million subscribers as of September

30, 2024, from 4.7 million as of September 30, 2023; and (ii) depreciation of other fixed assets of Ps.346 million (U.S.$18 million) due to investments in our network and infrastructure.

Other Expenses, Net

Our other expenses, net for the nine months ended September 30, 2024 totaled Ps.291 million (U.S.$15 million) compared to Ps.30 million (U.S.$2 million) for the comparable period in 2023. This change is mainly due to loss on sale of fixed assets and inventory and higher bank commissions on wire transfers.

Operating Profit

As a result of the foregoing, profit from operations for the nine months ended September 30, 2024 increased 68% to Ps.2,871 million (U.S.$146 million) from Ps.1,711 million (U.S.$87 million) in the comparable period in 2023.

Financial Cost

Our financial costs for the nine months ended September 30, 2024 totaled Ps.9,249 million (U.S.$471 million) compared to financial costs of Ps.1,959 million (U.S.$100 million) for the comparable period in 2023. This increase was mainly due to (i) a foreign exchange loss of Ps.6,398 million (U.S.$326 million) due to the depreciation of the Mexican peso against the U.S. dollar, as compared to an appreciation of the Mexican peso against the U.S. dollar in the comparable period of 2023, (ii) an increase in our interest expense of Ps.759 million (U.S.$39 million), derived from the higher level of outstanding indebtedness and (iii) a decrease in the fair value of financial instruments of Ps.551 million (U.S.$28 million) due to the effects of hedge instruments.

Income Tax Provisions

For the nine months ended September 30, 2024, we recorded an income tax benefit of Ps.394 million (U.S.$20 million), compared to an income tax expense of Ps.1,856 million (U.S.$95 million) for the comparable period in 2023.

Net Loss

As a result of the foregoing, our net loss for the nine months ended September 30, 2024 was Ps.5,984 million (U.S.$305 million) compared to a net loss of Ps.2,123 million (U.S.$108 million) for the comparable period in 2023.

Other Comprehensive Income (Loss)

Our other comprehensive income for the nine months ended September 30, 2024 was Ps.2,828 million (U.S.$144 million) compared to a loss of Ps.291 million (U.S.$15 million) for the comparable period in 2023. This income was primarily due to: (i) the fair value adjustment of property, plant and equipment of Ps.1,540 million (U.S.$78 million); and (ii) the fair value adjustment of trademarks of Ps.1,095 million (U.S.$56 million).

Net Comprehensive Loss for the Year

Our net comprehensive loss for the nine months ended September 30, 2024 was Ps.3,156 million (U.S.$161 million) compared to Ps.2.414 million (U.S.$123 million) for the comparable period in 2023.

Year Ended December 31, 2023 Compared with Year Ended December 31, 2022

Revenue from Services

Our revenue for the year ended December 31, 2023 increased by 11% to Ps.40,503 million (U.S.$2,063 million) from Ps.36,352 million (U.S.$1,852 million) for the year ended December 31, 2022.

The 13% increase in revenue of our *Totalplay Residential* segment for the year ended December 31, 2023 to Ps.34,586 million (U.S.$1,762 million) from Ps.30,551 million (U.S.$1,556 million) for the year ended December 31, 2022 was primarily due to the subscribers base growth in cities already covered.

The 2% increase in revenue of our *Totalplay Empresarial* segment for the year ended December 31, 2023 to Ps.5,917 million (U.S.$301 million) from Ps.5,801 million (U.S.$296 million) for the year ended December 31, 2022 was primarily due to an increase in the number of projects with government clients.

Cost of Services

Our cost of services for the year ended December 31, 2023 increased by 3% to Ps.7,801 million (U.S.$397 million) from Ps.7,588 million (U.S.$387 million) for the year ended December 31, 2022, primarily due to increases in (i) expected credit loss allowance of Ps.128 million (U.S.$7 million) derived from higher revenues and (ii) expense of telecommunications links of Ps.78 million (U.S.$4 million).

Costs for our *Totalplay Residential* segment for the year ended December 31, 2023 increased by 1% to Ps.5,920 million (U.S.$302 million) from Ps.5,851 million (U.S.$298 million) for the year ended December 31, 2022 was primarily due to the subscribers base growth in cities already covered.

Costs for our *Totalplay Empresarial* segment for the year ended December 31, 2023 increased by 8% to Ps.1,881 million (U.S.$96 million) from Ps.1,737 million (U.S.$88 million) for the year ended December 31, 2022, primarily due to the cost of equipment related to the projects of equipment and fiber optic network installation in Jalisco state and the Federal Attorney General's Office of the Republic (*Fiscalía General de la República*)

Operating Expenses

Our operating expenses for the ended year ended December 31, 2023 increased by 12% to Ps.14,141 million (U.S.$720 million) from Ps.12,652 million (U.S.$645 million) for the year ended December 31, 2022, primarily due to an increase of expenses associated with: (i) professional fees of Ps.479 million (U.S.$24 million); (ii) maintenance of Ps.447 million (U.S.$23 million); (iii) collection services of Ps.330 million (U.S.$17 million) and (iv) salaries of personnel of Ps.295 million (U.S.$15 million).

Depreciation and Amortization

Our depreciation and amortization expense for the year ended December 31, 2023 increased by 25% to Ps.16,045 million (U.S.$817 million) from Ps.12,871 million (U.S.$656 million) for the year ended December 31, 2022. This increase was primarily due to increases in: (i) depreciation of subscriber acquisition costs of Ps.2,656 million (U.S.$135 million) due to the increase in our subscriber base, which grew to 4.8 million subscribers as of December 31, 2023, from 4.4 million as of December 31, 2022; (ii) depreciation of other fixed assets of Ps.536 million (U.S.$27 million) due to investments in our network and infrastructure.

Other Expenses, Net

Our other expenses, net for the year ended December 31, 2023 totaled Ps.200 million (U.S.$10 million) compared to Ps.144 million (U.S.$7 million) in the year ended December 31, 2022. This change is mainly due to higher bank commissions.

Operating Profit

As a result of the foregoing, profit from operations for the year ended December 31, 2023 decreased to Ps.2,316 million (U.S.$119 million) from Ps.3,097 million (U.S.$158 million) in the year ended December 31, 2022.

Financial Cost

Our financial costs for the year ended December 31, 2023 totaled Ps.2,922 million (U.S.$149 million) compared to financial costs of Ps.3,404 million (U.S.$173 million) for the year ended December 31, 2022. This decrease was mainly due to an increase in the foreign exchange gain of Ps.2,046 million (U.S.$104 million) due to the appreciation of the Mexican peso against the U.S. dollar, partially offset by (i) an increase in our interest expense of Ps.1,267 million (U.S.$65 million), derived from higher level of outstanding indebtedness and (ii) an increase in the fair value of financial instruments of Ps.203 million (U.S.$10 million) due to the effects of hedge instruments.

Income Tax Provisions

For the year ended December 31, 2023, we recorded an income tax provision of Ps.2,522 million (U.S.$128 million), compared to an income tax provision of Ps.1,970 million (U.S.$100 million) for the year ended December 31, 2022.

Net Loss

As a result of the foregoing, our net loss for the year ended December 31, 2023 was of Ps. Ps.3,147 million (U.S.$159 million), compared to a net loss of Ps.2,251 million (U.S.$115 million) for the year ended December 31, 2022.

Other Comprehensive Income (Loss)

Our other comprehensive income for the year ended December 31, 2023 was of Ps.526 million (U.S.$27 million) compared to other comprehensive loss of Ps.1,043 million (U.S.$53 million) for the year ended December 31, 2022. This income was primarily due to: (i) the fair value adjustment of property, plant and equipment of Ps.878 million (U.S.$45 million) and (ii) the fair value adjustment of trademarks of Ps.770 million (U.S.$39 million).

Net Comprehensive Loss for the Year

Our net comprehensive loss for the year ended December 31, 2023 was Ps.2,621 million (U.S.$132 million) compared to Ps.3,294 million (U.S.$168 million) for the year ended December 31, 2022.

Year Ended December 31, 2022 Compared with Year Ended December 31, 2021

Revenue from Services

Our revenue for the year ended December 31, 2022 increased by 29% to Ps.36,352 million (U.S.$1,852 million) from Ps.28,089 million (U.S.$1,431 million) for the year ended December 31, 2021.

The 34% increase in revenue of our *Totalplay Residential* segment for the year ended December 31, 2022 to Ps.30,551 million (U.S.$1,556 million) from Ps.22,762 million (U.S.$1,160 million) in 2021 was primarily due to the expansion of our network coverage, resulting in an increase in new customers and higher ARPU.

The 9% increase in revenue of our *Totalplay Empresarial* segment for the year ended December 31, 2022 to Ps.5,801 million (U.S.$296 million) from Ps.5,327 million (U.S.$271 million) for the year ended December 31, 2021 was primarily due to the projects of equipment and fiber optic network installation in Jalisco state and the Felipe Angeles International Airport (*Aeropuerto Internacional Felipe Ángeles*).

Cost of Services

Our cost of services for the year ended December 31, 2022 increased by 17% to Ps.7,588 million (U.S.$387 million) from Ps.6,481 million (U.S.$330 million) for the year ended December 31, 2021, primarily due to increases in (i) content licensing costs of Ps.1,125 million (U.S.$57 million); (ii) expected credit loss allowance of Ps.159 million (U.S.$8 million) derived from higher revenues; (iii) expense of telecommunications links of Ps.113 million (U.S.$6 million), partially offset by a decrease in commissions of Ps.550 million (U.S.$28 million).

Costs for our *Totalplay Residential* segment for the year ended December 31, 2022 increased by 23% to Ps.5,851 million (U.S.$298 million) from Ps.4,765 million (U.S.$242 million) in 2021, primarily due to an increase in new subscribers, resulting from the expansion of the network into new coverage areas.

Costs for our *Totalplay Empresarial* segment for the year ended December 31, 2022 increased by 1%, to Ps.1,737 million (U.S.$88 million) from Ps.1,716 million (U.S.$87 million) in 2021, primarily due to the cost of equipment related to the projects of equipment and fiber optic network installation in Jalisco state and the Felipe Angeles International Airport (*Aeropuerto Internacional Felipe Ángeles*).

Operating Expenses

Our operating expenses for the ended year December 31, 2022 increased by 33% to Ps.12,652 million (U.S.$645 million) from Ps.9,539 million (U.S.$486 million) for the year ended December 31, 2021, primarily due to the net effect of (i) an increase in advertising expenses of Ps.691 million (U.S.$35 million); (ii) an increase in professional fees of Ps.608 million (U.S.$31 million); (iii) an increase in maintenance of Ps.593 million (U.S.$30 million); and (iv) an increase in employee salaries and compensation expenses of Ps.600 million (U.S.$31 million).

Depreciation and Amortization

Our depreciation and amortization expense for the year ended December 31, 2022 increased by 45% to Ps.12,871 million (U.S.$656 million) from Ps.8,902 million (U.S.$454 million) for the year ended December 31, 2021. This increase was primarily due to increases in: (i) depreciation of subscriber acquisition costs of Ps.3,080 million (U.S.$157 million) due to the increase in our subscriber base, which grew to 4.4 million subscribers as of December 31, 2022, from 3.5 million subscribers as of December 31, 2021; (ii) depreciation of other fixed assets of Ps.620 million (U.S.$32 million) derived from higher investments in our network and infrastructure; and (iii) depreciation of rights of use assets of Ps.270 million (U.S.$14 million).

Other Expenses, Net

Our other expense, net for the year ended December 31, 2022 totaled Ps.144 million (U.S.$7 million) compared to Ps.49 million (U.S.$2 million) for the year ended December 31, 2021. This change is mainly due to higher bank commissions and lower sales of fixed assets.

Operating Profit

As a result of the foregoing, profit from operations decreased to a profit of Ps.3,097 million (U.S.$158 million) for the year ended December 31, 2022 from Ps.3,118 million (U.S.$159 million) for the year ended December 31, 2021.

Financial Cost

Our financial cost for the year ended December 31, 2022 totaled Ps.3,404 million (U.S.$173 million) compared to a financial cost for the year ended in December 31, 2021 of Ps.3,766 million (U.S.$192 million). This decrease was mainly due to an increase in the foreign exchange gain of Ps.1,916 million (U.S.$98 million) due to foreign exchange gain of Ps.1,338 million (U.S.$68 million) in 2022 as compared to foreign exchange loss of Ps.578 million (U.S.$29 million); partially offset by (i) an increase in our interest expense of Ps.1,085 million (U.S.$55 million), derived from an increase in the level of outstanding indebtedness; (ii) an increase in the fair value of financial instruments of Ps.311 million (U.S.$16 million) due to the effects of hedge instruments; and (iii) an increase in our interest expenses from lease liabilities of Ps.131 million (U.S.$7 million), derived from an increase in outstanding leasing contracts.

Income Tax Provisions

For the year ended December 31, 2022, we recorded an income tax expense of Ps.1,970 million (U.S.$100 million), compared to an income tax expense of Ps.846 million (U.S.$43 million) for the year ended December 31, 2021.

Net Loss

As a result of the foregoing, our net loss for the year ended December 31, 2022 was Ps.2,251 million (U.S.$115 million) compared to Ps.1,494 million (U.S.$76 million) for the year ended December 31, 2021.

Other Comprehensive (Loss) Income

Our other comprehensive loss for the year ended December 31, 2022 was Ps.1,043 million (U.S.$53 million) as compared to other comprehensive income of Ps.2,290 million (U.S.$117 million) for the year ended December 31, 2021. This loss was primarily due to the increase in the fair value of our hedging instruments in 2022 of Ps.1,298 million (U.S.$66 million), and the recognition of a gain in the fair value of our fixed assets and trademarks in 2021 of Ps.2,018 million (U.S.$103 million).

Net Comprehensive (Loss) Income for the Year

Our net comprehensive loss for the year ended December 31, 2022 was Ps.3,294 million (U.S.$168 million) compared to our net comprehensive income of Ps.796 million (U.S.$41 million) for the year ended December 31, 2021.

Liquidity and Capital Resources

We have established appropriate policies to mitigate our liquidity risk through: (i) the review of working capital; (ii) the review of our actual and projected cash flows; and (iii) the reconciliation of maturities of our financial assets

and liabilities. These actions allow our management to manage short- and long-term financing requirements by maintaining cash reserves or available credit facilities.

Factors that may influence our levels of liquidity and capital resources include:

- our ability to generate sufficient free cash flow;
- factors that affect our results of operations, including general economic conditions in Mexico and elsewhere, interest rates and the depreciation or appreciation of the peso, and economic factors that affect the capacity of our subscribers to pay for our services;
- demand for our products and services, the competitive environment and demographic changes in our market areas and regulation;
- factors that affect our access to bank financing and the capital markets, including interest rate fluctuations, availability of credit and operational risks of our *Totalplay Residential* and *Totalplay Empresarial* segments;
- unexpected changes in our suppliers' prices;
- expansion of our network and related operations; and
- expansion of the networks of our competitors and price changes they make.

Our principal sources of liquidity include cash from operations and debt, including commercial loans, debt offerings in the capital markets (international and local), stock exchange certificates, including but not limited to *Cebures,* and lease financings, both denominated in pesos and in foreign currencies, and we contemplate continuing to use those sources in the future, including after the completion of the Exchange Offer.

We manage liquidity risk by maintaining adequate cash reserves, debt offerings in the capital markets, and banking facilities, by continuously monitoring forecasts and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. On November 12, 2025, U.S.$56.5 million outstanding principal amount of our Senior Notes due 2025 are currently expected to be payable upon maturity. Likewise, on September 20, 2028, up to U.S.$600 million outstanding principal amount of the Existing Notes are currently expected to be payable upon maturity if the Exchange Offer is not completed. Our main refinancing need is related to the maturity of our outstanding notes issued in the international capital markets, including the Existing Notes, which we intend to address by means of the Exchange Offer described in this Exchange Offer and Consent Solicitation Memorandum. We believe that our sources of liquidity, including debt offerings in the capital markets, will be sufficient to meet our working capital, debt services and capital expenditures. See "Risk Factors—Risks Relating to the New Notes, the New Notes Guarantee and the Exchange Offer."

We anticipate that approximately Ps.8.1 billion (U.S.$412 million) and Ps.19.4 billion (U.S.$988 million) of our debt and contractual obligations will mature in 2025 and 2028, respectively, which will be refinanced or paid in cash. If this Exchange Offer is not successful, we believe we will be able to obtain financing with flexibility to pay the principal amount of the Existing Notes when they become due in 2028 based on our assets and customer payments. See "Risk Factors—Risks Relating to the New Notes, the New Notes Guarantee and the Exchange Offer."

We continue to manage liquidity risk related to our debt and contractual obligations with an adjusted free cash flow of Ps.6.4 billion (U.S.$326 million) for the nine months ended September 30, 2024, additional financing which we believe we can obtain as a result of the book value of our network assets of approximately Ps.62.2 billion (U.S.$3.1 billion) as of September 30, 2024 in addition to more than 47% of our residential receivables that are available under the Master Trust to secure new secured financing arrangements. As of September 30, 2024, our leverage (which we calculate as total debt divided by /LTM EBITDA) was 2.9x for the nine months ended September 30, 2024, which we believe is a low leverage level in our industry. For more information concerning the reconciliation of our adjusted free cash flow to our gross profit, see "Summary Historical Financial and Operating Information—Adjusted Free Cash Flow Reconciliation."

Working Capital

Our net working capital as of September 30, 2024 was negative Ps.12,971 million (U.S.$661 million) compared to negative Ps.8,550 million (U.S.$436 million) as of September 30, 2023. The increase in our working capital deficit was primarily due to: (i) a 21% increase in our trade payables of Ps.2,760 million (U.S.$141 million); (ii) a 38% increase in the short-term portion of long-term debt of Ps.1,689 million (U.S.$86 million); (iii) a 38% decrease in restricted cash of Ps.1,449 million (U.S.$74 million); (iv) a 13% decrease in our account receivables – customers – net of Ps.568 million (U.S.$29 million); (v) a 17% decrease of other short-term liabilities of Ps.540 million (U.S.$28 million); and (vi) a 10% decrease in inventories of Ps.279 million (U.S.$14 million).We have historically operated with high level of payables relative to our growth which we believe are manageable with our cash flow from operations and based on our past ability to extend the payment terms of our account and trade payables.

Our net working capital as of December 31, 2023 was negative Ps.8,105 million (U.S.$413 million) compared to negative Ps.9,841 million (U.S.$502 million) as of December 31, 2022. The decrease in our working capital deficit was primarily due to: (i) a 34% decrease of short-term portion of long-term debt of Ps.2,400 million (U.S.$122 million); (ii) a 70% increase in restricted cash of Ps.1,389 million (U.S.$71 million); (iii) a 29% decrease of other short-term liabilities of Ps.1,092 million (U.S.$56 million); and (iv) a 25% increase in inventories of Ps.584 million (U.S.$30 million); partially offset by (v) a 24% increase in our trade payables of Ps.2,623 million (U.S.$134 million); and (vi) a 20% decrease in our account receivables – customers – net of Ps.1,080 million (U.S.$55 million). We have historically operated with a high level of payables relative to our growth which we believe are manageable with our cash flow from operations and based on our past ability to extend the payment terms of our account and trade payables.

Our net working capital as of December 31, 2022 was negative Ps.9,841 million (U.S.$502 million) compared to negative Ps.395 million (U.S.$19 million) as of December 31, 2021. The increase in our net working capital deficit was primarily due to: (i) a 167% increase in our short-term portion of long-term debt of Ps.4,358 million (U.S.$222 million); (ii) a 43% increase in our trade payables of Ps.3,253 million (U.S.$166 million); (iii) a 55% decrease in cash and cash equivalents of Ps.2,276 million (U.S.$116 million); and (iv) a 112% increase in reverse factoring of Ps.1,422 million (U.S.$72 million); partially offset by (v) a 47% increase in account receivables – customers – net of Ps.1,757 million (U.S.$90 million).

Net Cash Flows

The following chart sets forth our generation and application of cash for the periods indicated:

	Nine Months Ended September 30,			Year Ended December 31,			
	2024		2023	2023		2022	2021
	(U.S.$)	(Ps.)	(Ps.)	(U.S.$)	(Ps.)	(Ps.)	(Ps.)
		(unaudited)		(in millions)			
Net cash flows from operating activities	1,007	19,772	16,662	1,056	20,727	17,820	10,704
Net cash flows used in investing activities	(448)	(8,787)	(11,740)	(785)	(15,416)	(22,281)	(18,037)
Net cash flows (used in) from financing activities	(502)	(9,855)	(5,062)	(246)	(4,823)	2,184	9,712
Cash and cash equivalents at end of period	179	3,507	1,750	121	2,377	1,890	4,166

Net Cash Flows from Operating Activities

For the nine months ended September 30, 2024, net cash flows from operating activities increased by 19% to Ps.19,772 million (U.S.$1,007 million) from Ps.16,662 million (U.S.$849 million) for the nine months ended September 30, 2023. This change was primarily due to higher other payables, including operating provisions, and higher inventories.

For the year ended December 31, 2023, net cash flows from operating activities increased by 16% to Ps.20,727 million (U.S.$1,056 million) from Ps. 17,820 million (U.S.$908 million) for the year ended December 31, 2022. This change was primarily due to higher recoverability of account receivables – customers – net, higher trade payables, higher inventories and lower prepaid expenses.

For the year ended December 31, 2022, net cash flows from operating activities increased by 66% to Ps.17,820 million (U.S.$908 million) from Ps.10,704 million (U.S.$545 million) for the year ended December 31, 2021. This change was primarily due to higher trade payables and recoverability of taxes.

Net Cash Flows used in Investing Activities

For the nine months ended September 30, 2024, net cash flows used in investing activities decreased by 25% to Ps.8,787 million (U.S.$448 million) from Ps.11,740 million (U.S.$598 million) for the nine months ended September 30, 2023. This change was mainly due to lower investment in our network and infrastructure.

For the year ended December 31, 2023, net cash flows used in investing activities decreased by 31% to Ps.15,416 million (U.S.$785 million) from Ps.22,281 million (U.S.$1,135 million) for the year ended December 31, 2022. This change was mainly due to lower investment in our network and infrastructure.

For the year ended December 31, 2022, net cash flows used in investing activities increased by 24% to Ps.22,281 million (U.S.$1,135 million) from Ps.18,037 million (U.S.$919 million) for the year ended December 31, 2021. This change was primarily due to higher investments in our network and infrastructure, resulting from our expansion to more cities in Mexico.

Net Cash Flows (used in)/from Financing Activities

For the nine months ended September 30, 2024, net cash flows used in financing activities increased by 95% to Ps.9,855 million (U.S.$502 million) from Ps.5,062 million (U.S.$258 million) for the nine months ended September 30, 2023. This change was mainly due to (i) lower funds received from financings; (ii) higher interest payments; (iii) settlement of derivative financial instruments; and (iv) decrease in fiduciary rights.

For the year ended December 31, 2023, net cash flows used in financing activities was Ps.4,823 million (U.S.$246 million) compared to cash flows generated from financing activities of Ps.2,184 million (U.S.$111 million) for the year ended December 31, 2022. This change was mainly due to: (i) lower funds received from financing activities; (ii) higher payment for reverse factoring; (iii) higher payments of interest; and (iv) payments of hedge financial instruments.

For the year ended December 31, 2022, net cash flows from financing activities decreased by 78% to Ps.2,184 million (U.S.$111 million) from Ps.9,712 million (U.S.$495 million) for the year ended December 31, 2021. This change was primarily due to the net effect from: (i) lower funds received due to the issuance of our Existing Notes in 2021; (ii) higher restricted cash partially due to margin calls and (iii) higher interest paid as a result of our high level of indebtedness; partially offset by (iv) higher financing from reverse factoring.

See the notes to our Consolidated Financial Statements for more information.

Indebtedness

The following chart sets forth our debt facilities, debt certificates and other indebtedness outstanding as of September 30, 2024:

	As of September 30, 2024	
	U.S.$	**Ps.**
	(in millions)	
Non-bank loans	1,263	24,768
6.375% Senior Notes due 2028	600	11,777
7.500% Senior Notes due 2025	57	1,100
10.500% Senior Secured Notes due 2028	306	5,996
Fiduciary Investment and Administration and Guarantee / 690	22	441
Fiduciary/1397	191	3,749
Short and long-term leases	245	4,814
Cebures[(1)]	222	4,352
Export and Import Bank of China Financing Facility	88	1,723
Bank loans	17	340
Amortized transaction costs	(26)	(510)
Total financial indebtedness valued at amortized cost	2,985	58,550

(1) On October 8, 2024, we issued *Cebures* for Ps.2,500 (U.S.$ 127 million) under the *CIBanco Cebures* program and on November 21, 2024, we rolled over Ps.1,000 million (U.S.$51 million) of outstanding *Cebures* under the *Total Play Cebures* program.

In November 2020, we issued U.S.$575.0 million in aggregate principal amount of Senior Notes due 2025 pursuant to the exemptions from registration provided by Rule 144A and Regulation S of the Securities Act. Our Senior Notes due 2025 accrue interest at an annual rate of 7.500%, and the net proceeds therefrom were used to repay outstanding debt and for capital expenditures and working capital.

In September 2021, we issued U.S.$600.0 million in aggregate principal amount of our Existing Notes pursuant to the exemptions from registration provided by Rule 144A and Regulation S of the Securities Act. Our Existing Notes accrue interest at an annual rate of 6.375%, and the net proceeds therefrom were used to repay outstanding debt and for capital expenditures and working capital.

On December 20, 2023, we issued short-term *Cebures* in a public offering, in the amount of Ps.1,000 million (U.S.$51 million). The principal terms and covenants include: (i) 337-days period-interest at an annual rate of TIIE+130 basis points for a one-year term; (ii) maturity date on November 21, 2024; (iii) compliance with laws; (iv) compliance with reports and notices to the CNBV and the *Bolsa Institucional de Valores* (the "BIVA"); (v) maintenance of licenses, authorizations, concessions and permits; and (vi) submission of reports and notices of any event of default or event of early repayment (each as defined therein).

On February 20, 2024, we entered into exchange agreements with two Mexican investment funds (the "Mexican Funds"), whose trustee is Banco Azteca, pursuant to which the Mexican Funds exchanged an aggregate principal amount of U.S.$213.5 million of the Senior Notes due 2025 for Mexican Promissory Notes issued in a private exchange under the laws of Mexico. The Mexican Funds are entitled to receive quarterly principal and premium payments in an aggregate amount equal to U.S.$213.5 million and interest payments on principal at annual rate of 10.5% pursuant to the Exchange Documents (as defined below). See "Description of Principal Existing Indebtedness—Mexican Private Exchange of Senior Notes due 2025" for a detailed description of the terms of the Mexican Private Exchange.

In March 2024, we commenced an exchange offer and consent solicitation for any and all of our outstanding 7.500% Senior Notes due 2025 for new 10.500% Senior Secured Notes due 2028 subject to the terms and conditions of the Exchange Offer and Consent Solicitation Memorandum dated March 22, 2024, as amended and supplemented by the Supplement thereto dated April 2, 2024 (the "2024 Exchange Offer"). U.S.$305.5 million aggregate principal

amount of the outstanding Senior Notes due 2025 were tendered and accepted for exchange by us pursuant to the terms of the 2024 Exchange Offer. Between the 2024 Exchange Offer and the Mexican Private Exchange of Notes, we were able to refinance U.S.$518 million of our U.S.$575 million Senior Notes due 2025. The Senior Secured Notes due 2028 were issued pursuant to the exemptions from registration provided by Rule 144A and Regulation S of the Securities Act. The Senior Secured Notes due 2028 are guaranteed by Total Box, S.A. de C.V., and bear interest at an annual rate of 10.500%, payable on a semi-annual basis, with maturity on December 31, 2028.

On April 24, 2024, we issued short-term *Cebures* in a public offering, in the amount of Ps.1,000 million (U.S.$51 million). The principal terms and covenants include: (i) 350-day period-interest at an annual rate of TIIE+200 basis points for a one-year term; (ii) maturity date on April 9, 2025; (iii) compliance with laws; (iv) compliance with reports and notices to the CNBV and the BIVA; (v) maintenance of licenses, authorizations, concessions and permits; and (vi) submission of reports and notices of any event of default or event of early repayment (each as defined therein).

Financial Liabilities

Our financial liabilities 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 we would have designated a financial liability at fair value with changes in results.

Subsequently, financial liabilities are measured at amortized cost by using the effective interest rate method, except for financial liabilities held for trading or that have been designated at fair value through profit or loss, which are kept in the books 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, any change in fair value of an instrument is reported in income and are included under "interest expense."

Tabular Disclosure of Contractual Obligations.

The following table sets forth our material expected obligations and commitments as of September 30, 2024:

	As of September 30, 2024				
	Total	**Less Than 1 year**	**1-3 Years**	**3-5 years**	**More Than 5 years**
			(in millions of Ps.)		
Financial liabilities[(1)]	**53,736**	6,137	17,745	18,452	11,402
Lease obligations[(2)]	**4,814**	2,468	1,060	542	744
Employee benefit obligations	**101**	—	—	—	101
Total contractual obligations and commitments	**58,651**	**8,605**	**18,805**	**18,994**	**12,247**

(1) See "Description of Principal Indebtedness" for a more detailed description of the financial liabilities.
(2) See "Description of Principal Indebtedness - Leases" for a more detailed description of the lease obligations.

Internal Controls

We have a series of internal control systems and procedures in all the critical areas of our operations, among them:

- Sales, billing, collection and aging of our accounts receivables;
- Cash management;
- Inventory management (equipment reception, transfers, installations and refurbish);
- Fixed asset management (additions, reductions, physical inventories, etc.);
- Payroll (workforce personnel monitoring, processing and payment of wages and compensation, etc.);
- Operating expenses (avoid waste and ensure austerity);

- Customer service and call center services; and
- Leases of points of sale, headquarters, sites, equipment, etc.

The aforementioned internal controls rely heavily on systems, such as SAP S/4 HANA (accounting, treasury, fixed assets, payroll, leases, procurement, human resources), BRM (billing and revenue management), among others. Likewise, we have a specialized audit administration system "ADA Web" that allows us to manage the audit process and electronic work papers, decrease execution times, give punctual follow-up and have the audit result of the "real time."

The internal control procedures are jointly designed by the Methods and Procedures department, mainly; this way, we can evaluate, elaborate, translate and disseminate the policies that best adhere to our operation, the applicable regulations, as well as our values, vision and mission.

Finally, our Internal Audit Department promotes and supervises compliance with institutional and regulatory standards, the correct use of our resources, the veracity and sufficiency of our operations reports, the security of information; and if necessary, we implement changes to the policies, control system, monitoring, etc.

Disclosure Controls

Our disclosure controls are designed with the aim of ensuring that information is compiled and communicated to our executive officers, including the chief executive officer ("*CEO*") and the chief financial officer ("*CFO*"). This information must be submitted in a manner suitable for opportune decision-making regarding disclosure of required information. Internal procedures and controls for financial reports are designed with the aim of providing reasonable certainty that:

- transactions are duly authorized;
- assets are protected against inappropriate or unauthorized use; and
- transactions are duly documented and reported.

Limitations of the Validity of Controls

We do not expect, nor can we assure you that our Disclosure Controls and Internal Controls prevent all errors and fraud. A control system, regardless of how well conceived and operated can provide only reasonable, not absolute, assurance that the objectives of the control system are met. In addition, the design of a control system must reflect the fact that there are resource limitations, and the benefits of controls must be considered in relation to their costs. Due to the limitations inherent in all control systems, no evaluation of controls can provide the absolute guarantee that all control matters and cases of fraud, if any, within our company have been detected. These inherent limitations include the reality that judgments in decision-making can be incomplete, and failures can occur from simple mistakes or errors. Additionally, controls may be surrounded by individual acts of some people, by collusion of two or more people or by ignoring the control. The design of any control system is also based in part on certain actions about the probability of future events, and there can be no assurance that any control will succeed in achieving its goals under all possible future conditions. Over time, a control may become inadequate due to changes in conditions, or the degree of compliance with the policies or procedures related to the control may deteriorate. Due to the limitations inherent in an effective cost control system, false statements due to errors or fraud may occur and go undetected.

Ethics, Integrity and Compliance Program

We are convinced that it is possible to conduct business in an ethical, honest, responsible manner, and in compliance with applicable laws.

In this regard, we are subject to the Code of Ethics of Total Play, among other policies forming part of our current Ethics, Integrity and Compliance Program (EICP). The EICP includes critical policy statements such as those with respect to prohibition of corruption and bribery, conflict of interest, treatment of gifts, entertainment, travel and improper payments (including with respect to government officials), relationships with third parties, training and education, fair competition and antitrust and reporting and retaliation.

THE TOTAL PLAY GROUP

Overview

We are a leading, high-growth, Mexican telecommunications group dedicated to providing broadband, entertainment and productivity services over one of the largest fiber-only networks in Mexico. We offer (i) Double-Play (fixed telephony and broadband internet services) and Triple-Play (fixed telephony, pay-TV and broadband internet services) packages for residential customers and (ii) industry leading telecommunications and managed services for business customers, as well as federal and state government agencies and entities. We offer these services direct-to-home through a proprietary fiber optic (FTTH) network that, as of September 30, 2024, spanned more than 155,585 kilometers and included 800 GPON (Gigabit Passive Optical Network) OLTs and 1,459 access nodes. The network, which enable us to feature broadband speeds of up to 10 Gbps, was consistently ranked #1 in internet speed in Mexico according to Netflix's monthly ISP (Internet Service Provider) index from October 2016 until February 2020 (when publication temporarily ceased) and again from January 2021 (upon resumption of publication) to November 2024, and in the second and third quarters of 2024 won the Fastest Fixed Network Speedtest Award and in the first and second quarters of 2023 won the Top-Rated Fixed Network Speedtest Award, both issued by Ookla, a leading fixed broadband and mobile network testing company. In 2022, we transferred our small and medium business units to *Totalplay Residential*, in an effort to optimize the economies of scale of our infrastructure within our geographical coverage.

Our internet services are world-class, optimizing the user experience for popular video streaming services, such as Netflix, YouTube, Amazon Prime Video, Disney+, Max and Paramount. Our unique in-house developed IPTV system allows us to deliver 4K linear TV programming along with AnytimeTV, creating a non-linear customer experience. Embedded applications, such as Max, Amazon Prime Video, and Netflix, are accessible directly from our set-top boxes and available on our system, providing a fully integrated entertainment center interface. Customer experience is further enhanced by our proprietary mobile app, which gives residential subscribers access to a softphone application, an alternative channel for client service and inquiries, including a payment platform, client referrals, changes in service address, account and WiFi password management, tools for signing up for additional services, trivia, contests, joining our Club WiFi, and reporting service issues, in addition to enjoying their favorite content with optimal streaming quality anywhere in the country. We were the world's first adopter of addressable advertising, partnering with Google Ads to enable Mexican advertisers to target customers using our state-of-the-art ad insertion technology and behavioral analytics. As of September 30, 2024, in our residential business unit, *Totalplay Residential*, reached 87 cities in 28 Mexican states through our network, with 17.6 million homes passed and 5.1 million subscribers, representing 29.1% of our homes passed, as compared to September 30, 2021, when *Totalplay Residential* reached 13.4 million homes passed and 3.2 million subscribers. As of September 30, 2024, approximately 49% of our 5.1 million *Totalplay Residential* customers had Triple-Play packages and approximately 51% had Double-Play packages.

Through our *Totalplay Empresarial* business unit, we offer private and publicly-listed companies and federal and state government agencies and entities industry-leading telecommunications and managed services including dedicated internet access, broadband internet access, voice services, encrypted private networks (SDWAN & MPLS), video surveillance, videoconferencing, cloud-based productivity suites, public cloud services, computing services, next-generation WiFi, IT solutions, cybersecurity solutions, unify communications and digital transformation solutions. As of September 30, 2024, *Totalplay Empresarial* served customers located in 173 cities in all 32 states of Mexico and provided services installed at 102,371 locations (including multiple locations for the same customer) comprised of 89,228 locations of private and publicly-listed companies and 13,143 locations of federal and state government agencies. As of September 30, 2024, approximately 50% of *Totalplay Empresarial* revenues came from private and publicly-listed companies and 50% came from federal and state government agencies and entities. Within the public sector, 55% of our customers are federal government entities and 45% are state government entities.

Our fiber optic network is designed to offer greater capacity and reliability that is less dependent on the power grid than traditional technologies. Our network has also been designed to be adaptable to future technological developments including 8K or HDR television content and to keep pace with bandwidth demand requirements as major content providers launch "over-the-top" video streaming applications requiring higher bandwidth.

Although comparable to certain Latin American countries, as compared to certain other countries in the hemisphere, Mexico has a relatively low penetration rate in fixed internet, allowing for continuing growth. Although other countries show a trend towards decreased pay-TV and fixed telephony, the Mexican market has been stable though with reduced growth. As of September, 2024, we reached 18.3%, 11.6% and 17.9% market share in broadband internet, pay-TV and fixed telephony, respectively, as compared to 10.3%, 6.2% and 10.1%, respectively, as of September, 2023, according to the IFT. The following table shows recent penetration rates (per each 100 homes) in fixed internet, pay-TV and fixed telephony access in Mexico as compared to certain other countries:

	Fixed Internet	Pay-TV	Fixed Telephony
		(%)	
Mexico	69	74	75
Argentina	81	66	56
Canada	119	64	64
Chile	71	49	31
United States	99	43	68

Source: Banco de Información de Telecomunicaciones (BIT) published by the IFT. The information published by the IFT in the BIT incorporates information from other country sources as of dates that differ from country to country. For Mexico, figures shown are as of December 31, 2023, while the other countries are as of October 31, 2024.

In addition, the telecommunications and broadcasting industry in Mexico has increased its contribution to Mexico's national GDP, representing 1.6% of GDP for the first six months of 2024, 1.6% of GDP for the full year 2023, 1.5% of GDP for the full year 2022, and 1.4% of GDP for the full year 2021. Accordingly, we believe the Mexican telecommunications sector has high growth potential, considering that we had achieved 29.1% of our existing residential network coverage of homes passed as of September 30, 2024, as compared to 17.6% as of September 30, 2020, and we believe we are well-positioned to take advantage of expected growth in the market and increase our market share by leveraging our extensive and high-capacity fiber optic network, strong brand recognition and high-quality services and content.

Data published on August 6, 2024 by Bloomberg Market Intelligence estimates that fiber optic technology in Mexico will experience the highest growth in revenues, subscriptions and penetration in the period from 2024 to 2028 as compared to other technologies, with a CAGR of 11%, 14% and 12%, respectively. We believe our technology and infrastructure give us a significant advantage to exploit this growth opportunity without significant additional capital investment. In addition to our uniquely developed infrastructure, we also have a proven ability to market new or additional offerings to our current customers, through a data pool that provides us with detailed information on each customer's demographics, characteristics, content preferences and consumption behavior, allowing us to quickly and effectively segment our customers and offer them the most relevant products.

We have reduced our ratio of total debt to EBITDA from 3.9x as of December 31, 2021 to 2.9x as of September 30, 2024, in each case based on the applicable LTM EBITDA. During the last three years, we have experienced significant growth in EBITDA. For the nine months ended September 30, 2024, we had revenues of Ps.33,354 million (U.S.$1,699 million), net comprehensive loss of Ps.3,156 million (U.S.$161 million) and EBITDA of Ps.15,473 million (U.S.$788 million) compared to revenues of Ps.29,830 million (U.S.$1,520 million), net comprehensive loss of Ps.2,414 million (U.S.$123 million) and EBITDA of Ps.13,625 million (U.S.$694 million) for the comparable period in 2023. Our LTM revenues and LTM EBITDA have grown at a CAGR of 28% and 34%, respectively, in the period from September 30, 2019 through September 30, 2024. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Our vision is to be the most innovative and best-in-class telecommunications company, information technology provider and digital entertainment provider in Mexico, widely recognized as a market leader. The work philosophy we apply to achieve this vision is based on the following strategic pillars:

- Be the leader in providing the most innovative telecommunications solutions by deploying the most advanced infrastructure to offer the fastest and highest-quality service while continuously developing cutting-edge products, such as AnytimeTV, 4K linear TV programming, addressable advertising, artificial intelligence oriented to client service, unparalleled streaming services and our own Totalplay mobile app.
- Provide exceptional customer service through our fast response times and by using our customer profiles and customization capabilities to tailor our response to each customer's needs.
- Increase product offerings to drive ARPU and RGU growth in both the *Totalplay Residential* and *Totalplay Empresarial* segments by providing differentiated quality service and content and positioning us to command premium pricing while simultaneously increasing our market share.
- Achieve profitability through a focus on (i) increased market penetration, (ii) increased lifetime value of each customer and (iii) controlling operating expenses. Our current infrastructure with state-of-the-art technology is able to provide coverage to up to 17.6 million households allowing us to provide the fastest internet speed in Mexico, offer innovative products in bundle packages and provide high-quality customer service while at the same time positioning us to increase customer numbers with minimal additional costs.
- Create an optimized work environment with a focus on professional development, including technical training and courses on financial education offered through the "*Aprende y Crece*" (Learn and Grow) program offered by Banco Azteca. In addition, we intend to continue to participate in and expand on initiatives of Grupo Salinas that promote a culture of environmental responsibility, such as "*Un Nuevo Bosque*" (A New Forest), a reforestation activity throughout Mexico, and "Limpiemos México" (Let's clean Mexico), a campaign to collect waste. For the sixth consecutive year, we received the Socially Responsible Company (ESR) award from the Mexican Center for Philanthropy (CEMEFI).

Business Strengths

We believe the following core strengths have enabled us to capitalize on growth opportunities in the Mexican market and will allow us to execute our business strategy, to continue expanding penetration of our existing network coverage, increasing our share in the residential and business segments of the Mexican market.

Extensive network and infrastructure provides us with a superior and value-add platform. We are a leading telecommunications company in Mexico offering direct-to-home internet service and content on a network that is completely fiber optic. We believe that the size and reach of our fiber optic network positions us well to take advantage of projected growth in the media and telecommunications markets in Mexico. Our 100% fiber optic network delivers the fastest fixed internet speed in Mexico and is designed to seamlessly accommodate new technology. In the period from 2015 to September 30, 2024, we invested an aggregate of Ps.108,651 million (U.S$5,082 million) in capital expenditures, of which Ps.8,902 million (U.S$454 million) was invested in the nine months ended September 30, 2024, in order to ensure that our infrastructure became and remains one of the most advanced in Mexico.

- We offer Double-Play and Triple-Play services which include broadband internet access, pay-TV and fixed telephony services for residential, business and government customers. In addition, our fiber optic network is designed to offer greater capacity and reliability and is less dependent on the electrical grid than traditional technologies. By comparison, the hybrid copper-based and fiber optic networks used by some of our main competitors provide inconsistent service offerings, speeds and user experience results that vary by region.
    - Our network also has been designed to be adaptable to future technological developments without significant additional capital expenditures (such as its ability to provide IPV6 internet protocol or 8K and HDR television content formatting and the ability to keep pace with bandwidth demand

as major content providers launch "over-the-top" video streaming applications requiring higher bandwidth), which strongly positions us to meet our customers' evolving demands and to provide innovative product offerings, a feature that is not available to our competitors that do not have a completely fiber-optic network.

  - Our unique proprietary IPTV system offers 4K linear TV programming along with AnytimeTV, creating a non-linear experience for our pay-TV customers. Along with SD and HD, we believe we offer the best quality in video and audio available in Mexico.

- We believe we will be able to further penetrate the broadband services as we continue to expand service offerings to our existing customers by leveraging our data technology to target customized services to individual customers. Our advanced fiber optic network, its configuration and equipment allow us to provide a differentiated customer experience for the consumption of streaming content and other high-value services that can generate incremental revenue. We plan to continue to reinforce our nationwide network which allows us to offer the same services, speed and experience in every town, city and region in Mexico in which we operate.

- Our principal competitors include Grupo Televisa, Megacable and América Móvil which offer hybrid copper-based and fiber optic networks. Other market competitors, such as Dish, Telefónica (Movistar), AT&T and Telcel (a subsidiary of América Móvil), provide low-speed wireless or internet offerings. Even though our competitors are transitioning to a full fiber-optic network, it takes a significant investment of time and resources, which allow us to continue to enhance our own offerings and retain our technological advantage while increasing our market share by continuing to nurture and enhance the loyalty of our customer base.

High-growth opportunities in an underpenetrated and underserved market. We believe we have potential to increase our subscriber base within our current coverage region. Our market share in each of the broadband internet, pay-TV and fixed telephony segments has been steadily growing since 2013. Broadband access is dominated by fiber (50.3%), followed by cable (20.8%) and DSL (7.8%). There is a growth potential of 13.5% in 2023-2028 for subscribers to change to fiber within the current homes passed without requiring additional capital expenditure. Our competitors principally offer less capable hybrid copper-based / fiber networks and are deploying FTTH technology over certain segments of their network, which requires an enormous expenditure of capital that we have already made. In addition, Mexico has a relatively low penetration rate in broadband internet, when compared to more developed economies, allowing for potential growth. However, Mexico's trend of penetration rate in pay-TV and fixed telephony is decreasing.

We have strong brand positioning and offer high-quality services. We believe the "*Totalplay*" brand is widely recognized for network reliability and high-quality customer care. As of September 30, 2024, we had a UPAX Customer NET Promoter Score of 41.4%, compared to the 26.1% average score for our principal competitors of the same date, reflecting the number of customers who are satisfied with our services and are brand promoters. In our *Totalplay Residential* business unit, we have contracts with linear, non-linear and streaming video applications which allow us to provide the most complete, attractive and best quality offering available in Mexico. Our on-demand content is updated continuously and we have access to all sports content (except exclusive content held by Sky). In addition, we have a proprietary mobile app developed in-house which enhances our customer experience by offering a seamless connection to the customer's set-top box and allows customers to watch their favorite content (linear or video-on-demand) from this mobile app, handle WiFi setup and manage their account remotely, refer friends and family and place phone calls, among other things.

- In both our *Totalplay Residential* and *Totalplay Empresarial* business units, we believe that the higher quality and reliability of our broadband service, as well as the superior speed of our offerings provide customers differentiated value that distinguishes us from our competitors.

- We offer dedicated internet access, LAN-to-LAN and MPLS (multiprotocol label switching) using SDWAN (software-defined wide-area networking) technology. This enables us to deliver services in less than five days "on-network." This solution is integrated with a PMP back-up link in the coverage area.

- Through *Totalplay Empresarial*, we provide IPTV solutions for the hospitality industry (hotels and hospitals) by, among other things, leveraging the *Totalplay Residential* IPTV offering which is customized for the hospitality industry and includes best-in-class dedicated internet access.

- Our customer base in our *Totalplay Residential* business unit represents a unique opportunity to up-sell and cross-sell additional digital and broadband products and services. Our Double-Play and Triple-Play services, our established "*Totalplay*" brand, the general trend towards digitalization and our increased broadband penetration position us to sell additional products and services to current customers. Our ability to market new and additional products to these customers is enhanced by our access to each customer's preferences and consumption behavior that allows us to effectively customize and target product offerings. Since our targeted customers are generally from higher socioeconomic segments of the population, they are better candidates for up-selling. Brand promoters also highlight the quality of our internet capabilities, our superior customer service and technical support.

Superior subscriber lifetime value. We have an attractive subscriber lifetime value compared to our competitors. For the nine months ended September 30, 2024, our monthly average revenue per user was Ps.615 (U.S.$31), compared to Ps.421 (U.S.$21) for Megacable. According to a 2023 KPMG market study, the most common reason given for churn is price, with 25% of customers citing price as the reason, and our Customer Experience Excellence rating at 7.9 are the highest ratings among our main competitors (Izzi, Megacable and Telmex (América Móvil)). We retain our subscribers by providing fast and helpful IT and customer service. In our *Totalplay Residential* business unit, our target to install service after the order is placed by the customer is within 48 hours. We also employ a targeted sales strategy that focuses on the full customer life cycle, including customer retention through our excellent customer service. Our *Totalplay Residential* customers do not have fixed contract terms, but the average subscription life of our *Totalplay Residential* customers is 67 months based on a monthly churn rate of 1.5% as of September 30, 2024 as compared to 62 months based on a monthly churn rate of 1.5% as of September 30, 2023. Our *Totalplay Empresarial* customers have an average subscription life of 228 months based on a monthly churn rate of 0.4% as of September 30, 2024 as compared to 257 months based on a monthly churn rate of 0.4% as of September 30, 2023.

Strong and conservative financial management. We have a proven track record of high growth in the residential and business segments. In the period from September 30, 2019 to September 30, 2024, consolidated LTM revenue in *Totalplay Residential* and *Totalplay Empresarial* segments increased at a CAGR of 32.8% and 12.1%, respectively, and the number of our subscribers in those segments grew 29.4%% and 13.8%, respectively. We believe we will be able to meet capital expenditure needs to face increased competition and adapt to an evolving regulatory and technological environment. We have experienced high growth by reinvesting cash flow in expanding our network, resulting in CAGR of 27.3% in our LTM revenues from September 2019 to through the first nine months of 2024 and a reduced ratio of total debt to LTM EBITDA of 2.9x at September 30, 2024.

Experienced management and committed shareholders. We have a highly experienced management team with deep industry knowledge. Each member of our senior management team has at least 14 years of industry experience. Our top management is supported by a broad base of experienced second-level managers in each of *Totalplay Residential* and *Totalplay Empresarial*. In addition, our principal shareholder has been extremely committed to us from the start, with a proven track record of committing to management's business and growth strategy plans. This was demonstrated by equity injections in March 2017 through capitalization of a Ps.1,990 million debt owed to the principal shareholder and a Ps.5,000 million capital contribution in 2019. In both cases, the funds were used for refinancing debt, capital expenditures and working capital.

Our Business Strategy

Our long-term business strategy focuses on the continued expansion of our network and increasing our broadband penetration in the residential and business segments. The key elements of our long-term strategy include:

Maintain current network and infrastructure and focus on increasing market share. Our 100% fiber optic network delivers the fastest internet speed in Mexico and is designed to seamlessly accommodate new technology. With our network expansion complete, we will continue to commit resources to maintain our business on the cutting edge of technological innovation with our foremost goal being to maximize return of capital in the

infrastructure in which we have already invested. Because of our competitive technological advantages, we have increased our market share in existing markets, including working to provide coverage to more than 17 million households.

Increase internet bandwidth penetration and expand internet bandwidth services. We will continue growing broadband internet subscribers in both *Totalplay Residential* and *Totalplay Empresarial* by emphasizing our bandwidth capabilities, superior product offering and compelling value offer. We will focus on growing our existing *Totalplay Residential* and *Totalplay Empresarial* subscriber base to reach a higher penetration of our existing network by adding new customers, while leveraging cross-selling opportunities to existing ones. Our network enables client-authorized Optical Network Terminals (ONT) enrollment, enhancing connectivity through our Club WiFi, which offers a home-like navigation experience with access to millions of network points.

Increase internet protocol television (IPTV) penetration by offering digital TV and other premium digital TV services. We seek to grow our IPTV subscriber base by providing innovative premium digital services with our unique in-house developed system that creates a linear and non-linear customer experience. We will continue to offer existing and future television platforms, such as Max, Amazon Prime Video, Netflix and others, in our services to fully integrate our entertainment center interface. Our interface is user-friendly, coherent, intuitive, visually attractive, and oriented to maximizing the benefits of the platform including anytime TV, video on demand (VDO), start-over features, loyalty benefits, and integration of new services. We have continuously innovated our set-top boxes by integrating voice commands, WiFi6 dual-band technology, and high-fidelity sound through alliances with Dolby Atmos and Bang & Olufsen, along with the incorporation of materials and energy efficiency improvements aligned with environmental sustainability.

Maintain focus on customer satisfaction as a key element to the development and growth of our "Totalplay" brand. We continuously monitor our customers' perception of the quality of our services and seek to improve their customer experience through world-class customer service. We closely monitor key performance indicators to assess our operational processes, sales and marketing efficiency and the reliability of our infrastructure. To enhance customer loyalty, we offer ongoing training and development programs for our sales force, call center, and technicians.

Maintain focus on individual customers. We recognize that each individual in any household or business has a unique set of needs and preferences. As a result, we will continue to provide a tailored and targeted offering to our customers in their individual capacities, rather than focusing on household units or businesses in a generalized manner.

Increase focus on innovative products and services. Our team's innovative drive is a main component in our long-term business plan as we continue improving the user experience by:

- Making new streaming services available on our platform directly from our system, providing a fully integrated entertainment center interface for our entire customer base;
- Continuing to enhance the capabilities and features of our mobile app which gives residential subscribers an alternative channel for service and inquiries, including clients referrals, changes in service address, and reporting service issues, in addition to enjoying their favorite content with optimal streaming quality anywhere in the country
- Introducing new products for our residential and business customers to meet future needs, such as cloud-based services and next generation WiFi, and anticipating new service offerings for our customers, including through strategic business partnerships, such as our current alliance with Google, Amazon and AI developments; and
- Making available ad insertion technology and behavioral analytics so advertisers are able to target customers more effectively.

Increase focus on financial performance and efficiencies. Our strategy includes a focus on financial performance by controlling capital and operating expenditures while growing our residential and business subscriber base by increasing penetration in our current network and increasing our ARPU and RGU metrics through cross-

selling new and innovative products and services to our existing customers. At the same time, we will create operating efficiencies across our business units by achieving economies of scale by leveraging our fixed overhead as we continue to increase our subscriber base. We have focused on initiatives leading to significant savings while maintaining our customer service quality, such as adopting pre-connected fiber, shifting sales from external to internal channels, outsourcing home delivery, emphasizing our app for customer service, boosting digital and app-based sales, eliminating marketing printouts, refining sales force control ratios, and regularly reviewing geographic sales segmentation.

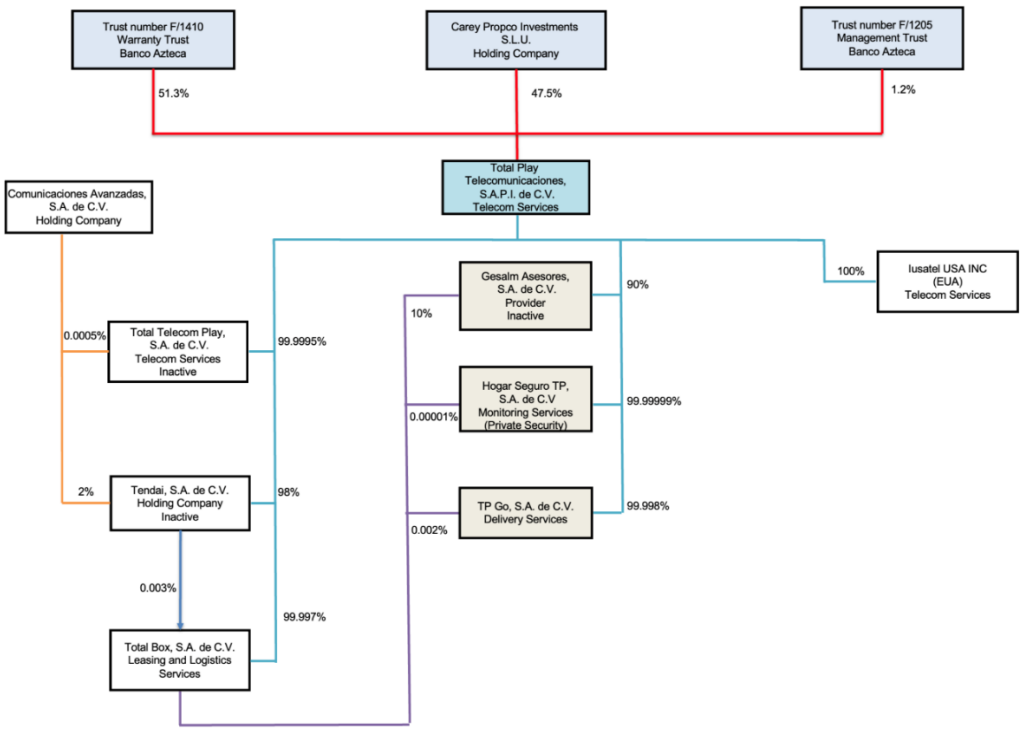
Principal Shareholders

As of September 30, 2024, 98.8% of the capital stock of the Company was owned indirectly by Mr. Ricardo B. Salinas Pliego and 1.2% was owned by Banco Azteca (Trust Direction), as trustee of Trust F/1205 on behalf of María Laura Medina de Salinas.

Corporate Structure

The Issuer is a corporation *(sociedad anónima promotora de inversion de capital variable)* organized and operating under the laws of Mexico. Its principal executive office and registered domicile is located at Avenida San Jerónimo number 252, Colonia La Otra Banda, Postal Code 04519, Alcaldía de Coyoacán, Mexico City, and its telephone number is 52-55-8870-7000. Its website is https://www.totalplay.com.mx/. Information posted on its website does not form part of this Exchange Offer and Consent Solicitation Memorandum.

The following chart shows our general consolidated corporate structure:



Total Box

Total Box, S.A. de C.V. ("*Total Box*") was incorporated on March 4, 2014 under the laws of Mexico and is a subsidiary of Total Play. As of the date of this Exchange Offer and Consent Solicitation Memorandum, the share capital of Total Box is distributed as follows: Total Play 99.997% and Tendai, S.A. de C.V. 0.003%. Total Box is mainly engaged in the purchase, import, export, distribution, installation, leasing and in general, the conduct of all kinds of business and contracting, related to telecommunications terminal equipment and devices. Total Box purchases terminal equipment for our operations in our *Totalplay Residential* business unit and leases the use of the equipment

to subscribers. Subscriber equipment payments are deposited in our accounts. As of September 30, 2024, Total Box had approximately 2,313 employees.

Total Box is incorporated as a stock corporation with variable capital (*sociedad anónima de capital variable*) limited liability company in accordance with the General Law on Commercial Companies. The administration of Total Box is entrusted to a board of directors. The Directors are elected for one-year periods or until the person who replaces them takes office and may be re-elected. Currently, there are no independent directors. The address of each director is c/o Total Play, Av. San Jerónimo 252, Colonia La Otra Banda, Postal Code 04519, Alcaldía de Coyoacán, Mexico City, Mexico.

The following table sets forth the names of the current directors of Total Box, their ages as of September 30, 2024, and their positions and years of appointment:

Name	Age	Position	Director Since
Ricardo B. Salinas Pliego	68	Chairman	2015
Pedro Padilla Longoria	58	Member	2015
Jorge Mendoza Garza	73	Member	2015
Benjamín F. Salinas Sada[(1)]	41	Alternate Member	2015

(1) Mr. Salinas Sada is Mr. Salinas Pliego's son.

For biographical information about the directors of Total Box, see "Management—Directors."

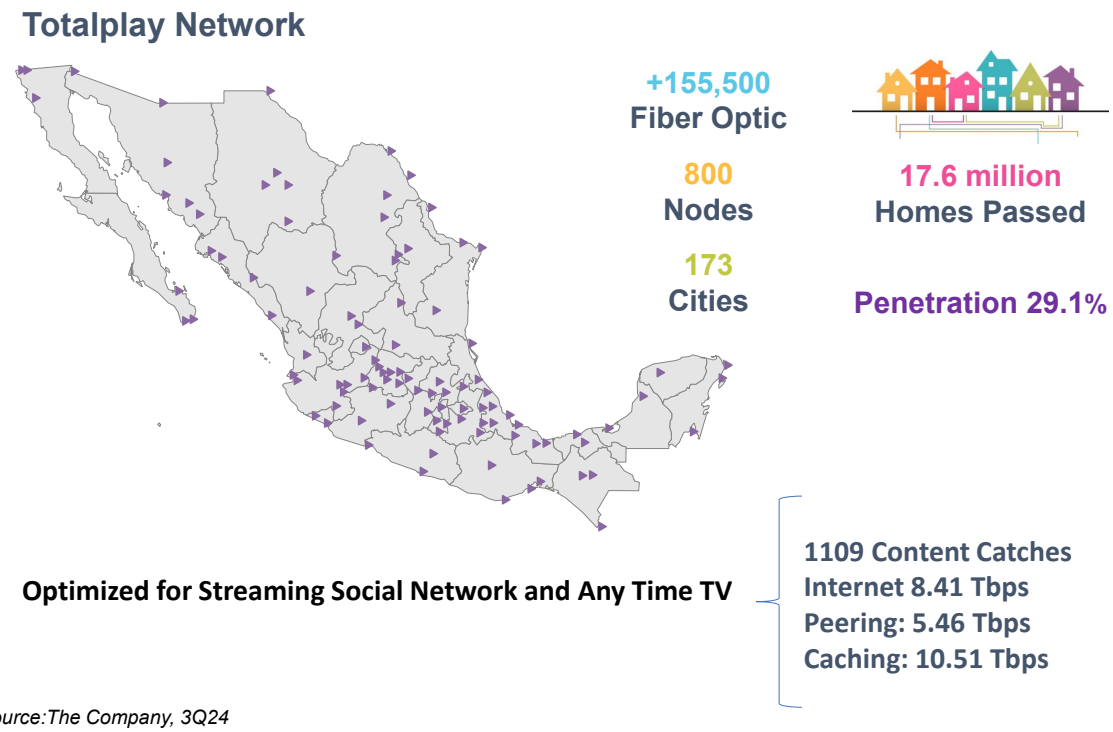
Total Box's assets are mainly decoders and installation expenses of terminal equipment which are amortized over eight and five years, respectively, and the estimated average life of each customer is five years. As of September 30, 2024, these assets were equivalent to 15% and 19% of total fixed assets, respectively. The liabilities of Total Box are summarized on a consolidated basis with our liabilities.

Our Network and Operating Regions

As of September 30, 2024, we have a network infrastructure of more than 155,585 kilometers and included 800 GPON (*Gigabit Passive Optical Network*) OLTs and 1,459 access nodes. Our fiber-optic network allows us to serve customers in 173 cities in Mexico. We are a leading telecommunications company in Mexico offering direct-to-home internet service and content on a network that is completely fiber optic, which allows us to offer innovative services in the industry. Through September 30, 2024, our investment in our fiber optic network was Ps.21,003 million (U.S.$1,070 million).

Our network uses next-generation GPON FTTH technology, microwave radio signals, DWDM transmission equipment, IP routers and switches and other types of infrastructure provided by industry-leading manufacturers. Our internet platform is based on geographically distributed routers providing highly redundant connectivity to Tier 1 Internet providers in the US across multiple, diverse border crossings. The combination of these components allows us to offer network reliability, which is superior to the network used by other providers. With the network of last mile fiber optic, we provide converged data, voice and video at speeds up to 10 Gbsp. This network infrastructure enables us to meet the needs of various market segments while pursuing investment efficiencies.

The following graph represents an overview of our footprint for the *Totalplay Residential* and *Totalplay Empresarial* business units as of September 30, 2024:



Source:The Company, 3Q24

Our network provides service to residential and business customers, through multiple and complementary infrastructure technologies and systems. Homes and businesses are connected to our access nodes using multi-strand fiber-optic cables, engineered and split for a highly efficient fiber to the x (FTTX) footprint that connects customer premises equipment to GPON access nodes (OLTs). The OLTs are housed in highly specialized, custom-built cabinets (Access Nodes) which also include microwave access technology as well as metro Ethernet routers and switches. Multiple metropolitan fiber rings interconnect the access nodes in a particular neighborhood or city, ultimately connecting to one or more core nodes for long-haul connectivity, content caches, access to our telephony and IPTV infrastructure, and our upstream Internet providers in the USA.

Totalplay Residential

As of September 30, 2024, in our residential business unit, *Totalplay Residential*, reached 87 cities in 28 Mexican states through our network, with 17.6 million homes passed. As of September 30, 2024, we had 5.1 million *Totalplay Residential* subscribers, representing 29.1% of our homes passed. As of September 30, 2024, our network covered 37 cities each with over 100,000 homes passed (representing 89% of our total homes passed) as set forth in the table below:

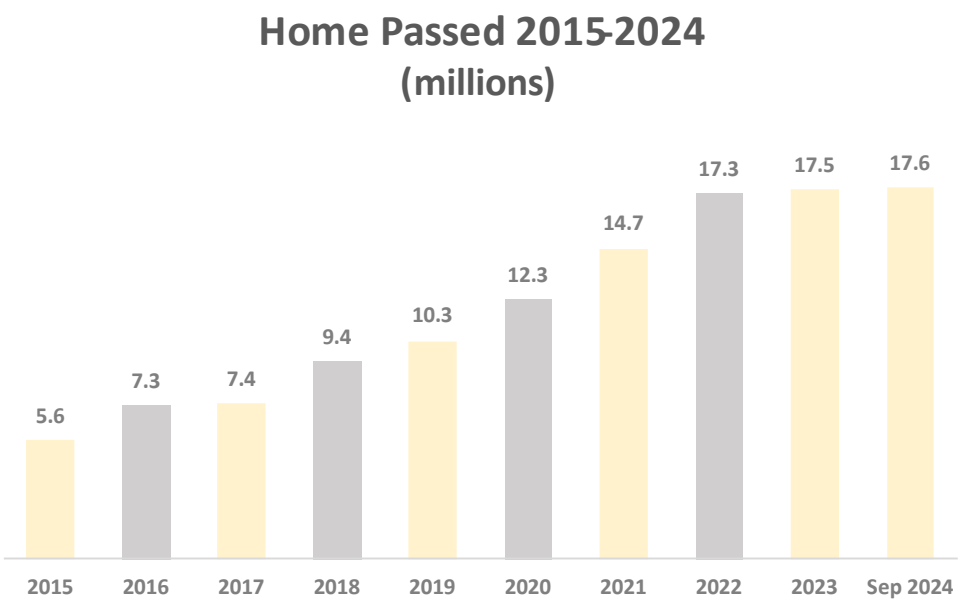
As of September 30, 2024

No	City	Number of Homes Passed (total)
1	Ciudad de Mexico	5,405,840
2	Guadalajara	1,277,358
3	Monterrey	1,257,071
4	Puebla	550,925
5	Tijuana	541,720
6	Toluca	509,786
7	Ciudad Juarez	378,715
8	Leon	331,930

As of September 30, 2024

No	City	Number of Homes Passed (total)
9	San Luis Potosi	308,987
10	Cuernavaca	301,851
11	Chihuahua	260,040
12	Saltillo	259,711
13	Queretaro	251,387
14	Merida	241,758
15	Aguascalientes	241,478
16	Veracruz	233,096
17	Torreon	227,721
18	Reynosa	212,610
19	Mexicali	205,446
20	Culiacan	190,636
21	Hermosillo	190,051
22	Xalapa	183,514
23	Tuxtla	179,525
24	Cancun	174,796
25	Morelia	168,711
26	Matamoros	145,441
27	Villahermosa	142,390
28	Pachuca	141,644
29	Mazatlan	132,233
30	Acapulco	127,505
31	Tepic	126,811
32	Puerto Vallarta	119,196
33	Irapuato	117,196
34	Celaya	113,734
35	Nuevo Laredo	112,851
36	Tampico	111,310
37	Ciudad Obregon	102,968

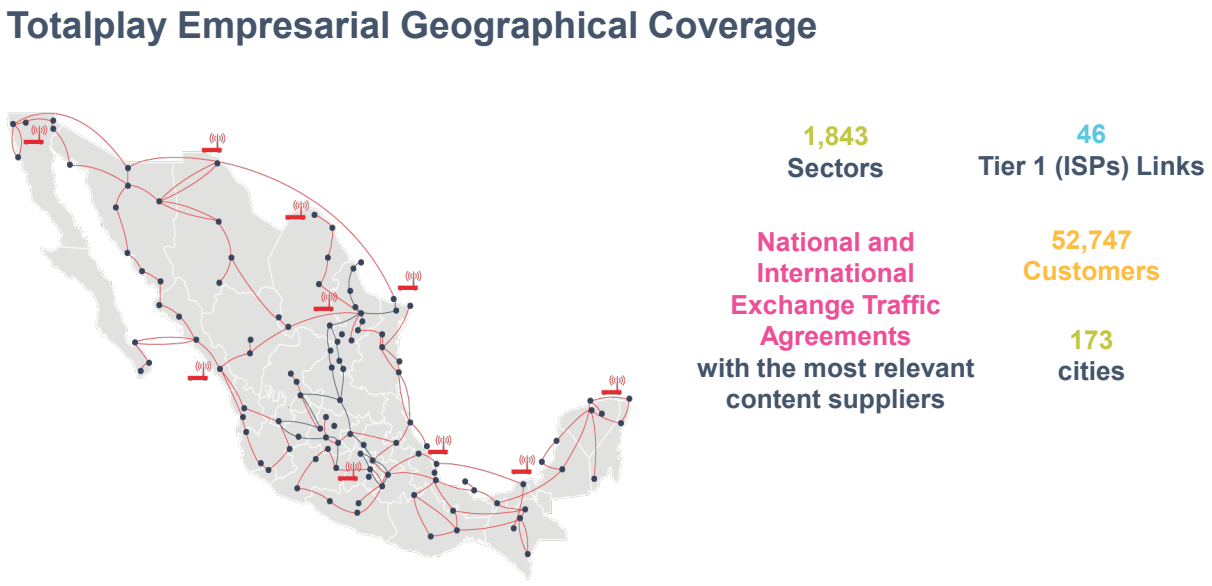
The following graph shows our historical fiber buildouts as a standalone company from 2015-September 2024:



Totalplay Empresarial

As of September 30, 2024, *Totalplay Empresarial* served customers located in 173 cities in all 32 states of Mexico and provided services installed at 102,371 locations (including multiple locations for the same customer) comprised of 89,228 locations of private and publicly-listed companies, 13,143 locations of federal and state government agencies. Our number of locations increased 15.5% year over year ("YoY") in 2024. As of September 30, 2024, approximately 50% of *Totalplay Empresarial* revenues came from private and publicly-listed companies and 50% came from federal and state government agencies and entities. Within the public sector, 55% of our customers are federal government entities and 45% are state government entities.

The graphic set forth below shows the geographical coverage of our *Totalplay Empresarial* business unit as of September 30, 2024:



Main Products and Services, Programming and Content

We offer our residential customers Double-Play and Triple-Play services including broadband internet access, pay-TV and fixed telephony services through our *Totalplay Residential* business unit. We offer private sector companies and public sector entities telecommunication services and IT solutions that improve operation and business processes, including broadband internet access, Flexnet SDWAN Corporate connectivity, fixed wireless access, cloud solutions, cybersecurity, managed WiFi services, surveillance and IT solutions through our *Totalplay Empresarial* business unit. In addition, Total Box, a subsidiary of Total Play, provides telecommunications terminal equipment and devices to *Totalplay Residential* customers.

The following table shows our revenues by type of service and as a percentage of total revenue for the nine months ended September 30, 2024 and September 30, 2023:

	Nine Months ended September 30,			
	2024		2023	
	(in millions of Ps., except percentages)			
Consolidated				
Pay-TV and audio, fixed telephony and internet access	27,358	82%	25,155	85%
Business-oriented services	5,536	17%	4,188	14%
Advertising	341	1%	394	1%
Other	119	-	93	-
Total	**33,354**	**100%**	**29,830**	**100%**

The following table shows our revenues by segment and as a percentage of total revenue for the nine months ended September 30, 2024 and September 30, 2023:

	Nine Months ended September 30,			
	2024		2023	
	(in millions of Ps., except percentages)			
Revenue from services				
Totalplay Residential	27,818	83%	25,642	86%
Totalplay Empresarial[(1)]	5,536	17%	4,188	14%
Total	**33,354**	**100%**	**29,830**	**100%**

(1) Ps.2,668 million and Ps.2,693 million were revenue from private and publicly-listed companies and federal and state government agencies and entities, respectively, as of September 30, 2024, compared to Ps.2,588 million and Ps.1,600 million, respectively, as of September 30, 2023.

Totalplay Residential

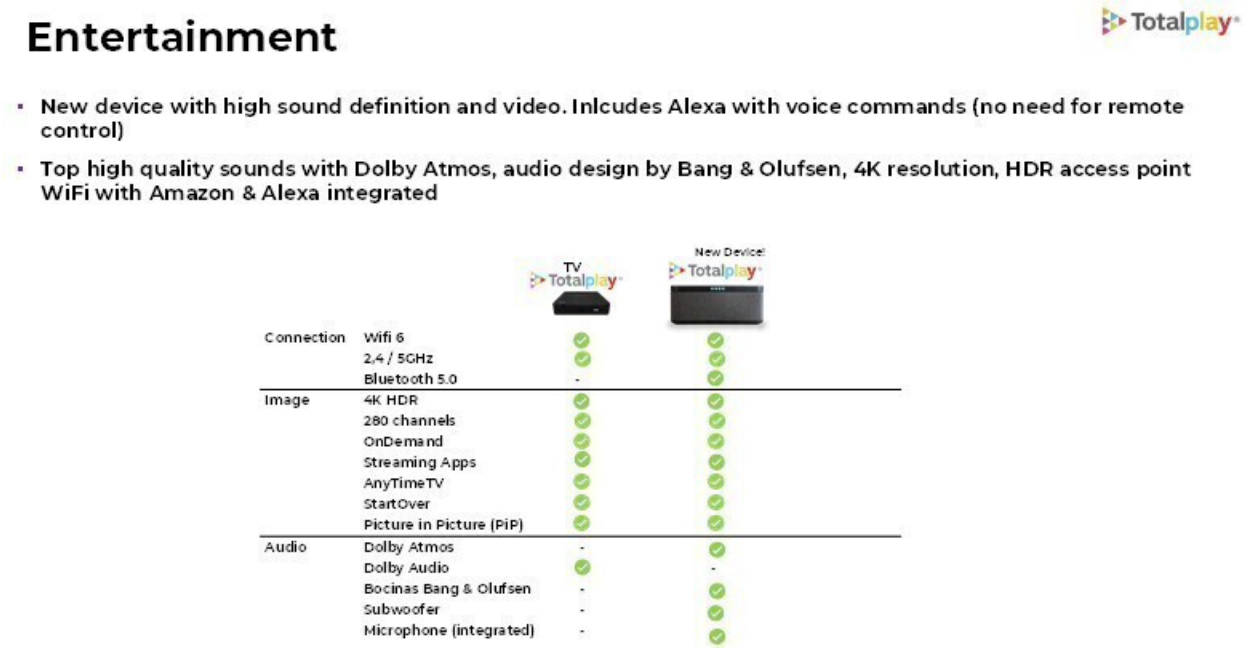
Totalplay Residential offers Double-Play and Triple-Play packages that feature high-quality content provided through a proprietary system that delivers a home entertainment experience that has been a point of reference in the Mexican and international markets for years. Our Double-Play offering consists of either fixed telephony and internet services and our Triple-Play offering consists of fixed telephony, internet and pay-TV services. As of September 30, 2024, approximately 49% of the *Totalplay Residential* customer base had Triple-Play packages and approximately 51% had Double-Play packages. *Totalplay Residential* launched on 2021 its set-top box for its Triple-Play packages, which includes WiFi-6, 4K video and Alexa built in, as of September 30, 2024 approximately 41% of the *Totalplay Residential* customer base had Triple Play packages with Alexa.

Our *Totalplay Residential* product portfolio focuses on offering an optimized connectivity and entertainment plan, customized to the specific, individual needs of our target customers. The portfolio of services for our *Totalplay Residential* business unit includes linear TV, internet, fixed telephony and our own Totalplay mobile app:

- Linear TV. Our customers have access to 4K set-top boxes that feature a WiFi-6 range extender and a decoder with HD technology at no additional cost. We offer access to more than 230 channels, including 180 HD channels (the most complete high-definition offering in Mexico) and eight 4K channels (the only offer of this type in Mexico). We also offer several additional services, such as video-on-demand

and AnytimeTV (which provides more than 145 channels with up to a seven-day deferral), at no additional cost. Our unique in-house developed IPTV system allows us to provide 4K linear TV programming along with AnytimeTV, creating a non-linear experience for our customers. Embedded apps, such as Max, Amazon Prime Video, Disney+ and Netflix, are available directly from our system, providing a fully integrated entertainment center interface.

- Internet. Totalplay Residential's internet service differs from the competition in various important respects, including the following:
  - We have a direct-to-home FTTH (*fiber to the home*) network which means that we offer residential customers a 100% fiber optic network direct-to-home (multi gigabit backbone), which enables us to offer plans with speeds up to 10 Gbps (and effectively deliver them).
  - Our network offers IPV6, 4K and 8K services with the same quality in all coverage locations.
  - We provide multiple internet connections with Tier One providers in the United States, including Cirion Technologies (formerly Level3), Cogent Communications and Zayo, to deliver the best user experience.
  - We provide hundreds of content delivery servers (caches) from Netflix, Meta (including Facebook, Instagram and WhatsApp), Google (including YouTube) Amazon Prime Video and Akamai, among others, to ensure a top-quality streaming experience for our customers and efficiently transport content.
  - We have multiple peering connections to top content providers, such as Amazon, Apple, Microsoft and Verizon Edgecast, to ensure efficient direct delivery to our subscribers.
  - We provide WiFi coverage through internet-repeating video STBs which can be enabled in the 5 GHz band.
  - We provide network extension equipment to extend WiFi coverage to ensure access to high-quality service.
  - We launched our WiFi Club to enhance our customers' connectivity experience.
  - We introduced symmetrical internet plans to enable same download and upload speeds.
- Application content. *Totalplay Residential* has developed its own user-friendly, graphic and intuitive TV interface that integrates VOD, linear TV and popular apps, such as Netflix, YouTube, FOXplay, Prime Video, Max, Google, Starz Play, Paramount and others, offering customers the full complement of services available on these apps on a single platform. Customers can also subscribe to most of these third-party services from the platform and pay for services using our integrated billing available directly on our platform. Additionally, subscribers have access to all of these features on our IOS and Android-compatible mobile app which offers Anytime video-on-demand, and payment and billing services.
- Telephony. In addition to traditional service, our *Totalplay Residential* mobile service customers receive worldwide coverage as if they were connecting on their land line (*Softphone* portability).
- Addressable advertising. We were chosen to partner with Google Ads as the world's first adopter of addressable television advertising, allowing Mexican advertisers to target customers using our advertisement insertion technology and behavioral analytics to optimize advertising investment.



In addition to our residential offerings, through *Totalplay Residential* we also offer a product portfolio for personal, micro and small businesses that focuses on offering optimized connectivity and productivity services to entrepreneurs and self-employed customers connecting from home. In 2022, we transferred our small and medium business units to *Totalplay Residential*, in an effort to optimize the economies of scale of our infrastructure within our geographical coverage.

We have a double-play offering of high-speed internet and fixed telephony (including two fixed lines with local and international calling and *Softphone* capabilities, in addition the possibility of growing up to eight fixed lines) that also includes productivity services, such as e-invoicing, web page (hosting, domain and email accounts), antivirus protection, concierge services, Cloud Storage Service and CRM/CRP (Saas). This product also offers additional add ons for increased productivity (Bitdefender), additional devices (4K set top box and additional WiFi extenders), pay TV service or symmetric broadband.

Totalplay Empresarial

Totalplay Empresarial offers telecommunications and IT solutions that solve connectivity requirements to improve operation and business processes. As of September 30, 2024, we provided services installed at 102,371 locations (including multiple locations for the same customer) comprised of 89,228 locations of private and publicly-listed companies and 13,143 locations of federal and state government agencies. As of September 30, 2024, approximately 50% of *Totalplay Empresarial* revenues came from private and publicly-listed companies and 50% came from federal and state government agencies and entities. Within the public sector, 55% of our customers are federal government entities and 45% are state government entities.

Our *Totalplay Empresarial* network leverages the extensive fiber optics deployment of our *Totalplay Residential* business unit. Furthermore, we have metro Ethernet rings for high-capacity broadband connections that support *Totalplay Empresarial*'s coverage. Additionally, we have a PMP (point-to-multipoint) microwave network (on the 5GHz unlicensed spectrum band) which includes more than 677 base stations with more than 1,900 sectors, serving customers located in 173 cities and allowing us to deliver higher bandwidth availability to our business customers. This network overlays our FTTx (fiber-to-the-x) network and complements our coverage to provide connectivity in coverage areas where fiber optics is not available. Among the solutions we offer business customers are the following:

Internet and Voice Solutions

- Best Effort or Broadband Internet Service: Internet service in which the bandwidth granted is shared with other customers of the same network segment. The highest available bandwidth at any given time is delivered, up to the maximum of the contracted bandwidth. The bandwidth may be asymmetric or symmetric.
- Dedicated Internet Service: Internet service where the granted bandwidth is not shared with other customers of the same network segment, ensuring the contracted bandwidth is delivered at all times. In this service, the bandwidth is always symmetrical.
- Voice: Connectivity services to the PTN, providing numbering to enable global telephone calls through analog, digital, or IP trunk lines via Internet.
- Internet and Voice Bundles: Best effort asymmetric services delivered through fiber optics, with the option to add voice service (analog, with a physical or cloud switch) over the same service and equipment.
- Microwave and 4G Backup: Backup and redundancy services for connectivity, using alternative means of access to the main fiber optical, such as microwave and/or 4G mobile network (mobile network) technologies.

Private Networks Solutions

- UNNO: A telecommunications ecosystem solution implementing virtualized network functions. Optimized for companies needing agile, reliable, and secure management of diverse telecommunications and IT services.
- FlexNet: Connects all offices, branches, and remote sites of our clients' businesses, ensuring protected information transfer using SDWAN technology. This system adapts to business needs and enables secure access to distributed resources.
- MPLS / RedIP: Connects offices, branches, and remote locations through Internet-isolated links, enhancing security for critical transactions and providing the needed reliability.
- LAN to Cloud: Creates a direct connection between a local data center and public cloud infrastructure using a private, high-performance channel. This enhances adoption and resource utilization, leveraging the capacity and flexibility of the public cloud in a local data center. It enables optimized resource use by accessing multiple public cloud environments, including Amazon Web Services (AWS), Microsoft Azure, and Google Cloud Platform (GCP), through the same infrastructure.

- LAN to LAN: It establishes an end-to-end connection between two offices via a private and fully dedicated communication network, carrying only the client's data traffic. This solution is particularly effective for extending a local network to geographically distant sites.
- Monitoring: It integrates a monitoring layer into the customer's network, enhancing visibility across the infrastructure. This allows organizations to observe and manage traffic flow, ensuring optimized application performance and network efficiency. The proactive approach to customer connections enhances operational responsiveness and mitigates potential failures.

Cybersecurity Solutions

- Logical and Cyber Security: Through our affiliated company, TotalSec, we offer a full complement of security solutions (including firewalls, endpoint security, DDoS (Distributed Denial of Service), UTM (Unified Threat Management), video surveillance, content filtering and DNS (Domain Name Server) protections), services (including SOC (Security Operation Center) services and ethical hacking) and PCI (Payment Card Industry) (including compliance audits and consulting and virtual security services for our secure internet service offering).
- Public Cloud and IT Solutions: Our cloud solutions encompass services based on leading public clouds like AWS, Azure, Huawei Cloud, Google Cloud Platform, and IBM Cloud. We deliver value through consulting services to determine migration types and service modernization scopes, alongside managed services. Our offerings include hybrid, public, and multi-cloud solutions, featuring operation, support, monitoring, and post-sale consulting. These are based on best practices such as AWS's Well-Architected Framework and Microsoft Azure, ensuring constant technical and financial optimization. Our services are built on five pillars: Consulting and Managed Services, Infrastructure as a Service (IaaS), DevOps as a Service, Data and Analytics, and IT Services.
- Managed WiFi Services Solutions: We provide integrated and managed WiFi solutions that span the SME segment to large hotels and stadiums. Among our successful projects is our WiFi project for all the baseball stadiums of the Liga Mexicana del Pacífico.

Hospitality Solutions

We provide IPTV solutions for the hospitality industry (hotels and hospitals) offering:

- Fully interactive solution: We leverage the *Totalplay Residential* IPTV offering which is customized for the hospitality market and include our best-in-class dedicated internet access. This solution allows for integration to a hotel's PMS (property management system) solution for check in/check out and interactivity with hotel services (restaurants, spa, etc.)
- "Distributed Video" solution: We can reuse existing coaxial infrastructure for hospitality customers that do not want to revamp their existing infrastructure.

Digital Transformation Solutions

We offer innovative solutions to create integrated collaborative ecosystems in a digital environment, allowing real-time business information for decision-making. This generates cost savings, agile and efficient operations, flexibility in market adaptability, and an exponential increase in user experience across various segments and business verticals, including enterprise and government.

- IOT (Internet of Things): We offer IOT devices with a centralized cloud management platform. This enables the automation of buildings, houses, and internal and external common areas, achieving efficiency in resource consumption, such as water, electricity, and gas, directly impacting operating costs and user experience.
- CCTV (Intelligent Video Surveillance): Our value proposition involves creating intelligent video circuits managed from a centralized cloud platform, focused on various business objectives, such as security, quality, and user experience. It applies analytics to video, optimizing costs by utilizing existing infrastructure.

- DS (Digital Signage): This is a cloud-based solution for interactive content deployment, directly focused on enhancing user experience through screens, totems, and specialized kiosks. These integrated technologies like video, augmented reality, artificial intelligence, robotics and communicate with business tracking tools such as ERP, PMS, CRM, WMS.
- Observability: This solution enables scanning and monitoring of physical, hybrid, or cloud corporate networks. It identifies components (network equipment, links, servers, storage, computation, and applications), communication and transaction processes, and the impact business revenue, evaluating performance parameters for adequacy.

Unified Communications and Collaboration

We offer an integrated solution combining cloud telephony services and collaboration tools from various platforms in partnership with different manufacturers. This creates comprehensive collaborative ecosystems and unified communications in the cloud, encompassing three functional areas:

- IP Telephony: A cloud-based IP telephony switching solution.
- UCaaS: Unified Communications Services that integrate IP telephony, chat, and meetings.
- Omnichannel: Combines all communication channels between businesses and customers, including telephony, SMS, email, WhatsApp, social networks, chat, bots, and AI.

Systems Integration Division

This business unit was created in 2019 to offer design, provisioning, implementation, support, and management for non-standard IT solutions required by government and large customers where the requirements are not fully covered by our standard portfolio. Through this unit, we propose "a-la-carte" solutions for our customers organized into product units labelled Smart IT (providing WiFi, security, collaboration, data center, desktop network services and IT managed service desks), Smart City (providing video surveillance (now also with thermal imaging and analytics), data base integration, intelligence unit, cyber police, command Center (C4, C5), IoT Sensors, and road access control gates. Our most recent public award is the Mexico City video surveillance and command center upgrade valued at more than Ps.1 million) and Smart Branch (providing LAN and WLAN managed services, data analytics, PoS (point-of-sale), security and monitoring).

Advertising

We have the right to insert advertisements, as a revenue source, in spots ranging from 10 seconds to 2 minutes during each hour of programming, on more than 60 channels of series, movies, sports, children, news, music and documentaries for marketing within the carrier (service providers or network operators).

We were the world's first adopter of addressable advertising, as the first company in the world to enter into an alliance with Google to use non-linear programming, to allow Mexican advertisers to target customers using our state-of-the-art ad insertion technology and behavioral analytics. This means that we can offer our clients the insertion of personalized spots or personalized advertising, segmenting the campaigns by socioeconomic level, geography, viewer behavior, form of payment, use of applications and demographic information, among other options.

Sales and Marketing

Totalplay Residential

Totalplay Residential uses various means of advertising to develop brand awareness in our *Totalplay Residential* business unit, including the following:

- "Above-the-line" marketing to a broad audience, through external paid media, out-of-home advertising, pay-TV spots, radio advertising and print media as well as through our own media and addressable television spots and our barker channel.
- "Below-the-line" marketing through movie spots and point-of-purchase advertising in stores.

- Digital advertising through "Hero" advertising on YouTube, Facebook, Instagram, Twitter, Tik Tok and through influencers, "Hub" advertising through Google Search, YouTube, Gmail and Facebook and "Help" advertising through Google Search, YouTube, Facebook and WhatsApp.
- Client-focused solutions and services.

We continuously measure our sales efficiency by reviewing the cost of acquiring new subscribers.

- Product and Marketing Strategy: We focus on improving our already-strong brand positioning by developing a clear identity and emphasizing customer satisfaction. Our marketing strategy also leverages the following strengths of our brand:
  - *Our state-of-the-art internet*. We offer a superior experience in internet and video services (linear, streaming, on demand) in Mexico, including access to the most popular apps.
  - *Our full connectivity, entertainment and communications platform*. Our platform integrates exceptional applications, 4K TV and TV e-commerce to provide an outstanding all-in-one experience.
  - *Our seamless connection with our mobile app*. Our mobile app provides a seamless experience with our set-top box allowing customers to watch their favorite content (linear or video-on-demand) from this mobile app, handle WiFi setup and manage their account, refer friends and family and place phone calls through our application.
- Sales Channels: Our sales are carried out through a variety of different portals, including: (i) sales through local distributors, (ii) direct sales through our sales representatives, residential teams and micro-business teams, which include door-to-door sales and street "below-the-line" branding promotion, (iii) retail sales by our 772 points-of-sale, (iv) telemarketing done by our Mexico City call center provider and (v) digital sales through our own website or through digital distributor landing pages. Of 30,000 gross adds per week, 55% are a result of door-to-door sales, 13% are a result of call center sales, 1% are a result of distributor sales, 6% sales by technicians, 18% are a result of point-of-sale retail sales and 7% are a result of digital sales. Our strategy segregates Mexico into eleven regions with each regional director having at least 13 years of experience in the telecommunications industry. The regions are sub-divided into 83 geographic districts. Each district has commercial similarities which allows each team to have a deep understanding of local needs and create a commercial strategy to acquire more clients in the district. Our teams are comprised of local residents who live in, and are familiar with, their district and receive comprehensive training and competitive compensation and incentives. By managing sales on a district level, we are able to improve operating performance and reduce transfer and waiting times, targeting service installation within 48 hours of the order being placed by the customer.

Totalplay Empresarial

- Marketing Strategy: Our corporate marketing strategy has become the most recognized and highest-rated brand in the telecommunications industry in Mexico through customized relationship marketing and some digital strategies. We carry out relationship marketing at events and seminars to build brand loyalty and strengthen links with current and prospective customers. We also give our current and future customers access to unique and personalized premium experiences. Through digital marketing, we seek to increase awareness about the Totalplay brand, educate customers and advertisers, and attract potential clients to our website.
- Sales Strategy: Our corporate sales strategy centers on the following key elements: (i) focus on obtaining the top 5,000 corporate and government entities in Mexico as customers, (ii) provide a broad telecommunications and IT portfolio, (iii) offer access to the top experts, technology and consultants, (iv) create strategic alliances with market leaders, (v) emphasize long-term customer relationships and (vi) offer a best-in-class SDWAN Network with Zero Touch Provisioning. We are particularly focused on re-directing sales and product development efforts toward new digital trends that represent higher growth, such as cybersecurity, managed networks, cloud and IT services, digital transformation and system integration and collaboration services.

- Sales Channels: We utilize the costumer team format to execute sales effectively as this ensures the best customer care from negotiation of the initial contract (pre-sale) to the actual sale, to delivery of services, billing and, ultimately, retention of our clients. Each commercial director is in charge of several cells that are organized by geographic zone or by sector. We target strategic companies in the services and hospitality, finance, industrial, retail and education sectors as well as federal and state governments. We also target medium and small companies in seven regions of Mexico.

Customer Service and Terms of Contracts

We provide reliable and responsive customer service. Our sales strategy focuses on the entire customer life cycle and our main objective is to ensure that we retain customers by providing the best customer service in the industry. As of September 30, 2024, we had a UPAX Customer Net Promoter Score of 41.4% and benefits according to our promoters included our great customer service. Additionally, we rank the highest among key competitors when comparing Net Promoter Score levels. As of June 30, 2023, we had a KPMG Customer Net Promoter Score of 47% and benefits according to our promoters included our great customer service, while Izzi had a KPMG Customer Net Promoter Score of 29%, Telmex of 29%, Sky of 35% and Megacable of 9%.

We have established a 24/7 customer service center staffed by highly trained personnel. To provide faster and more effective service and to make contacting us easier, we also provide customer service through WhatsApp, Chatbox, Facebook and X (Twitter). We have implemented a comprehensive training, testing and certification program for all staff that directly interacts with customers. We provide post-sales services through the following teams:

- Customer Service, which provides post-sales customer support ranging from general information to additions and changes resulting from billing inquires and technical support.
- Advanced Services Center, which is for customers with advanced services that require high availability. This is a monitoring center that proactively seeks to maintain optimal service for these customers.
- Repair Calls, consisting of service executives that address and manage customers' reports and provide on-line technical support and analysis.
- Local Testing, which analyzes and tests all reports that are not resolved on-line by repair calls.
- Launching customer campaigns such as welcome calls, technical visit confirmation, customer retention efforts, back office, and help desk support for field technicians.
- Areas supporting customer service operations with process and quality (100% of interactions are recorded, voice and text), workforce management, training, learning, and Management Information System (MIS).

For *Totalplay Residential*, we have 83 district-level teams consisting of approximately 5,750 squads of third-party providers that carry out field operations, such as initial installation, technical support and add-on installation. Customers can request assistance through an Uber-like application which provides a work order assignation in real time and typically offers installation and support services. Each customer's account profile includes information regarding past customer service calls for easy reference.

Our *Totalplay Residential* contracts do not have a specific term. Customers are able to cancel their contract at any time, although if they cancel within eight months of initiation of service they are required to pay for their initial installation costs. Our *Totalplay Empresarial* contracts have explicit start and end dates and contain penalties for early cancellations.

Billing and Subscriber Management

Totalplay Residential

Our customers receive invoices through electronic means only – via email, our mobile app or our website – within the first day following the end of the billing period. A payment reminder is sent ten, three, two and one day(s) before each payment due date. We have a specialized fraud detection team as well as an automatized system process that reviews invoice payments and flags any invoices that have not been paid. For any invoices flagged as unpaid, the system reaches out to the customer through a telephone call, text message, WhatsApp or Blaster.

The most common payment method for our *Totalplay Residential*'s customers is to make a payment at Banco Azteca, a Mexican Bank, or from home by credit card or debit card. In addition, we have developed a number of payment reception channels to facilitate the reception of payments and make the payment process convenient for customers. These channels include convenience stores and banks as well as payment from home via our mobile app or website, which has been promoted and grown year by year . These channels provide easy and convenient options for customers to select the most suitable alternative for a prompt payment. We are the only Mexican telecom company that integrates certain Bitcoin payments.

We have implemented preventive collection procedures to encourage timely payment by *Totalplay Residential*'s customers, such as payment reminders and late payment notifications. We also have an automated system that makes calls to delinquent *Totalplay Residential*'s customers requesting payment of overdue invoices.

Once a *Totalplay Residential* customer goes past the grace period for payment, we commence collection procedures, including partial or total suspension of services and visits to customers. In parallel, accounts are turned over to external collection agencies 60 days after their due date, to exhaust all possible resources to negotiate payment. With the goal of retaining the customer whenever possible, throughout the collection process our collections team provides customers guidance and proposes alternative solutions and payment programs, which may include reconnecting a customer's service under a prepayment scheme or agreeing to a payment schedule for the outstanding balance, or both.

Our approach intensifies based on customer profiles, which consider payment behavior, socioeconomic status, location, and TV consumption habits. Customers who fail to pay on time face service restrictions. Accounts that remain unpaid after 100 days of delinquency are permanently canceled.

Totalplay Empresarial

We have proactive billing care processes at our *Totalplay Empresarial* business unit, which ensures that customers receive an accurate and timely invoice. Every *Totalplay Empresarial* customer has an assigned post-sales service executive who is responsible for providing a high-quality personalized service. The post-sales service executive is responsible for reviewing billing requirements and ensuring that the customer receives the correct invoice in a timely manner, and to meet any other particular need the customer requires (for example, elaboration of customized service and billing reports).

Most of our *Totalplay Empresarial* customers pay by wire transfer. In addition, we have developed a number of payment channels to facilitate receipt of payments and make the payment process convenient for customers. These channels include convenience stores, banks, our internet webpage, our mobile app, automatic charges to credit cards (upon customer approval), automatic debits from checking accounts, and by telephone with customer service or self-service charged directly to the customer's credit card. These channels provide easy and fast options for customers to select the most suitable and convenient alternative for a prompt payment.

Market & Competition

Market

Since the reforms enacted in June 2013 by the Mexican government, the telecommunications industry (excluding the radio broadcasting sector) in Mexico had grown 167% as of March 31, 2024, corresponding to a value of Ps.345.2 billion (U.S.$17.6 billion), and had decreased annually at a rate of 0.75% as of March 31, 2024. As of March 31, 2024, the number of accesses in the industry had grown 2.5% annually for fixed internet, 7.8% anually for fixed telephony and 16.3% annually for pay-TV. The penetration of the telecommunications sector in Mexico also grew since these reforms by 130.2% for fixed internet, 53.6% for fixed telephony and 114.7% for pay-TV as of March 31, 2024, and we expect continued growth in fixed internet services to continue due to the relatively low penetration that persists in Mexico in the services that we offer as compared to certain other countries in the hemisphere.

The following table shows recent penetration rates (per each 100 homes) in fixed internet, pay-TV and fixed telephony access in Mexico as compared to certain other countries:

	Fixed Internet	Pay-TV	Fixed Telephony
		(%)	
Mexico	69	74	75
Argentina	81	66	56
Canada	119	64	64
Chile	71	49	31
United States	99	43	68

Source: Banco de Información de Telecomunicaciones (BIT) published by the IFT. The information published by the IFT in the BIT incorporates information from other country sources as of dates that differ from country to country. For Mexico, figures shown are as of December 31, 2023, while the other countries are as of October 31, 2024.

The following tables summarize our positioning within the Mexican telecommunications market as of September 30, 2024:

	Pay-TV Market Share
Grupo Televisa	55.1%
Megacable	26.8%
Totalplay	11.6%
Others	6.6%

Source: IFT Report for the Third Quarter of 2024

	Fixed Internet Market Share
América Móvil	39.7%
Grupo Televisa	21.8%
Megacable	18.4%
Totalplay	18.3%
Others	1.8%

Source: IFT Report for the Third Quarter of 2024

	Fixed Telephony Market Share
América Móvil	36.1%
Grupo Televisa	29.7%
Megacable	16.3%
Totalplay	17.9%
Others[(1)]	0.1%

Source: IFT Report for the Third Quarter of 2024

(1) Others include Maxcom, Transtelco, Quattrocom, Dish and CCA.

The following table summarizes the fixed Internet subscribers' evolution by type of technology as of March 31, 2024:

Fixed Internet Subscribers' Evolution by Type of Technology	
	Market Share
Cable	20.8%
DSL	7.8%
Fiber optic	50.3%
Others[1]	21.2%

Source: Banco de Información de Telecomunicaciones (BIT) published by the IFT for the First Quarter of 2024

[1] Others includes Satellite, Mobile Internet and Other non-specified technology

The following table summarizes the fiber optic subscribers' evolution by company as of March 31, 2024:

Fiber Optic Subscribers Evolution	
	Market Share
Other players	64.2%
Totalplay	35.8%

Source: Calculations made by the Company based on data from Banco de Información de Telecomunicaciones (BIT) published by the IFT for the First Quarter of 2024

The following table summarizes our market share in major cities as of June 2024:

	Internet Penetration (for every hundred people)
Mexico City	102%
Baja California	93%
Nuevo Leon	91%
Morelos	78%
Tamaulipas	73%
Quintana Roo	73%
Chihuahua	69%
Estado de México	68%
Aguascalientes	67%

Source: Banco de Información de Telecomunicaciones (BIT) published by the IFT for the Second Quarter of 2024

América Móvil. América Móvil (which acquired Telmex, the former state-owned telecommunications monopoly) has the largest nationwide infrastructure and the full spectrum of the market (enterprise, government, residential, telecom, IT, OTT). Its revenues come mainly from the residential market. In March 2014, the IFT determined that the economic interest group composed by América Móvil, S.A.B. de C.V. and its subsidiaries (including Radiomóvil Dipsa, S.A. de C.V., known as Telcel, and Teléfonos de México, S.A.B. de C.V., known as Telmex), constitute a preponderant economic agent, given its market concentration and focus on providing local telephony and internet services. América Móvil does not currently have a license to provide pay-TV services and has a hybrid copper-based and fiber optic network.

Grupo Televisa. Televisa is the largest Spanish-language media company in the world, and the majority owner of Cablevisión, Cablevisión Red, Televisión Internacional, Cablemás, Cablecom, FTTH and Operbes (Bestel). By leveraging its position in the media sector, as well as its strong capitalization, Grupo Televisa has entered the telecommunications industry and has quickly become the second largest operator in the consumer market. Grupo Televisa is also the owner of SKY, a direct-to-home television company and leader in pay-TV services in Mexico which offers exclusive sports content. Grupo Televisa offers CATV services, broadband internet and telephony

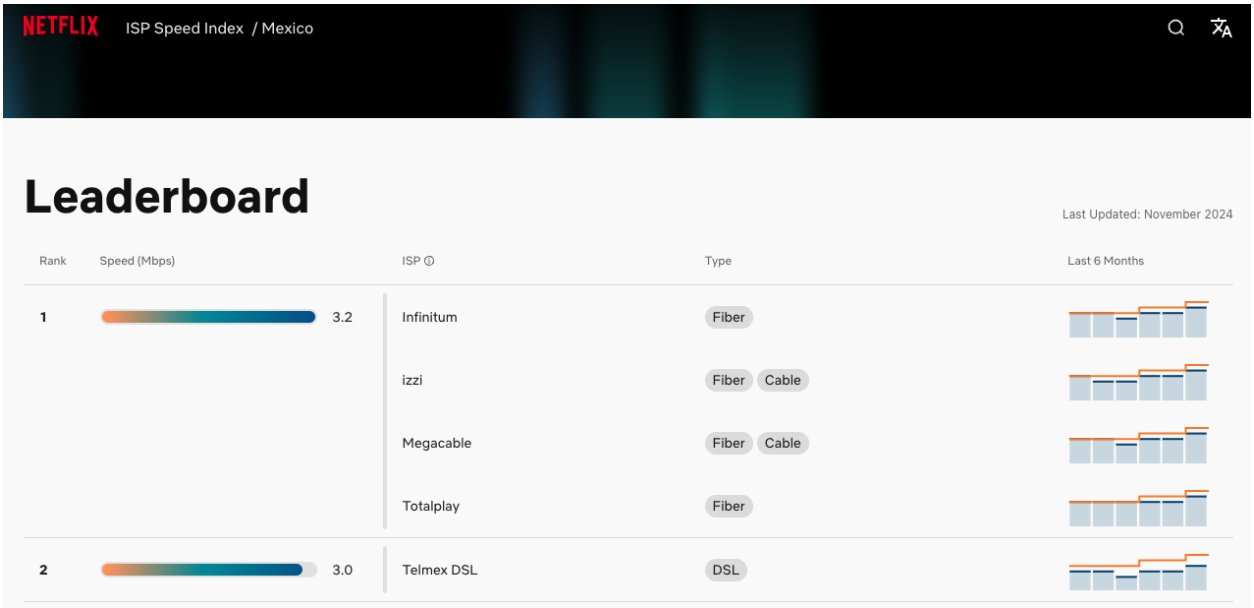
services through double-play and triple-play packages. In November 2014, Grupo Televisa rebranded its cable service as: “Izzi Telecom.” Grupo Televisa also currently offers “Vix” service, an OTT platform that competes with Claro Video and Netflix, and provides mostly domestic content. Grupo Televisa has a partial, complementary triple-play footprint with Megacable and a hybrid copper-based and fiber optic network.

Megacable. Megacable provides internet services, pay-TV and fixed telephony to the residential and business segments. In addition, it owns Metrocarrier, MCM, Hola and PCTV, providing value-added services that include managed services, equipment and content. Recently Megacable has initiated an aggressive expansion of its fiber optical services with coverage in the same cities that Televisa and Total Play offer its services.

Dish-MVS. Dish México operates a pay-TV satellite service in Mexico which was formed by MVS Comunicaciones in 2018 in partnership with Hispasat to offer a high-speed broadband satellite service through ON Internet. In 2020, they partnered with Amazon Prime to offer bundled over-the-top media services. Dish is also working on fixed internet access offerings through low-speed networks.

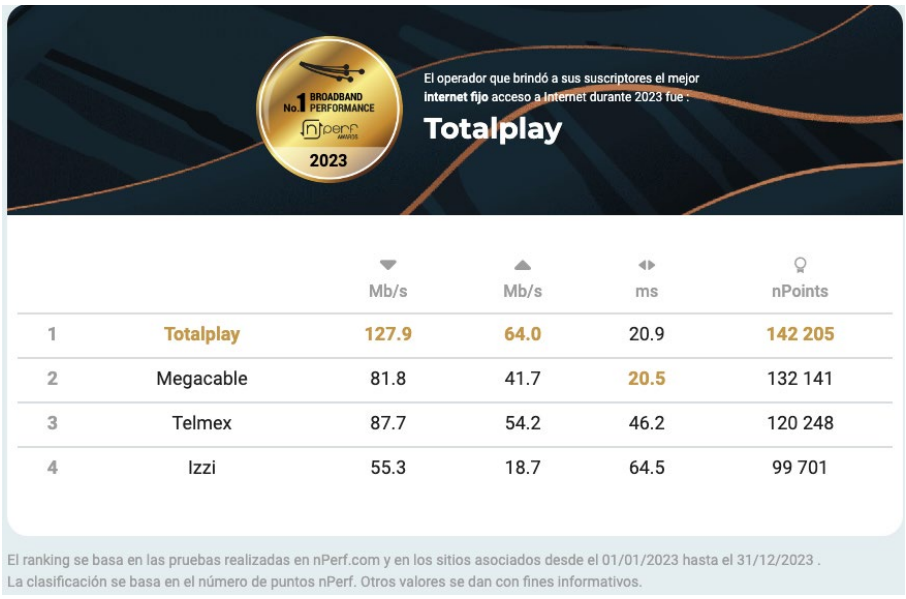
Axtel. Axtel offers telephone and broadband internet services through FTTH in 10 cities in Mexico as well as information technology services. In 2018, Axtel partnered with Alestra S. de R.L. de C.V. to expand its business clients, but Axtel signed a binding agreement in each of 2018 and 2019 to divest its fiber-optic business to Megacable (small and medium business services) and Izzi (residential services).

The following graph illustrates historical internet speeds for us and competitors from November 2024 and the preceding five months. Since November 2023, the graph includes a line (orange line) tracking the highest monthly global ISP speed. The speed index assesses performance during peak hours, where higher speed consistently correlates with improved image quality, quicker start times, and fewer interruptions, ensuring an exceptional Netflix streaming experience.



https://ispspeedindex.netflix.net/country/mexico

The following table shows nPerf’s network performance results for Mexico in 2023. Measurements are collected through the nPerf website, partner sites and on nPerf mobile apps. All tests are carried out directly by subscribers using the websites and applications. This ensures that the values are representative of the Internet network quality as experienced by the particular user.



Mb/s Up : mega bits per second (upload)
Mb/s down : mega bits per second (download)
MS: delays measured in milliseconds
Npoints: benchmark scored calculated by Nperf methodology
https://www.nperf.com/es/awards/mx/2023/broadband/mexico/

ARPUs, Churn Rates, RGUs, Revenue Growth and EBITDA Growth

As of September 30, 2024, our average revenue per user was Ps.615 (U.S.$31) per month, compared to Ps.421 (U.S.$21) for Megacable. In addition, as of September 30, 2024, our monthly *Totalplay Residential* churn rate was 1.5% (with a *Totalplay Empresarial* churn rate of 0.4%), compared to Megacable's average monthly churn rate of 2.2%. We have had a substantial growth rate as compared to our competitors. From September 30, 2021 through September 30, 2024, our CAGR of revenues was 17.7% as compared to (0.2)% for Televisa and 10.2% for Megacable, respectively.

RGU growth, 2022 – 2024 YoY% change
As of September 30, 2024

	2022	2023	2024
Totalplay....	22.7%	31.5%	7.2%
Televisa.....	9.1%	(3.3)%	0.4%
Megacable	7.8%	13.4%	10.0%

Source: Totalplay, Televisa and Megacable public filings

Revenue growth, September 30, 2024 YoY% change
As of September 30, 2024

Totalplay....	11.8%
Televisa.....	(2.9)%
Megacable .	10.5%

Source: Totalplay, Televisa and Megacable public filings

	EBITDA growth, September 30, 2024 YoY% change As of September 30, 2024
Totalplay....	13.6%
Televisa.....	(8.4)%
Megacable .	10.2%

Note: Televisa does not publish quarterly EBITDA, but instead publishes *Utilidad de los segmentos operativos*, which is defined as operating profit before depreciation, amortization, corporate expenses, and other expenses and includes its Sky Mexico division.

Financial Commitments

The following is a description of our financial commitments on a consolidated basis as of September 30, 2024:

- CIBanco issued *Cebures* through an issuing trust in a public offering, in the amount of Ps.758 million (U.S.$39 million), representing 1.3% of our total financial commitments as of September 30, 2024. For more information see "Description of Principal Existing Indebtedness – *CIBanco Cebures* Program."
- Total Play issued short-term *Cebures* in public offerings, in the amount of Ps.2,000 million (U.S.$102 million), representing 3.4% of our total financial commitments as of September 30, 2024. For more information see "Description of Principal Existing Indebtedness – *Total Play Cebures* Program."
- Total Play issued long-term *Cebures* in a public offering, in the amount of Ps.1,593 million (U.S.$81 million), representing 2.7% of our total financial commitments as of September 30, 2024. For more information see "Description of Principal Existing Indebtedness – *Total Play Cebures* Program."
- Lease agreements in the amount of Ps.4,814 million (U.S.$246 million), representing 8.2% of our total financial commitments as of September 30, 2024. For more information see "Description of Principal Existing Indebtedness – Leases."
- Bank loans in the amount of Ps.340 million (U.S.$17 million) with financial institutions, representing 0.6% of our total financial commitments as of September 30, 2024. These bank loans have an average life of 4 years. The principal terms and covenants of these bank loans include: (i) terms that range from 46 to 48 months; (ii) annual interest rates from TIIE+430 basis points to TIIE+440 basis points, bearing monthly interest; (iii) compliance with laws; (iv) compliance with periodical reports of financial information; (v) maintenance of licenses, authorizations, concessions and permits; (vi) submission of reports and notices of any litigation, proceedings, including labor conflicts that may have a material adverse effect; (vii) submission of notices of any, merger, material acquisition or corporate restructuring; and (viii) payment of taxes.
- Non-bank loans in the amount of Ps.24,768 million (U.S.$1,262 million) with private entities, representing 42% of our total financial commitments as of September 30, 2024. 46% of these non-bank loans mature in 2028 or later. The principal terms and covenants of these bank loans include: (i) terms that range from 48 to 132 months; (ii) annual interest rates that vary in terms of fixed and variable: fixed from 10% to 15.35% and variable at TIIE+300 basis points, bearing monthly interest; (iii) compliance with laws; (iv) compliance with periodical reports of financial information; (v) maintenance of licenses, authorizations, concessions and permits; (vi) submission of reports and notices of any litigation, proceedings, including labor conflicts that may have a material adverse effect; (vii) submission of notices of any, merger, material acquisition or corporate restructuring; and (viii) payment of taxes.
- Financing facility in the amount of Ps.1,723 million (U.S.$88 million) with the Export and Import Bank of China, representing 2.9% of our total financial commitments as of September 30, 2024. For more information see "Description of Principal Existing Indebtedness – Export and Import Bank of China Financing Facility Agreement."
- Total Play issued *Senior Notes due 2025* in a transaction exempt from the registration requirements of the Securities Act and guaranteed by Total Box, S.A. de C.V., in the original principal amount of U.S.$575.0 million, of which U.S.$57 million in aggregate principal amount remained outstanding, representing 1.9% of

our total financial commitments as of September 30, 2024. For more information see "Description of Principal Existing Indebtedness – Senior Notes due 2025."

- Total Play issued *Senior Notes due 2028 (Existing Notes)* in a transaction exempt from the registration requirements of the Securities Act and guaranteed by Total Box, S.A. de C.V., in the principal amount of U.S.$600.0 million, representing 20.1% of our total financial commitments as of September 30, 2024. For more information see "Description of Principal Existing Indebtedness – Existing Notes."
- Total Play issued *Mexican Promissory Notes* in exchange for Senior Notes due 2025 tendered in a private exchange transaction under the laws of Mexico, with two Mexican Funds, whose trustee is Banco Azteca, in an aggregate principal amount of U.S.$213.5 million, representing 7.2% of our total financial commitments as of September 30, 2024. For more information see "Description of Principal Existing Indebtedness – Mexican Private Exchange of Senior Notes due 2025."
- Total Play issued *Senior Secured Notes due 2028* in exchange for Senior Notes due 2025 tendered in a transaction exempt from the registration requirements of the Securities Act and guaranteed by Total Box, S.A. de C.V., in the aggregate principal amount of U.S.$305.5 million, representing 10.2% of our total financial commitments as of September 30, 2024. For more information see "Description of Principal Existing Indebtedness –Senior Secured Notes due 2028."

The sum of the above financial commitments totals Ps.58,550 million (U.S.$2,984 million), which includes transaction costs of Ps.510 million (U.S.$26 million).

Suppliers

We acquire content from more than 30 networks and major content providers, including: TV Azteca, Televisa Networks, The Walt Disney Company, Warner Bros Discovery (Discovery, Warner, HBO, Turner), Ole Distribution, AMC Networks, Paramount, NFL Networks, Sony Pictures, Universal Studios, Stingray.

We have executed contracts with content providers with terms between 12 and 36 months. Most of them include rates set in pesos while in others we have foreign exchange rate risk sharing clauses with the content provider. As of the date of this Exchange Offer and Consent Solicitation Memorandum, some of those contracts have a rate per subscriber, but in other cases we have a monthly flat fee which allows us to reduce the effective rate per subscriber as the customer base grows. We also provide our customers seamless access to on-demand content providers by allowing them to access applications, such as Netflix, Apple TV+, Amazon Prime Video, YouTube, Max, Paramount+, Universal+, Disney+, in one place on our platform.

Our main suppliers include Huawei Technologies de México, S.A. de C.V., Anixter, de México, S.A. de C.V., SAGEMCOM México, S.A. de C.V., Fox Latin American Channel, Inc., Televisa, S.A.B. de C.V., Fibras Ópticas de México, S.A. de C.V., YOFC International Mexico, S.A. de C.V., Operbes, S.A. de C.V., Wuhan Fiberhome International de Mexico, S.A. de C.V., Red Comercial Empresarial, S.A. de C.V., Crossopt México, S. de R.L. de C.V., and MATC Digital, S. de R.L. de C.V., among others. If any of our suppliers fail to provide services, technologies and/or equipment necessary for our operations, and no alternate supplier is available, our ability to make the necessary deployments in order to have the penetration and coverage we seek would be adversely affected, which could adversely affect our results of operations.

Technological Awards and Certifications

Our services and infrastructure have been ISO/IEC 20000 certified since 2016. Our Security Operation Center is certified under international standards, such as IS0-27001, ISO-9000 and ISO-20,0000, for personal data protection. Our Information Security Team has international certificates, such as CEH, CISA, CISM, CRISC, CGEIT, CCNA, CDPSE, ECSP, ECHI, CHFI, Lead Auditor IS027001 and Lead Auditor ISO20000.

Seasonality

Our operations and revenues are not significantly affected by seasonal or cyclical patterns, although there are periods of lower revenue, including vacation periods (from Good Friday to Easter Sunday, the northern hemisphere summer months, the second half of the months of December and first half of January), official holidays (Independence

Day, Revolution Day, etc.) and *El Buen Fin* period. Lower revenues at these times occur because clients are not at home, are traveling, are saving up funds, have extra expenses, or are waiting to purchase services at a discounted rate.

Concessions, Licenses and Intellectual Property

We do not possess any material patents and do not believe that patents play a material role in our business. We do not operate through franchises.

Trademarks

We own approximately 852 registered trademarks that are registered with the Mexican Institute of Industrial Property. Our main and best positioned trademark, "*Totalplay*," protects our brand in the market and is used in the commercialization of our main services and products.

In addition to "*Totalplay*," we hold the following related and material trademarks as of the date of this Exchange Offer and Consent Solicitation Memorandum:

Trademark	Registry Number[(1)]	Expiration
TOTALPLAY	1145181	February 2, 2030
TOTALPLAY EMPRESARIAL	1825212	June 06, 2027
TOTALPLAY NEGOCIO	1881264	February 26, 2028
TOTALZONE	1908570	March 21, 2028
TOTALSTORE	1156116	April 15, 2030
VIVE LA EXPERIENCIA TOTALPLAY	98925	December 7, 2026
TOTAL PLAY DONDE SEA	1753132	April 22, 2025
ANYTIME TV	1270906	September 21, 2031

(1) Only one registry per trademark is included; however, each trademark has several registrations with respect to different logos and classes.

Government Licenses and Concessions

We hold a concession granted by the Mexican government, which had an initial duration of 30 years and the renewal of which was confirmed to us by IFT notification on March 20, 2020 (extending the life of the concession until 2055). Our concession allows the installation, operation and exploitation of a public telecommunications network at a national level and was originally granted on October 16, 1995, with a validity of 30 years, and allowed us to provide national and international long distance telephony service and to operate in the resale of capacity acquired from other telecommunications networks. Over time, the concession has been amended to allow us to provide a wider range of services, as follows: local telephony and data transmission services, including Internet access (per a December 19, 2005 amendment) and restricted television/audio services (pay-TV) (per a November 6, 2009 amendment). As a result of these modifications and additions, in 2011 our "Triple Play" concept was implemented. As part of this regulatory evolution, on January 27, 2021, the IFT notified us that our original concession had transitioned to a "sole concession" (*concesión única*), that allows us to provide any sort of public telecommunications or broadcast services.

Our concession, as a provider of public telecommunications services, is subject to our compliance with various general regulations, as well as to the requirement that we provide our services with registered rates and in a non-discriminatory manner to a committed coverage area, whether with its own or with rented infrastructure.

Non-Government Licenses

We acquire content from more than 30 networks and major content providers, including: TV Azteca, Televisa Networks, The Walt Disney Company, Warner Bros Discovery (Discovery, Warner, HBO, Turner), Ole Distribution, AMC Networks, Paramount, NFL Networks, Sony Pictures, Universal Studios, Stingray.

We have executed contracts with content providers with terms ranging between 12 to 36 months. Most of them include rates set in pesos while in others we have foreign exchange rate risk sharing clauses with the content provider. As of the date of this Exchange Offer and Consent Solicitation Memorandum, some of those contracts provide for a

rate per subscriber, but in other cases we pay a flat monthly fee which allows us to reduce the effective rate per subscriber as the customer base grows.

Total Play has entered into material systems contracts with: (a) Huawei Technologies de México, S.A. de C.V., (b) Rt4 México, S.A. de C.V., (c) Lightech México, S.A. de C.V., (d) Veriopoint México, S.A. de C.V., (e) Salesforce COM. INC., (f) Oracle de México, S.A. de C.V., (g) Condor Innovation & Solutions, Rubio Ruiz y Compañía, S. en N.C., (h), (i) Sixsigma Networks México, S.A. de C.V. and (j) Cloud Technologies Consulting, S.A. de CV. The principal terms of these contracts include: (i) a term of one to five years, depending on the type of software, hardware, use of platform and/or distribution of services acquired for the operational development of the company, (ii) variable rent depending on the purchase orders, services acquired or the type of licensing and (iii) main terms of the contracts established according to the operations of the company and the needs of telecommunications services.

Insurance Coverage

Our risk insurance policies are issued by our affiliate, Seguros Azteca. They cover risks associated with our operations and employees that are associated with physical or material damage. Our material damages insurance policy covers terrorism, sabotage, fire, earthquake, volcanic eruption and hydro-meteorological risks to electronic equipment, machinery, money, assets, securities and content. The total insured amount is U.S.$648 million with a maximum amount of liability of U.S.$40 million. The policies expires on April 30, 2025, and automatically renews annually.

Our liability insurance policy is issued by *Seguros Azteca* and covers all types of activities and properties. The total insured amount is U.S.$10 million. The policy expires on April 30, 2025 and automatically renews annually.

Our medical expenses insurance policy is issued by BUPA and MetLife and covers major medical expenses from a minimum amount of U.S.$56,000 to a maximum amount of U.S.$1 million depending on the employee's corporate level. The policy expires on February 1, 2025, and is automatically renewed annually. Our life insurance policy is issued by Seguros Metlife and covers life insurance for all employees with individual coverage depending on the employee's salary level. The total insured amount is 40 months of such employee's salary. The policy expires on September 1, 2025, and automatically renews annually.

Our commercial fleet insurance policy is issued by Seguros Banorte and covers property damage and total theft, with a coverage totaling the commercial value of the car. The policy expires on April 1, 2025, and automatically renews annually. Our liability for third party assets and individual insurance policies provide for coverage of U.S.$129,000 and U.S.$4,000, respectively. The policies expires on April 1, 2025, and automatically renews annually.

In our view, the insured amounts, the limits of liability, the deductibles and the scope of coverage in our policies are satisfactory and suitable for companies acting in the telecommunications sector. We do not anticipate any difficulties in renewing any of our insurance policies. However, we cannot guarantee that no losses will be incurred or that no claims will be filed against us which go beyond the type and scope of the existing insurance coverage.

Employees

As of September 30, 2024, we have 5,183 full-time employees across Total Play Telecomunicaciones, S.A.P.I. de C.V., Total Box, S.A. de C.V., TP Go, S.A. de C.V. and Hogar Seguro TP, S.A. de C.V., of which less than 5% are members of unions under collective bargaining agreements. These agreements are reviewed annually with respect to salaries, and every two years with respect to benefits, including rankings of productivity, individual and group variable compensation, bonuses, bonuses for results, holidays and vacation bonuses, training and development. Our labor relations are good.

Our employees work in the following areas:

- Commercial: 22%
- Operational: 35%
- Administrative: 35%
- Contract Center: 1%
- Engineering: 7%

ESG

Leadership

In 2018, together with all of the Grupo Salinas companies, we joined the United Nations Global Compact, the largest global initiative promoting corporate sustainability through the implementation of 10 principles that encourage respect for human rights, the establishment of decent working practices, the protection of the environment and the rejection of corruption.

In April 2023, together with all of the Grupo Salinas companies, we renewed our commitment to the guidelines of the United Nations Global Compact, an initiative that seeks to strengthen actions in favor of Human Rights, Labor Standards, the Environment, Anti-Corruption and other Sustainable Development Goals and to promote the 2030 Agenda.

At Total Play, we are committed to adopting environmentally friendly practices across all operations, from energy efficiency in data centers to reducing electronic waste. We firmly believe that our responsibility goes beyond providing high-quality services; it also includes actively contributing to the protection of the shared environment. Although our activities do not have a significant environmental impact, we closely monitor our supply chain and operations involving third parties.

To achieve sustainability goals, we have implemented a Climate Change Policy to outline the guidelines, strategies, and objectives needed to prevent, correct, and reduce climate impacts. This policy is based on our Sustainability Strategy, communication channels, and a culture of identifying practices that promote mitigation and adaptation. Additionally, other policies are relied upon for our environmental management, such as our Energy Efficiency Policy, Hazardous Materials and Natural Resources Control Policy, and Waste Collection Policy.

Environmental Policies

Following the legal framework in Mexico, we comply with regulations in force and have plans in place for water, waste, and operational licensing compliance. We confirm our commitment to the environment with our corporate LEED (Leadership in Energy and Environment Design) Certification, a green building rating that measures the efficient use of energy, water, materials and waste management.

Between 2021 and 2022, we replaced 2,217 lead-acid batteries with lithium batteries as a backup source at 614 sites. Lead batteries are sent to hazardous waste centers for final disposal. The replacements as of the end of 2022, represent 49% of all planned sites to be substituted by us. Lithium technology provides us with superior storage capacity, allowing us to meet the growing demand for our services and adapt to future customer needs, while contributing to the preservation of the environment and public health. Additionally, this technology minimizes costs, decreases vandalism risks, and ensures reliable, high-quality service for users.

In 2023, we installed 75 lithium batteries across 25 nodes as part of our annual technology renewal and energy autonomy enhancement program for communication equipment. To enhance energy efficiency and reduce emissions, we utilize electromechanical equipment that is cataloged and approved by the Energy and Environment internal department.

We maintain a comprehensive document, known as the "Energy Seal," which lists all evaluated and approved equipment certified by ROHS, AHRI, and NOM. This document is categorized into the following sections:

Lighting. This section outlines the criteria and guidelines for the lighting systems used in Total Play properties. The standards followed include:

- Mexican Official Standard NOM-001-SEDE-2012 for Electrical Installations.
- Mexican Official Standard NOM-025-STPS-2008 for Lighting Conditions in Workplaces.

Air Conditioning. This section specifies the essential considerations for air conditioning design at Total Play sites, including:

- Maintaining a temperature of 24°C.
- Controlling humidity at 50%.

- Ensuring proper air distribution within designated spaces.
- Achieving energy efficiency.

We also participate each year in initiatives of Grupo Salinas that promote a culture of environmental responsibility that benefit our families and the environment, such as "Un Nuevo Bosque" (A New Forest), a reforestation activity throughout Mexico, and "Limpiemos México" (Let's clean Mexico), a campaign to collect waste.

In September 2022, Grupo Salinas reaffirmed its commitment to the protection of the environment by promoting another year through Fundación Azteca, the reforestation initiative, in which our employees participate. The campaign has been carried out year after year throughout the country, directly benefiting deforested areas near the capitals of each state. This ecological work also helps cities because parks, ridges, sports centers and affected green areas are reforested. Over 20 years, more than 2.3 million volunteers have planted more than 7 million trees across the country.

In 2022, Limpiemos México gathered 4,600 volunteers in 14 cleaning activities in several states of the country in 2022, who picked up 98.6 tons of waste —PET, glass, tires, cardboard, and organic waste— to be recycled. Volunteers had the opportunity to participate in Circular Economy exercises where recyclable waste was exchanged for products created by local entrepreneurs, enhancing environmental education.

Governance

At a board of directors meeting held on February 23, 2021, the board approved the "Programa del Ética, Integridad y Cumplimiento, PEIC" (Ethics, Integrity and Compliance Program). The design and implementation of the PEIC is based on organic, procedural and normative elements provided by Mexican law (*i.e.*, the National Code of Criminal Procedures, Federal Criminal Code and the General Law of Administrative Responsibilities), as well as certain principles and guidelines contained in the best national and international practices, such as those from the United Nations (UN), the United States Department of Justice, and the Organization for Economic Co-operation and Development (OECD), among others.

We have implemented an environmental, social and corporate governance strategy which entails performing a business materiality study, identifying any issues and recommending initiatives to generate a positive impact on society and the environment, with policies, procedures and commitments in each identified environmental, social and corporate governance aspect. We have established a comprehensive Gender Unit protocol to ensure that every individual can thrive in a safe and equitable work environment. This protocol outlines clear guidelines and procedures to address and prevent harassment and gender-based violence, demonstrating the Total Play's commitment to equality and justice.

Legal and Administrative Proceedings

In the ordinary course of business, we are involved in various legal proceedings (such as litigations, arbitrations and administrative proceedings relating to our business, including, without limitation, regulatory compliance matters, contractual disputes, labor lawsuits and clients' lawsuits, among others matters). While the results of any such proceedings cannot be predicted with certainty, we do not believe there are any pending or threatened actions, suits or proceedings against or affecting us which, if determined adversely to us, would in our view, individually or in the aggregate, materially affect our business, financial condition or results of operations, except as set forth below.

Tax Proceedings

We are involved in one material pending tax proceeding, as described below:

On December 3, 2015, the Mexican Tax Administration Service (*Servicio de Administración Tributaria*, or the "SAT") issued Notification No. 900-04-05-2015-52432 in connection with a tax claim against the Company in the amount of Ps.646 million (U.S.$33 million) corresponding to income tax purportedly owed by the Company for the 2011 tax year, plus inflation, restatement, surcharges and penalties. The SAT (i) claimed that we had not proved that certain commissions and advances from commercializing telecommunications services were strictly indispensable and (ii) rejected the deduction for tax purposes of travel expenses, administrative services, and uncollectable receivables related to a reorganization.

On January 19, 2016, we appealed the SAT's assessment to the Administration of Large Taxpayer Disputes and, during April and May 2016, we provided additional evidence in support of our position. On June 16, 2016, the SAT

denied the appeal, the tax was imposed and, on August 19, 2016, we filed a claim of nullity, which was admitted on September 6, 2017 by the Federal Court of Tax and Administrative Justice.

On November 28, 2017, we filed a direct *amparo* (a type of constitutional appeal under Mexican law) against the resolution of the Federal Court of Tax and Administrative Justice that denied the claim of nullity.

In a court hearing held on February 7, 2020, the judges of the Sixth Collegiate Court decided to withdraw its jurisdiction to resolve the *amparo* and remit it to the Second Chamber of the Supreme Court of Justice, since the SHCP asked the Supreme Court of Justice to assert jurisdiction on the grounds that the matter is important and of general impact and interpretation. On September 23, 2020, the Second Chamber of the Supreme Court of Justice asserted jurisdiction over this matter.

The case was scheduled for ruling on a public hearing held on January 10, 2024. However, the ruling was not issued, as a request to impede Justice Aguilar from participating was filed. On March 6, 2024, the direct *amparo* trial was listed to be resolved in a session of the Second Chamber of the Supreme Court and on March 13, 2024, such Second Chamber resolved to grant us certain protection derived from the *amparo*.

In accordance with the terms of the *amparo* ruling, the Superior Chamber of the Federal Court of Administrative Justice invalidated the judgment dated September 6, 2017. In its place, on September 18, 2024, it rendered a new judgment declaring the nullity of the tax assessment for the purpose of requiring the tax authority to reiterate its rejection of the deduction of expenses under the following concepts: (i) travel allowances, training, and work clothing, (ii) manufacturing expenses, (iii) advance payments for 2012 marketing services, (iv) losses from uncollectible debts, and (v) administrative services.

Additionally, in the judgment rendered on September 18, 2024, the SAT was ordered to accept the deduction of expenses related to marketing services for the fiscal year 2021 and to render the resolution that is legally appropriate.

On October 25, 2024, we filed an *amparo* claim against the judgment rendered on September 18, 2024, and such claim was admitted via an order dated October 28, 2024 and is pending resolution.

In this regard, as of the date of this Exchange Offer and Consent Solicitation Memorandum, we do not believe that the pending tax claim of the SAT after the release of the formal notification and full text of such resolution will have a material adverse effect on our business, financial condition or results of operations.

The amount in dispute, plus inflation-restatement, surcharges and penalties, calculated as of September 30, 2024, was Ps.1,052 million (U.S.$54 million), before the *amparo* protection was granted. As stated before, we have been advised that this amount will be significantly diminished due to nullification. This amount is fully guaranteed before the tax authorities due to an administrative attachment (*embargo administrativo*) over specific segments of our fiber-optic network.

We do not have a reserve in place for tax litigation contingencies considering that the amounts disputed are not material.

Sustainable Performance

At Total Play, we are dedicated to creating long-term value and sustainable development in the communities we operate. We have established a robust policy framework that transparently key indicators measuring our environmental, social, and economic impact, reflecting the ongoing reinforcement of our sustainability strategy.

Aligned with this commitment, we have implemented a range of sustainability policies to guide our actions and decisions. These policies encompass efficient resource management, carbon footprint reduction, and the promotion of fair and responsible labor practices. Through these initiatives, we ensure that our operations not only comply with environmental standards but also foster best corporate practices and support sustainable community development. We are subject to a variety of laws and regulations relating to land use, environmental protection and health and safety in connection with our ownership of real property and other operations. We believe we substantially comply with the applicable requirements of such laws and regulations and follow standardized procedures to manage environmental risks and no claims have been made against us in respect of environmental matters.

Given our activities and our current property, plant and equipment, we believe that there are no environmental factors likely to have a significant impact on the use of our current property, plant and equipment, other than as

disclosed herein in “Risk Factors—Risks Related to Our Business—Our operations are subject to the general risks of litigation. In 2023, we conducted an updated materiality study to identify key aspects—both sustainability-related and financial—relevant to the Company. These findings were integrated into the Sustainability Strategy and Model for each business unit. Once the material topics were determined, they were presented to stakeholders to assess their level of importance. The concept of double materiality, which was central to this exercise, encompasses the following elements:

Financial Materiality

This identifies topics with a financial impact on the Company, influencing investment or loan decisions based on assessments of the Company’s financial performance and value.

Impact Materiality

(Environmental, Social, and Human Rights) This identifies topics reflecting the most significant actual or potential impacts on the economy, environment, and people, including human rights. These impacts may occur in the short, medium, or long term and can result directly from the Company's activities or indirectly through its value chain.

REGULATION

The Issuer is a private Mexican stock corporation for investment with variable capital (*sociedad anónima promotora de inversion de capital variable*). We are subject to the Securities Market Law (*Ley del Mercado de Valores*), Commercial Companies Law (*Ley General de Sociedades Mercantiles*), the Mexican Commercial Code (*Código de Comercio*) and other applicable laws of Mexico.

Our principal Mexican subsidiaries are incorporated as private Mexican stock corporations with variable capital (*sociedades anónimas de capital variable*) and are subject to the Commercial Companies Law (*Ley General de Sociedades Mercantiles*), the Mexican Commercial Code (*Código de Comercio*) and other applicable laws of Mexico.

The Commercial Companies Law governs the incorporation, business activities, corporate governance and dissolution of commercial companies or corporations incorporated in Mexico. Along with the Mexican Income Tax Law (*Ley del Impuesto sobre la Renta*), it also regulates the payment of dividends, profit distribution, reserve funds, shareholders' rights and obligations, shareholders' meetings, disclosure requirements and establishes sanctions in case of infringements.

In addition, as a corporation primarily engaged in telecommunications, we are subject to an array of telecommunications, consumer, data privacy and other regulatory requirements under Mexican laws, including a comprehensive statutory and regulatory regime that governs our activities.

We operate a telecommunications network under a concession, and our telecommunications services are characterized by the Mexican Constitution (*Constitución Política de los Estados Unidos Mexicanos*) as a public service of public interest. The Mexican government has the constitutional obligation to secure access to telecommunications services, including specifically, broadband internet.

Our concession allowed for the installation, operation and exploitation of a nationwide public communications network. Such concession was originally granted for international and national long-distance telephone service on October 16, 1995, for an initial 30-year term until 2025 and which renewal was notified to us by the Federal Telecommunications Institute (*Instituto Federal de Telecomunicaciones*, the "IFT") on March 20, 2020 for an additional 30-year term until 2055. The concession (originally granted under our former name, Iusatel, S.A. de C.V.) has been supplemented to grant us a broader scope of services, including local telephone service, data transmission, resell of acquired capacity in other networks, access to the Internet and services of pay-TV. As part of this regulatory evolution, on January 27, 2021, the IFT notified us that our original concession had transitioned to a "sole concession" (*concesión única*), that allows us to provide any sort of public telecommunications or broadcast services.

Some of these legal and regulatory requirements are described below.

Applicable Telecommunications Regulations

The legal framework for the regulation of the telecommunications and radiobroadcasting industries in Mexico is comprised of amendments to the Mexican Constitution, enacted in June 2013, the Federal Telecommunications and Broadcasting Law (*Ley Federal de Telecomunicaciones y Radiodifusión*, the "LFTR"), enacted in July 2014, and the Federal Economic Competition Law (*Ley Federal de Competencia Económica*, the "LFCE"), enacted in May 2014. The LFTR and the LFCE, which amended the Mexican Constitution, were intended to modernize the legal framework of the industry and grant the IFT broad regulatory surveillance and enforcement authority in both the telecommunications and radio broadcasting sectors.

The IFT is an autonomous public entity governed by a plenary body comprised of seven commissioners. Each commissioner is proposed by the president of Mexico and ratified by the Senate, from a short list of candidates previously assessed by an evaluation committee. The IFT is the highest authority in the industry, has ample regulatory authority on policy, anti-trust, administrative and operating matters in the sector, and is bound to exercise its powers to encourage competition and efficiency within the industry.

The statutory powers of the IFT include authority with respect to concessions, authorizations and permits (including granting, assigning, terminating, requisitioning, extending, enforcing, exercise rights, or revoking

concessions, authorizations and permits). The IFT has broad policymaking and surveillance authority with respect to all technical matters related to a public telecommunications network (*red pública de telecomunicaciones*, the "PTN"), the exploitation of PTNs, broadcasting and telecommunication services, the radioelectric spectrum (including satellite communications), and has authority to regulate access to active and passive infrastructure and other essential resources.

The Ministry of Infrastructure, Communications and Transport (*Secretaría de Infraestructura, Comunicaciones y Transportes*) also has authority to determine certain aspects of public policy relating to these sectors.

Recent Developments in Mexican Telecommunications Regulation

Proposed Constitutional and Other Legislative Reforms

Recently approved amendments to the Mexican Constitution and secondary legislation are set to transform the distribution of authority and responsibilities among regulatory entities within the telecommunications and broadcasting industries in Mexico.

Creation of the Digital Agency

Through a decree published in the Official Gazette on November 28, 2024, and effective on November 29, 2024, the Mexican government established the Agency for Digital Transformation and Telecommunications (*Agencia de Transformación Digital y de Telecomunicaciones*, the "Digital Agency") as a cabinet-level body within the Executive Branch. The Digital Agency is tasked with formulating and implementing telecommunications and broadcasting policies for the Mexican Federal Government, assuming roles previously held by the Ministry of Infrastructure, Communications and Transport (*Secretaría de Infraestructura, Comunicaciones y Transportes*) and the IFT.

Constitutional Amendments (the "Institutional Reform")

The Mexican Federal Congress (the "Mexican Congress") has approved and sent proposed amendments and additions to various articles of the Mexican Constitution to the Mexican state legislatures for approval and validation. These amendments aim to consolidate regulatory authority under the Executive Branch. Key changes include:

- Modification of Article 6:

The Executive Branch, through the Digital Agency, will replace the State as the authority responsible for establishing conditions of effective competition in the provision of telecommunications and broadcasting services.

- Modification of Article 28:

(i) Autonomous regulatory bodies, such as the IFT and the Federal Economic Competition Commission (*Comisión Federal de Competencia Económica*, "COFECE"), will lose their constitutional status and will be replaced by executive-led authorities under the jurisdiction of the Executive Branch.

(ii) The Executive Branch, through designated authorities, will:

a) Regulate market competition and address monopolistic practices, including preventing, investigating, and combating monopolies, anti-competitive practices, market concentrations, and other inefficiencies;

b) Oversee concession-related processes, including issuing, revoking and authorizing the transfer or changes in ownership and operation of broadcasting and telecommunications concessions;

c) Regulate market competition asymmetrically, including ensuring that dominant market participants in telecommunications and broadcasting are subject to appropriate regulatory measures; and

d) Set concession fees, including establishing the financial terms for granting concessions.

(iii) The Executive Branch will ensure the efficient development of the telecommunications and broadcasting sectors through its policy-making bodies.

(iv) A National Infrastructure Information System (*Sistema Nacional de Información de Infraestructura*) will be established under the Digital Agency, formally included into the Mexican Constitution and tasked with maintaining records of public concessions and infrastructure.

(v) The Executive Branch will be empowered to issue general administrative provisions to regulate telecommunications, broadcasting, and economic competition.

Dissolution of Autonomous Entities

Pursuant to the transitional provisions of the Institutional Reform, the IFT and COFECE will be dissolved within 180 days after the enactment of new secondary legislation related to the Institutional Reform. Their responsibilities will transition to the Digital Agency and a newly established competition authority. The transitional provisions do not establish a deadline for Mexican Congress to draft and issue the new secondary legislation.

Continuity

According to the transitional provisions of the Institutional Reform, the IFT will continue to exercise the powers outlined in sections I to XII of the twenty-first paragraph of the current text of Article 28 of the Mexican Constitution under the current secondary legislation until the immediate repeal of paragraphs twenty-one and onward of Article 28.

The Institutional Reform expressly states that actions taken by the IFT and COFECE before its entry into force will retain full legal effect, including concessions, permits and authorizations.

The authority that will replace COFECE in matters of free and open market competition will have legal personality, its own assets, and technical and operational independence in its decisions, organization, and operation.

In the telecommunications sector, the specific characteristics of the authority that will replace the IFT have not yet been defined. This authority could consist of (i) one or more administrative units within the Digital Agency, (ii) a decentralized body hierarchically subordinate to it, (iii) a decentralized entity within its sector, or (iv) a combination of these options.

Further details regarding the implementation and organizational structure of the Digital Agency and related authorities will emerge through secondary legislation, which is anticipated to take several months to finalize.

The implementation of the Institutional Reform and the dissolution of the existing autonomous regulatory bodies could have a material adverse impact on Total Play's business, financial condition and results of operations. There can be no assurance as to when these changes will be implemented. See "Risk Factors—Risks Relating to Our Business and "Risk Factors—Risks Related to the Mexican Telecommunications Industry—Under Mexican Law, Our Concessions could be Seized or Suspended."

Concessions

Pursuant to the LFTR, an operator of telecommunications must operate pursuant to a concession which may only be granted to Mexican individuals or entities, and may only be assigned with prior authorization of the IFT. Under the LFTR, a new type of concession deriving from the 2013-2014 telecommunications reform, called a "sole concession" (*concesión única*), that enables the concessionaire to provide any sort of public telecom or broadcast services may be granted, in addition, as the case may be, to concessions to exploit the radioelectric spectrum or orbital resources. The concession approach adopted by the LFTR eases the administrative burden posed by prior regulation, which required for specific authorization of each telecommunication service to be provided. Each concession is granted for a term of up to 30 years (except for concessions to exploit the radioelectric spectrum or orbital resources, which are granted for a term of up to 20 years), and any concession may be extended for an equal term. The concessionaires of PTNs are statutorily obligated to maintain an open network architecture that allows interconnection and interoperability.

A concessionaire may encumber the assets of an operating PTN to secure obligations; however, foreclosure on said collateral could be subject to approval by the IFT, if it entails the concession itself, as no potential purchaser may acquire rights in a PTN concession without such prior approval. See "Risk Factors—Risks Related to the Mexican Telecommunications Industry—Under Mexican Law, Our Concessions could be Seized or Suspended."

The IFT also has authority to grant authorizations to, inter alia: establish and operate a telecommunication services reseller; install, operate or exploit ground stations for satellite signals; and install and operate cross-border telecommunications and satellite systems. An authorized reseller is entitled to access wholesale services offered by concessionaries and commercialize its own services or resell the telecommunications services acquired from third parties. Said authorizations are granted for a term of up to 10 years and may be extended for an additional 10-year term.

Assignment

Any transfer of a concession must be previously approved by the IFT. The IFT may approve a transfer if it is to be completed after the third anniversary of the concession; provided the nationality of the assignee (or that of their direct and indirect affiliates) does not violate the restrictions of foreign ownership set forth in the Foreign Investments Law (*Ley de Inversión Extranjera*) in the case of radio broadcasting, and if the assignee agrees to accept all the terms of the relevant concession.

Termination

In accordance with the LFTR, a concession may be terminated upon the occurrence of any of the following events:

- expiration of its term;
- resignation by the concessionaire;
- dissolution or bankruptcy of the concessionaire;
- rescue of radio electric spectrum or orbital resources; or
- revocation by the IFT in any of the following events (specified in Article 303 of the LFTR) occurs and is continuing:

  I. failure to exercise the rights of the concession within the term established in the relevant concession;

  II. performance of any actions in violation of the applicable law that affect the rights of other concessionaires;

  III. failure to comply with the obligations or conditions established in the concession title, when it is expressly set forth that non-compliance is a cause of revocation;

  IV. refusal to interconnect other concessionaires, partially or totally disrupting or hindering interconnection traffic, without justifiable cause;

  V. failure to comply with the obligation to retransmit television signals of restricted networks, free of charge and on a non-discriminatory basis;

  VI. refusal to retransmit broadcast content as required by the LFTR;

  VII. change in the nationality of the concessionaire or initiating any action to request protection from a foreign government;

  VIII. assignment, lease, or transfer of the concession or authorization, the rights thereunder, or the assets used to exploit the concession or authorization in violation of applicable law;

  IX. failure to pay the Mexican Federal Treasury any amounts due as fees owed to the Mexican government;

  X. failure to comply with the basic obligations that were offered for the granting of the concession;

  XI. failure to provide the guarantees or assurances established by the IFT;

  XII. change in the location of the broadcast station without prior authorization from IFT;

XIII. change in the assigned bandwidth frequencies without authorization from IFT;

XIV. suspension, in whole or in part, of telecommunication services in more than 50% of the covered area, without justification and without authorization from the IFT for more than 24 hours or up to three calendar days in the case of broadcasting;

XV. failure to comply with final resolutions issued by the IFT with respect to antitrust matters;

XVI. in the case of a dominant or preponderant economic agent benefitting directly or indirectly from the free retransmission rule of television signals through other operators, as well as any concessionaire allowing such benefit;

XVII. failure to comply with resolutions or determinations of IFT regarding the accounting, functional or structural separation;

XVIII. failure to comply with the resolutions or determinations of IFT regarding the local network unbundling, divestiture of assets, rights or necessary equipment, or asymmetric regulation;

XIX. use of the concession granted by IFT for purposes other than those requested, or profit from actions prohibited for the relevant type of concession; or

XX. pursuant to any other provision set forth under applicable law.

The IFT will immediately revoke the concessions and authorization for violations of sections I, III, IV, VII, VIII, X, XII, XIII, XVI, and XX above. In other cases, IFT may revoke the concession or authorization if it had previously sanctioned the respective holder at least twice arising from any of the grounds provided in these sections, except in the case provided in section IX.

Temporary Requisition (*requisa*)

The Mexican government has the power to temporarily requisition and seize the assets used under a concession in the event of a natural disaster; war; significant disturbance to the public order; imminent threats to the national security, to the internal peace or the national economy; or to secure the continuity of the public service. Except in the case of war, the Mexican government must indemnify the concessionaire for all losses and damages (including loss profits) caused during the requisition. See "Risk Factors—Risks Related to the Mexican Telecommunications Industry—Under Mexican Law, Our Concessions could be Seized or Suspended."

Rates for Telecommunications Services

Concessionaires have the right to determine their rates, and such rates (and any adjustments thereto) must be registered before the Public Registry of Concessions (*Registro Público de Concesiones*) maintained by the IFT before becoming effective.

If a concessionaire does not accept the interconnection tariffs or other conditions offered by another concessionaire, the affected party may initiate a procedure before the IFT to review such tariffs and conditions, and the IFT will have the authority to issue a resolution determining the final tariffs and conditions.

If a concessionaire refuses to enter into interconnection negotiations with other concessionaires, the IFT will determine the form, terms and conditions under which such interconnection shall take place, regardless of the sanctions that may be applied under applicable law.

Tax Laws

Since January 1, 2010, the Special Tax on Production and Services Law (*Ley del Impuesto Especial sobre Producción y Servicios*) increased the tax rate applicable to telecommunications services to 3%, with the exception of interconnection services of PTNs, internet services, public telephone services, and reformed rural telephony services, which are exempt from such tax.

Determination of Preponderant Economic Agents

The IFT may determine at any time that there are preponderant economic agents (*agentes económicos preponderantes*) in the telecommunications and broadcasting sectors. The LFTR characterizes a preponderant

economic agent or any person engaged in the provision of broadcasting or telecommunications services who, in accordance with the information available for the IFT, directly or indirectly, owns more than 50% of the subscribers, users, audience, traffic on their networks, or capacity used on such networks, measured on a national basis. In March 2014, the IFT determined that the economic interest group composed by América Móvil, S.A.B. de C.V. and its subsidiaries (including Radiomóvil Dipsa, S.A. de C.V., known as Telcel, and Teléfonos de México, S.A.B. de C.V., known as Telmex), constitute a preponderant economic agent.

Specific Regulation

Any preponderant economic agents are subject to the specific regulation determined by the IFT with respect to rates, information, quality of service, commercial offers, use of infrastructure by other concessionaires, exclusivity, and divestiture of assets, among others. The IFT must verify (either directly or through an external auditor) the compliance of any specific regulation by the preponderant economic agents on a quarterly basis and sanction any breach to such specific rules with such periodicity.

The IFT continuously monitors competition in the industry, and if the IFT determines that there is effective competition in a market where there was a preponderant economic agent, the specific regulation would cease to apply. Similarly, if the IFT determines that an entity no longer meets the characteristics of preponderant economic agent, such entity shall be deemed to no longer be a preponderant economic agent and the specific regulation would cease to be applicable. Any preponderant economic agent has the right to submit to the IFT an action plan to cease to be considered a preponderant economic agent.

Consolidation without Notice

If there is a preponderant economic agent in the market (and other conditions are met), any transaction entailing a consolidation of any concessionaires (other than the preponderant economic agent) may be carried out without prior notice to the IFT.

Interconnection Rates

Pursuant to the LFTR, América Móvil cannot charge interconnection rates to other carriers. Notwithstanding the foregoing, the Supreme Court declared that such restrictions are unconstitutional with respect to mobile services, in August 2017, and, in April 2018, with respect to fixed services. Consequently, the IFT determined that beginning on January 1, 2018 for mobile services, and, on January 1, 2019, for fixed services, the relevant operators of América Móvil may charge other carriers the interconnection rates set forth in the applicable specific regulation issued by the IFT.

Service providers that are not preponderant economic agents may freely negotiate among themselves the applicable interconnection rates and, if no agreement is reached, the rates shall be determined by the IFT in accordance with the costing methodology determined by the IFT.

Must Carry and Must Offer

The LFTR provides “must carry” and “must offer” rules pursuant to which television broadcasters must offer their signals (free of any charge) to the pay-TV service providers; and pay-TV service providers must transmit such signal free of charge to their subscribers. These obligations also apply to DTH (direct-to-home) service providers.

Must Observe Competitive Neutrality

Public entities are allowed to obtain concession titles for commercial purposes. In that regard, the LFTR provides that any state-owned service providers shall act as if they were private enterprises and shall not distort the market taking advantage of their status as public entities.

Sanctions

The IFT has the power to impose sanctions for violations of the LFTR and the LFCE in the telecommunications and broadcasting sectors. Under the LFCE, the IFT may apply, among others, the following sanctions: (i) fines of up to 8% of the accrued income in Mexico of the sanctioned operator (in the event of relative monopolistic practices – abuse of market power or vertical practices); up to 10% of the accrued income in Mexico of the sanctioned operator (in the case of absolute monopolistic practices – collusion or horizontal practices), and, in the

event of recurrence, for up to twice of the amount of the original sanction; (ii) fines on individuals who participated in monopolistic practices; and (iii) prohibitions on individuals who participated in monopolistic practices, disqualifying them to serve as directors or business managers. These and other sanctions may apply on economic competition grounds, regardless of criminal responsibility that applies in some cases.

Under the LFTR, in addition to revocation that is applicable in the above-mentioned situations, the IFT may impose fines for a number of causes related to non-compliance with applicable law and with the terms and conditions set forth in the concession titles.

Other

In addition to the above, the LFTR and/or regulations related thereto contain provisions in connection with the following matters:

- elimination of tolls for national long-distance calls (effective as of January 1, 2015);
- opening the mobile telephone market to new service providers, through the Mobile Virtual Network Operator (*Operador Móvil Virtual*) figure;
- foreign investment of up to 100% in telecommunications, and of up to 49% in broadcasting activities (in the latter case, under reciprocity rules);
- access to advertising in an equitable and non-discriminatory basis;
- rights of users that are disabled individuals to access telecommunications services;
- rights to audiences;
- cooperation rules with security and law enforcement agencies; and
- emergency number 9-1-1.

Shared Network (*Red Compartida*) Project

In addition to the foregoing, and with the aim of providing near-universal access to telecommunication services, the 2013 Constitutional reform provided for the Shared Network Project.

This project is intended to enable access to the most advanced 4G-LTE technologies to at least 92.2% of the country by 2024, currently prepared to offer 5G technology, and ensuring these services in areas where traditional operators either presently do not reach, or where providing to these areas, is not profitable. Through a Public-Private Partnership ("PPP") with Altán Redes, S.A.P.I. de C.V. ("Altán"), the Mexican government provides the radio spectrum and the use of the developed backbone network is provided by the CFE. Under this project, Altán offers access to its network on a wholesale basis.

On November 20, 2017, we entered into an Interconnection Services Framework Agreement (*Convenio Marco de Prestación de Servicios de Interconexión*) with Altán, which has been amended from time to time, in order to interconnect our telephone local service networks with Altán's fixed and mobile telephone local service networks. This agreement sets forth the main terms and conditions of such interconnection between us and Altán, including the applicable prices and rates, and it was registered on January 11, 2018 before the Public Registry of Concessions (*Registro Público de Concesiones*) of the IFT under number 23158. The latest amendment regarding applicable prices and rates for 2021 was registered before the IFT on March 5, 2021 under number 049636.

Additionally, on April 30, 2019, we entered into a Telecommunications Services Framework Agreement (*Contrato Marco de Prestación de Servicios de Telecomunicaciones*) with the PPP, which was registered on June 3, 2019 before the Public Registry of Concessions of the IFT under number 035000. The main purpose of this agreement is to outline the services that we may receive from the PPP, primarily Internet Hogar SIM Altán, which consists of the delivery of wireless connectivity in certain locations providing internet access for residential purposes via the Shared Network Project and through the rendering of the service directly by us to the final user.

Altán was formerly subject to bankruptcy proceedings in Mexico due to being unable to generally meet its debt service obligations and pay its creditors. Altán's bankruptcy proceedings had a favorable outcome for Altán as a result of the bankruptcy agreement (*convenio concursal*) that was approved in a final ruling issued by the First District

Court in Commercial Bankruptcy Matters with residence in Mexico City on October 28, 2022. The favorable result of the bankruptcy proceedings, together with Altán's debt restructuring, will enable it to continue investing in its Shared Network Project, thus providing continuity to Altán's business and the generation of future cash flows that will make Altán commercially viable. The Telecommunications Service Framework Agreements we had entered into with Altán and the PPP continue in full force and effect to this date, and have not been amended as a result of Altán's bankruptcy proceedings.

Consumer Protection Laws

Our commercial activities in Mexico are subject to the Consumer Protection Law (*Ley Federal de Protección al Consumidor*), which regulates consumer sales and transactions in Mexico and are subject to supervision by the Consumer Protection Bureau (*Procuraduría Federal del Consumidor*) (PROFECO), an administrative agency responsible for promoting and protecting the rights and interests of consumers.

Privacy Regulations

The Federal Law for Protection of Personal Information in Possession of Private Parties (*Ley Federal de Protección de Datos Personales en Posesión de los Particulares*) sets forth the rules that must be observed by private parties when obtaining, managing, transferring and using personal information of their clients with the objective to protect the privacy and prevent the misuse of personal and sensitive information.

Labor and Social Security Laws

We are subject to the Mexican Federal Labor Law and the Mexican Social Security Law which regulate labor relationships and social security matters, respectively, between us and our employees.

The Subcontracting Reform was approved by the Mexican Congress and published by the Federal Executive in the Official Gazette on April 23, 2021, and amends each of the Mexican Federal Labor Law and the Mexican Social Security Law. Pursuant to the Subcontracting Reform, the subcontracting of personnel, defined as the provision of employees (between third parties, as well as with related parties) by an individual or legal entity for the benefit of another, is legally prohibited. It can be inferred from the Subcontracting Reform that schemes known as insourcing, in which corporate groups create their own service companies to hire and provide personnel to other legal entities of the corporate group, are also prohibited. This prohibition does not include those who perform specialized services or works, meaning those that are distinct from the corporate purpose or main economic activity of the beneficiary of the services. The specialized services or works must be formalized through a written agreement, and the service provider of said specialized services or works must be registered with the Ministry of Labor and Social Welfare (*Secretaría del Trabajo y Previsión Social*) in order to render such services, which must be renewed every three years. The Subcontracting Reform establishes that anyone who subcontracts specialized services or carries out specialized works and fails to comply with obligations to its employees will be jointly and severally liable with respect to any labor, social security and/or tax obligations. During the last couple of years, we have taken all necessary measures and actions to comply with the Subcontracting Reform, including the adjustment of our personnel structure, which have increased our overall labor and social security payments. See "Risk Factors—Risks Relating to Our Business—Any deterioration of relations with our employees or increase in labor costs may have a negative impact on our business, financial condition, results of operations and prospects."

Securities Regulation

We have issued *Cebures* in Mexico that are registered with the RNV maintained by the CNBV, and while such securities are outstanding, we will be subject to: (i) the Securities Market Law; and (ii) the secondary provisions issued by the CNBV, and the stock exchange regulation where those securities are listed.

The Securities Market Law regulates, among other things: (i) public offerings; (ii) registration requirements; (iii) private placement exemptions; (iv) market trading; (v) tender offers; (vi) disclosure requirements; (vii) periodic reporting obligations; (viii) corporate governance of public companies; (ix) intermediaries, authorities' and other securities market participants; and (x) applicable duties of care and loyalty for directors of public companies.

On December 28, 2023, the Securities Reform was enacted to amend, derogate and include additional provisions to the Securities Market Law was published by the Federal Executive in the Official Gazette. Among such amendments, the Securities Reform includes (i) the introduction of a simplified regime for the registration of securities

in the RNV maintained by the CNBV, with the primary objective of providing access to the securities market to SMEs and, thus, expanding their capitalization capacity and their sources of financing, and (ii) amendments to certain provisions applicable to public companies' regime (*sociedades anónimas promotoras de inversión bursátil* and *sociedades anónimas bursátiles*) regarding follow-on capital increases and types of shares. Initially, we anticipate that this Securities Reform is not material to our operations, however, such provisions may be applicable to us in the future.

The CNBV oversees and regulates the public offering and trading of securities and participants in the Mexican securities market and imposes sanctions for the illegal use of insider information and other violations of the Securities Market Law. The CNBV, through its staff and a board of governors comprised of thirteen members, regulates and supervises the Mexican securities market, the Mexican stock exchanges (*i.e.*, Bolsa Mexicana de Valores, S.A.B. de C.V. and Bolsa Institucional de Valores, S.A. de C.V.) as well as brokerage firms.

As part of the regulations issued by the CNBV, we are subject to:

- The General Regulation Applicable to Securities Issuers and Other Securities Market Participants (*Disposiciones de carácter general aplicables a las emisoras de valores y a otros participantes del mercado de valores*), which further regulates: (i) the registration and maintenance of securities with the RNV maintained by the CNBV; (ii) public offerings; and (iii) disclosure requirements, among others.
- The General Regulation Applicable to Entities and Issuers Supervised by the CNBV that Contract External Audit Services (*Disposiciones de carácter general aplicables a las entidades y emisoras supervisadas por la CNBV que contraten servicios de auditoría externa de estados financieros básicos*), which sets forth: (i) the requirements that external independent auditors and must comply with; (ii) the norms and standards applicable to external audit work; (iii) the content of the external audit reports and other communications and opinions, prepared external independent auditors; and (iv) the rules regarding hiring, substitution, monitoring and evaluation of external audit work, among others.

MANAGEMENT

Directors

The Issuer's board of directors (the "Board") is comprised of nine members, four of whom are independent under the Securities Market Law. Directors are elected to a one-year term at the annual ordinary meeting of shareholders or until the person who replaces them takes office. Each member may be re-elected without term limits. The address of each director who is a not an independent member is c/o Total Play, Av. San Jerónimo 252, Colonia La Otra Banda, Postal Code 04519, Alcaldía de Coyoacán, Mexico City, Mexico.

The following table sets forth the names of the current directors, their ages as of September 30, 2024, and their positions and year of appointment:

Name	Age	Position	Director Since
Ricardo B. Salinas Pliego	68	Chairman	2003
Pedro Padilla Longoria	58	Member	2003
Jorge Mendoza Garza	73	Member	2010
Benjamín F. Salinas Sada[(1)]	41	Member	2010
María Laura Medina Espinosa[(2)]	54	Member	2020
Sergio M. Gutiérrez Muguerza	73	Independent Member	2020
Gonzalo Brockmann García	69	Independent Member	2020
Héctor M. Gómez Velasco y Sanromán	66	Independent Member	2020
Miguel Irurita Tomasena	59	Independent Member	2024

(1) Mr. Salinas Sada is Mr. Salinas Pliego's son.

(2) Mrs. Medina Espinosa is married to Mr. Salinas Pliego.

The following provides biographical information about the directors of Total Play.

Ricardo B. Salinas Pliego. Mr. Salinas Pliego has been Chairman of the board of directors of Total Play since 2003, Chairman of the Board of Directors of TV Azteca from 1993 to 2023 and Chairman of the Board of Grupo Elektra since 1993. Mr. Salinas Pliego also serves on the board of directors of several other Mexican companies. Mr. Salinas Pliego received a degree in accounting from the *Instituto Tecnológico y de Estudios Superiores de Monterrey* (ITESM) and a Master of Finance degree from the Freeman School of Business at Tulane University. In 2015, Mr. Salinas Pliego was distinguished as *Doctor Honoris Causa* by the *Universidad Autónoma de Guadalajara*.

Pedro Padilla Longoria. Mr. Padilla has served as a member of the board of directors of Total Play since 2003, director of TV Azteca since 1993 and was the Chief Executive Officer of Grupo Elektra between 1993 and 2000. Mr. Padilla served as Chief Executive Officer of TV Azteca from October 2001 to July 2004, and since July 2004 has been Chief Executive Officer of Grupo Salinas. Mr. Padilla also serves on the board of directors of Grupo Elektra and Banco Azteca, S.A. Mr. Padilla received a law degree from the *Universidad Nacional Autónoma de Mexico* (UNAM).

Jorge Mendoza Garza. Mr. Mendoza has served as a member of the board of directors of Total Play since 2010. Mr. Mendoza has served as Vice President of Information and Public Affairs at Grupo Salinas since 1994. Mr. Mendoza received a law degree from the *Universidad Autónoma de Nuevo Leon* (UANL) and a Master of Public Administration from the *Institut International d'Administration Publique* (INAP) in France. Mr. Mendoza also received a PhD in Constitutional Law and Public Institutions from the University of Paris II, La Sorbonne in France.

Benjamin Francisco Salinas Sada. Mr. Salinas Sada has served as a member of the board of directors of Total Play since 2010. Since January 2021, Mr. Salinas Sada has been Vice President of Grupo Salinas and, from 2015 to 2020, Mr. Salinas Sada served as TV Azteca's Chief Executive Officer. He previously worked for more than a decade in industries such as media, media production, marketing of goods, services and energy. Mr. Salinas Sada has been a member of the Strategic Executive Committee of Grupo Salinas during the last five years and has a bachelor's degree in financial management from the *Instituto Tecnológico y de Estudios Superiores de Monterrey* (ITESM).

María Laura Medina Espinosa. Mrs. Medina has served as a member of the board of directors of Total Play since 2020. Mrs. Medina has also served on the board of directors of Design Week México and, from 2004 to 2020, Mrs. Medina served as Chief Executive Officer of *Esencial*, a Mexican corporate and residential interior design firm. In addition, Mrs. Medina is the founder and Managing Partner of *Episodio,* a concept creation business for small- and large-scale company events.

Sergio Manuel Gutiérrez Muguerza. Mr. Gutiérrez has served as a member of the board of directors of Total Play since 2020. He has also served as Chief Executive Officer of Grupo Deacero, S.A.P.I. de C.V. and as member of the board of directors of TV Azteca, S.A.B. de C.V. and ING Comercial América, S.A. de C.V. Mr. Gutiérrez has a bachelor´s degree in industrial engineering from Purdue University in West Lafayette, Indiana.

Gonzalo Brockmann García. Mr. Brockmann has served as a member of the board of directors of Total Play since 2020. Mr. Brockmann is also a member of the board of directors of Grupo Elektra, S.A.B. de C.V. He was previously President of Best Western Hotels in Mexico, Central America and Ecuador and he is currently President of Hostels of America. Mr. Brockmann graduated from the *Universidad Anahuac* and holds an MBA from the University of Texas.

Héctor M. Gómez Velasco y Sanromán. Mr. Gómez has served as a member of the board of directors of Total Play since 2020. Mr. Gómez Velasco is also a member of the board of directors of Grupo Elektra, S.A.B. de C.V. He previously served as Chairman of Grupo NETEC, S.A. de C.V., an educational and technical consulting company. Mr. Gómez has a bachelor's degree in system engineering from *Universidad Iberoamericana* and holds an MBA from The Wharton School of Business at University of Pennsylvania.

Miguel Irurita Tomasena. Mr. Irurita has served as a member of the board of directors of Total Play since 2024. Mr. Irurita is also Chief Executive Officer of Vertrauen, a company dedicated to fiduciary services, trust protector, warranty agents, escrow agents and counsel services in the United States, Mexico and Spain and member of the board of *Fundación Appleseed México*. Mr. Irurita has been a law counsel and corporate attorney for over thirty-five years to national and international corporations. Member of law firms in Mexico and the United States, Mr. Irurita has a law degree from the *Universidad Panamericana,* a master degree from Columbia University in New York and a master degree in Canon Law from *Univeridad Internacional de la Rioja.*

Corporate Governance

Board of Directors and Committees

The Issuer is managed by a board of directors comprised of a maximum of 15 members and their respective alternates and at least 25% of the members of its board of directors is required to be independent. The Issuer's by-laws require its board of directors to comply with the following: (i) to carry out their role acting diligently, in good faith and in the best interest of the company and the entities it controls, seeking to create value for the benefit of the company without favoring any shareholder or group of shareholders; (ii) to notify the president and the secretary of the board of any conflict of interests and to abstain from the discussion relating to the conflict matter; (iii) to use the assets and services of the company only for the fulfillment of its purpose and to define clear policies related to the use of those assets and services for personal purposes; (iv) to maintain confidentiality of all information that can affect the business operations as well as all discussions that take place at the Board; (v) the members and their respective alternates must keep themselves informed about the matters discussed at the Board meetings; and (vi) to support the board of directors' decisions based on the analysis of its performance, professional criteria and by qualified independent personnel.

Decisions by the board of directors will be valid when taken by the majority of its members present at scheduled meetings. In the case of a tie, the President has a tie-breaking vote.

The Issuer's by-laws require that its board of directors maintain one or more committees, each comprised of at least three directors, covering related party transactions and audit and compensation. All members of these committees must be independent members of its board of directors. The members of the Audit and Corporate Practices Committee are Mr. Sergio Gutiérrez, Mr. Gonzalo Brockmann, Mr. Marcelino Gómez and Mr. Miguel Irurita.

Oversight of management and the conduct and performance of its business is the responsibility of the board of directors along with the Executive Committee of Total Play. The Executive Committee is comprised of members of

the board of directors and executive officers, such as the Chief Executive Officer, the Chief Financial Officer and the Chief Technology Officer. Also, the head of Internal Audit of Grupo Salinas, the Director of Finance and Administration of Grupo Salinas and the Chief Financial Officer of Grupo Salinas participate on such committee. Meetings of the Executive Committee are held at least once a month in order to review and discuss matters, such as the capital structure of Total Play, management and assessment of risks of its business and products, personnel and management compensation, internal and external audits, investments and capital expenditures, changes in technology and related party transactions.

Executive Officers

The following table sets forth the names of the Issuer's current executive officers, their ages as of September 30, 2024, their current positions and the year of appointment as an executive officer.

Name	Age	Position	Appointment
Eduardo Kuri Romo	54	Chief Executive Officer	2011
Alejandro Enrique Rodriguez Sánchez	48	Chief Financial Officer	2011
José Luis Rodríguez López	51	Chief Technology Officer	2012
Eduardo Ruiz Vega	54	Chief Legal Officer and Secretary of the Board of Directors (non-member)	2015
Mario Ramón Fernandez Loperena	54	Chief Commercial Officer Totalplay Residential	2020
Héctor Nava Cortinas	52	Chief Commercial Officer *Totalplay Empresarial*	2019
Oscar David Rojo Cervera	51	General Manager of the Integration Business	2018
Emilio Salas Fernandez	40	Chief Marketing Officer Totalplay Residential	2019
Karmen Valencia Cruickshank	50	Chief Marketing Officer *Totalplay Empresarial*	2016
Luis Octavio Sanchez Silva	45	Chief of Human Resources	2011

Eduardo Kuri Romo. Mr. Kuri has served as Chief Executive Officer of Total Play since 2011. Mr. Kuri also served as Chief Technology Officer and Chief Information Officer of Iusacell and TV Azteca for nine years respectively. Mr. Kuri has a bachelor's degree in electrical engineering from *Universidad La Salle* (ULSA) and completed the executive business program from *Instituto Panamericano de Alta Dirección de Empresa* (IPADE Business School).

Alejandro Enrique Rodríguez Sánchez. Mr. Rodríguez has served as Chief Financial Officer of Total Play since 2011. Mr. Rodríguez has also served as head of treasury, income and finance teams at Grupo Salinas. Mr. Rodríguez also has a trading and securities background including at ABN AMRO. Mr. Rodríguez has a bachelor's degree in business administration from the *Universidad Iberoamericana* and received a master in business administration from the Hult International Business School.

José Luis Rodríguez López. Mr. Rodríguez has served as Chief Technology Officer of Total Play since 2012. Before joining Total Play, Mr. Rodríguez served for sixteen years in executive roles across Grupo Salinas business units and carrier networks. Mr. Rodríguez received a bachelor's degree in electrical engineering from the *Universidad Nacional Autónoma de Mexico* (UNAM), and received a master in electrical engineering from Stanford University.

Eduardo Ruíz Vega. Mr. Ruíz Vega has served as Chief Legal Officer of Total Play since 2015 and as a Secretary of the board of directors (non-member) of Total Play since 2019. Mr. Ruíz received a law degree from the *Universidad Nacional Autónoma de Mexico* (UNAM), as well as an LLM from the New York University School of Law.

Mario Ramón Fernández Loperena. Mr. Fernández has served as Chief Commercial Officer of *Totalplay Residential* since April, 2020. Mr. Fernandez has significant experience with respect to commercial management in

the consumer goods and services sector. Mr. Fernández has a bachelor's degree in electrical engineering from *Universidad La Salle* (ULSA) and a master in business administration from the *Instituto Tecnológico y de Estudios Superiores de Monterrey* (ITESM).

Héctor Nava Cortinas. Mr. Nava has served as Chief Commercial Officer of *Totalplay Empresarial* since 2015. Before joining Total Play, Mr. Nava served as an executive and purchasing manager at Alcatel-Lucent. Mr. Nava has a bachelor's degree in electrical engineering and communications from the *Instituto Tecnológico y de Estudios Superiores de Monterrey* (ITESM) and received a master in business administration degree from the University of Phoenix.

Oscar David Rojo Cervera. Mr. Rojo has served as General Manager of Integration Business of Total Play since 2018. Before joining Total Play, Mr. Rojo served as General Manager of Sonda Mexico for nearly three years. Mr. Rojo has a bachelor in industrial engineering from *Universidad Iberoamericana*, and received a master in Business Administration and a certified course in Finance and Administration from the *Instituto Tecnológico y de Estudios Superiores de Monterrey* (ITESM) and completed the executive business program from *Instituto Panamericano de Alta Dirección de Empresa* (IPADE Business School).

Emilio Salas Fernandez. Mr. Salas has served as a Chief Marketing Officer of *Totalplay Residential* since 2019. Mr. Salas has also served for more than 10 years as a freelancer in advertising campaigns and marketing. Mr. Salas has a bachelor's degree in political science from the *Universidad Iberoamericana*, a master in administrative law from the *Universidad Panamericana*, as well as a certified course in Communication and Public Opinion from the *Universidad Nacional Autónoma de Mexico* (UNAM).

Karmen Valencia Cruickshank. Ms. Valencia has served as a Chief Marketing Officer of *Totalplay Empresarial* since 2016. Ms. Valencia has also served in advertising campaigns, product development and marketing in principal companies as Liverpool, Linio and Palacio de Hierro. Ms. Valencia has a bachelor's degree in communications science from *Instituto Tecnológico y de Estudios Superiores de Monterrey* (ITESM) and a master in marketing and fashion from Fashion Institute of Technology of the State University on New York.

Luis Octavio Sánchez Silva. Mr. Sánchez has served as Chief of Human Resources of Total Play since 2011. Mr. Sánchez has extensive experience in human resources and payroll teams in principal companies of other industries in Mexico. Mr. Sánchez has a bachelor's degree on Public Accounting from *Instituto Tecnológico Autónomo de México* (ITAM) and a certified course on Management Skills from ITAM.

Compensation of Directors and Officers

Our total compensation for approximately 272 executive officers, key personnel and senior management was approximately Ps.562 million (U.S.$29 million) for the year ended December 31, 2024.

Our executive officers are entitled to receive annual base salaries and performance bonuses. The amount of the performance bonus and the rules applicable vary among the different business units and/or executive officers. The amounts payable under the performance bonus plan depends on the results achieved by the Company and include certain qualitative and/or quantitative objectives that relate to revenue and/or EBITDA, budgets, market share, among others. The target bonus is set at approximately two times the annual base salary.

Members of the board of directors who are not independent members do not receive compensation for their service as members of the board of directors. Independent members of the board of directors receive Ps.60,000 (approximately U.S.$3,057) for each board meeting that they attend and Ps.30,000 (approximately U.S.$1,528) for each committee meeting that they attend.

PRINCIPAL SHAREHOLDERS

Principal Shareholders

The following table sets forth certain information concerning beneficial ownership of the shares of Total Play ("*Shares*") as of September 30, 2024 with respect to each shareholder known by Total Play to beneficially own, directly or indirectly, more than 5% of the outstanding Shares.

Shareholder	Number of Shares beneficially owned	Percentage
Ricardo B. Salinas Pliego[(1)]	39,780,617	98.8%

(1) The Shares owned by Mr. Salinas are held, indirectly, as follows: (i) 51.3% by the Irrevocable Security Trust No. F/1410 (all Series "A" and "AA" shares), and (ii) 47.5% by Carey Propco Investments S.L.U. (all Series "L" shares).

On September 25, 2023, Corporación RBS in its capacity as settlor and beneficiary, contributed to an administration trust identified as F/1402, whose trustee is *Banco Azteca S.A., Institución de Banca Múltiple, Dirección Fiduciaria* (the "F/1402 Trust"), all of its "A" and "AA" shares in Total Play. The purposes of the trust are, among others, to maintain and manage the shares in Total Play of Corporación RBS, including the possibility to guarantee Corporación RBS or third-party obligations and the power to establish collateral trusts. Corporación RBS retained the corporate and economic rights derived from the Shares and reserved the right to revert the assets of the trust.

On that same date and in order to guarantee obligations of Corporación RBS derived from a certain credit agreement entered into by the latter with *Banco Azteca, S.A., Institución de Banca Múltiple* on March 6, 2020, Trust F/1402, in its capacity as settlor and second place beneficiary, transferred as collateral, all of the shares of which Trust F/1402 was holder of in favor of the Irrevocable Security Trust No. F/1410 (the "F/1410 Trust") whose trustee is *Banco Azteca, S.A., Institución de Banca Múltiple, Dirección Fiduciaria*. As long as the trustee of the F/1410 Trust has not been notified of any breach by Corporación RBS to its payment obligations under the credit agreement, the F/1402 Trust continues to exercise the economic and corporate rights that correspond to the Shares. Corporación RBS reserved the right to revert the trust assets, a reversal that can only be carried out if the credit has been paid in full.

Ricardo B. Salinas Pliego currently has the power to determine the outcome of substantially all actions requiring shareholder approval, including the power to elect a majority of our directors and to determine whether or not dividends will be paid.

Capital Stock

The capital stock of Total Play is variable and, as of September 30, 2024 the authorized and outstanding capital stock, amounted to Ps.8,201 million (U.S.$418 million). There are three classes of shares:

Series "A" and Series "AA" shares are common, ordinary, nominative shares, without par value, that represent both the fixed and variable share capital, respectively, of Total Play and have the following characteristics:

(a) Have full voting rights.

(b) Are entitled to a cumulative preferred dividend, up to an amount equivalent to 5% of EBITDA, reported in the fiscal years from 2022 to 2025, and as determined by the shareholders' meeting.

(c) Are entitled to preference in payment of dividends. Total Play will not pay any dividend to holders of shares other than Series "A" and "AA" shares until the dividend referred to in paragraph (b) above is fully paid to holders of the Series "A" and "AA" shares.

Series "L" shares are shares without par value with limited voting rights, that represent the variable share capital of Total Play and have the following characteristics:

(a) Are only entitled to the payment of dividends when the preferred dividend payable to Series "A" and "AA" shares has been paid in full.

(b) Limited Voting Rights: Series "L" shares have no voting rights except with respect to the following matters: (i) modification of the characteristics and rights of the Series "L" shares; (ii) early dissolution of the company; (iii) change of jurisdiction of organization of the company; (iv) spin-off; and (v) merger with another company. Notwithstanding their non-voting status, Series "L" shareholders will have the right to attend the shareholders meeting with voice but without vote.

As of September 30, 2024, the Company's authorized and outstanding capital stock consisted of 88,815 Series "A" shares that represent Ps.10,000,000 of the fixed portion of the capital stock of the Company, and 21,037,407 Series "AA" shares and 19,138,875 Series "L" shares that together represent Ps.8,190,932,696.89 of the variable portion of the capital stock of the Company.

The following table sets forth, certain information with respect to the shares of the Company, as of September 30, 2024:

	Number of Shares	
Type of Shares	**Fixed Portion**	**Variable Portion**
Series "A" Common Shares	88,815	—
Series "AA" Common Shares	—	21,037,407
Series "L" Shares	—	19,138,875
Subtotal	88,815	40,176,282
TOTAL	**40,265,097**	

Dividends

The declaration, amount and payment of dividends of Total Play are determined by majority vote of the holders of the Series "A" and "AA" shares and generally, but not necessarily, on the recommendation of the Board. Dividends, if any, are declared in the first four months of the year based on audited financial statements for the preceding fiscal year. The amount of any such dividend would depend on, among other things, the operating results, financial condition and capital requirements and general business conditions.

Under Total Play's bylaws and the Mexican General Corporate Law, the net income of the company is applied as follows:

At the annual ordinary general meeting of shareholders, the Board submits the financial statements for the previous fiscal year, together with the report thereon by the Board, to the shareholders of Shares for approval. Once the financial statements have been approved by the holders, they determine the allocation of net income for the preceding year. They are required by law to allocate at least 5% of such net income to a legal reserve, which is not available for distribution except as a stock dividend, until the amount of the legal reserve equals 20% of the historical capital stock (before the effect of restatement). Thereafter, the holders of Series "A" and "AA" shares may determine and allocate a certain percentage of net income to any general or special reserve, including a reserve for open-market purchases of the shares. As of September 30, 2024, the legal reserve was Ps.183 million (U.S.$9 million).

RELATED PARTY TRANSACTIONS

Historically, Total Play has engaged, and expects to continue to engage, in a variety of transactions with its affiliates, including entities owned or controlled by Mr. Ricardo B. Salinas Pliego, our controlling shareholder. While we do not have any formal corporate governance procedures or policies that we are required to follow to ensure that transactions with affiliates are entered into on terms that are at least as favorable to us as those that would be obtainable at the time for a comparable transaction or series of similar transactions in arm's-length dealings with an unrelated third person, we do undertake a transfer pricing analysis in accordance with Mexican tax regulations to help ensure that the price paid in any such transaction is fair to us and our affiliated counterparty.

Agreements with Grupo Elektra

Total Play has entered into several contracts with indefinite duration with Grupo Elektra for the provision of voice, data, connectivity, monitoring and management of last mile equipment (broadband connection), corporate Internet, networks, fixed telephony and rental of dedicated links. The rates charged depend on the destination of the call or the link capacity.

In turn, Grupo Elektra offers Total Play payment receipt services for the services that Total Play provides to its customers and provides administrative services and occasional short-term loans.

For these services, Total Play recorded the following transactions for the aforementioned items, for the nine months ended September 30, 2024 and 2023 and the years ended December 31, 2023, 2022 and 2021:

	Nine Months Ended September 30,			Year Ended December 31,			
	2024	2024	2023	2023	2023	2022	2021
	(U.S.$)[1]	(Ps.)	(Ps.)	(U.S.$)[1]	(Ps.)	(Ps.)	(Ps.)
		(unaudited)		(in millions)			
Revenues from services	23	456	427	29	566	537	477
Cost and expenses	(11)	(209)	(120)	(12)	(226)	(99)	(34)
Purchase of fixed assets	—	—	—	—	—	—	(7)
Unearned revenue	—	4	134	1	17	—	—
Prepaid expenses	(7)	(129)	—	(9)	(174)	(200)	—

(1) Solely for the convenience of the reader, peso amounts for the nine months ended September 30, 2024 and for the year ended December 31, 2023 have been translated into U.S. dollars at the Mexican Central Bank Exchange Rate on September 30, 2024 of Ps.19.6290 per U.S.$1.00. See "Exchange Rates and Exchange Controls."

Agreements with TV Azteca

Total Play and TV Azteca, S.A.B. de C.V. ("*TV Azteca*") have entered into agreements, through which the parties provide to each other telecommunication services, advertising, administrative, technical, financial analysis, accounting, legal and financial assistance, and administration and preparation of specific plans for development, commercial, industrial or technical business and support services of the operation of each of the parties, as well as other services related to the corporate purpose of each of the parties, against payment of consideration.

Pursuant to these agreements, Total Play recorded the following transactions for these services for the nine months ended September 30, 2024 and 2023 and the years ended December 31, 2023, 2022 and 2021.

	Nine Months Ended September 30,			Year Ended December 31,			
	2024	2024	2023	2023	2023	2022	2021
	(U.S.$)[1]	(Ps.)	(Ps.)	(U.S.$)[1]	(Ps.)	(Ps.)	(Ps.)
				(in millions)			
	(unaudited)						
Revenues from services	3	53	30	2	37	85	99
Cost and expenses	(11)	(209)	(199)	16	(317)	(418)	(383)
Purchase of fixed assets	(1)	(14)	(13)	(1)	(18)	(17)	(29)
Unearned revenue	—	—	—	—	—	—	6

(1) Solely for the convenience of the reader, peso amounts for the nine months ended September 30, 2024 and for the year ended December 31, 2023 have been translated into U.S. dollars at the Mexican Central Bank Exchange Rate on September 30, 2024 of Ps.19.6290 per U.S.$1.00. See "Exchange Rates and Exchange Controls."

Agreements with Boff

Total Play and Procesos Boff, S. de R.L. de C.V. have entered into agreements, through which the parties provide to each other telecommunication services, and administrative services of the operation of each of the parties, as well as other services related to the corporate purpose of each of the parties, against payment of consideration.

Pursuant to these agreements, Total Play recorded the following transactions for these services for the nine months ended September 30, 2024 and 2023 and the years ended December 31, 2023, 2022 and 2021.

	Nine Months Ended September 30,			Year Ended December 31,			
	2024	2024	2023	2023	2023	2022	2021
	(U.S.$)[1]	(Ps.)	(Ps.)	(U.S.$)[1]	(Ps.)	(Ps.)	(Ps.)
				(in millions)			
	(unaudited)						
Cost and expenses	—	—	—	—	—	(51)	(180)

(1) Solely for the convenience of the reader, peso amounts for the nine months ended September 30, 2024 and for the year ended December 31, 2023 have been translated into U.S. dollars at the Mexican Central Bank Exchange Rate on September 30, 2024 of Ps.19.6290 per U.S.$1.00. See "Exchange Rates and Exchange Controls."

Agreements with Totalsec

Total Play and Totalsec, S.A. de C.V. have entered into agreements, through which the parties provide to each other telecommunication services and administrative services of the operation of each of the parties, as well as other services related to the corporate purpose of each of the parties, against payment of consideration.

Pursuant to these agreements, Total Play recorded the following transactions for these services for the nine months ended September 30, 2024 and 2023 and the years ended December 31, 2023, 2022 and 2021.

	Nine Months Ended September 30,			Year Ended December 31,			
	2024	2024	2023	2023	2023	2022	2021
	(U.S.$)[1]	(Ps.)	(Ps.)	(U.S.$)[1]	(Ps.)	(Ps.)	(Ps.)
				(in millions)			
	(unaudited)						
Revenues from services	—	—	—	—	1	—	—
Cost and expenses	(11)	(209)	(102)	(12)	(237)	(41)	(109)
Interest expense	—	(9)	—	—	—	—	—
Purchase of fixed assets	(5)	(107)	(231)	(14)	(283)	(326)	(197)

(1) Solely for the convenience of the reader, peso amounts for the nine months ended September 30, 2024 and for the year ended December 31, 2023 have been translated into U.S. dollars at the Mexican Central Bank Exchange Rate on September 30, 2024 of Ps.19.6290 per U.S.$1.00. See "Exchange Rates and Exchange Controls."

Agreements with AIA

Total Play and Arrendadora Internacional Azteca, S.A. de C.V. ("*AIA*") have entered into agreements, pursuant to which AIA provided us financing, factoring, administrative services, and leasing services.

Pursuant to these agreements, Total Play recorded the following transactions for these services for the nine months ended September 30, 2024 and 2023 and the years ended December 31, 2023, 2022 and 2021.

	Nine Months Ended September 30,			Year Ended December 31,			
	2024	2024	2023	2023	2023	2022	2021
	(U.S.$)[1]	(Ps.)	(Ps.)	(U.S.$)[1]	(Ps.)	(Ps.)	(Ps.)
				(in millions)			
	(unaudited)						
Cost and expenses	—	—	(10)	—	(10)	(50)	—
Interest expense	—	—	—	—	—	—	(8)
Purchase of fixed assets	—	—	—	—	—	(74)	(96)

(1) Solely for the convenience of the reader, peso amounts for the nine months ended September 30, 2024 and for the year ended December 31, 2023 have been translated into U.S. dollars at the Mexican Central Bank Exchange Rate on September 30, 2024 of Ps.19.6290 per U.S.$1.00. See "Exchange Rates and Exchange Controls."

Agreements with ACC

In 2021, Total Play and Azteca Comunicaciones Colombia S.A.S. ("*ACC*") have entered into a lease agreement, pursuant to which Total Play provides network equipment leasing services. In 2023 and 2022 Total Play granted a loan to ACC.

Pursuant to these agreements, Total Play recorded the following transactions for these services for the nine months ended September 30, 2024 and 2023 and the years ended December 31, 2023, 2022 and 2021.

	Nine Months Ended September 30,			Year Ended December 31,			
	2024	2024	2023	2023	2023	2022	2021
	(U.S.$)[1]	(Ps.)	(Ps.)	(U.S.$)[1]	(Ps.)	(Ps.)	(Ps.)
				(in millions)			
	(unaudited)						
Revenues from services	—	—	—	—	—	—	22
Cost and expenses	—	—	—	—	—	—	(14)
Interest gain	1	20	8	1	13	1	9
Purchase of fixed assets	—	—	—	—	—	—	(60)
Loans	—	—	85	9	171	78	—

(1) Solely for the convenience of the reader, peso amounts for the nine months ended September 30, 2024 and for the year ended December 31, 2023 have been translated into U.S. dollars at the Mexican Central Bank Exchange Rate on September 30, 2024 of Ps.19.6290 per U.S.$1.00. See "Exchange Rates and Exchange Controls."

Total Play also engages in less significant transactions with other companies of Grupo Salinas that include insurance from Seguros Azteca and banking services, such as bank accounts with Banco Azteca. From time to time, Total Play's parent company, Corporación RBS, provides collateral in the form of shares pledges for certain financing agreements. As consideration of such collateral, Total Play pays Corporación RBS between 2.00% and 2.25% of the amount collateralized.

DESCRIPTION OF PRINCIPAL EXISTING INDEBTEDNESS

Our total indebtedness as of September 30, 2024, was Ps.58,550 million (U.S.$2,984 million), which includes transaction costs of Ps.510 million (U.S.$26 million). This indebtedness are peso-denominated, except for the Export and Import Bank of China Financing Facility Agreement, a lease of Cisco Capital, our Senior Notes due 2025, our Senior Secured Notes due 2028 and our Existing Notes. Except for the irrevocable conveyance of Accounts Receivable Collection Rights by Total Play and Total Box to the Irrevocable Management and Source of Payment Master Trust No. 1136 (as partially or fully amended and/or restated, the "Master Trust") our assets are unencumbered as of the date of this Exchange Offer and Consent Solicitation Memorandum.

As of September 30, 2024, Total Play's indebtedness has been used to fund the maintenance of the network, acquisition of subscribers, purchase of equipment, working capital and to repay outstanding debt. Such loans, debt facilities and issuances were obtained from a wide array of financial institutions, including foreign and domestic banks, non-bank financial institutions (*sociedades financieras de objeto múltiple*, or "SOFOMs"), *Cebures* issued through the Mexican stock exchange, and our Senior Notes due 2025, Senior Secured Notes due 2028 and Existing Notes, which were issued in transactions exempt from the registration requirements of the Securities Act.

On May 25, 2017, Total Play, together with Total Box, irrevocably transferred to the Master Trust all of their respective collection rights to present and future account receivables related to contracts and services rendered to their respective customers in the ordinary course of their business. The Master Trust owns and will own all present and future account receivables of Total Play and Total Box and will also serve as a collection vehicle of such accounts receivable. Within the Master Trust, certain collection rights and their related cash flows are earmarked to meet debt service obligations of Total Play under several outstanding credit facilities that are supported by the Master Trust.

The amount required to pay debt service under each credit facility for a specified period of time (which ranges between 1-2 months depending on the terms of the particular credit facility) must remain in the Master Trust and all excess amounts flow to Total Play and Total Box. The indebtedness related to this Master Trust pursuant to certain credit facilities described below. For reference purposes, during the month of September 2024, Ps.2,080 million (U.S.$101 million) of cash flowed through the Master Trust in connection with the credit facilities, representing approximately 54% of Total Play's total monthly collections for such month.

The main covenants of the credit facilities described in this section include, generally: (i) compliance with laws; (ii) compliance with periodical reports of financial information; (iii) maintenance of licenses, authorizations, concessions and permits; (iv) submission of reports and notices of any litigation, insolvency and other proceedings, including labor conflicts that may have a material adverse effect; (v) submission of notices of any, merger, material acquisition or corporate restructuring; (vi) payment of taxes; (vii) inspection rights; (viii) maintenance of financial covenants; and (ix) capital reduction. Such facilities also include, generally, events of default, such as, non-payment, misrepresentation, breaches of covenants, cross-default, among others, and standard representations and warranties.

Credit Facilities related to the Master Trust

Each credit facility described below includes as part of its structure an irrevocable administration trust that received a trust certificate issued in its favor by the trustee of the Master Trust. The trust certificate entitles the irrevocable administration trust and, consequently, the respective lender, as first place beneficiary under such trust, to receive collections pursuant to the trust certificate and the Master Trust. The underlying assets of each trust certificate are comprised of a specific portfolio of the present and future unencumbered collection rights related to accounts receivables. Creditors under each of these credit facilities have a preferred claim against the Master Trust with respect to such portfolio. The main purpose of this structure is for the irrevocable administration trust to serve as a payment mechanism to service the debt under the credit facility.

ICEL Universidad Credit Facility

On September 11, 2019, Total Play entered into a credit agreement with ICEL Universidad, S.C. The agreement was amended on January 6, 2020, on June 4, 2020 and on March 31, 2021 in order to extend the maturity date and to set up a fixed interest rate. This credit agreement is in the principal amount of up to Ps.2,537 million (U.S.$129 million) with a 10% per annum fixed interest rate, payable on a monthly basis, to finance our working capital. The availability of funds under this credit agreement is discretionary on the part of the lender. The maturity date of the

facility is March 31, 2033 and it has a full amortization at maturity. As of September 30, 2024, the full amount of the facility was drawn and outstanding under this credit agreement.

Postulando Ideas Credit Facilities

On December 20, 2019, Total Play entered into a credit agreement with Postulando Ideas, S.A. de C.V. The agreement was amended on May 18, 2020, on March 31, 2021, on April 13, 2021, on July 30, 2021 and on April 18, 2022 in order to extend the maturity date, to set up a fixed interest rate and to increase the principal amount. This credit agreement is in the principal amount of up to Ps.1,447 million (U.S.$74 million) with a 10% per annum fixed interest rate, payable on a monthly basis, to finance our working capital. The availability of funds under this credit agreement is discretionary on the part of the lender. The maturity date of the facility is March 31, 2033 and it has a full amortization at maturity.

On November 3, 2022, Total Play entered into a credit agreement with Postulando Ideas, S.A. de C.V. The agreement was amended on July 2, 2023 in order to extend maturity date and to set up a fixed interest rate. This credit agreement is in the principal amount of up to Ps.400 million (U.S.$20 million) with a 15.35% per annum fixed interest rate, payable on a monthly basis, to finance our working capital. The availability of funds under this credit agreement is discretionary on the part of the lender. The maturity date of the facility is July 2, 2028 and it has a full amortization at maturity.

As of September 30, 2024, the full amounts of the foregoing facilities were drawn and outstanding under the above-described credit agreements.

Desarrollo JNG Coyoacán Credit Facility

On December 20, 2019, Total Play entered into a credit agreement with Desarrollo JNG Coyoacán, S.A. de C.V. The agreement was amended on May 18, 2020, on March 31, 2021 and on April 13, 2021, on July 30, 2021 and on April 18, 2022 in order to extend the maturity date, to set up a fixed interest rate and to increase the principal amount. This credit agreement is in the principal amount of up to Ps.1,165 million (U.S.$59 million) with a 10% per annum fixed interest rate, payable on a monthly basis, to finance our working capital. The availability of funds under this credit agreement is discretionary on the part of the lender. The maturity date of the facility is March 31, 2033 and it has a full amortization at maturity.

On October 17, 2022, Total Play entered into a credit agreement with Desarrollo JNG Coyoacán, S.A. de C.V. This credit agreement is in the principal amount of up to Ps.185 million (U.S.$9 million) with a 12.65% per annum fixed interest rate, payable on a monthly basis, to finance our working capital. The availability of funds under this credit agreement is discretionary on the part of the lender. The maturity date of the facility is March 31, 2033 and it has a full amortization at maturity.

On November 3, 2022, Total Play entered into a credit agreement with Desarrollo JNG Coyoacán, S.A. de C.V. The agreement was amended on July 2, 2023 in order to extend maturity date and to set up a fixed interest rate. This credit agreement is in the principal amount of up to Ps.300 million (U.S.$15 million) with a 15.35% per annum fixed interest rate, payable on a monthly basis, to finance our working capital. The availability of funds under this credit agreement is discretionary on the part of the lender. The maturity date of the facility is July 2, 2028 and it has a full amortization at maturity.

As of September 30, 2024, the full amounts of the foregoing facilities were drawn and outstanding under the above-described credit agreements.

Negocios y Visión Credit Facilities

On December 20, 2019, Total Play entered into a credit agreement with Negocios y Visión en Marcha, S.A. de C.V. The agreement was amended on May 18, 2020, on March 31, 2021, on April 13, 2021 and on July 30, 2021 in order to extend the maturity date, to set up a fixed interest rate and to increase the principal amount. This credit agreement is in the principal amount of up to Ps.955 million (U.S.$49 million) with a 10% per annum fixed interest rate, payable on a monthly basis, to finance our working capital. The availability of funds under this credit agreement is discretionary on the part of the lender. The maturity date of the facility is March 31, 2033 and it has a full amortization at maturity.

On November 3, 2022, Total Play entered into a credit agreement with Negocios y Visión en Marcha, S.A. de C.V. The agreement was amended on July 2, 2023 in order to extend maturity date and to set up a fixed interest rate. This credit agreement is in the principal amount of up to Ps.130 million (U.S.$7 million) with a 15.35% per annum fixed interest rate, payable on a monthly basis, to finance our working capital. The availability of funds under this credit agreement is discretionary on the part of the lender. The maturity date of the facility is July 2, 2028 and it has a full amortization at maturity.

As of September 30, 2024, the full amounts of the foregoing facilities were drawn and outstanding under the above-described credit agreements.

Interpretaciones Económicas Credit Facilities

On December 20, 2019, Total Play entered into a credit agreement with Interpretaciones Económicas, S.A. de C.V. The agreement was amended on May 18, 2020, on March 31, 2021, on April 13, 2021, on July 30, 2021 and on April 18, 2022 in order to extend the maturity date, to set up a fixed interest rate and to increase the principal amount. This credit agreement is in the principal amount of up to Ps.1,095 million (U.S.$56 million) with a 10% per annum fixed interest rate, payable on a monthly basis, to finance our working capital. The availability of funds under this credit agreement is discretionary on the part of the lender. The maturity date of the facility is March 31, 2033 and it has a full amortization at maturity.

On October 17, 2022, Total Play entered into a credit agreement with Interpretaciones Económicas, S.A. de C.V. This credit agreement is in the principal amount of up to Ps.178 million (U.S.$9 million) with a 12.65% per annum fixed interest rate, payable on a monthly basis, to finance our working capital. The availability of funds under this credit agreement is discretionary on the part of the lender. The maturity date of the facility is March 31, 2033 and it has a full amortization at maturity.

On November 3, 2022, Total Play entered into a credit agreement with Interpretaciones Económicas, S.A. de C.V. The agreement was amended on July 2, 2023 in order to extend maturity date and to set up a fixed interest rate. This credit agreement is in the principal amount of up to Ps.140 million (U.S.$7 million) with a 15.35% per annum fixed interest rate, payable on a monthly basis, to finance our working capital. The availability of funds under this credit agreement is discretionary on the part of the lender. The maturity date of the facility is July 2, 2028 and it has a full amortization at maturity.

As of September 30, 2024, the full amounts of the foregoing facilities were drawn and outstanding under the above-described credit agreements.

Inmobiliaria Ciudad Sol Credit Facility

On December 20, 2019, Total Play entered into a credit agreement with Inmobiliaria Ciudad Sol Guadalajara, S.A. de C.V. The agreement was amended on May 18, 2020, on March 31, 2021, on April 13, 2021, on July 30, 2021 and on April 18, 2022 in order to extend the maturity date, to set up a fixed interest rate and to increase the principal amount. This credit agreement is in the principal amount of up to Ps.1,015 million (U.S.$52 million) with a 10% per annum fixed interest rate, payable on a monthly basis, to finance our working capital. The availability of funds under this credit agreement is discretionary on the part of the lender. The maturity date of the facility is March 31, 2033 and it has a full amortization at maturity.

On October 17, 2022, Total Play entered into a credit agreement with Inmobiliaria Ciudad Sol Guadalajara, S.A. de C.V. This credit agreement is in the principal amount of up to Ps.170 million (U.S.$9 million) with a 12.65% per annum fixed interest rate, payable on a monthly basis, to finance our working capital. The availability of funds under this credit agreement is discretionary on the part of the lender. The maturity date of the facility is March 31, 2033 and it has a full amortization at maturity.

On November 3, 2022, Total Play entered into a credit agreement with Inmobiliaria Ciudad Sol Guadalajara, S.A. de C.V. The agreement was amended on July 2, 2023 in order to extend the maturity date and to set up a fixed interest rate. This credit agreement is in the principal amount of up to Ps.200 million (U.S.$10 million) with a 15.35% per annum fixed interest rate, payable on a monthly basis, to finance our working capital. The availability of funds under this credit agreement is discretionary on the part of the lender. The maturity date of the facility is July 2, 2028 and it has a full amortization at maturity.

As of September 30, 2024 the full amounts of the foregoing facilities were drawn and outstanding under the above-described credit agreements.

Desarrollo JNG Azcapotzalco Credit Facility

On December 20, 2019, Total Play entered into a credit agreement with Desarrollo JNG Azcapotzalco, S.A. de C.V. The agreement was amended on May 18, 2020, on March 31, 2021, on April 13, 2021, on July 30, 2021 and on April 18, 2022 in order to extend the maturity date, to set up a fixed interest rate and to increase the principal amount. This credit agreement is in the principal amount of up to Ps.1,078 million (U.S.$55 million) with a 10% per annum fixed interest rate, payable on a monthly basis, to finance our working capital. The availability of funds under this credit agreement is discretionary on the part of the lender. The maturity date of the facility is March 31, 2033 and it has a full amortization at maturity.

On October 17, 2022, Total Play entered into a credit agreement with Desarrollo JNG Azcapotzalco, S.A. de C.V. This credit agreement is in the principal amount of up to Ps.176 million (U.S.$9 million) with a 12.65% per annum fixed interest rate, payable on a monthly basis, to finance our working capital. The availability of funds under this credit agreement is discretionary on the part of the lender. The maturity date of the facility is March 31, 2033 and it has a full amortization at maturity.

On November 3, 2022 Total Play entered into a credit agreement with Desarrollo JNG Azcapotzalco, S.A. de C.V. The agreement was amended on July 2, 2023 in order to extend maturity date and to set up a fixed interest rate. This credit agreement is in the principal amount of up to Ps.140 million (U.S.$7 million) with a 15.35% per annum fixed interest rate, payable on a monthly basis, to finance our working capital. The availability of funds under this credit agreement is discretionary on the part of the lender. The maturity date of the facility is July 2, 2028 and it has a full amortization at maturity.

As of September 30, 2024, the full amounts of the foregoing facilities were drawn and outstanding under the above-described credit agreements.

FGS Credit Facilities

Since September 2016, FGS Bridge, S.A.P.I, de C.V. invested in the issuance of a trust certificate under the Master Trust and in favor of Banco Azteca, IBM, as trustee of the trust F/1123. As of September 30, 2024, the total amount outstanding under this issuance was Ps.5,700 million (U.S.$290 million) with a TIIE plus 300 basis points per annum variable ordinary interest with a four-year maturity period and three-year amortization period. The funds obtained were used to finance general working capital expenses.

QH Credit Facilities

Since June 2018, QH Productos Estructurados, S.A.P.I. de C.V. invested in the issuance of a trust certificate under the Master Trust and in favor of Banco Azteca, IBM, as trustee of the trust F/1177. As of September 30, 2024, the total amount outstanding under this issuance was Ps.7,638 million (U.S.$390 million) with a TIIE plus 300 basis points per annum variable ordinary interest with a four-year maturity period and three-year amortization period. The funds obtained were used to finance general working capital expenses.

Export and Import Bank of China Financing Facility Agreement

On June 29, 2020, Total Play entered into a credit agreement with the Export and Import Bank of China, Shenzhen Branch in the principal amount of up to CNY1,050 million (U.S.$375 million) with a 5.5% per annum fixed interest rate, to finance certain goods and services related to the expansion project of +2 millions homes passed that took place during the 18 months ended June 30, 2020. The availability of funds under the credit agreement is discretionary on the part of the lender and the facility has a seven-year maturity period and five-year amortization period. This credit agreement was executed by Corporación RBS as joint obligor and is secured by a securities pledge agreement (*contrato de prenda bursátil*) granted by Corporación RBS over Grupo Elektra shares held by it. As of September 30, 2024, borrowings of CNY615 million (U.S.$88 million) were outstanding under this credit agreement.

Invex Credit Facility

On June 28, 2021, Total Play entered into a credit agreement with Banco Invex, S.A. Institución de Banca Múltiple, Invex Grupo Financiero. This credit agreement is in the principal amount of up to Ps.700 million (U.S.$36

million) with a TIIE plus 4.40% per annum variable ordinary interest rate with a four-year maturity and amortization period, payable on a monthly basis. The availability of funds under this credit agreement is discretionary on the part of the lender. As of September 30, 2024, a total of Ps.340 million (U.S.$17 million) was outstanding under this credit agreement.

Mexican Private Exchange of Senior Notes due 2025

On February 20, 2024, the Company entered into certain exchange agreements (the "Exchange Agreements") with two Mexican investment funds (collectively, the "Mexican Funds"), whose trustee is Banco Azteca, S.A., Institución de Banca Múltiple ("Banco Azteca"), pursuant to which the Mexican Funds exchanged an aggregate principal amount of U.S.$213.5 million of the Senior Notes due 2025 for new senior secured promissory notes (the "Mexican Promissory Notes" and, together with the Exchange Agreements, the "Exchange Documents") issued in a private exchange under the laws of Mexico. Under the terms of the Exchange Documents, the Mexican Funds are entitled to receive quarterly principal and premium payments over the course of approximately five years in an aggregate amount equal to U.S.$213.5 million and interest payments on principal at an annual rate of 10.5%, payable on a quarterly basis in arrears in March, June, September and December of each year, commencing on June 30, 2024. The maturity date of the Mexican Promissory Notes is December 31, 2028, subject to earlier repayment at the option of the Company or as a result of the occurrence of the Mexican Promissory Notes Springing Maturity (as defined below). The Exchange Documents are governed by Mexican law, incorporate by reference the affirmative and negative covenants in the indenture governing the Senior Notes due 2025 (as amended from time to time), benefit from being paid on a level two basis under the Master Trust, and will have a preferred and exclusive claim against the Master Trust's waterfall in respect of certain cash flows derived from a specific earmarked account receivables portfolio under the Master Trust. See "Description of the New Notes—Security" for a description of the Master Trust and the waterfall of payments thereunder.

The Mexican Promissory Notes are not listed on any securities exchange and are not fungible with the Senior Notes due 2025, the Senior Secured Notes due 2028, the Existing Notes, the New Notes or any other securities issued by the Company.

While Banco Azteca and the Company are entities under common control, under Mexican law, the Mexican Funds are deemed to be independent and not under common control with the Company.

Principal, Premium and Interest Payments

The Mexican Promissory Notes are denominated in U.S. dollars; however, all payments on the Mexican Promissory Notes will be made in the Mexican peso equivalent of the U.S. dollar amounts due and payable, based on the exchange rate published in the Official Gazette on the last business day of the quarterly period immediately preceding each payment date.

Payments of principal and premium will be made in 12 quarterly installments, each equivalent to 5% during 2026, 7.5% during 2027 and 12.5% during 2028 of the total principal and quarterly premium payable under the Exchange Documents, commencing on March 31, 2026, with a final payment and maturity on December 31, 2028; provided that, if (x) the Company breaches any of its obligations under the Exchange Agreements and such breach is not cured within the following 15 business days, (y) a cross-acceleration event exists regarding any payment obligation(s) of the Company in an amount equal to or exceeding U.S.$20 million, or (z) U.S.$180 million or more aggregate principal amount of the Existing Notes remains outstanding on May 31, 2028; then the remaining unpaid amounts under the Exchange Agreements will be payable in full by the Company and, upon demand by the holders thereof, pursuant to the Mexican Promissory Notes (the "Mexican Promissory Notes Springing Maturity").

Voluntary Prepayment

The Company may, at its option, prepay any amounts (including principal, interest and premium) due under the Exchange Documents (i) on or after July 1, 2025 until June 30, 2026 with a pre-payment premium of 5.25% of the amount being prepaid; (ii) on or after July 1, 2026 until June 30, 2027 with a pre-payment premium of 2.625% of the amount being prepaid; and (iii) on or after July 1, 2027 without any additional premium or penalty. The Company may not prepay any amounts due under the Exchange Documents prior to July 1, 2025 and any prepayments, regardless of whether due within 12 months from the payment date, will be subject to the respective pre-payment premiums

Security and Collateral

The Mexican Funds (through Banco Azteca, S.A., Institución de Banca Múltiple, in its capacity as trustee under trust F/1433) will have a preferred and exclusive claim against the Master Trust in respect of certain cash flows derived from a specific earmarked account receivables portfolio under the Master Trust pursuant to a trust certificate issued by the Master Trust (the "Private Exchange Collateral"). As of the date of issuance of the Mexican Promissory Notes, the earmarked accounts provided for a Fixed Charge Coverage Ratio of 1.30:1.00 pursuant to the Private Exchange Collateral. The Private Exchange Collateral is separate from the Pledged Accounts and their related cash flows from earmarked accounts under the Noteholders Trust. See "Description of the New Notes—Securities—Mexican Trust Arrangements" for information relating to the Pledged Accounts relating to the New Notes offered hereby.

Principal, premium and interest payable by the Company under the Exchange Documents are the Company's senior secured obligations and will: (i) be effectively senior to the Company's other indebtedness (including the Existing Notes, the Senior Secured Notes due 2028 and the New Notes) to the extent of the value of the Private Exchange Collateral; (ii) to the extent not secured by the Private Exchange Collateral, be effectively subordinated to all of the Company's existing and future secured indebtedness (including the New Notes and the Senior Secured Notes due 2028) to the extent of the value of the assets securing such indebtedness (iii) to the extent not secured by the Private Exchange Collateral, rank at least equal in right of payment with all of the Company's existing and future unsecured and unsubordinated indebtedness (except those obligations preferred by operation of law, including without limitation special privileged creditors, labor and tax claims); and (iv) rank senior in right of payment to any of the Company's future subordinated indebtedness.

Other Credit Facilities

Total Play has other credit facilities which do not include, as part of its structure an irrevocable administration trust related to the Master Trust. As of September 30, 2024, a total of Ps.120 million (U.S.$6 million) was outstanding under these credit facilities.

Leases

As of September 30, 2024, we had an aggregate amount of Ps.4,814 million (U.S.$246 million) of outstanding lease liabilities, including operating leases of points of sale, warehouses, headquarters and other facilities.

The terms of such leases range from 36 to 48 months; the covenants include (i) compliance with laws; (ii) compliance with periodical reports of financial information; (iii) maintenance of licenses, authorizations, concessions and permits; (iv) submission of reports and notices of any litigation, proceedings, including labor conflicts that may have a material adverse effect; (v) permit inspections by the lessors; and (vi) payment of taxes; and event of default for non-payment.

As part of the structure of some of these leases, we entered into an irrevocable administration trust that received per lease a trust certificate issued in its favor by the Master Trust. The trust certificate entitles the irrevocable administration trust and, consequently, the lessor, as first place beneficiary under such trust, to receive collections pursuant to the trust certificate and the Master Trust. The underlying assets of the certificate are comprised of a specific portfolio of the present and future unencumbered collection rights. The main purpose of this structure is for the irrevocable administration trust to serve as a payment mechanism to service the debt under the leases.

The operating leases liabilities in the aggregate amount of Ps.1,961 million (U.S.$100 million) correspond to operating leases of warehouses, headquarters and other facilities.

***CIBanco Cebures* Program**

On February 24, 2020, together with the Master Trust and CIBanco, S.A., Institución de Banca Múltiple, as trustee, Total Play established a *Cebures* program for up to a principal amount of Ps.5,000 million (U.S.$255 million) pursuant to which the Master Trust irrevocably conveyed certain accounts receivable collection rights to an issuing trust for the *Cebures* program.

The first issuance of *Cebures* was through an issuing trust in a public offering in Mexico in the principal amount of Ps.2,500 million (U.S.$127 million) and consists of five-year certificates at a variable ordinary interest rate of TIIE

plus 240 basis points per annum, with interest payable on a monthly basis. The debt certificates are traded on the BIVA.

The maturity date of the *Cebures* is February 11, 2025, and the covenants in the *Cebures* include (i) compliance with laws; (ii) compliance with reports and notices to the CNBV and the BIVA; (iii) maintenance of licenses, authorizations, concessions and permits; and (iv) submission of reports and notices of any event of default or event of early repayment (each as defined therein). The *Cebures* also include events of default, such as non-payment, and events of early repayment, such as misrepresentations and breaches of covenants.

As of September 30, 2024, Ps.758 million (U.S.$39 million) of *Cebures* was outstanding under the *CIBanco Cebures* program.

On October 8, 2024, we issued *Cebures* in the principal amount of Ps.2,500 million (U.S.$127 million) under the *CIBanco Cebures* program.

***Total Play Cebures* Program**

On December 7, 2021 Total Play established a *Cebures* program for up to a principal amount of Ps.5,000 million (U.S.$255 million). As of September 30, 2024, Ps.3,593 million (U.S.$183 million) of *Cebures* was outstanding as follows:

- On September 14, 2022, three-year certificates were issued in a public offering in Mexico in the principal amount of Ps.1,593 million (U.S.$81 million) at a variable ordinary interest rate of TIIE plus 260 basis points per annum, with interest payable every 28 days and a maturity date of September 10, 2025. The *Cebures* are traded on the BIVA.
- On December 20, 2023, one-year certificates were issued in a public offering in Mexico in the principal amount of Ps.1,000 million (U.S.$51 million) at a variable ordinary interest rate of TIIE plus 130 basis points per annum, with interest payable every 28 days and a maturity date of November 21, 2024. The *Cebures* were traded on the BIVA and were repaid at maturity with the proceeds of a new issuance of *Cebures* in November 2024 described below.
- On April 24, 2024, one-year certificates were issued in a public offering in Mexico in the principal amount of Ps.1,000 million (U.S.$51 million) at a variable ordinary interest rate of TIIE plus 200 basis points per annum, with interest payable every 28 days and a maturity date of April 9, 2025. The *Cebures* are traded on the BIVA.
- On November 21, 2024, we rolled over Ps.1,000 million (U.S.$51 million) of outstanding *Cebures* under the *Total Play Cebures* program.

The covenants in the *Total Play Cebures* program include (i) compliance with laws; (ii) compliance with reports and notices to the CNBV and the BIVA; (iii) maintenance of licenses, authorizations, concessions and permits; and (iv) submission of reports and notices of any event of default or event of early repayment (each as defined therein). The *Cebures* also include events of default, such as non-payment, and events of early repayment, such as misrepresentations and breaches of covenants.

Senior Notes due 2025

In November 2020, Total Play issued, in a transaction exempt from the registration requirements of the Securities Act, the Senior Notes due 2025 in an original aggregate principal amount of U.S.$575 million. The Senior Notes due 2025 are guaranteed by Total Box, S.A. de C.V., and bear interest at an annual rate of 7.500%, payable on a semi-annual basis. After giving effect to the Mexican Private Exchange Offer in February 2024 and the exchange offer in April 2024, U.S.$519 million principal amount of the Senior Notes due 2025 were retired and as of the date hereof U.S.$57 million principal amount of the Senior Notes due 2025 are outstanding.

The maturity date of the Senior Notes due 2025 is November 12, 2025. The Senior Notes due 2025 Indenture restricts the Issuer's ability to (i) make certain payments, including dividends or other distributions, (ii) incur or guarantee additional indebtedness and issue certain preferred stock, (iii) prepay or redeem subordinated debt or equity, (iv) make certain investments, (v) create or incur certain liens, (vi) create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to us, (vii) sell, lease or transfer certain assets, including the

stock of restricted subsidiaries, (viii) with respect to the Issuer and the Initial Guarantor only, consolidate or merge with other entities and (ix) engage in certain transactions with affiliates. Upon the occurrence of a Change of Control Triggering Event (as defined in the indenture governing the Senior Notes due 2025) the Issuer may be required to offer to repurchase the Senior Notes due 2025 at a purchase price in cash equal to 101.000% of the aggregate principal amount plus accrued and unpaid interest.

Existing Notes

In September 2021, Total Play issued, in a transaction exempt from the registration requirements of the Securities Act, the Existing Notes in an aggregate principal amount of U.S.$600 million. The Existing Notes are guaranteed by Total Box, S.A. de C.V., and bear interest at an annual rate of 6.375%, payable on a semi-annual basis.

The maturity date of the Existing Notes is September 20, 2028. The Existing Notes Indenture pursuant to which the Existing Notes were issued restricts the Issuer's ability to (i) make certain payments, including dividends or other distributions, (ii) incur or guarantee additional indebtedness and issue certain preferred stock, (iii) prepay or redeem subordinated debt or equity, (iv) make certain investments, (v) create or incur certain liens, (vi) create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to us, (vii) sell, lease or transfer certain assets, including the stock of restricted subsidiaries, (viii) with respect to the Issuer and the Initial Guarantor only, consolidate or merge with other entities and (ix) engage in certain transactions with affiliates. Upon the occurrence of a Change of Control Triggering Event the Issuer may be required to offer to repurchase the Existing Notes at a purchase price in cash equal to 101.000% of the aggregate principal amount plus accrued and unpaid interest.

Mexican Promissory Notes Issued in Mexican Private Exchange of Senior Notes due 2025

On February 20, 2024, Total Play entered into the Exchange Agreements with two Funds, whose trustee is Banco Azteca, pursuant to which the Mexican Funds exchanged an aggregate principal amount of U.S.$213.5 million of the Senior Notes due 2025 for Mexican Promissory Notes issued in a private exchange under the laws of Mexico. Quarterly principal and premium payments in an aggregate amount equal to U.S.$213.5 million will be made over the course of five years. The Mexican Promissory Notes pay interest quarterly at an annual rate of 10.500%.

The Exchange Agreements are governed by Mexican law, incorporate by reference the affirmative and negative covenants in the indenture for the Senior Notes due 2025 (as amended from time to time), benefit from being paid on a level two basis under the Master Trust, and will have a preferred and exclusive claim against the Master Trust's waterfall in respect of certain cash flows derived from a specific earmarked account receivables portfolio under the Master Trust.

The maturity date of the Mexican Promissory Notes is December 31, 2028, provided that, the Mexican Promissory Notes are subject to the Mexican Promissory Notes Springing Maturity.

Senior Secured Notes due 2028 Issued in International Exchange Offer for Senior Notes due 2025

On April 23, 2024, Total Play issued, in a transaction exempt from the registration requirements of the Securities Act, Senior Secured Notes due 2028 in an aggregate principal amount of U.S.$305.5 million in an exchange offer for Senior Notes due 2025. The Senior Secured Notes due 2028 are guaranteed by Total Box, S.A. de C.V., and bear interest at an annual rate of 10.500%, payable on a quarterly basis.

Payments of principal and premium will be made in 12 quarterly installments, each equivalent to 5% during 2026, 7.5% during 2027 and 12.5% during 2028 of the total principal and quarterly premium payable under the indenture governing the Senior Secured Notes due 2028, commencing on March 31, 2026, with a final payment and maturity on December 31, 2028, unless earlier redeemed or repurchased in accordance with their terms; provided that, if (i) U.S.$180 million or more aggregate principal amount of the Existing Notes remain outstanding on May 31, 2028 or (ii) at any time there is an acceleration of any Indebtedness of the Company or the Initial Guarantor in a principal amount equal or greater than U.S.$20 million ((i) or (ii), a "Senior Secured Notes due 2028 Springing Maturity Event"), then the remaining principal amount of the Senior Secured Notes due 2028 will be payable on the fifth Business Day after the date of notice to the holders of the occurrence of such Senior Secured Notes due 2028 Springing Maturity Event.

The indenture pursuant to which the Senior Secured Notes due 2028 were issued restricts the Issuer's ability to (i) make certain payments, including dividends or other distributions, (ii) incur or guarantee additional indebtedness and issue certain preferred stock, (iii) prepay or redeem subordinated debt or equity, (iv) make certain investments, (v) create or incur certain liens, (vi) create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to us or our respective subsidiaries, (vii) sell, lease or transfer certain assets, including the stock of restricted subsidiaries, (viii) with respect to the Issuer and the Initial Guarantor only, consolidate or merge with other entities and (ix) engage in certain transactions with affiliates. Upon the occurrence of a Change of Control Triggering Event (as defined in the indenture governing the Senior Secured Notes due 2028) the Issuer may be required to offer to repurchase the Senior Secured Notes due 2028 at a purchase price in cash equal to 101.000% of the aggregate principal amount plus accrued and unpaid interest.

The Issuer's obligation to pay principal, interest and additional amounts and all other amounts due under the Senior Secured Notes due 2028 and the indenture governing the Senior Secured Notes due 2028 will be secured by a first priority security interest in the following: (i) the Debt Service Reserve Account; (ii) the Noteholders Trust; (iii) all present and future claims, demands or causes in action in respect of any of the foregoing; and (iv) all payments on or under and all proceeds of any kind and nature whatsoever in respect of any of the foregoing.

THE EXCHANGE OFFER AND THE CONSENT SOLICITATION

The following is a description of the material provisions of the Exchange Offer and the Consent Solicitation. For a more complete understanding of the Proposed Amendments and the New Notes, we urge you to read carefully "The Proposed Amendments" and "Description of the New Notes" sections of this Exchange Offer and Consent Solicitation Memorandum.

Terms of the Exchange Offer and the Consent Solicitation

Overview

Subject to the terms and conditions described in this Exchange Offer and Consent Solicitation Memorandum and any supplement hereto, we are asking Eligible Holders (as defined below under *"*— Offering Restrictions; Eligible Holders") of Existing Notes to submit their Tender Orders for any and all of the outstanding principal amount of the Existing Notes and to deposit cash in an amount equal to 45% of the principal amount of Existing Notes tendered in the Exchange Offer and Consent Solicitation in exchange for the Early Tender Consideration or the Late Tender Consideration, as applicable. Therefore, for each U.S.$1,000 principal amount of Existing Notes validly tendered, each holder of Existing Notes must deposit a New Money Deposit amount of U.S.$450 in cash to be exchanged for additional New Notes in the Exchange Offer and the Consent Solicitation. In order to validly tender their Existing Notes and receive the Exchange Consideration being offered, holders of Existing Notes must both validly submit Tender Orders for the Existing Notes and validly deposit the corresponding New Money Deposits by the applicable deadlines provided for herein.

The principal purpose of the Exchange Offer is to extend the average maturity of the Issuer's existing senior debt and to raise additional capital to refinance existing indebtedness and for general corporate purposes.

The purpose of the Consent Solicitation is to eliminate in their entirety substantially all of the restrictive covenants and references thereto contained in the Existing Notes Indenture, as well as certain events of default, and to modify the covenant regarding mergers and consolidations and certain other provisions.

If you deliver a Tender Order for Existing Notes, you are also giving us your written consent to authorizing us and the Existing Notes Trustee, and instructing the Existing Notes Trustee, to enter into the Supplemental Indenture in order to give effect to the Proposed Amendments. In general, the Proposed Amendments would delete in their entirety substantially all of the restrictive covenants and references thereto contained in the Existing Notes Indenture, as well as certain events of default, and modify the covenant regarding mergers and consolidations and certain other provisions. If we receive at least the requisite Consents, on or after the Withdrawal Date, we intend to promptly execute a Supplemental Indenture to the Existing Notes Indenture, which we refer to as the "Supplemental Indenture," implementing the Proposed Amendments. The Supplemental Indenture will become effective upon execution on or promptly following the completion of the Exchange Offer and the Consent Solicitation, however, the Proposed Amendments will not become operative until the payment of the applicable Exchange Consideration on the Settlement Date.

Each Eligible Holder of Existing Notes that submits a Tender Order (and does not validly revoke it) thereby also consents to the Proposed Amendments.

Each Eligible Holder that submits a Tender Order pursuant to the Exchange Offer and the Consent Solicitation will be deemed to represent, warrant and agree as set forth under "— Representations, Warranties and Covenants of Existing Notes" below.

If and when issued, the New Notes will not be registered under the Securities Act or the securities laws of any other jurisdiction. The New Notes may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act and any applicable state securities laws.

Exchange Consideration

Early Tenders of Existing Notes

Eligible Holders of Existing Notes who both validly submit a Tender Order at or prior to the Early Tender Date **and** validly deposit their New Money Deposits at or prior to the Early New Money Deposit Date will be eligible to receive, for each U.S.$1,000 principal amount of Existing Notes validly tendered and accepted for exchange, the Early

Tender Consideration consisting of U.S.$1,000 principal amount of New Notes for each U.S.$1,000 principal amount of Existing Notes tendered and an additional U.S.$450 principal amount of New Notes in exchange for the New Money Deposit.

Late Tenders of Existing Notes

Eligible Holders of Existing Notes who (i) validly submit a Tender Order after the Early Tender Date at or prior to the Expiration Date **and/or** (ii) validly deposit their New Money Deposits at or prior to the New Money Deposit Date will be eligible to receive, for each U.S.$1,000 principal amount of Existing Notes validly tendered and accepted for exchange, the Late Tender Consideration consisting of U.S.$950 principal amount of New Notes for each U.S.$1,000 principal amount of Existing Notes tendered and an additional U.S.$450 principal amount of New Notes in exchange for the New Money Deposit.

Accrued Interest Payment

In addition to the applicable Exchange Consideration, all Eligible Holders whose Existing Notes are validly tendered and accepted for exchange will receive the Accrued Interest Payment, which will be equal to all accrued and unpaid interest on such holders' Existing Notes from the last interest payment date to, but not including, the Settlement Date (subject to any tax withholdings applicable). Under no circumstances will any interest be payable because of any delay in the transmission of funds to Eligible Holders by DTC, Euroclear, Clearstream or any other clearing system.

Denominations and Amounts

Tender Orders may be submitted only in principal amounts of the Existing Notes equal to minimum denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. The New Notes will be issued in denominations of U.S.$200,000 and integral multiples of U.S.$1 in excess thereof. To the extent that any Tender Order and corresponding New Money Deposit is submitted which would result in (i) less than the minimum denomination of New Notes to be paid as Exchange Consideration, no New Notes will be issued and the tendered Existing Notes and corresponding New Money Deposit will not be accepted for exchange and will be returned to the tendering Eligible Holder and (ii) denominations of New Notes to be paid as Exchange Consideration other than integral multiples of U.S.$1 in excess of the U.S.$200,000 minimum denomination, the principal amount of New Notes to be issued will be rounded down to the nearest integral multiple of U.S.$1 and we will not compensate such holder for any amounts so rounded.

The actual amount of New Notes that will be issued on the Settlement Date will depend on the levels of participation in the Offer.

No Fractional Interests

We will not issue any fractional New Notes. If any tendering holder's tender of Existing Notes and New Notes issued in exchange for the corresponding New Money Deposit would result in the issuance to such holder of fractional New Notes, we will round down the principal amount of New Notes to be issued to the nearest integral multiple of U.S.$1 and we will not compensate such holder for any amounts so rounded.

Offering Restrictions; Eligible Holders

You may not participate in the Exchange Offer and the Consent Solicitation unless you are, and if you are acting on behalf of a beneficial owner of the Existing Notes, the beneficial owner is, an "Eligible Holder" as defined below:

An "Eligible Holder" is a person that is either:

(a) a "qualified institutional buyers" as defined in Rule 144A under the Securities Act; or

(b) a person outside the United States who is (i) not a "U.S. Person" as defined in Rule 902 under the Securities Act, (ii) not acting for the account or benefit of a U.S. Person and (iii) a "Non-U.S. Qualified Offeree."

A "Non-U.S. Qualified Offeree" means:

(a) In relation to each Member State of the EEA, a person that is not a retail investor. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article

4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "Prospectus Regulation").

(b) In relation to the UK, a person that is not a retail investor and that is a relevant person. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the "FSMA") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the "UK Prospectus Regulation") and a relevant person means a person who is a "qualified investor" (as defined in the UK Prospectus Regulation) who is (i) a person having professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Order"), (ii) a high net worth entity falling within Article 49(2)(a) to (d) of the Order, (iii) a person falling within Article 43 of the Order or (iv) a person to whom it would otherwise be lawful to distribute this Exchange Offer and Consent Solicitation Memorandum.

(c) any entity outside the United States, the EEA and the UK to whom the offers related to the New Notes may be made in compliance with all other applicable laws and regulations of any applicable jurisdiction.

Early New Money Deposit Date

For purposes of the Exchange Offer and the Consent Solicitation, the term "Early New Money Deposit Date" means 5:00 p.m. (New York City time) on January 21, 2025, subject to the Issuer's right to extend that time and date in its sole discretion, subject to applicable law.

Eligible Holders must validly deposit their New Money Deposits at or prior to the Early New Money Deposit Date to be eligible to receive the Early Tender Consideration, which will be paid on the Settlement Date in respect of all New Money Deposits validly deposited at or prior to the Early New Money Deposit Date, together with the corresponding Tender Orders validly submitted at or prior to the Early Tender Date.

Eligible Holders who validly deposit their New Money Deposits after the Early New Money Deposit Date and at or prior to the New Money Deposit Date or validly submit their Tender Orders after the Early Tender Date and at or prior to the Expiration Date will only be eligible to receive the Late Tender Consideration on the Settlement Date.

Early Tender Date

For purposes of the Exchange Offer and the Consent Solicitation, the term "Early Tender Date" means 5:00 p.m. (New York City time) on January 22, 2025, subject to the Issuer's right to extend that time and date in its sole discretion, subject to applicable law.

Eligible Holders must, subject to the immediately following sentence, validly submit their Tender Orders at or prior to the Early Tender Date to be eligible to receive the Early Tender Consideration, which will be paid on the Settlement Date in respect of all Tender Orders validly submitted at or prior to the Early Tender Date. Such Eligible Holders will only be eligible to receive the Early Tender Consideration if they **also** validly deposit their corresponding New Money Deposits at or prior to the Early New Money Deposit Date.

Eligible Holders who validly submit their Tender Orders after the Early Tender Date or validly deposit their New Money Deposits after the Early New Money Deposit Date will only be eligible to receive the Late Tender Consideration on the Settlement Date.

New Money Deposit Date

For purposes of the Exchange Offer and the Consent Solicitation, the term "New Money Deposit Date" means 11:59 p.m. (New York City time) on February 5, 2025, subject to the Issuer's right to extend that time and date in its sole discretion, subject to applicable law.

Eligible Holders must, subject to the immediately following sentence, validly deposit their New Money Deposits at or prior to the New Money Deposit to be eligible to receive the Late Tender Consideration, which will be paid on the Settlement Date in respect of all New Money Deposits validly deposited at or prior to the New Money Deposit Date. Such Eligible Holders will only be eligible to receive the Late Tender Consideration if they **also** validly submit their corresponding Tender Orders at or prior to the Expiration Date.

Eligible Holders who validly deposit their New Money Deposits at or prior to the New Money Deposit Date but do not validly submit their Tender Orders at or prior to the Expiration Date will not be eligible to receive any Exchange Consideration.

Expiration Date; Extensions

For purposes of the Exchange Offer and the Consent Solicitation, the term "Expiration Date" means 5:00 p.m. (New York City time) on February 6, 2025, subject to the Issuer's right to extend that time and date in its sole discretion, subject to applicable law, in which case the Expiration Date will mean the latest time and date to which the Expiration Date is extended. During any extension, all the Tender Orders previously submitted will remain subject to the Exchange Offer and the Consent Solicitation and may be accepted pursuant to the Exchange Offer and the Consent Solicitation by the Issuer. We will announce any extension of the Expiration Date no later than 9:00 a.m. (New York City time) on the next business day after the previously scheduled Expiration Date. If we do extend the terms of the Exchange Offer and the Consent Solicitation in a material manner, we will provide for reasonable withdrawal rights to any tendering holders.

The Issuer expressly reserves the right, at any time or from time to time, in its sole discretion (subject to applicable law), to:

(a) delay the acceptance of any Tender Order in connection with the Exchange Offer and the Consent Solicitation;

(b) extend the Early New Money Deposit Date, Early Tender Date, New Money Deposit Date or Expiration Date for the Exchange Offer and the Consent Solicitation with or without extending the Withdrawal Date and retain all the Tender Orders and New Money Deposits that, at the time of the extension, have been validly submitted or deposited, respectively;

(c) terminate the Exchange Offer and the Consent Solicitation;

(d) refuse to accept Tender Orders and New Money Deposits and return any or all Existing Notes and New Money Deposits that have been validly tendered and deposited, respectively;

(e) waive any condition to the Exchange Offer and the Consent Solicitation, except as provided herein, and accept all Tender Orders and New Money Deposits previously validly submitted or deposited, respectively;

(f) amend the Exchange Offer and the Consent Solicitation by giving oral notice, promptly confirmed in writing, or written notice of such amendment to the Exchange and Information Agent; or

(g) accept all Tender Orders validly submitted and New Money Deposits validly deposited.

Termination; Amendments

The Issuer expressly reserves the right, in its sole discretion, to terminate the Exchange Offer and the Consent Solicitation if any of the conditions set forth below under "—Conditions," including the Minimum Condition, shall not have been satisfied or waived by the Issuer. If the Exchange Offer and the Consent Solicitation are terminated, withdrawn or otherwise not completed, the applicable Exchange Consideration will not be paid or become payable to you, even if you have validly tendered your Existing Notes in connection with the Exchange Offer and the Consent Solicitation, and any Tender Orders validly submitted and New Money Deposits validly deposited by you that we have not accepted for exchange will be returned promptly to you.

If we make a material change in the terms of the Exchange Offer and/or the Consent Solicitation or the information concerning the Exchange Offer and/or the Consent Solicitation or waive a material condition of the Exchange Offer and/or Consent Solicitation, we will disseminate additional materials relating to the Exchange Offer and the Consent Solicitation and extend the Exchange Offer and the Consent Solicitation accordingly. In addition, we may extend the Exchange Offer and the Consent Solicitation for any other reason we deem appropriate. If we do modify the terms of the Exchange Offer and the Consent Solicitation in a material manner, we will provide for reasonable withdrawal rights to any tendering holders.

With respect to any extension of the Exchange Offer and the Consent Solicitation, the taking of any other action set forth in the preceding paragraph or any amendment or termination of the Exchange Offer and the Consent Solicitation, we will promptly provide written notification of each such extension, amendment or termination to the Exchange and Information Agent. Without limiting the manner in which we may choose to make this announcement, unless otherwise required by law, we will (i) inform the Exchange and Information Agent and (ii) publish a press release.

Representations, Warranties and Covenants of Holders of Existing Notes

By submitting a Tender Order, an Eligible Holder, or the beneficial owner of the Existing Notes on behalf of which the Eligible Holder has tendered (who shall also be an Eligible Holder), will be deemed to:

(a) irrevocably sell, assign and transfer to or upon the Issuer's order or the order of its nominee, all right, title and interest in and to, and any and all claims in respect of or arising or having arisen as a result of such holder's status as a holder or beneficial owner of, all Existing Notes tendered thereby, and thereafter it will have no contractual or other rights or claims in law or equity against us, the Exchange and Information Agent or any fiduciary, trustee, fiscal agent or other person connected with the Existing Notes arising under, from or in connection with such Existing Notes, except for return of the Existing Notes if the Exchange Offer and the Consent Solicitation are terminated without any Existing Notes being accepted for exchange thereunder or if payment is improperly withheld;

(b) waive any and all rights with respect to the Existing Notes accepted for tender, including, without limitation, any and all rights to payment, any existing, past or continuing defaults and their consequences in respect of such Existing Notes; provided that such waiver shall not limit the right to receive payment of, and exercise rights with respect to, the Early Tender Consideration or the Late Tender Consideration, as applicable, or the Accrued Interest Payment at the Settlement Date;

(c) release and discharge the Issuer, its directors, officers, members of the supervisory committee, shareholders, affiliates and any trustee from any and all claims the holder may have, now or in the future, arising out of or related to the Existing Notes accepted for tender, including, without limitation, any claim that the holder is entitled to receive additional principal or interest payments with respect to the Existing Notes tendered thereby, other than as expressly provided in this Exchange Offer and Consent Solicitation Memorandum, or to participate in any redemption or defeasance of the Existing Notes tendered thereby; provided that such release and discharge shall not limit the right to receive payment of, and exercise rights with respect to, the Early Tender Consideration or the Late Tender Consideration, as applicable, or the Accrued Interest Payment at the Settlement Date;

(d) waive, to the extent permitted by law, any rights that it may have to challenge the validity of the transactions contemplated in the Exchange Offer and the Consent Solicitation;

(e) if such holder is acting on behalf of the beneficial owner of Existing Notes, represent that it has received from such beneficial owner a release and discharge substantially to the effect set forth in the foregoing paragraphs; and

(f) consent to the Proposed Amendments and direct the Existing Notes Trustee to execution of the Supplemental Indenture giving effect to the Proposed Amendments as described in "The Proposed Amendments."

In addition, such Eligible Holder of Existing Notes, or the beneficial owner of such Existing Notes on behalf of which the Eligible Holder has tendered in the Exchange Offer and the Consent Solicitation (who shall also be an Eligible Holder), will be deemed to acknowledge, represent, warrant and agree that:

(a) it hereby waives, to the extent permitted by law, any rights that it may have pursuant to Mexican or other applicable law to bring an action to challenge the legality or validity of the Exchange Offer and the Consent Solicitation and agree that that waiver will survive any termination of the Exchange Offer and the Consent Solicitation;

(b) it will execute all such other documents, provide any further assurances and perform all such other acts or things as may be reasonably necessary in order to consummate the Exchange Offer and the Consent Solicitation, including the Eligibility Letter and any agreement necessary to cancel the Existing Notes in exchange for the Early Tender Consideration or the Late Tender Consideration, as applicable; provided that there is no liability or obligation that such Eligible Holder will incur as a result of performing such further assurances;

(c) it is, and will remain (until consummation or termination of the Exchange Offer and the Consent Solicitation), an Eligible Holder, as defined in "—Offering Restrictions; Eligible Holders" and is making all representations contained in the Eligibility Letter;

(d) it has received and reviewed this Exchange Offer and Consent Solicitation Memorandum and all other documents delivered by or on behalf of the Issuer;

(e) it is the beneficial owner of, or a duly authorized representative of one or more beneficial owners of, the Existing Notes tendered thereby and it has full power and authority to tender, sell, assign and transfer the Existing Notes tendered;

(f) the Existing Notes being tendered were owned as of the date of tender, free and clear of any liens, charges, claims, encumbrances, interests and restrictions of any kind, and acknowledges that we will acquire good, indefeasible and unencumbered title to such Existing Notes, free and clear of all liens, charges, claims, encumbrances, interests and restrictions of any kind, when we accept the same;

(g) it will not sell, pledge, hypothecate or otherwise encumber or transfer any Existing Notes tendered thereby or any interest therein from the date of the tender until the Settlement Date and will not grant to any person any proxy or other right to vote such Existing Notes from the date of the submission of the tender until the Settlement Date and any purported sale, pledge, hypothecation or other encumbrance or transfer will be void and of no effect;

(h) the New Notes have not been registered under the Securities Act and neither it nor any such beneficial owner may or will resell its or such beneficial owner's interest in any of the New Notes in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;

(i) it is making all representations contained in the Eligibility Letter and it is either (1) a "qualified institutional buyer" as defined in Rule 144A under the Securities Act or (2) a non-U.S. Person (as defined in Rule 902 under the Securities Act) located outside of the United States and is tendering Existing Notes for its own account or for a discretionary account or accounts on behalf of one or more persons who are Eligible Holders as to which it has been instructed and has the authority to make the representations contained in this Exchange Offer and Consent Solicitation Memorandum;

(j) it is otherwise a person to whom it is lawful to make available this Exchange Offer and Consent Solicitation Memorandum or to make the Exchange Offer and the Consent Solicitation in accordance with applicable laws (including the transfer restrictions set out in this Exchange Offer and Consent Solicitation Memorandum);

(k) it is not located or resident in the UK or, if it is located or resident in the UK, it is a qualified investor as defined in the UK Prospectus Regulation who is a person (i) falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Financial Promotion Order"), (ii) falling within Article 43 of the Financial Promotion Order (non-real time communication by or on behalf of a body corporate to members or creditors of that body corporate), (iii) falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Order or (iv) to whom this Exchange Offer and Consent Solicitation Memorandum and any other documents or materials relating to the Exchange Offer and the Consent Solicitation may otherwise lawfully be communicated in accordance with the Financial Promotion Order;

(l) it is not an investor resident in the UK, or, if it is resident in the UK, it is not a retail investor. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation.

(m) it is not an investor resident in a Member State of the European Economic Area, or, if it is resident in a Member State of the European Economic Area, it is not a retail investor. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation;

(n) it is not a resident in Canada, or it will otherwise contact the Exchange and Information Agent for more information regarding its eligibility to participate in this Exchange Offer and will comply with any eligibility requirements informed by the Exchange and Information Agent;

(o) (a) none of the Issuer, its directors, officers or shareholders, the Exchange and Information Agent, the Dealer Managers and Solicitation Agents, the Existing Notes Trustee, the New Notes Trustee, nor any person acting on behalf of any of the foregoing, has made any statement, representation or warranty, express or implied, to it with respect to us, the Exchange Offer and the Consent Solicitation or the offer or delivery of the Early Tender Consideration or the Late Tender Consideration, as applicable, other than the information included in this Exchange Offer and Consent Solicitation Memorandum, as supplemented prior to the Expiration Date, and any other documents delivered by or on behalf of the Issuer in connection with the Exchange Offer and the Consent Solicitation, and (b) any information it desires concerning us, the Exchange Offer and the Consent Solicitations and the Early Tender Consideration or the Late Tender Consideration, as applicable, or any other matter relevant to its decision to accept the Exchange Offer and the Consent Solicitation, including a copy of this Exchange Offer and Consent Solicitation Memorandum, is or has been made available to it;

(p) none of the Issuer, its directors, officers or shareholders, the Exchange and Information Agent, the Dealer Managers and Solicitation Agents, the Existing Notes Trustee, the New Notes Trustee, nor any person acting on behalf of any of the foregoing, has made any statement, representation or warranty, express or implied, to it with respect to the availability of Rule 144 or any other exemption under the Securities Act for the reoffer, resale, pledge or transfer of the Early Tender Consideration or the Late Tender Consideration, as applicable;

(q) it is not one of our "Affiliates," as that term is defined under Rule 144 of the Securities Act;

(r) in evaluating the Exchange Offer and the Consent Solicitation and in making its decision whether to participate therein by tendering its Existing Notes, such holder has made its own independent appraisal of the matters referred to herein and in any related communications and is not relying on any statement, representation or warranty, express or implied, made to such holder by the Issuer or the Exchange and Information Agent other than those contained in this Exchange Offer and Consent Solicitation Memorandum, as supplemented prior to the Expiration Date;

(s) the submission of Tender Orders to the Exchange and Information Agent will, subject to the terms and conditions of the Exchange Offer and the Consent Solicitation generally, constitute an irrevocable instruction to such agent to complete and execute all or any forms of transfer and other documents deemed to be necessary in the reasonable opinion of such agent in relation to the Existing Notes tendered thereby in the Issuer's favor or in the favor of such other person or persons as we may direct and to deliver such forms of transfer and other documents in the agent's opinion and/or the certificates and other documents of title relating to such Existing Note's registration and to execute all such other documents and to do all such other acts and things as, in the reasonable opinion of such agent, may be necessary for the Exchange Offer and the Consent Solicitation and to vest in the Issuer or its nominees the ownership of such Existing Notes;

(t) the terms and conditions of the Exchange Offer and the Consent Solicitation contained herein will be deemed to be incorporated in, and form a part of, the Tender Order, which will be read and construed accordingly;

(u) it has read, understands and agrees to comply with the restrictions on transfer with respect to the New Notes, as the case may be, as set forth in this Exchange Offer and Consent Solicitation Memorandum under "Transfer Restrictions";

(v) it has had access to such financial and other information and has been afforded the opportunity to ask such questions of representatives of the Issuer and receive answers thereto, as it deems necessary in connection with its decision to participate in the Exchange Offer and the Consent Solicitation;

(w) in evaluating the Exchange Offer and the Consent Solicitation and in making its decision whether to participate therein, such Eligible Holder has been afforded an opportunity to request from us and to review, and has received and reviewed, all additional information considered by it to be necessary to verify the accuracy of or to supplement the information in the Exchange Offer and Consent Solicitation Memorandum and has made its own independent appraisal of the Exchange Offer and the Consent Solicitation and is not relying on any statement, representation or warranty, express or implied, made to such Eligible Holder by the Dealer Managers and Solicitation Agents, the Exchange and Information Agent, the Issuer and any of their respective directors or officers, the Existing Notes Trustee, the New Notes Trustee or any person acting on behalf of any of the foregoing other than those contained in the Exchange Offer and Consent Solicitation Memorandum;

(x) we may deliver any supplements to this Exchange Offer and Consent Solicitation Memorandum to holders of Existing Notes by means of electronic distribution and need not deliver a physical copy of such supplement;

(y) the Exchange and Information Agent will instruct DTC to return the Existing Notes and the Escrow Agent to return the corresponding New Money Deposit in the event of non-acceptance and/or revocation and/or termination of the Exchange Offer and the Consent Solicitation, as the case may be;

(z) the Exchange and Information Agent does not assume any obligation or relationship of agency or trust, for or with such holder or such beneficial owner, and that the Exchange and Information Agent shall have no duties or obligations other than those specifically set forth in this Exchange Offer and Consent Solicitation Memorandum;

(aa) we and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations, warranties and agreements, and that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by the tender of Existing Notes are no longer accurate, it will promptly notify us;

(bb) except as described below with respect to transfer taxes and additional amounts, it (or, if it is tendering Existing Notes on behalf of a beneficial owner, such beneficial owner) is solely liable for any taxes and similar or related payments imposed on it under the laws of any applicable jurisdiction as a result of its participation in the Exchange Offer and the Consent Solicitation (but not as a holder of the New Notes, to the extent provided by the terms of the New Notes) and agrees that it will not and does not have any right of recourse (whether by way of reimbursement, indemnity or otherwise) against the Issuer, the Exchange and Information Agent, or any other person in respect of such taxes and payments; and

(cc) neither it nor the person receiving New Notes is acting on behalf of any person who could not truthfully make the foregoing representations, warranties and undertakings or those set forth in the Agent's Message.

The acknowledgements, representations, warranties and agreements of a holder submitting a Tender Order will be deemed to be repeated and reconfirmed on and as of each of the Expiration Date and the date that the applicable Exchange Consideration is delivered to holders of Existing Notes. For purposes of this Exchange Offer and Consent Solicitation Memorandum, the "beneficial owner" of any Existing Notes will be any holder that exercises sole investment discretion with respect to that Existing Notes.

Neither the delivery of this Exchange Offer and Consent Solicitation Memorandum nor any acceptance or tender of, or payment for Existing Notes, will under any circumstances create any implication that the information contained in this Exchange Offer and Consent Solicitation Memorandum is correct as of a time subsequent to the date hereof or

that there has been no change in the information set forth in this Exchange Offer and Consent Solicitation Memorandum or in any attachments hereto since the date hereof.

No dealer, salesperson or other person has been authorized to give any information or to make any representation not contained in this Exchange Offer and Consent Solicitation Memorandum and, if given or made, such information or representation may not be relied upon as having been authorized by the Issuer. This Exchange Offer and Consent Solicitation Memorandum contains important information that should be read before any decision is made with respect to the submission of a Tender Order or deposit of the corresponding New Money Deposit.

The Exchange Offer and the Consent Solicitation are not being made, the applicable Exchange Consideration is not being delivered, and Tender Orders and New Money Deposits will not be accepted from or on behalf of any holders, in any jurisdiction in which the making or acceptance thereof would not be in compliance with the securities, blue sky or other laws of that jurisdiction or would require any registration or filing with any regulatory authority.

No Guaranteed Delivery

The Issuer has not provided guaranteed delivery provisions in connection with the Exchange Offer. Eligible Holders must submit their Tender Orders and New Money Deposits in accordance with the procedures set forth herein.

Procedures for Submitting Tender Orders

General

The Existing Notes are issued in global form and held of record by the nominee of DTC. In turn, the Existing Notes are recorded on DTC's books in the names of people who have accounts with DTC, which the Issuer refers to as "DTC Participants," that hold the Existing Notes for beneficial owners.

Tender Orders in respect of Existing Notes may be submitted only in principal amounts equal to minimum denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. No alternative, conditional or contingent tenders will be accepted. Eligible Holders who submit Tender Orders for less than all of their Existing Notes must continue to hold Existing Notes in at least the minimum denomination of U.S.$200,000 principal amount. To the extent that any Tender Order and corresponding New Money Deposit is submitted which would result in (i) less than the minimum denomination of New Notes to be paid as Exchange Consideration, no New Notes will be issued and the tendered Existing Notes and corresponding New Money Deposit will not be accepted for exchange and will be returned to the tendering Eligible Holder and (ii) denominations of New Notes to be paid as Exchange Consideration other than integral multiples of U.S.$1 in excess of the U.S.$200,000 minimum denomination, the principal amount of New Notes to be issued will be rounded down to the nearest integral multiple of U.S.$1 and we will not compensate such holder for any amounts rounded.

Obtaining an Allocation Code

Eligible Holders who have submitted an Eligibility Letter to the Exchange and Information Agent should contact either of the Dealer Managers and Solicitation Agents at the following email addresses to request a unique Allocation Code: Barclays Capital Inc. at TotalPlayExchange@barclays.com and Jefferies LLC at TotalPlayExchange@jefferies.com. The Allocation Code must be included with all Tender Orders submitted and corresponding New Money Deposits deposited. Eligible Holders of Existing Notes must both (1) validly submit Tender Orders and (2) validly deposit their corresponding New Money Deposits (in each case, along with the Eligible Holder's Allocation Code) by the requisite deadlines specified in this Exchange Offer and Consent Solicitation Memorandum in order to have validly tendered their Existing Notes in the Exchange Offer and Consent Solicitation. Eligible Holders will receive only one Allocation Code relating to all Existing Notes beneficially owned by such Eligible Holders, including if held at different custodians. Eligible Holders will be responsible for providing the brokers, dealers, commercial banks, trust companies, custodians or other securities intermediaries through which they hold Existing Notes, and any financial institution or other financial intermediary through whom they will submit their New Money Deposits, with their unique Allocation Codes. Failure by any Eligible Holder to include the Allocation Code with such submissions of Tender Orders or deposits New Money Deposits will result in the rejection of the Eligible Holder's tender of Existing Notes.

Procedures for Submitting Tender Orders of Existing Notes through DTC, Euroclear or Clearstream

Only DTC Participants that have security positions in the Existing Notes in their DTC accounts will be entitled to tender and participate directly in the Exchange Offer and the Consent Solicitation. If you are a beneficial owner whose Existing Notes are held by a broker, dealer, commercial bank, trust company, custodian or other securities intermediary and you wish to participate in the Exchange Offer and the Consent Solicitation, you should (i) promptly contact the Dealer Managers and Solicitation Agents to obtain your unique Allocation Code as described above under "—Obtaining an Allocation Code," (ii) provide the Allocation Code to your securities intermediary and (iii) instruct that securities intermediary to timely tender on your behalf your Existing Notes (with your Allocation Code) and otherwise follow the internal procedures of that securities intermediary.

If you are a DTC Participant that holds Existing Notes, the Exchange and Information Agent and DTC have confirmed that the Exchange Offer and the Consent Solicitation are eligible for DTC's ATOP system. Accordingly, DTC Participants must (i) ensure that they have received the unique Allocation Code from each Eligible Holder that is a beneficial owner of Existing Notes and has instructed the DTC Participant to tender Existing Notes on its behalf and (ii) electronically transmit such DTC Participant's acceptance of the Exchange Offer and the Consent Solicitation with respect to the Existing Notes held by such DTC Participant on behalf of each such Eligible Holder by (A) providing the Allocation Code associated with each such Eligible Holder and (B) causing DTC to transfer the Existing Notes held by such DTC Participant on behalf of each such Eligible Holder to the Exchange and Information Agent in accordance with DTC's ATOP procedures for such transfer. DTC will then send an Agent's Message to the Exchange and Information Agent. The delivery of such Agent's Message will constitute the agreement by the DTC Participant. The submission of a Tender Order of Existing Notes by the submission of a valid electronic acceptance instruction to a clearing system will result in the blocking of such Existing Notes in the relevant clearing system upon receipt.

If your Existing Notes are held through Euroclear or Clearstream you must comply with the procedures established by Euroclear or Clearstream, as applicable, to participate in the Exchange Offer and the Consent Solicitation. Euroclear and Clearstream intend to collect from their direct participants (a) the unique Allocation Code for each Eligible Holder that is a beneficial owner of Existing Notes and has instructed the direct participant to tender Existing Notes on its behalf, (b) instructions to (1) submit a Tender Order, including the applicable Allocation Code, on behalf of Eligible Holders who have instructed their direct participants to submit a Tender Order in the Exchange Offer and the Consent Solicitation, (2) "block" any transfer of Existing Notes so tendered until the completion of the Exchange Offer and the Consent Solicitation and (3) debit their account on or about the Settlement Date, or as soon as practicable thereafter, in respect of all Existing Notes accepted pursuant to the Exchange Offer and the Consent Solicitation by the Issuer; and (c) irrevocable authorizations to disclose the names of the direct participants and information about the foregoing instructions. Upon the receipt of these instructions, Euroclear and Clearstream will advise their applicable DTC Participant to electronically transmit their Eligible Holders' acceptances of the Exchange Offer and the Consent Solicitation by providing the applicable Allocation Code and causing DTC to transfer their Existing Notes to the Exchange and Information Agent in accordance with DTC's ATOP procedures for such transfer. Euroclear and Clearstream may impose additional earlier deadlines in order to properly process these instructions. As a part of tendering through Euroclear or Clearstream, you are required to become aware of any such deadlines.

ELIGIBLE HOLDERS OF THE EXISTING NOTES SHOULD NOTE THAT EACH OF DTC, EUROCLEAR OR CLEARSTREAM IMPOSES DAILY DEADLINES FOR THE SUBMISSION OF ELECTRONIC INSTRUCTIONS. ACCORDINGLY, ELIGIBLE HOLDERS OF EXISTING NOTES WISHING TO PARTICIPATE IN THE EXCHANGE OFFER AND CONSENT SOLICITATION ARE ADVISED TO ENSURE THAT THEY SUBMIT, OR ARRANGE TO HAVE SUBMITTED ON THEIR BEHALF, ANY ELECTRONIC INSTRUCTION IN ADVANCE OF SUCH DEADLINES IMPOSED BY DTC, EUROCLEAR OR CLEARSTREAM, AS THE CASE MAY BE. IN ADDITION, ELIGIBLE HOLDERS OF EXISTING NOTES SHOULD CHECK WITH THE BANK, SECURITIES BROKER OR ANY OTHER INTERMEDIARY THROUGH WHICH THEY HOLD THEIR EXISTING NOTES WHETHER SUCH INTERMEDIARY APPLIES DIFFERENT DEADLINES TO PARTICIPATE IN THE EXCHANGE OFFER AND THE CONSENT SOLICITATION THAN SET OUT IN THIS EXCHANGE OFFER AND CONSENT SOLICITATION MEMORANDUM OR, AS THE CASE MAY BE, AS IMPOSED BY DTC, EUROCLEAR OR CLEARSTREAM, AS APPLICABLE, AND THEN SHOULD FOLLOW THOSE DEADLINES.

Procedures for New Money Deposits

The New Money Deposit will be an amount equal to 45% of the principal amount of the Existing Notes tendered in the Exchange Offer and Consent Solicitation. Therefore, for each U.S.$1,000 principal amount of Existing Notes validly submitted pursuant to a Tender Order, each holder of Existing Notes must deposit a New Money Deposit amount of U.S.$450 in cash to be exchanged for additional New Notes.

If you are a beneficial owner of Existing Notes and you wish to participate in the Exchange Offer and the Consent Solicitation, you should contact your broker, bank or other financial institution to timely submit the New Money Deposit corresponding with the Existing Notes held by a broker, dealer, commercial bank, trust company, custodian or other securities intermediary (including through Euroclear or Clearstream) tendered on your behalf pursuant to a Tender Order.

All New Money Deposits must be wired by or on behalf of Eligible Holders who have obtained an Allocation Code to the Escrow Account held by the Escrow Agent, and the wire transfer instructions must include the Eligible Holder's unique Allocation Code in order to be matched with a corresponding Tender Order and be considered to be validly deposited. The Escrow Account details and wire transfer instructions will be provided to Eligible Holders by the Dealer Managers and Solicitation Agents at the same time as they provide each Eligible Holder with its unique Allocation Code.

Any New Money Deposit that does not include a valid Allocation Code will not be able to be matched with the corresponding Tender Order and will be rejected and the funds returned to the sender after a verification process. While the Escrow Agent will not charge a fee for the return of such funds, the receiving bank may charge a fee to the sender for receiving the returned funds.

Please note that in order to ensure that the Tender Orders and the corresponding New Money Deposits can be matched by the Exchange and Information Agent to confirm a valid tender of Existing Notes in the Exchange Offer and Consent Solicitation, the deadline for deposit of a New Money Deposit will be on the business day immediately preceding the corresponding deadline for the submission of Tender Orders. As a result, the Early New Money Deposit Date is on the business day immediately preceding the Early Tender Date and the New Money Deposit Date is on the business day immediately preceding the Expiration Date.

The Escrow Account

The Issuer, Barclays Capital Inc. and Barclays Bank PLC, New York Branch, as escrow agent (the "Escrow Agent"), have entered into an Escrow Agreement pursuant to which an escrow account (the "Escrow Account") has been established at Barclays Bank PLC, New York Branch, to accept deposits of the New Money Deposits pursuant to the Exchange Offer and the Consent Solicitation. The New Money Deposits held in the Escrow Account will not earn any interest and will be released by the Escrow Agent upon the instruction of Barclays Capital Inc. to the Escrow Agent. The Issuer and Barclays Capital Inc. have agreed that Barclays Capital Inc. will provide release instructions to the Escrow Agent only in the following circumstances:

(i) Following the expiration of the Exchange Offer and the Consent Solicitation, upon the Issuer's acceptance of all Existing Notes validly tendered and corresponding New Money Deposits validly deposited into the Escrow Account in exchange for the issuance of New Notes, Barclays Capital Inc. will deliver a payment instruction to the Escrow Agent to (A) release to the Issuer the aggregate amount of New Money Deposits accepted for the exchange (the "Accepted New Money Deposits") and (B) return to the person(s) who deposited any New Money Deposits not accepted for exchange (based on such person's Allocation Code) any balance of the amounts in the Escrow Account after payment of the Accepted New Money Deposits;

(ii) Following the termination of the Exchange Offer and the Consent Solicitation without acceptance of any Existing Notes and corresponding New Money Deposits for exchange, Barclays Capital Inc. will deliver a payment instruction to the Escrow Agent to return to the person(s) who deposited any New Money Deposits not accepted for exchange (based on such person's Allocation Code) the amounts of New Money Deposits held in the Escrow Account;

(iii) From time to time during the pendency of the Exchange Offer and the Consent Solicitation, upon receipt of a notice of withdrawal of a Tender Order and/or a New Money Deposit by an Eligible Holder, Barclays Capital Inc. will deliver a payment instruction to the Escrow Agent to return to the person(s) who deposited any New Money Deposits and submitted a notice of withdrawal (based on such person's Allocation Code), the amount of the New Money Deposits held in the Escrow Account corresponding to the Allocation Code; and

(iv) From time to time during the pendency of the Exchange Offer and the Consent Solicitation, upon receipt of a New Money Deposit by an Eligible Holder without a valid Allocation Code, Barclays Capital Inc. will deliver a payment instruction to the Escrow Agent to return to the person(s) who deposited any New Money Deposits without a valid Allocation Code, the amount of the New Money Deposits held in the Escrow Account submitted by such person(s) without a valid Allocation Code with a request that the person redeposit such New Money Deposit with a valid Allocation Code.

The New Money Deposits held in the Escrow Account will not earn any interest and will be released to the Issuer in connection with the settlement of the Exchange Offer and Consent Solicitation in exchange for the additional New Notes to be issued to tendering Eligible Holders of Existing Notes or, if a New Money Deposit is rejected because it is not matched with a Tender Order or if the Issuer elects to terminate the Exchange Offer and Consent Solicitation, such New Money Deposit will be returned to the sender after a verification process. While the Escrow Agent will not charge a fee for the return of such funds, the receiving bank may charge a fee to the sender for receiving the returned funds.

No Late Tender Orders or New Money Deposits

The Issuer will not accept late Tender Orders or New Money Deposits; *provided* that the Issuer reserves the right, in its sole discretion and in accordance with applicable law, to permit any holder of Existing Notes who submits its Tender Order after the Expiration Date or deposits its New Money Deposit after the New Money Date to participate in the Exchange Offer and the Consent Solicitation on terms that in no case shall result in such holder being paid any amounts higher or receive other consideration in excess or in a form other than the amounts being paid to participating holders.

Revocation of Tender Orders and New Money Deposits

Tender Orders and New Money Deposits may be validly withdrawn or revoked at or prior to the Withdrawal Date but may not be validly withdrawn or revoked after such time. In the event of termination of the Exchange Offer and the Consent Solicitation, the Existing Notes tendered and New Money Deposits deposited pursuant to the Exchange Offer and the Consent Solicitation will be promptly returned to the tendering holders.

For a withdrawal of Tender Orders of Existing Notes to be effective, a properly transmitted "Request Message" through ATOP must be received by the Exchange and Information Agent prior to the Withdrawal Date, at its address set forth on the back cover page of this Exchange Offer and Consent Solicitation Memorandum. Any such notice of withdrawal must:

- specify the name of the participant in the book-entry transfer facility whose name appears on the security position listing as the owner of such Existing Notes;
- contain the description of the aggregate principal amount represented by such Existing Notes;
- contain the Allocation Code for the beneficial owner; and
- specify the name and number of the account at the book-entry transfer facility to be credited with withdrawn Existing Notes.

If the Tender Order of Existing Notes to be withdrawn has been delivered or otherwise identified to the Exchange and Information Agent, notice of withdrawal is effective immediately upon receipt by the Exchange and Information Agent of the "Request Message" through ATOP and the Exchange and Information Agent will instruct DTC to return the Existing Notes associated with the withdrawn Tender Order to the DTC Participant submitting the notice of withdrawal or "Request Message."

For a withdrawal of Tender Orders of Existing Notes submitted through Euroclear or Clearstream to be effective, you must submit an electronic withdrawal instruction in accordance with the requirements of Euroclear or Clearstream, as applicable, and the deadlines required by that clearing system in order to unblock the tendered Existing Notes. To be valid, such instruction must specify the Existing Notes to which the original Tender Orders related, the Allocation Code for Eligible Holder on whose behalf the withdrawal instruction is submitted, the securities account to which such Existing Notes are to be re-credited and any other information required by Euroclear or Clearstream, as applicable.

Withdrawal of Tender Orders may only be accomplished in accordance with the foregoing procedures.

If the Exchange and Information Agent has received a notice of withdrawal or a "Request Message" through ATOP with respect to a Tender Order to be withdrawn, the Exchange and Information Agent will instruct the Escrow Agent to return the New Money Deposit corresponding to the withdrawn Tender Order to the person who originally deposited the New Money Deposit, based on the Allocation Code associated with the withdrawn Tender Order.

Any permitted revocation of Tender Orders and New Money Deposits may not be rescinded. Any Tender Orders validly revoked or New Money Deposits withdrawn will thereafter be deemed not validly submitted or deposited for purposes of the Exchange Offer and the Consent Solicitation; *provided*, *however*, that withdrawn Existing Notes may be re-tendered and New Money Deposits re-deposited by again following one of the appropriate procedures described herein at or prior to the applicable deadlines described herein.

After the Withdrawal Date, submitted Tender Orders and New Money Deposits may not be validly withdrawn unless the Issuer amends or otherwise change the Exchange Offer and the Consent Solicitation in a manner material to tendering Eligible Holders or are otherwise required by law to permit withdrawal (as determined solely by Issuer in its reasonable discretion). The minimum period during which the Exchange Offer and the Consent Solicitation will remain open following material changes in the terms of such Exchange Offer and the Consent Solicitation or in the information concerning such Exchange Offer and the Consent Solicitation will depend upon the facts and circumstances of such changes, including the relative materiality of the changes. With respect to a change in consideration, the affected Exchange Offer and the Consent Solicitation will remain open for a minimum five business day period. If the terms of the Exchange Offer and the Consent Solicitation are amended in a manner determined by the Issuer to constitute a material change, the Issuer will promptly disclose any such amendment in a manner reasonably calculated to inform Eligible Holders of such amendment, and the Issuer will extend such Exchange Offer and the Consent Solicitation for a minimum three business day period following the date that notice of such change is first published or sent to Eligible Holders to allow for adequate dissemination of such change, if such Exchange Offer and the Consent Solicitation would otherwise expire during such time period. If the Exchange Offer and the Consent Solicitation is terminated, Tender Orders and New Money Deposits submitted or deposited pursuant to such Exchange Offer will be returned to the tendering Eligible Holders and persons who originally deposited the New Money Deposit, based on the Allocation Code associated with the Tender Order, respectively.

A valid revocation of a Tender Order will be deemed a revocation of the related Consents. An Eligible Holder who validly revokes a previously submitted Tender Order will not receive the applicable consideration unless such Tender Order is re-submitted by the Early Tender Date (with respect to the Early Tender Consideration) or the Expiration Date (with respect to the Late Tender Consideration), as applicable, **and** the corresponding New Money Deposit is redeposited by the Early New Money Deposit Date (with respect to the Early Tender Consideration) or the New Money Deposit Date (with respect to the Late Tender Consideration), as applicable, in accordance with the procedures and deadlines described in this Exchange Offer and Consent Solicitation Memorandum.

The Issuer will determine all questions as to the form and validity (including time of receipt) of any notice of withdrawal of a Tender Order or a New Money Deposit, in its sole discretion, which determination shall be final and binding. None of the Issuer, the Dealer Managers and Solicitation Agents or the Exchange and Information Agent or any other person will be under any duty to give notification of any defect or irregularity in any notice of revocation of a Tender Order or incur any liability for failure to give any such notification.

If the Issuer is delayed in its acceptance for exchange of, or issuance of New Notes in exchange for (together with any applicable cash amounts), any Existing Notes then, without prejudice to its rights hereunder, but subject to applicable law, Tender Orders may be retained by the Exchange and Information Agent on its behalf and may not be validly withdrawn (subject to Rule 14e-l under the Exchange Act, which requires that the Issuer issues or pay the

consideration offered or return the Existing Notes deposited by or on behalf of the Eligible Holders promptly after the termination or withdrawal of the Exchange Offer and Consent Solicitation).

Validity

The Issuer, in its sole discretion, will determine all questions as to the form of documents, validity and eligibility, including time of receipt and acceptance for payment, and its determination will be final and binding. The Issuer reserves the absolute right to reject any and all Tender Orders or New Money Deposits that the Issuer determines are not in proper form or the acceptance for payment of or payment for which may, in the opinion of its counsel, be unlawful. The Issuer also reserves the absolute right, in its sole discretion, to waive any of the conditions of the Exchange Offer and the Consent Solicitation, except as otherwise provided, or any defect or irregularity in the Tender Order or New Money Deposit of any particular holder, whether similar conditions, defects or irregularities are waived in the case of other holders. The Issuer's interpretation of the terms and conditions of the Exchange Offer and the Consent Solicitation will be final and binding. None of the Issuer, the Exchange and Information Agent, the Existing Notes Trustee, the New Notes Trustee, the Singapore Listing Agent or any other person will be under any duty to give notification of any defects or irregularities in any Tender Order or New Money Deposit or any notices of revocation or will incur any liability for failure to give any such notification.

Transfer Taxes

Holders who submit their Tender Orders will not be obligated to pay any transfer taxes in connection therewith, and the Issuer will pay any such transfer taxes, except that holders who instruct the Issuer to register the Early Tender Consideration or the Late Tender Consideration, as applicable, in the name of, or request that the Existing Notes not tendered or not accepted in the Exchange Offer and the Consent Solicitation be returned to, a person other than the registered tendering holder will be responsible for the payment of any applicable transfer tax thereon.

Additional Amounts

The Issuer understands that the payment of the applicable Exchange Consideration to holders of Existing Notes is not subject to withholding or deduction by the Issuer for any Mexican taxes, levies, fees, assessment or other governmental charges of whatsoever nature imposed by any jurisdiction and by any level of government (including penalties, interest and other liabilities related thereto). In the event that the Issuer is required or compelled by law or by the interpretation made by any competent or judicial authority to deduct or withhold a portion of the applicable Exchange Consideration payable to any holder of Existing Notes pursuant to the Exchange Offer, the Issuer agrees to (i) pay such additional amounts in the form of additional New Notes as may be necessary to ensure that the net amounts received by any such holder of Existing Notes after such withholding or deduction (including any withholding or deduction with respect to such additional amounts) shall equal the amounts that such holder of Existing Notes would have received in the absence of such withholding or deduction and (ii) indemnify and hold harmless (on a grossed-up basis) such holder of Existing Notes from any loss that may affect such holder of Existing Notes, including any payment which such holder of Existing Notes may have been obliged to make, in direct connection with any determination by Mexican tax authorities or Mexican governmental authorities having the power to tax that a withholding tax or deduction was applicable.

Accrued Interest Payments that are paid to holders of Existing Notes participating in the Exchange Offer will be subject to withholding or deduction of tax as required by applicable Mexican laws (see "Taxation—Certain Mexican Federal Income Tax Considerations"). The Issuer agrees to pay in cash such additional amounts as may be necessary to ensure that the net amounts received by any such holder of Existing Notes after such withholding or deduction (including any withholding or deduction with respect to such additional amounts) shall equal the amounts that such holder of Existing Notes would have received in respect of such Accrued Interest Payments in the absence of such withholding or deduction.

Settlement Date; Delivery of the applicable Exchange Consideration and Accrued Interest Payment

The applicable Exchange Consideration and the Accrued Interest Payment will be delivered on the Settlement Date, which is expected to be the second business day following the Expiration Date, or as soon as practicable thereafter. New Notes issued in exchange for Existing Notes and the Accrued Interest Payment will be delivered on the Settlement Date to the DTC Participant account from which your Tender Order were submitted via ATOP and to the Euroclear or Clearstream direct participants to the account from which your Tender Order was submitted. Under

no circumstances will any interest be payable because of any delay in the transmission of funds to Eligible Holders by DTC, Euroclear, Clearstream or any other clearing system. Any Tender Orders that have been submitted pursuant to the Exchange Offer and the Consent Solicitation but that have been rejected by the Issuer will be returned to the holder thereof without cost to such holder promptly following the earlier to occur of the Expiration Date or the date on which the Exchange Offer and the Consent Solicitation are terminated. The Issuer will not be obligated to deliver the New Notes or pay any cash amount with respect to the Exchange Offer and the Consent Solicitation unless the Exchange Offer and the Consent Solicitation is consummated.

Cash payments for the Existing Notes accepted for exchange shall be made on the Settlement Date by the deposit of the Accrued Interest Payment for all Existing Notes being tendered and accepted in immediately available funds with DTC, Euroclear or Clearstream, as applicable. Under no circumstances will interest on the Exchange Consideration be paid by the Issuer by reason of any delay on the part of DTC, Euroclear or Clearstream in making payments to holders or otherwise.

Conditions

The Issuer will not be required to consummate the Exchange Offer and the Consent Solicitation, and the Issuer may terminate the Exchange Offer and the Consent Solicitation or, at its option, withdraw, modify, extend or otherwise amend the Exchange Offer and the Consent Solicitation at any time prior to or concurrently with the Expiration Date, as extended for any reason in its sole discretion, including without limitation, if any of the following conditions have not been satisfied or waived (if permitted):

(a) holders of not less than 50% in aggregate principal amount of the outstanding Existing Notes have validly submitted (and not validly withdrawn) Tender Orders with respect to their Existing Notes and validly deposited (and not validly withdrawn) the corresponding New Money Deposit in the Exchange Offer (the "Minimum Condition");

(b) receipt of Consents from holders of more than 50% in aggregate principal amount of the outstanding Existing Notes approving the Proposed Amendments; provided that any Existing Notes owned by the Issuer or its affiliates will be deemed not to be outstanding for purposes of the Consents;

(c) prior to the consummation of the Exchange Offer and the Consent Solicitation, none of the Issuer's material credit facilities with banks or other lenders in the form of revolving credit loans, term loans, letters of credit or bankers' acceptances or the like and under which the proceeds are applied solely for working capital purposes, shall have been accelerated, terminated or otherwise materially adversely modified by the relevant bank counterparties;

(d) the Existing Notes Trustee under the Existing Notes Indenture shall not have, at any time prior to the consummation of the Exchange Offer and the Consent Solicitation, taken any action that materially adversely affects the consummation of the Exchange Offer and the Consent Solicitation; and

(e) no order, statute, rule, regulation, executive order, stay, decree, judgment or injunction shall have been proposed, enacted, entered, issued, promulgated, enforced or deemed applicable by any court or governmental, regulatory or administrative agency or instrumentality, that prohibits, prevents, restricts or delays consummation of the Exchange Offer and the Consent Solicitation.

The foregoing conditions are for the Issuer's sole benefit and may be waived by the Issuer in whole or in part in its sole discretion. Any determination made by the Issuer concerning an event, development or circumstance described or referred to above will be conclusive and binding.

The Issuer reserves the right, in its sole discretion, if the Exchange Offer and the Consent Solicitation are not successful, to purchase or make offers to purchase any Existing Notes that remain outstanding subsequent to the Expiration Date for the Exchange Offer and the Consent Solicitation and, to the extent permitted by applicable law, purchase Existing Notes in the open market, in privately negotiated transactions, tender offers, another solicitation or otherwise, subject to the terms of the Existing Notes. The terms of any such purchases or offers could differ from the terms of the Exchange Offer and the Consent Solicitation.

Appraisal Rights

You will not have any right to dissent and receive appraisal of your outstanding Existing Notes in connection with the Exchange Offer and the Consent Solicitation.

Governing Law

The Exchange Offer and the Consent Solicitation shall be governed by and interpreted in accordance with the laws of the State of New York.

Legal Compliance

The Issuer is making the Exchange Offer and the Consent Solicitation to certain holders of Existing Notes. The Issuer is not aware of any jurisdiction in which the making of the Exchange Offer and the Consent Solicitation is not in compliance with applicable law, see "Offer and Distribution Restrictions." If the Issuer becomes aware of any jurisdiction in which the making of the Exchange Offer and the Consent Solicitation would not be in compliance with applicable law, the Issuer will make a good faith effort to comply with any such law. If, after such good faith effort, the Issuer cannot comply with any such law, the Exchange Offer and the Consent Solicitation will not be made to nor will Tender Orders or New Money Deposits be accepted from or on behalf of the holders of Existing Notes residing in such jurisdiction.

Exchange and Information Agent

The Issuer has retained Ipreo LLC to act as the Exchange and Information Agent (the "Exchange and Information Agent") in connection with the Exchange Offer and the Consent Solicitation. The Exchange and Information Agent will assist with the mailing of this Exchange Offer and Consent Solicitation Memorandum and related materials to holders of the Existing Notes, respond to inquiries of and provide information to holders of Existing Notes in connection with the Exchange Offer and the Consent Solicitation, receive Agent's Messages from DTC, Tender Orders from Euroclear and Clearstream and other required documents in connection with the Exchange Offer and the Consent Solicitation, perform certain ministerial tasks related to the Exchange Offer and the Consent Solicitation and provide other similar advisory services as the Issuer may request from time to time. All required documents should be sent or delivered to the Exchange and Information Agent at the addresses and telephone number for the Exchange and Information Agent that is set forth on the back-cover page of this Exchange Offer and Consent Solicitation Memorandum. Any questions concerning the procedures of the offers or requests for assistance or additional copies of this Exchange Offer and Consent Solicitation Memorandum and any other required documents should be directed to the Exchange and Information Agent at one of the addresses and telephone numbers set forth on the back cover page of this Exchange Offer and Consent Solicitation Memorandum.

The Issuer will pay the Exchange and Information Agent reasonable and customary compensation for its services in connection with the offers, plus reimbursement for out-of-pocket expenses. The Issuer will indemnify the Exchange and Information Agent against various liabilities and expenses in connection therewith including liabilities under the United States federal securities laws.

Delivery of an Agent's Message or Tender Orders to an address other than that for the Exchange and Information Agent as set forth above does not constitute a valid delivery of the Existing Notes.

Dealer Managers and Solicitation Agents

The Issuer has retained Barclays Capital Inc. and Jefferies LLC to act as Dealer Managers and Solicitation Agents (the "Dealer Managers and Solicitation Agents") in connection with the Exchange Offer and the Consent Solicitation. The Issuer will pay the Dealer Managers and Solicitation Agents reasonable and customary fees for soliciting tenders in the Exchange Offer and the Consent Solicitation. In addition, the Dealer Managers and Solicitation Agents will be responsible for providing each requesting Eligible Holder with the unique Allocation Code that must be included with each submission of a Tender Order or deposit of New Money Deposits in order for such submission or deposit to be valid. The Issuer will also reimburse the Dealer Managers and Solicitation Agents for their reasonable out-of-pocket expenses. The obligations of the Dealer Managers and Solicitation Agents to perform such functions are subject to certain conditions. The Issuer has agreed to indemnify the Dealer Managers and Solicitation Agents against certain liabilities, including liabilities under the U.S. federal securities laws, in connection with their services.

At any given time, the Dealer Managers and Solicitation Agents may trade Existing Notes or other of our securities for their own accounts or for the accounts of their respective customers and, accordingly, may hold a long or short position in the Existing Notes. To the extent the Dealer Managers and Solicitation Agents or their respective affiliates hold Existing Notes during the Exchange Offer and the Consent Solicitation, they or their respective affiliates may submit Tender Orders under the Exchange Offer and the Consent Solicitation.

From time to time in the ordinary course of business, the Dealer Managers and Solicitation Agents and their respective affiliates have provided, and may provide in the future, investment or commercial banking services to the Issuer and its affiliates in the ordinary course of business for customary compensation. In addition, in the ordinary course of their business activities, the Dealer Managers and Solicitation Agents and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. The Dealer Managers and Solicitation Agents may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

None of the Issuer, the Dealer Managers and Solicitation Agents, the Existing Notes Trustee, the New Notes Trustee, the Onshore Trustee or the Exchange and Information Agent makes any recommendation as to whether or not Eligible Holders of Existing Notes should exchange their Existing Notes in the Exchange Offer and the Consent Solicitation.

None of the Dealer Managers and Solicitation Agents or the Exchange and Information Agent or the Existing Notes Trustee or the New Notes Trustee or the Onshore Trustee assumes any responsibility for the accuracy or completeness of the information concerning the Issuer or its affiliates or the Existing Notes or the New Notes contained in this Exchange Offer and Consent Solicitation Memorandum or for any failure by the Issuer to disclose events that may have occurred and may affect the significance or accuracy of such information.

The Issuer will not make any payment to brokers, dealers or others soliciting tenders in the Exchange Offer and the Consent Solicitation other than the Dealer Managers and Solicitation Agents, as described above.

Questions regarding the terms of the Exchange Offer and the Consent Solicitation may be directed to the Dealer Managers and Solicitation Agents at the addresses and telephone numbers listed on the back cover page of this Exchange Offer and Consent Solicitation Memorandum.

Escrow Agent

The Issuer has retained Barclays Bank PLC, New York Branch, to act as Escrow Agent to accept deposits of New Money Deposits into the Escrow Account in connection with the Exchange Offer and the Consent Solicitation. The Issuer will pay the Escrow Agent reasonable and customary fees for serving as Escrow Agent in connection with the Exchange Offer and the Consent Solicitation. The Issuer will also reimburse the Escrow Agent for its reasonable out-of-pocket expenses. The obligations of the Escrow Agent to perform such functions are subject to certain conditions. The Issuer has agreed to indemnify Escrow Agent against certain liabilities in connection with its services.

Fees and Expenses

The Issuer will bear the expenses of soliciting tenders to the Exchange Offer and the Consent Solicitation. In addition, its directors, managers, officers and regular employees of its affiliates, the Exchange and Information Agent, or the Dealer Managers and Solicitation Agents may contact Eligible Holders by mail, e-mail, telephone, telex or telegraph regarding the Exchange Offer and the Consent Solicitation, and may request brokers, dealers and other nominees to forward this Exchange Offer and Consent Solicitation Memorandum and related materials to beneficial owners of Existing Notes eligible to participate in the Exchange Offer and the Consent Solicitation.

Miscellaneous

Other than with respect to the Exchange and Information Agent, and the Dealer Managers and Solicitation Agents, neither the Issuer nor any of its affiliates has engaged any broker, dealer or agent in respect of the Exchange Offer and the Consent Solicitation, and no person has been authorized by the Issuer or any of its affiliates to provide any information or to make any representations in connection with the Exchange Offer and the Consent Solicitation,

other than the information expressly set forth in this Exchange Offer and Consent Solicitation Memorandum, and, if so provided or made, such other information or representations must not be relied upon as having been authorized by the Issuer or any of its affiliates. The delivery of this Exchange Offer and Consent Solicitation Memorandum shall not, under any circumstances, create any implication that the information set forth herein is correct as of any time subsequent to the date hereof.

THE PROPOSED AMENDMENTS

Each Holder that submits (and does not revoke) Tender Orders in respect of its Existing Notes thereby also consents to the actions as proposed in this Exchange Offer and Solicitation Memorandum, including to authorize and direct the Existing Notes Trustee to enter into the Supplemental Indenture in order to implement the Proposed Amendments modifying the Existing Notes Indenture and the Existing Notes.

The Proposed Amendments will amend the Existing Notes Indenture and the Existing Notes as described below, which we refer to collectively as the "Proposed Amendments."

Approval of the Proposed Amendments requires the consent (by submission of Tender Orders) of the holders of at least a majority of the outstanding principal amount of the Existing Notes; provided that any Existing Notes held by the Issuer or its affiliates will be deemed not to be outstanding for these purposes.

By tendering its Existing Notes, each holder will be deemed to have delivered a Consent to the Proposed Amendments in respect of such Existing Notes and to have authorized, directed and requested that the Existing Notes Trustee, upon receipt of the Consents of the holders of a majority in aggregate principal amount of the outstanding Existing Notes and all required documentation in the Existing Notes Indenture, enter into the Supplemental Indenture to give effect to the Proposed Amendments.

The Proposed Amendments constitute a single proposal and holders must consent to all of the Proposed Amendments as an entirety and may not consent selectively with respect to certain of the Proposed Amendments.

If the requisite Consents are obtained in the Exchange Offer, the Issuer will give effect to the Proposed Amendments by entering into the Supplemental Indenture with the Existing Notes Trustee promptly after the Expiration Date. The Supplemental Indenture will become effective upon execution; however, the Proposed Amendments will not become operative until the Exchange Consideration is paid on the Settlement Date, and until then, the Existing Notes Indenture will remain in effect without giving effect to the Proposed Amendments. If the Proposed Amendments become operative, all holders of Existing Notes whose Existing Notes have not been exchanged for the New Notes will become bound by the terms of the Proposed Amendments set forth in the Supplemental Indenture.

In general, the Proposed Amendments would delete in their entirety substantially all of the restrictive covenants and references thereto contained in the Existing Notes Indenture, as well as certain events of default, and would modify the covenant regarding mergers and consolidations and certain other provisions. Such amendments would permit the Issuer and its restricted subsidiaries to, among other things: (i) make an unlimited amount of payments to its parent company; (ii) issue an unlimited amount of secured debt; and (iii) engage in mergers, consolidations and other similar transactions with very limited restrictions, which could result in the obligations under Existing Notes being transferred to another company. The Proposed Amendments would also eliminate the obligations of the Issuer under the Existing Notes Indenture to provide regular reports to holders. See "Risk Factors—Risks Relating to the Exchange Offer and the Existing Notes—If the Issuer consummates the Consent Solicitation and the Proposed Amendments become operative, holders of Existing Notes will no longer benefit from the protections provided by substantially all of the existing restrictive covenants, certain events of default and certain other provisions."

Amendments to Covenants in the Indenture. The Proposed Amendments would eliminate the following covenants contained in the Existing Notes Indenture by deleting each section referenced below in its entirety:

Section 4.03. Reports

Section 4.07. Limitation on Restricted Payments

Section 4.08. Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

Section 4.09. Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock

Section 4.10. Asset Sales

Section 4.11. Limitation on Transactions with Affiliates

Section 4.12. Limitation on Liens

Section 4.13. Offer to Repurchase upon Change of Control Triggering Event

Section 4.14. Additional Note Guarantees

Section 4.15. Designation of Restricted and Unrestricted Subsidiaries

Section 4.18. Anti-Layering

Clauses (a)(iii), (a)(iv) and (b)(ii) of Section 5.01. Merger, Consolidation and Sale of Assets

Amendments to Events of Default in the Existing Notes Indenture. The Proposed Amendments would eliminate the following Events of Default by deleting each clause referenced below in its entirety:

Section 6.01(a)(iii) (An Event of Default for failure to comply with Section 5.01 of the Existing Notes Indenture)

Section 6.01(a)(v) (An Event of Default for a payment default under any mortgage, indenture or instrument that results in the acceleration of indebtedness of U.S.$80 million or more)

Section 6.01(a)(vi) (An Event of Default for failure to pay a final judgment in excess of U.S.$80 million that has not been waived or discharged or stayed for a period of 60 days or more)

General Amendments. The Proposed Amendments will also delete those definitions from the Existing Notes Indenture that are used only in provisions that would be eliminated as a result of the elimination of the foregoing provisions and make certain other changes of a technical or conforming nature to the Existing Notes Indenture and the Existing Notes. Any and all references in the Existing Notes Indenture to the deleted sections or provisions referred to above will also be deleted in their entirety. Any provision contained in the Existing Notes that relates to any provision of the Existing Notes Indenture as amended shall likewise be amended so that any such provision contained in the Existing Notes will conform to and be consistent with any provision of the Existing Notes Indenture, as amended by the Supplemental Indenture.

DESCRIPTION OF THE NEW NOTES

The following is a summary of the material provisions of the New Notes and the New Notes Indenture. Because this is a summary, it may not contain all the information that is important to you. The following is qualified in its entirety by reference to the New Notes and the New Notes Indenture. You should read the New Notes Indenture in its entirety. Copies of the New Notes Indenture may be obtained as described under "Additional Information" in this Exchange Offer and Consent Solicitation Memorandum.

Total Play Telecomunicaciones, S.A.P.I. de C.V. (the "*Issuer*"), a variable capital stock corporation (*sociedad anónima promotora de inversión de capital variable*) organized under the laws of the United Mexican States ("*Mexico*"), will issue 11.125% Senior Secured Notes due 2032 (the "*New Notes*") under an indenture (the "*New Notes Indenture*") among the Issuer, the Guarantors from time to time party thereto, and The Bank of New York Mellon, as trustee (the "*New Notes Trustee*"), paying agent, transfer agent and registrar and offshore collateral agent (in such capacity, the "*Offshore Collateral Agent*"), in a transaction exempt from the registration requirements of the U.S. Securities Act of 1933, as amended (the "*Securities Act*"). On the Issue Date, the only Guarantor will be Total Box, S.A. de C.V.

The terms of the New Notes include those set forth in the New Notes Indenture. The New Notes Indenture will not incorporate or include or be subject to any of the provisions of the U.S. Trust Indenture Act of 1939, as amended.

The following description is a summary of the material provisions of the New Notes Indenture, the form of New Notes and the guarantees of the Issuer's obligations under the New Notes and the New Notes Indenture (the "*New Note Guarantees*"), as well as the terms of the Fiber Trust Agreement and the Payment Trust Agreement; however, this "Description of the New Notes" section does not restate these documents in their entirety. We urge you to read the New Notes Indenture, the New Notes, the Fiber Trust Agreement and the Payment Trust Agreement because they, and not this description, define your rights as holders of the New Notes. Copies of the New Notes Indenture, the form of the New Notes, the Fiber Trust Agreement and the Payment Trust Agreement will be available as set forth under "Additional Information."

You can find the definitions of certain terms used in this description under "—Certain Definitions." Certain defined terms used in this description but not defined under "—Certain Definitions" have the meanings assigned to them in the New Notes Indenture.

References to "*holders*" mean those who have New Notes registered in their names on the books that the Registrar maintains for this purpose, and not those who own beneficial interests in New Notes issued in book-entry form through The Depository Trust Company ("*DTC*") or in New Notes registered in street name. Owners of beneficial interests in the New Notes should refer to "—Form of New Notes, Transfer and Exchange" and "Form of New Notes, Clearing and Settlement."

The expected payment and other dates of the New Notes set forth in this "Description of the New Notes" section may change depending on the actual Settlement Date of the Exchange Offer, which depends in turn on whether the Expiration Date is extended.

Brief Description of the New Notes and the New Note Guarantees

The New Notes

The New Notes will:

- bear interest at a rate of 11.125% per annum, payable quarterly on March 31, June 30, September 30 and December 31 of each year (each, a "*Payment Date*"), beginning on March 31, 2025;
- be repaid in 16 quarterly installments, on each Payment Date, beginning on March 31, 2029 and ending on December 31, 2032 (the "*Maturity Date*"), unless earlier redeemed or repurchased in accordance with their terms;
- be issued in minimum denominations of U.S.$200,000 and integral multiples of U.S.$1 in excess thereof;
- be general senior unsubordinated obligations of the Issuer;

- be secured on a first-priority basis by the Collateral as described under "—Security";
- rank *pari passu* in right of payment with all future Indebtedness of the Issuer that is not subordinated in right of payment to the New Notes and is secured by a security interest in the Fiber Trust to the extent of the security interest under the Fiber Trust;
- rank senior in right of payment to all future Indebtedness of the Issuer that is expressly subordinated in right of payment to the New Notes, if any;
- be effectively subordinated to any existing and future Indebtedness of the Issuer that is secured by property and assets that do not secure the New Notes, to the extent of the value of the property and assets securing such Indebtedness; and
- be unconditionally guaranteed by the Guarantors.

The New Note Guarantees

All obligations of the Issuer in respect of the New Notes will be guaranteed by the Guarantors set forth under "—New Note Guarantees." The New Note Guarantee of each Guarantor will:

- be a general senior unsubordinated obligation of that Guarantor;
- rank *pari passu* in right of payment with all future Indebtedness of that Guarantor that is not subordinated in right of payment to its New Note Guarantee;
- rank senior in right of payment to all existing and future Indebtedness of that Guarantor that is expressly subordinated in right of payment to its New Note Guarantee, if any;
- be effectively subordinated to any existing and future Indebtedness of that Guarantor that is secured by property and assets that do not secure the New Notes, to the extent of the value of the property and assets securing such Indebtedness; and
- be structurally subordinated to all obligations of that Guarantor's Subsidiaries that are not Guarantors.

As of September 30, 2024, the Issuer and the Initial Guarantor had total consolidated Indebtedness of Ps.58,550 million (U.S.$2,984 million), of which Ps.39,945 million (U.S.$2,036 million) was secured by Accounts Receivable Collection Rights or other security interests. As of September 30, 2024, after giving *pro forma* effect to the consummation of the Exchange Offer (including the issuance of the New Notes), assuming the holders of all Existing Notes validly tender their Existing Notes in the Exchange Offer and make the corresponding cash payment, the Issuer and the Initial Guarantor would have had total Indebtedness of Ps.66,350 million (U.S.$3,381 million), of which Ps.45,245 million (U.S.$2,306 million) would have been secured by Accounts Receivable Collection Rights or other security interests. In addition, as described under "Description of Principal Existing Indebtedness," in May 2017, the Issuer and the Initial Guarantor transferred all of their respective present and future collection rights in relation to present and future accounts receivables from the rendered services by the Issuer and the Initial Guarantor to their respective customers in the ordinary course of business to the Master Trust. The Issuer has entered into various credit facilities, some of which include as part of their structure an irrevocable administration trust that received a private trust certificate issued in its favor by the Master Trust. The private trust certificate entitles the irrevocable administration trust or its holder and, consequently, the respective lender, as first place beneficiary under such trust, to receive collections pursuant to the private trust certificate and the Master Trust. The underlying assets of the private certificate are comprised of a specific portfolio of the present and future, unencumbered, Accounts Receivable Collection Rights. Creditors under each of these facilities have a preferred claim against the Master Trust with respect to such portfolio. See "Description of Principal Existing Indebtedness—Credit Facilities Related to the Master Trust."

As of September 30, 2024, the Issuer's Subsidiaries that will not provide a New Note Guarantee had no Indebtedness and would have had no Indebtedness as of September 30, 2024, after giving *pro forma* effect to the consummation of the Exchange Offer (including the issuance of the New Notes), assuming the holders of all Existing Notes validly tender their Existing Notes in the Exchange Offer and make the corresponding cash payment.

Each New Note Guarantee will be limited to the maximum amount that would not render the Guarantor's obligations subject to avoidance under applicable fraudulent conveyance provisions. By virtue of this limitation, a

Guarantor's obligations under its New Note Guarantee could be significantly less than amounts payable with respect to the New Notes.

In addition, under Mexican law, obligations under the New Notes are subordinated to certain statutory preferences, including claims for salaries, wages, secured obligations (to the extent of the security provided), social security, employee housing fund contributions, taxes and court fees and expenses. In the event of our liquidation or bankruptcy, such statutory preferences would have preference over any other claims, including claims by any holder of the New Notes.

On the Issue Date, all of the Issuer's Subsidiaries will be "*Restricted Subsidiaries*" for the purposes of the New Notes Indenture. Under the circumstances (and subject to the conditions) described below under "—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries," the Issuer will be permitted to designate Restricted Subsidiaries as "*Unrestricted Subsidiaries*." The Issuer's Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the New Notes Indenture.

Principal, Maturity and Interest

On the Issue Date, the Issuer will issue up to U.S.$870,000,000 aggregate principal amount of New Notes. Principal on the New Notes will be paid in 16 quarterly installments, on each Payment Date, beginning on March 31, 2029 and ending on the Maturity Date to the holders of record on the immediately preceding March 15, June 15, September 15 and December 15, whether or not a Business Day (each, a "*regular record date*"), unless earlier redeemed or repurchased in accordance with their terms. The amount of each principal payment, reflected as a percentage of the Adjusted Principal Amount of the New Notes on the regular record date immediately preceding the relevant Payment Date, shall be as set forth below (the "*Payment Schedule*"):

Payment Date	Percentage of Adjusted Principal Amount
March 31, 2029	6.25%
June 30, 2029	6.25%
September 30, 2029	6.25%
December 31, 2029	6.25%
March 31, 2030	6.25%
June 30, 2030	6.25%
September 30, 2030	6.25%
December 31, 2030	6.25%
March 31, 2031	6.25%
June 30, 2031	6.25%
September 30, 2031	6.25%
December 31, 2031	6.25%
March 31, 2032	6.25%
June 30, 2032	6.25%
September 30, 2032	6.25%
December 31, 2032	6.25% (or all remaining amounts, whichever is greater)

"*Adjusted Principal Amount*" as of any regular record date in respect of a Payment Date on which any principal amount is payable means the sum of (1) the aggregate principal amount of the New Notes issued on the Issue Date *minus* (2) the aggregate principal amount of any New Notes redeemed in accordance with the provisions described under "—Redemption—Optional Redemption" or repurchased and cancelled by the Issuer in accordance with the provisions described under "—Repurchase at the Option of Holders" or otherwise *plus* (3) the aggregate principal

amount of any Additional Notes, in each case, determined by the Issuer. In the event of the issuance of Additional Notes, the Issuer shall deliver to the New Notes Trustee a revised Payment Schedule updating the percentages of the Adjusted Principal Amount payable on the remaining Payment Dates, upon which the New Notes Trustee may conclusively rely.

Interest on the New Notes will accrue at the rate of 11.125% per annum and will be payable quarterly in arrears on each Payment Date, commencing on March 31, 2025. The Issuer will make each interest payment to the holders of record on the immediately preceding March 15, June 15, September 15 and December 15, whether or not a Business Day. Notwithstanding the foregoing, upon a failure to pay the principal of the New Notes, all amounts due under the New Notes Indenture will accrue interest at a rate of 2.00% above the rate otherwise payable and will be payable on demand.

Interest on the New Notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. In no event will the rate of interest on the New Notes be higher than the maximum rate permitted by applicable law.

The New Notes Trustee shall have no duty to calculate, investigate, confirm or verify the Issuer's determinations or calculations as to the amounts payable on any Payment Date. All determinations and calculations as to the amounts payable on any Payment Date shall be made by the Issuer, and, absent manifest error, binding upon the holders.

Security

The Issuer's obligation to pay principal and interest, including Additional Amounts, due under the New Notes and all other amounts under the New Notes Indenture will be secured by a first-priority security interest in the following (collectively, the "*Collateral*"), subject to Permitted Liens:

- the Debt Service Reserve Account;
- the Fiber Trust;
- the Payment Trust;
- all present and future claims, demands or causes in action in respect of any of the foregoing; and
- all payments on or under and all proceeds of any kind and nature whatsoever in respect of any of the foregoing.

Debt Service Reserve Account

The Issuer's obligation to pay principal and interest due under the New Notes and the New Notes Indenture will be secured by a perfected first-priority security interest in the Debt Service Reserve Account and all amounts and investments held therein, as described below.

Simultaneously with the issuance of the New Notes on the Issue Date, the Issuer will establish, pursuant to the New Notes Indenture, a U.S. dollar account with the Offshore Collateral Agent, located in New York, New York (the "*Debt Service Reserve Account*"). The Debt Service Reserve Account and all amounts from time to time therein will be maintained in the name of the Issuer and pledged in favor of the Offshore Collateral Agent for the benefit of the Secured Parties. The Debt Service Reserve Account will be under the exclusive dominion and control of the Offshore Collateral Agent. All amounts on deposit in the Debt Service Reserve Account will constitute Collateral for the New Notes and will not constitute payment of any New Notes unless and until applied as described below. Except as expressly provided in the New Notes Indenture, no Person will have any right to withdraw funds from the Debt Service Reserve Account.

The Payment Trust Agreement will provide that the Payment Trustee shall transfer cash in U.S. dollars to the Debt Service Reserve Account from the Trust Debt Service Reserve Account of the Payment Trust (as described below) such that (i) one-third of the Fully Funded amount for the initial Payment Date will be required to be transferred to the Debt Service Reserve Account on or prior to each of the fifth Business Day after the Issue Date, February 28, 2025 and March 31, 2025 and (ii) one-third of the Fully Funded amounts for each of the March 31, 2029, March 31, 2030, March 31, 2031 and March 31, 2032 Payment Dates will be required to be transferred to the Debt Service

Reserve Account on or prior to October 31, November 30 and December 31 preceding each such Payment Date, respectively, so that the Debt Service Reserve Account shall be Fully Funded on each such preceding Payment Date. In addition, the Issuer shall instruct the Payment Trustee to transfer cash in U.S. dollars to the Debt Service Reserve Account from the Trust Debt Service Reserve Account on each Payment Date thereafter as is necessary for the Debt Service Reserve Account to be Fully Funded. The Debt Service Reserve Account shall be "*Fully Funded*" if the cash on deposit therein is in an amount equal to at least 100% of the aggregate amount of interest and principal on the New Notes that is payable on the next succeeding Payment Date, as calculated by the Issuer on each Payment Date with respect to the next succeeding Payment Date.

Under no circumstances shall the New Notes Trustee or the Offshore Collateral Agent be responsible or liable for calculating or determining whether or not the Debt Service Reserve Account is Fully Funded or if there are any Excess DSRA Funds, or for requesting the deposit of any funds into the Debt Service Reserve Account, and each of the New Notes Trustee and the Offshore Collateral Agent may conclusively rely upon an Officer's Certificate of the Issuer as to whether the Debt Service Reserve Account is Fully Funded (or as to whether there are any Excess DSRA Funds on deposit in the Debt Service Reserve Account) at any given time.

The Issuer will irrevocably authorize the Offshore Collateral Agent, at the written direction of the New Notes Trustee (acting solely upon the written instruction of the holders of a majority in aggregate principal amount of New Notes then outstanding), to withdraw funds from the Debt Service Reserve Account upon the occurrence and continuance of an Event of Default and transfer such amounts to the New Notes Trustee in order to pay principal and interest due under the New Notes and the New Notes Indenture. If the Issuer determines at any time that amounts on deposit in the Debt Service Reserve Account are in excess of the amount necessary to Fully Fund the Debt Service Reserve Account (such excess amounts, the "*Excess DSRA Funds*"), the Issuer may, at its discretion, deliver an Officer's Certificate (in substantially the form set forth in the New Notes Indenture) to the Offshore Collateral Agent (i) certifying that the amounts on deposit in the Debt Service Reserve Account exceed the amount necessary to maintain the Debt Service Reserve Account Fully Funded and the amount of such Excess DSRA Funds, and (ii) instructing the Offshore Collateral Agent to withdraw from the Debt Service Reserve Account an amount equal to the Excess DSRA Funds and release such funds to the Trust Reimbursements Account in accordance with the wire instructions set forth in such Officer's Certificate, and upon receipt of such instruction, the Offshore Collateral Agent will be authorized and directed to make such withdrawal in accordance with such Officer's Certificate.

Amounts in the Debt Service Reserve Account will only be invested by the Offshore Collateral Agent in investments of the type described in clause (8) of the definition of "*Cash Equivalents*" in accordance with the written instructions of the Issuer (which may be in the form of standing instructions).

The holders of the New Notes will not have any right to take any action with respect to the Debt Service Reserve Account or any amounts therein independent of the Offshore Collateral Agent or to direct the New Notes Trustee to direct the Offshore Collateral Agent to take any action in respect thereof, other than as described in the New Notes Indenture. Except in respect of the release of Excess DSRA Funds to the Trust Reimbursements Account in accordance with the instructions of the Issuer as described herein, any money withdrawn by the Offshore Collateral Agent from the Debt Service Reserve Account following an Event of Default, at the direction of the New Notes Trustee (acting solely upon the written instruction of the holders of a majority in aggregate principal amount of New Notes then outstanding) will only be delivered by the Offshore Collateral Agent to the New Notes Trustee for further application to the payment of, first, interest and second, principal due under the New Notes.

The New Notes Indenture will provide that the Debt Service Reserve Account and the amounts therein will no longer secure obligations under the New Notes and the New Notes Indenture, and the Liens on the Debt Service Reserve Account will automatically terminate and be unconditionally discharged:

- upon Legal Defeasance of the New Notes or satisfaction and discharge of the New Notes Indenture, as provided under "—Satisfaction and Discharge";
- upon payment in full of the aggregate principal amount of all New Notes then outstanding and all other obligations under the New Notes Indenture and the New Notes then due and owing; or
- in whole or in part, with the consent of the requisite percentage of the holders of the outstanding New Notes in accordance with the provisions described under "—Amendment, Supplement and Waiver."

Mexican Trust Arrangements

The Fiber Trust

On the Issue Date, the Issuer, in its capacity as settlor of the Fiber Trust (as defined below), second place beneficiary (in such capacity, the "*Second Place Beneficiary*") and manager, and CIBanco, S.A., Institución de Banca Múltiple, as trustee (the "*Fiber Trustee*") will enter into an irrevocable security and administration trust agreement (the "*Fiber Trust Agreement*") governed by Mexican law (the "*Fiber Trust*").

Under the terms of the Fiber Trust Agreement, the Issuer will irrevocably contribute certain assets, including fiber optic and other electronic equipment, as defined therein (the "*Fiber Assets*"), creating a master mechanism to secure the payment obligations of the Issuer under the New Notes and any other debt obligations incurred by the Issuer and/or any of its Restricted Subsidiaries from time to time (the "*Secured Obligations*"). Holders of the Secured Obligations, including the holders of the New Notes, will be recognized from time to time as first place beneficiaries of the Fiber Trust (the "*Beneficiaries*") pursuant to its terms as described below.

The Fiber Assets will constitute the Issuer's transport network (the "*Transport Network*"), excluding certain specified assets of the Issuer. The contribution of certain other specified assets that form a part of the Transport Network to the Fiber Trust will be conditioned upon the satisfaction of certain conditions precedent, including the formal cancellation of an administrative attachment on such other specified assets to secure a tax credit for the benefit of the Mexican Federal Tax Authority (*Servicio de Administración Tributaria*), which assessment has been judicially vacated. Pursuant to the terms of the Fiber Trust Agreement, the Issuer may contribute additional assets from time to time, and release parts of the Transport Network to carry out replacements, updates and repairs, from time to time, as provided in the Fiber Trust Agreement. Under the Fiber Trust Agreement, upon the full repayment and satisfaction of all Secured Obligations or as permitted by the Secured Obligations Documents (as defined below) and the Fiber Trust Agreement, the Issuer will have the right to reacquire some or all of the Fiber Assets under the Fiber Trust Agreement.

Absent a Fiber Event of Default under the Fiber Trust Agreement, Beneficiaries under the Fiber Trust will be designated in accordance with its terms and will be entitled to receive a Fiber Trust Certificate (*Constancia*) to be issued by the Fiber Trustee in favor of the corresponding Beneficiaries pursuant to instructions of the Issuer. As evidenced by the corresponding Fiber Trust Certificate, the Debt Representative (as defined below) for the applicable Beneficiaries that are not Individual Beneficiaries or the Individual Beneficiaries, as the case may be, will be entitled to the benefits and rights granted in the Fiber Trust for and on behalf of the relevant Beneficiaries of the Fiber Trust under Mexican law. Under Mexican law, the Fiber Trust Certificates will not constitute securities or negotiable instruments.

The Fiber Trustee will keep a record of the Beneficiaries that have been designated as such by the Issuer in the Registry of Secured Creditors (*Registro de Acreedores Garantizados*) it maintains. All Beneficiaries will have the same first priority *pari passu* rights under the Fiber Trust. The Fiber Trust Certificates and the Registry of Secured Creditors will be updated as necessary pursuant to the terms of the Fiber Trust and such designation shall be registered within the Mexican Sole Registry of Liens over Movable Assets (*Registro Único de Garantías Mobiliarias*).

The Fiber Trust Agreement will entitle Beneficiaries to exercise their rights thereunder, including with respect to the Fiber Assets, either (i) individually, where a Beneficiary is a sole creditor pursuant to its relevant financing documents (an "*Individual Beneficiary*"), or (ii) collectively, where there are multiple Beneficiaries with respect to a series of Secured Obligations through its representative appointed by the Beneficiaries of such series of Secured Obligations, including the Noteholders Representative (as defined below) (each such representative, a "*Debt Representative*"). Under the Fiber Trust Agreement, the New Notes Trustee, acting as Debt Representative for the holders of the New Notes (in such capacity, the "*Noteholders Representative*") pursuant to the New Notes Indenture, will only be required to deliver instructions from the holders of the New Notes to the relevant parties to the Fiber Trust Agreement and act in accordance with the express provisions of the New Notes Indenture. The Noteholders Representative, under no circumstances will be deemed to be the Fiber Trust Collateral Agent (as defined below) under the Fiber Trust or be required to act as agent or representative of any other Beneficiary under the Fiber Trust (other than the holders of the New Notes). The Beneficiaries with respect to a series of Secured Obligations will

exercise their rights under the Fiber Trust Agreement by instructing their Debt Representative pursuant to the terms of the debt documents governing such series of Secured Obligations (such documents and any documents governing the Secured Obligations of an Individual Beneficiary, the "*Secured Obligations Documents*").

The Individual Beneficiaries and Debt Representatives for each series of Secured Obligations will exercise the rights of the Beneficiaries under the Fiber Trust through the Fiber Trust Collateral Agent. Each Individual Beneficiary or Debt Representative, as applicable, will deliver all instructions to the Fiber Trust Collateral Agent who will deliver such instructions to the Fiber Trustee or the Issuer, as applicable.

Each Beneficiary will be deemed to benefit from a security interest in its pro rata share (each, a "*Pro Rata Share*") of the Fiber Assets based on the percentage that its respective outstanding principal amount of Secured Obligations represent in relation to the aggregate amount of the outstanding Secured Obligations secured by the Fiber Trust.

Each Beneficiary will have the beneficiary right under the Fiber Trust Agreement to receive, directly, with respect to any Individual Beneficiary and, with respect to any Beneficiary that is not an Individual Beneficiary, through such Beneficiary's respective Debt Representative, its Pro Rata Share of the sale proceeds of the Transport Network upon foreclosure of the assets held by the Fiber Trust *pari passu* with all of the other Beneficiaries. The rights of the Beneficiaries to instruct the Fiber Trustee and exercise their rights with respect to a Fiber Event of Default (as defined below) and foreclosure procedure will be exercised through the instructions of the Individual Beneficiaries and Debt Representatives representing the majority of the Pro Rata Shares given to the Fiber Trust Collateral Agent, as determined by the Fiber Trustee (the "*Required Majority*"). Instructions will be delivered by Individual Beneficiaries and the Debt Representatives, in each case, in accordance with the terms of the applicable Secured Obligations Documents, to the Fiber Trust Collateral Agent, who will deliver such instructions to the Fiber Trustee or the Issuer, as applicable.

If any affiliates of the Issuer become Individual Beneficiaries, or if they hold Secured Obligations of a series of Secured Obligations, the Fiber Trustee shall limit the aggregate amount of their Pro Rata Share to a maximum of 25% for purposes of voting rights and/or any instruction or other exercise of any rights to control or determine any instructions issued to the Fiber Trustee, including, but not limited with respect to, the foreclosure procedure provided by the Fiber Trust Agreement.

Banco Actinver, S.A., Institución de Banca Múltiple, Grupo Financiero Actinver, will act as the fiber trust collateral agent (the "*Fiber Trust Collateral Agent*") under the Fiber Trust on behalf and for the benefit of the Beneficiaries.

In its capacity as owner of the Transport Network, the Fiber Trustee will enter into a use agreement (the "*Use Agreement*") and a maintenance agreement (the "*Maintenance Agreement*") with the Issuer, whereby the Issuer will agree to retain possession of the Transport Network, provide necessary maintenance services, submit periodic reports on the status of the Transport Network, disclose any events or circumstances that have materially affected or could reasonably be expected to materially negatively affect the Transport Network and use the Transport Network in the ordinary course of its business, for no consideration on the part of the Fiber Trust and at its own expense, except as set forth below.

The Use Agreement will be in full force and effect until the Issuer completes a transfer of the use and operation of the Transport Network to the Substitute Administrator (as defined herein) not later than on the second anniversary of the sale or other transfer of the Transport Network (the "*Transition Period*") as a result of a foreclosure procedure, as described below. Pursuant to the Use Agreement and the Fiber Trust Agreement, during the Transition Period, the Issuer will have the right to designate certain assets (the "*Transition Period Assets*") that will continue to be used by the Issuer during the Transition Period in exchange for the Use Payments referred to below.

The Maintenance Agreement will continue in full force and effect after the sale of the Transfer Network until either (i) the Fiber Trustee terminates the Maintenance Agreement pursuant to instructions of the Required Majority

after a Fiber Event of Default, or (ii) the end of the Transition Period; *provided* that the purchaser of the Transport Network in a foreclosure proceeding will be required to pay maintenance fees as provided by the Maintenance Agreement until the end of the Transition Period.

In the event of the occurrence of (i) an Event of Default described under clause (1) or clause (2) under "— Events of Default and Remedies" in respect of the New Notes, (ii) the failure to pay any amounts owed under any Secured Obligations when due that remain uncured under the applicable Secured Obligations Documents, or (iii) the failure by the Issuer to comply with the Fiber Trust Agreement, the Use Agreement or the Maintenance Agreement which failure adversely affects, or may reasonably adversely affect the compliance by the Issuer with its obligations in respect of any Secured Obligations under the Fiber Trust Agreement, the holders of any Secured Obligations, or their rights under their respective Secured Obligations Documents (a "*Fiber Event of Default*"); the Individual Beneficiary or Debt Representative for such series of Secured Obligations (acting in accordance with the provisions provided therefor in the Secured Obligations Documents related to such Secured Obligations) will be entitled to deliver to the Fiber Trustee via the Fiber Trust Collateral Agent, a notice of the occurrence of such Fiber Event of Default (a "*Default Announcement*"). The Fiber Trustee will deliver such Default Announcement to the Issuer, with a copy to the Fiber Trust Collateral Agent for the benefit of the Beneficiaries as soon as practicable, but in any event within two Business Days of receipt thereof.

The Issuer will have three Business Days, from the date of receipt of a Default Announcement, to deliver to the Fiber Trust Collateral Agent and the Fiber Trustee written evidence of (i) the payment in full of all the Secured Obligations to which such Default Announcement pertains, and/or (ii) the waiver, extension or novation of the failure to pay all such Secured Obligations to which such Default Announcement pertains. The Fiber Trust Collateral Agent will deliver to the Individual Beneficiaries and Debt Representatives for each series of Secured Obligations, within five Business Days from the date of receipt by the Fiber Trustee of a Default Announcement, any such written evidence from the Issuer received by the Fiber Trust Collateral Agent within such three Business Day period.

If the Issuer fails to deliver within such three Business Day period such written evidence of payment in full of all such Secured Obligations or such waiver, extension or novation of the failure to pay all such Secured Obligations, the Required Majority may instruct the Fiber Trust Collateral Agent to instruct the Fiber Trustee to proceed in accordance with the extrajudicial foreclosure procedure in the Fiber Trust Agreement (such instruction, a "*Foreclosure Request*") with a copy to the Issuer. Any Foreclosure Request (individually or combined) delivered to the Fiber Trustee by the Required Majority will be valid and binding.

Upon receipt by the Fiber Trustee of a Foreclosure Request, the Fiber Trustee will proceed in accordance with the extrajudicial foreclosure procedure in the Fiber Trust Agreement which is summarized below.

Upon receipt of a valid and binding Foreclosure Request, the Fiber Trustee will be required to carry out the sale of the Transport Network, as indicated and specifically directed by the Required Majority. The Fiber Trustee will notify the Issuer in writing by notary public (the "*Foreclosure Notice*") that it has received a Foreclosure Request (enclosing a copy of such Foreclosure Request and the related Default Announcement) as soon as possible, and in any event within two Business Days following the date on which the Fiber Trustee has received such Foreclosure Request.

The Required Majority will have the right to direct the Fiber Trust Collateral Agent to direct the Fiber Trustee to (1) engage a reputable and recognized provider of financial advisory or investment banking services in Mexico (the "*Foreclosure Trustee*") to conduct the organization and coordination of the open sale bidding procedure and prepare the related documentation and (2) remove or replace the Foreclosure Trustee. If the Foreclosure Trustee is not engaged for any reason, the Fiber Trust Collateral Agent shall be responsible of conducting the organization and coordination of the open sale bidding procedure and prepare the related documentation.

The Required Majority will have the right to direct the Fiber Trust Collateral Agent or the Foreclosure Trustee to direct the Fiber Trustee to select one of the pre-approved appraisers identified in the Fiber Trust Agreement (the "*Authorized Appraiser*") through a written notice to the Fiber Trustee with a copy to the Issuer. The Fiber Trustee will be required to engage such Authorized Appraiser and to require such Authorized Appraiser to perform an appraisal of

the fair market value of the Transport Network (the amount resulting from such appraisal, the "*Appraised Value*"). The Fiber Trustee will deliver to the Issuer, the Fiber Trust Collateral Agent, and the Foreclosure Trustee a copy of such written appraisal.

The Issuer will deliver to the Fiber Trustee, the Authorized Appraiser and the Foreclosure Trustee, as soon as possible but not later than five Business Days after being requested in writing, such information and documentation in its possession relating to the trust estate, including the Transport Network, as may be requested in writing by any of them to prepare the appraisals and make all such information and documentation available to any prospective purchaser or bidder.

The Transport Network will be sold in an open bidding procedure conducted by the Fiber Trustee in accordance with the provisions set forth below and the instructions of the Fiber Trust Collateral Agent as instructed by the Required Majority. The Fiber Trust Collateral Agent or the Foreclosure Trustee may make any arrangements for open bidding, including delivering or publishing invitations and solicitations to potential bidders (which may include the Issuer and the Beneficiaries), hold meetings with such potential bidders and take any actions that may be customary and/or advisable in connection with the solicitation and/or submission of bids and letters of intent for the sale of the Transport Network. The Fiber Trustee will cooperate with the Foreclosure Trustee and Authorized Appraiser to solicit bids or letters of intent, to sign and/or issue invitations, solicitations and to take any action and execute any documents as may be necessary or desirable to carry out the sale of the Transport Network.

The Required Majority will instruct the Fiber Trust Collateral Agent or the Foreclosure Trustee to instruct the Fiber Trustee to appoint as the winning bidder the bidder that has submitted the offer that includes the highest price for the Transport Network; *provided* that the minimum price at which the Transport Network will be sold in the first bidding procedure may not be less than the Appraised Value.

The purchase price of the Transport Network will be applied first to any taxes derived from the sale of the Transport Network that should be withheld or turned over upon closing of the sale, second to any costs and expenses associated with the foreclosure procedure and the Fiber Trustee's fees, third to the payment of the Secured Obligations *pari passu* and pursuant to the relevant Pro Rata Shares, with any balance will be distributed to the Issuer.

The Transport Network will be transferred together with the Fiber Trustee's rights and obligations under the Use and Maintenance Agreements.

The winning bidder will have a period of 15 Business Days from the acquisition of the Transport Network, to either: (i) notify the Issuer in writing of its decision to retain it as the administrator and user of the Transport Network under the terms of the Use Agreement and the Maintenance Agreement (the "*Administrator*"), or (ii) appoint a new substitute Administrator (the "*Substitute Administrator*") to assume the Issuer's obligations under the Use Agreement and the Maintenance Agreement and to take possession of the Transport Network. This decision must be notified to the Issuer through a public notary.

If the purchaser chooses the Issuer to continue to act as Administrator, the obligations of the Administrator and the winning bidder will be documented in the Use Agreement and the Maintenance Agreement, as amended, supplemented, or replaced by the parties.

In the event that the purchaser of the Transport Network chooses to appoint a Substitute Administrator then:

(i) the Issuer will use its best technical and commercial efforts to deliver possession and use of the Transport Network to the Substitute Administrator as soon as practicable, but in any event by the end of the Transition Period. The Substitute Administrator will be required to cooperate in good faith with the Issuer, as reasonably requested in writing by the Issuer, to complete such transfer in an orderly manner without undue interruption of the services provided through the Transport Network, ensuring the continuity of services rendered by the Issuer under the telecommunications concession of the Issuer; and

(ii) the Issuer will have a period of 10 Business Days after such notification to notify the winning purchaser in writing of the assets and components comprising the Transport Network that the Issuer will continue to use during the Transition Period pursuant to the Use Agreement and the Maintenance Agreement (the "*Transition Period Assets*"); *provided* that the Issuer will be required to pay the purchaser of the Transport Network the amounts determined for this purpose in accordance with the Use Agreement (the "*Use Payments*") during the Transition Period. Additionally, at any time during the Transition Period, the purchaser of the Transport Network may terminate the Maintenance Agreement, after which the purchaser and/or its Substitute Administrator will be responsible for the maintenance of the Transport Network without affecting the use by the Issuer of the Transition Period Assets during the Transition Period. If the purchaser does not terminate the Maintenance Agreement, the Issuer may offset the amounts applicable as consideration payable to the Issuer for its maintenance services under the Maintenance Agreement against the Use Payments.

The Fiber Trust Agreement will be governed by the laws of Mexico and any controversy or foreclosure in connection therewith will be subject to the jurisdiction of the competent federal courts in Mexico City.

The Master Trust

On May 25, 2017, the Issuer and the Initial Guarantor irrevocably transferred to the Master Trust all of their respective collection rights to present and future account receivables related to contracts for services that are rendered to their respective customers in the ordinary course of their business. Accordingly, the Master Trust owns all present and future accounts receivable originated by the Issuer and the Initial Guarantor, and also serves as a collection vehicle for such accounts receivable. Within the Master Trust, certain collection rights and their related cash flows are earmarked to meet debt service obligations of the Issuer under several outstanding credit facilities and other payment obligations that are supported by the Master Trust.

Each credit facility and other payment obligations served by the Master Trust pursuant to level two of the Master Trust's payments waterfall as described below receive a trust certificate issued by the trustee of the Master Trust in favor of the corresponding creditor. Each trust certificate entitles each such creditor to receive payments pursuant to the trust certificate and the Master Trust. The underlying assets of each trust certificate are comprised of a specific portfolio of the present and future unencumbered collection rights of earmarked accounts receivable.

Collections from all accounts receivable originated by the Issuer and the Initial Guarantor are deposited into the Master Trust on a daily basis. Any funds that enter the Master Trust are automatically applied twice a week in accordance with the Master Trust's payments waterfall in the following order of priority:

(i) *level one*, payment of the expenses of the Master Trust;

(ii) *level two*, funds from specific earmarked accounts receivable are paid by the Master Trust to the beneficiaries of trust certificates issued by the Master Trust pursuant to their terms to service payment obligations thereunder;

(iii) *level three*, if the funds from the level two earmarked accounts receivable are not sufficient to meet the payment obligations in respect of the corresponding trust certificates, the Master Trust pays the shortfall to the beneficiaries of such trust certificates in accordance therewith on a pro rata basis using funds arising from non-earmarked accounts receivable;

(iv) *level four*, funds, if any, from the earmarked accounts receivable that have been returned to the Master Trust after satisfying payment obligations for level two and non-earmarked accounts receivable remaining after satisfying payment obligations for levels one to three are transferred to the Issuer for the payment of taxes corresponding to the collection rights from accounts receivable;

(v) *level five*, funds from earmarked and non-earmarked accounts receivable remaining after satisfying payment obligations for levels one to four are used to pay the Master Trust's and the Issuer's debt service as instructed in writing by the Issuer as servicer of the Master Trust;

(vi) *level six*, funds from earmarked and non-earmarked accounts receivable remaining after satisfying payment obligations for levels one to five are transferred to the Issuer to meet its operating expenses in the ordinary course of business, in accordance with the instructions of the Master Trust's technical committee, and as instructed in writing by the Issuer as servicer of the Master Trust; and

(vii) *level seven*, any remaining funds, once all of the priorities in the foregoing levels have been satisfied, remain in the Master Trust and are invested on the terms set forth in the Master Trust.

For a description of other credit facilities that benefit from trust certificates issued under the Master Trust, see "Description of Principal Existing Indebtedness."

The Payment Trust and the Payment Trust Certificate

On the Issue Date, an irrevocable administration and source of payment trust under Mexican law (the "*Payment Trust*") will be created pursuant to an agreement (the "*Payment Trust Agreement*") entered into by the Issuer; Banco Azteca, S.A., Institución de Banca Múltiple ("*Banco Azteca*"), as trustee of the Master Trust, in its capacity as settlor of the Payment Trust and second place beneficiary (in such capacity, the "*Second Place Beneficiary*"); CIBanco, S.A., Institución de Banca Múltiple (the "*Payment Trustee*"), as trustee of the Payment Trust; Tecnología en Cuentas por Cobrar, S.A.P.I. de C.V. (the "*Asset Manager*"), in its capacity as asset manager of the Payment Trust; and The Bank of New York Mellon, as New Notes Trustee, in its capacity as first place beneficiary for the holders of the New Notes (in such capacity, the "*First Place Beneficiary*").

The First Place Beneficiary will have (through the Payment Trustee) a preferred and exclusive claim against the Master Trust under the New Notes and the New Notes Indenture in respect of cashflows derived from the Pledged Accounts pursuant to a trust certificate (the "*Payment Trust Certificate*") to be issued by the Master Trust in favor of the Payment Trustee, in accordance with the instructions of the technical committee of the Master Trust. Accordingly, the Payment Trust Certificate (*Certificado Fiduciario*) will entitle the Payment Trustee and, consequently, the First Place Beneficiary, to receive all the receivables from the Pledged Accounts.

Pursuant to the Payment Trust Certificate and the Master Trust, all receivables related to the Pledged Accounts, which will constitute the principal source of payment of the obligations of the Issuer and the Guarantors under the New Notes and the New Notes Indenture, will be paid to the Payment Trustee as holder of the Payment Trust Certificate under level two of the Master Trust's payments waterfall twice a week as described above.

Simultaneously to the issuance of the Payment Trust Certificate, Banco Azteca, as trustee of the Master Trust, with the prior authorization of the technical committee of the Master Trust, will authorize the creation of an individual fund (*fideicomiso individual*) pursuant to the Master Trust into which the following will be allocated: (i) the Pledged Accounts; and (ii) the cash resources derived from the collection of the Pledged Accounts (the "*Collection Rights*"). If the Fixed Charge Coverage Ratio is not met at the time of determination pursuant to the New Notes Indenture, Banco Azteca, as trustee of the Master Trust and settlor under the Payment Trust, will be required to earmark new and additional collection rights from other pledged accounts to support the obligations of the Issuer under the New Notes and the New Notes Indenture under the Payment Trust Certificate until the Fixed Charge Coverage Ratio is complied with.

To manage the assets of the Payment Trust which will be mainly comprised by the funds arising from the Payment Trust Certificate and the investment of cash flows therefrom, the Payment Trustee will have the authority to open and operate bank accounts in Mexico, as instructed by the Asset Manager or the Issuer, as applicable. Accordingly, the Payment Trustee will initially open and fund the following accounts in its own name:

General Account

Currency:	Mexican pesos
Source of Funds:	Cash flows from the Pledged Accounts
Use of Proceeds:	To (i) create a fund to be used to pay the expenses of the Payment Trust (including the fees of the Payment Trustee, the Asset Manager and the New Notes Trustee, as well as any other expenses strictly related to the maintenance of the Payment Trust) and (ii) convert amounts to be transferred to the Trust Debt Service Reserve Account and the Trust Payments Reserve Account from Mexican pesos to U.S. dollars.

Trust Debt Service Reserve Account

Currency:	U.S. dollars
Source of Funds:	General Account
Use of Proceeds:	To fund the Debt Service Reserve Account established in New York by the Issuer with the Offshore Collateral Agent under the New Notes Indenture and, if applicable, to cover amounts due to the holders of the New Notes if the funds available in the Trust Payments Reserve Account are not sufficient to cover amounts due on a Payment Date, redemption date or Change of Control Payment Date.

Trust Payments Reserve Account

Currency:	U.S. dollars
Source of Funds:	General Account
Use of Proceeds:	To pay interest, principal and any other amounts that are payable to Noteholders in respect of the New Notes.

Trust Residual Account

Currency:	Mexican pesos
Source of Funds:	General Account after transfers to the Trust Debt Service Reserve Account and Trust Payments Reserve Account described in the waterfall
Use of Proceeds:	To be released automatically to Banco Azteca, as trustee under the Master Trust and Second Place Beneficiary under the Payment Trust only upon satisfaction of the following conditions: (i) the U.S. dollar amount required to be deposited in the Debt Service Reserve Account described under "— Debt Service Reserve Account" as of the date of such release have been so deposited; (ii) no Default or Event of Default has occurred or is continuing under the New Notes Indenture; (iii) the Peak Fixed Charge Coverage Ratio was met as of the most recent Payment Date; and (iv) any other conditions specified in the New Notes Indenture are complied with (collectively, the "*Residual Cash Return Conditions*").

Trust Reimbursements Account

Currency:	U.S. dollars
Source of Funds:	Excess DSRA Funds and over payments, if any, made by the Payment Trustee to the New Notes Trustee.
Use of Proceeds:	To be converted into Mexican pesos and transferred to the Trust Residual Account.

The Payment Trustee, will transfer to the General Account twice a week all cash flows arising from the Pledged Accounts. Funds in the General Account will be applied by the Payment Trustee as promptly as possible, but in any case pursuant to the Asset Manager's or the Issuer's instructions and not less than once a week, in accordance with the following waterfall:

- *First*, available funds in the General Account will be used to fully fund the expenses of the Payment Trust when due as provided above. Once any such expenses then due are fully funded, all remaining funds in the General Account will be applied as set forth below.

- *Second*, available funds in the General Account will be transferred to the Trust Debt Service Reserve Account in U.S. dollars in an amount sufficient to ensure the amount on deposit in the Debt Service Reserve Account is the amount then required to be on deposit therein by the New Notes Indenture at such time. Thereafter, such U.S. dollar amounts will be transferred to the Debt Service Reserve Account. After application of the funds as provided in this bullet, all remaining funds in the General Account will be applied as set forth below.

- *Third*, available funds in the General Account will be transferred to the Trust Payments Reserve Account in an amount in U.S. dollars equal to an amount that is payable by the Issuer under the New Notes Indenture on the next succeeding Payment Date, redemption date, or Change of Control Payment Date, as applicable. At least two Business Days prior to such Payment Date, redemption date or Change of Control Payment Date, transfer funds from the Trust Payments Reserve Account to the account specified by the New Notes Trustee for payments made under the New Notes Indenture, so that the New Notes Trustee will receive sufficient funds no later than the Business Day prior to the applicable Payment Date to make payments on the New Notes when due on the immediately succeeding Payment Date, redemption date or Change of Control Payment Date. If necessary, funds from the Trust Debt Service Reserve Account will be used to cover any shortfall in such transfer to the New Notes Trustee.

- *Fourth*, after satisfying the transfers required by the preceding bullets, any remaining funds in the General Account will be transferred to the Trust Residual Account and, subject to compliance with the Residual Cash Return Conditions, will be returned to Banco Azteca, as trustee of the Master Trust and as Second Place Beneficiary under the Payment Trust.

The Asset Manager will periodically review the status of the resources that are transmitted to the Payment Trust by the trustee of the Master Trust. In addition, the Asset Manager will:

- prepare weekly and monthly reports with respect to the Collection Rights that will be furnished to the Payment Trustee and the trustee of the Master Trust;

- instruct the trustee of the Master Trust, when required or when requested by the Payment Trustee, to increase the number of Pledged Accounts by adding new earmarked Collection Rights to the individual fund which is linked or devoted to the Payment Trust Certificate to meet the Fixed Charge Coverage Ratio;

- instruct the Payment Trustee, when required, to segregate enough funds to constitute or reconstitute the General Account;

- instruct the Payment Trustee, when needed, required or requested by the Payment Trustee, to transfer funds from the General Account to the Trust Debt Service Reserve Account, to fund the Trust Debt Service Reserve Account and, to transfer funds therefrom to the Debt Service Reserve Account;

- instruct the Payment Trustee, when needed, required or requested by the Payment Trustee or the Issuer, to transfer sufficient funds from the General Account to the Trust Payments Reserve Account and from such account to the account specified by the New Notes Trustee for payments made under the New Notes Indenture, to cover payments in respect of the New Notes when due;

- instruct the Payment Trustee, upon request by the Issuer or Banco Azteca, as trustee of the Master Trust, subject to compliance with the conditions described under "*Trust Residual Account*" and the New Notes Indenture and the Payment Trust Agreement, to transfer any remaining available funds in the Trust Residual Account to the accounts of the Master Trust;

- perform monthly testing of the funds in the Trust Debt Service Reserve Account and the Debt Service Reserve Account to confirm compliance with the New Notes Indenture; and

- perform quarterly testing of the Fixed Charge Coverage Ratio to confirm compliance with the New Notes Indenture.

The specific Pledged Accounts that will be earmarked, from time to time, under the Master Trust and the Payment Trust Certificate, for the benefit of the Payment Trust, will be determined to provide, on a quarterly basis, a Fixed Charge Coverage Ratio equal to 1:30 to 1:00. Once receivables from a Pledged Account have been earmarked under the Master Trust and the Payment Trust Certificate, for the benefit of the Payment Trust, those receivables are not subject to withdrawal from the Payment Trust (i) unless they cease to be eligible accounts receivable under the Master Trust or (ii) until all amounts under the New Notes are paid in full. As necessary over time, receivables from additional accounts will be earmarked for the Payment Trust and pledged as necessary to maintain the Fixed Charge Coverage Ratio.

Remedies During Events of Default

While an Event of Default has occurred and is continuing, upon written instructions from the New Notes Trustee (acting solely pursuant to written instructions from the holders of at least a majority in aggregate principal amount of outstanding New Notes, excluding any New Notes held by the Issuer or its affiliates), the Payment Trustee, in addition to any rights or remedies available to the holders of the New Notes under the New Notes Indenture and the Payment Trust Agreement, as applicable, will take such actions as so instructed by the New Notes Trustee (acting solely pursuant to written instructions from the holders of a majority in aggregate principal amount of outstanding New Notes, excluding any New Notes held by the Issuer or its affiliates) to protect and enforce the rights of the Payment Trustee in the Payment Trust for the benefit of the holders of the New Notes. The Beneficiaries under the Fiber Trust can only exercise their rights of foreclosure upon the occurrence of a Fiber Event of Default, which are not the same as the Events of Default set forth under "—Events of Default and Remedies."

No holder of New Notes has any right to take any action with respect to the Fiber Trust independent of the Fiber Trustee or the Payment Trust independent of the Payment Trustee, as the case may be, or to direct the Fiber Trustee to take any action in respect of the Fiber Trust, other than in accordance with the Fiber Trust Agreement, or the Payment Trustee to take any action in respect of the Payment Trust other than in accordance with the Payment Trust Agreement, as the case may be, and, in each case, the New Notes Indenture. Under no circumstances will the New Notes Trustee, in its capacity as Noteholders Representative and/or First Place Beneficiary be charged with determining whether or not any instructions, directions and/or notice received from the holders in respect of the Fiber Trust Agreement or the Payment Trust Agreement, as applicable, complies with (or is otherwise authorized or permitted by) the terms of the Fiber Trust Agreement or the Payment Trust Agreement, as applicable.

Release of Liens under the Fiber Trust and the Payment Trust

The New Notes Indenture, the Fiber Trust Agreement and the Payment Trust Agreement will provide that the Fiber Trust and the Payment Trust will no longer secure obligations under the New Notes and the New Notes Indenture, and such Liens will automatically terminate and be unconditionally discharged:

- upon Legal Defeasance of the New Notes or satisfaction and discharge of the New Notes Indenture, as provided under "—Satisfaction and Discharge";

- upon payment in full of the aggregate principal amount of all New Notes then outstanding and all other obligations under the New Notes Indenture and the New Notes then due and owing;

- with respect to the Fiber Trust only, upon the completion of a foreclosure proceeding in accordance with the Fiber Trust Agreement; or

- in whole or in part, with the consent of the holders of the requisite percentage of the aggregate principal amount of New Notes in accordance with the provisions described under "—Amendment, Supplement and Waiver."

Noteholder Acknowledgment Relating to Mexican Trust Arrangements

Each holder, by its acceptance of New Notes, (i) consents and agrees to all of the terms of the documents governing the Collateral, (ii) acknowledges and agrees that the New Notes Trustee is entering into the Payment Trust Agreement as First Place Beneficiary solely for the purpose of accepting the benefits and rights granted in the Payment Trust for and on behalf of the holders of the New Notes, and that the First Place Beneficiary will have no obligations or duties under the Payment Trust Agreement, (iii) acknowledges and agrees that the New Notes Trustee is the Noteholders Representative under the New Notes Indenture and the Fiber Trust Agreement solely for the purpose of accepting the benefits and rights granted in the Fiber Trust Agreement for and on behalf of the holders of the New Notes, and that the Noteholders Representative will have no obligations or duties under the Fiber Trust Agreement, and under no circumstances will be deemed to be the Fiber Trust Collateral Agent under the Fiber Trust or be required to act as agent or representative of any other Beneficiary under the Fiber Trust (other than the holders of the New Notes), and (iv) acknowledges and agrees that the New Notes Trustee, in such capacity and in its capacity as Offshore Collateral Agent, First Place Beneficiary and Noteholders Representative, will not be required to make any determinations (a) with respect to the Collateral, or (b) as to what rights the holders may have under the New Notes Indenture, the Payment Trust Agreement, the Fiber Trust Agreement or any other document in respect of the Collateral. The sole obligation of the New Notes Trustee (whether in its capacity as First Place Beneficiary, Noteholders Representative or otherwise) in respect of the Collateral governed by the Payment Trust Agreement and/or the Fiber Trust Agreement will be limited to delivery of instructions, directions and notices to the Payment Trustee and the Fiber Trustee (x) at the written direction of the holders of the requisite percentage of principal amount of outstanding New Notes in accordance with the New Notes Indenture and (y) as expressly provided by the New Notes Indenture. Except for delivery of instructions, directions and notices in accordance with the foregoing, the New Notes Trustee will not be required to take any action (x) outside the United States or (y) under any agreement forming part of, or constituting the Collateral governed by the Mexican law-governed documents relating to the Collateral.

New Note Guarantees

The Guarantors will irrevocably and unconditionally guarantee, on a joint and several basis, the full and prompt payment of the principal of, premium, if any, and interest (including Additional Amounts) in respect of the New Notes and all other obligations of the Issuer under the New Notes Indenture. On the Issue Date, the only Guarantor will be Total Box, S.A. de C.V. (the "*Initial Guarantor*"), which is a Wholly-owned Subsidiary of the Issuer. The New Note Guarantees of the Guarantors will be joint and several obligations of the Guarantors. Each New Note Guarantee is a full and unconditional guarantee of the Issuer's obligations under the New Notes and the New Notes Indenture, subject to the contractual limitations discussed below.

The obligations of the Guarantors will be contractually limited under the applicable New Note Guarantees to reflect limitations under applicable law with respect to maintenance of share capital, corporate benefit, fraudulent conveyance and other legal restrictions applicable to the Guarantors and their respective shareholders, directors and general partners. For a description of such contractual limitations, see "Risk Factors—Risks Relating to the New Notes, the New Note Guarantees and the Exchange Offer—The New Notes will be effectively subordinated to our existing and future secured debt (except for the Collateral), and the existing and future liabilities of our subsidiaries, as applicable."

Release of the New Note Guarantees

The New Note Guarantee of a Guarantor will be automatically released and discharged without any further action by the Issuer, the relevant Guarantor or the New Notes Trustee and such Guarantor's obligations under its New Note Guarantee and the New Notes Indenture will automatically terminate and be of no further force and effect:

(1) in connection with any sale or other disposition of all or substantially all of the assets of a Guarantor (including by way of merger, consolidation, amalgamation or combination) to a Person that is not (either before or after giving effect to such transaction) a Restricted Subsidiary; provided that the sale or other disposition does not violate the "*Asset Sale*" provisions of the New Notes Indenture;

(2) in connection with any sale or other disposition of Capital Stock of a Guarantor to a Person that is not (either before or after giving effect to such transaction) a Restricted Subsidiary; provided that the sale or other disposition complies with the "*Asset Sale*" provisions of the New Notes Indenture and the Guarantor ceases to be a Restricted Subsidiary as a result of the sale or other disposition;

(3) if the Issuer designates any Restricted Subsidiary that is a Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the New Notes Indenture;

(4) upon Legal Defeasance or satisfaction and discharge of the New Notes Indenture as provided below under "—Legal Defeasance and Covenant Defeasance" and "—Satisfaction and Discharge";

(5) upon the full and final payment of the New Notes and performance of all Obligations of the Issuer and the Guarantors under the New Notes Indenture and the New Notes excluding any contingent Obligations for which no claim has been made;

(6) with respect to an additional New Note Guarantee given pursuant to the covenant described under "—Certain Covenants—Additional New Note Guarantees," upon release of the guarantee that gave rise to the requirement to issue such additional New Note Guarantee so long as no Default or Event of Default would arise as a result thereof and no other Indebtedness that would give rise to an obligation to give an additional New Note Guarantee is at that time guaranteed by the relevant Guarantor; or

(7) as a result of a transaction permitted by the covenant described under "—Certain Covenants—Merger, Consolidation or Sale of Assets."

Upon any occurrence giving rise to a release of a New Note Guarantee, as specified above, the New Notes Trustee, subject to receipt of an opinion of counsel and an Officer's Certificate from the Issuer certifying that such release is permitted or authorized under the New Notes Indenture and all conditions to such release have been satisfied, will execute any documents reasonably requested in order to evidence or effect such release, discharge and termination in respect of such New Note Guarantee. Neither the Issuer, the New Notes Trustee nor any Guarantor will be required to make a notation on the New Notes to reflect any such release, discharge or termination.

Additional New Notes

The Issuer may issue additional New Notes ("*Additional Notes*") under the New Notes Indenture having the same terms and conditions (except for issue date, issue price and, if applicable, the first Payment Date) as the New Notes from time to time after the Issue Date, subject to compliance with all of the covenants in the New Notes Indenture, including the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock." The New Notes and any Additional Notes subsequently issued under the New Notes Indenture will be treated as a single class for all purposes under the New Notes Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase, except as otherwise provided in the New Notes Indenture; provided that unless such Additional Notes are issued with a separate CUSIP number, ISIN or other identifying number (as applicable), such Additional Notes shall be fungible with the New Notes offered hereby for U.S. federal income tax purposes.

Paying Agent, Registrar and Transfer Agent for the New Notes

The Issuer will maintain one or more paying agents (each, a "*Paying Agent*") for the New Notes. The initial Paying Agent will be The Bank of New York Mellon.

The Issuer will also maintain a registrar (the "*Registrar*") and a transfer agent (the "*Transfer Agent*") for the New Notes. The initial Registrar will be The Bank of New York Mellon. The initial Transfer Agent will be The Bank of New York Mellon. If New Notes are issued in definitive, certificated form ("*Certificated Notes*"), the Registrar will maintain a register reflecting ownership of the New Notes in the form of Certificated Notes outstanding from time to time and will reflect payments on and transfers of Certificated Notes on behalf of the Issuer on the register. See "— Form of New Notes, Transfer and Exchange" and "Form of New Notes, Clearing and Settlement."

On the Issue Date, the sole registered holder of the New Notes will be Cede & Co., as the nominee of DTC. After any change to the register made by the Registrar, the Registrar will send a copy of the register to the Issuer, with such copy to be held by the Issuer at its registered office.

The Issuer may change the Paying Agent, the Registrar or the Transfer Agent without prior written notice to the holders. For so long as the New Notes are listed on the Singapore Exchange Securities Trading Limited (the "*SGX-ST*") and if the rules of the SGX-ST so require, the Issuer will notify the SGX-ST of any change of the Paying Agent, Registrar or Transfer Agent.

For so long as the New Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore where the New Notes may be presented or surrendered for payment or redemption, in the event that a Global Note is exchanged for Certificated Notes. In addition, in the event that a Global Note is exchanged for Certificated Notes, an announcement of such exchange shall be made by the Issuer or on its behalf through the SGX-ST and such announcement will include all material information with respect to the delivery of the Certificated Notes, including details of the paying agent in Singapore.

Form of New Notes, Transfer and Exchange

New Notes issued to qualified institutional buyers in the United States will initially be represented by one or more global notes in registered form without interest coupons attached (collectively, the "*Rule 144A Global Note*"), and New Notes issued to non-U.S. persons outside the United States pursuant to Regulation S under the Securities Act ("*Regulation S*") will initially be represented by one or more global notes in registered form without interest coupons attached (collectively, the "Regulation S Global Note" and, together with the Rule 144A Global Note, the "*Global Notes*"). The New Notes will be subject to certain other restrictions on transfer and certification requirements, as described under "Transfer Restrictions."

During the "40-day Distribution Compliance Period" (as such term is defined in Rule 902 of Regulation S), Book-Entry Interests in the Regulation S Global Note may be transferred only to non-U.S. Persons under Regulation S or to persons whom the transferor reasonably believes are "qualified institutional buyers" within the meaning of Rule 144A under the Securities Act ("*Rule 144A*") in a transaction meeting the requirements of Rule 144A or otherwise in accordance with applicable transfer restrictions and any applicable securities laws of any state of the United States or any other jurisdiction.

Ownership of beneficial interests in the Global Notes (the "*Book-Entry Interests*") will be limited to persons that have accounts with DTC or persons that may hold interests through such participants. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "Transfer Restrictions." In addition, transfers of Book-Entry Interests between participants in DTC will be effected by DTC pursuant to customary procedures and subject to the applicable rules and procedures established by DTC and their respective participants.

Book-Entry Interests in the Rule 144A Global Note may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Note only upon delivery by the transferor of a written certification (in the form to be provided in the New Notes Indenture) to the effect that such transfer is being made in accordance with Regulation S. Book-Entry Interests in the Regulation S Note may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Rule 144A Global Note only upon delivery by the transferor of a written certification (in the form set forth in the New Notes Indenture) to the effect that such transfer is being made in accordance with Rule 144A.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become

subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Certificated Notes are issued, they will be issued only in minimum denominations of U.S.$200,000 and integral multiples of U.S.$1 in excess thereof, upon receipt by the New Notes Trustee of instructions relating thereto and any certificates and other documentation required by the New Notes Indenture. It is expected that such instructions will be based upon directions received by DTC from the participant which owns the relevant Book-Entry Interests. Certificated Notes issued in exchange for a Book-Entry Interest will, except as set forth in the New Notes Indenture or as otherwise determined by the Issuer in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "Transfer Restrictions."

Subject to the restrictions on transfer referred to above, New Notes issued as Certificated Notes may be transferred or exchanged, in whole or in part, in minimum denominations of U.S.$200,000 and integral multiples of U.S.$1 in excess thereof, to persons who take delivery thereof in the form of Certificated Notes. In connection with any such transfer or exchange, the New Notes Indenture will require the transferring or exchanging holder to, among other things, furnish appropriate endorsements and transfer documents, where appropriate, furnish certain certificates and opinions, and pay any taxes in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the holder, other than any taxes payable in connection with such transfer or exchange.

Notwithstanding the foregoing, the Issuer, the Registrar and the New Notes Trustee are not required to register the transfer of any Certificated Notes:

(1) for a period of 15 days prior to any date fixed for the redemption of such Certificated Notes;

(2) for a period of 15 days immediately prior to the date fixed for selection of such Certificated Notes to be redeemed in part;

(3) for a period of 15 days prior to the regular record date with respect to any Payment Date applicable to such Certificated Notes; or

(4) which the holder has tendered (and not withdrawn) for repurchase in connection with a New Notes Offer, a Change of Control Offer or an Asset Sale Offer.

Additional Amounts

The Issuer will be required by Mexican law to deduct Mexican withholding taxes, and pay such taxes to the Mexican tax authorities, from payments of interest, and amounts deemed interest pursuant to Mexican law, on the New Notes made to investors who are not residents of Mexico for tax purposes, and will pay additional amounts on those payments of interest to the extent described below.

All payments made by or on behalf of the Issuer under or with respect to the New Notes (whether or not in the form of Certificated Notes) or any of the Guarantors with respect to any New Note Guarantee will be made free and clear of and without withholding or deduction for, or on account of, any present or future Taxes unless the withholding or deduction of such Taxes is then required by law. If any withholding or deduction for, or on account of, any Taxes imposed or levied by or on behalf of a Tax Jurisdiction will at any time be required to be made from any payments made by or on behalf of the Issuer under or with respect to the New Notes or any of the Guarantors under or with respect to any New Note Guarantee, including payments of principal, redemption price, purchase price, interest or premium, the Issuer or the relevant Guarantor, as applicable, will pay such additional amounts (the "*Additional Amounts*") as may be necessary in order that the net amounts received in respect of such payments by each holder or beneficial owner of the New Notes after such withholding or deduction (including any such withholding or deduction from such Additional Amounts) will equal the respective amounts that would have been received in respect of such payments in the absence of such withholding or deduction; *provided*, *however*, that no Additional Amounts will be payable with respect to:

(1) any Taxes, to the extent such Taxes would not have been imposed but for the existence of any present or former connection between the holder or the beneficial owner of the New Notes and the relevant Tax Jurisdiction (including being a resident of such jurisdiction for Tax purposes), other than the holding of such New Notes, the enforcement of rights under such New Notes or under a

New Note Guarantee or the receipt of any payments in respect of such New Notes or a New Note Guarantee;

(2) any Taxes, to the extent such Taxes were imposed as a result of the presentation of a New Note for payment (where New Notes are in the form of Certificated Notes and presentation is required) more than 30 days after the relevant payment is first made available for payment to the holder (except to the extent that the holder would have been entitled to Additional Amounts had the New Note been presented on the last day of such 30-day period);

(3) any estate, inheritance, gift, sales, personal property, transfer or similar Taxes imposed with respect to the New Notes or with respect to any New Note Guarantee;

(4) any Taxes payable other than by withholding or deduction from payments under, or with respect to, the New Notes or with respect to any New Note Guarantee;

(5) any Taxes, to the extent such Taxes were imposed or withheld by reason of the failure of the holder or beneficial owner of the New Notes to comply with any reasonable written request of the Issuer addressed to the holder or beneficial owner, as applicable, and made at least 60 days before any such withholding or deduction would be made, to satisfy any certification, identification, information or other reporting requirements, whether required by statute, treaty, regulation or administrative practice of a Tax Jurisdiction, as a precondition to exemption from, or reduction in the rate of withholding or deduction of, Taxes imposed by the Tax Jurisdiction (including, without limitation, a certification that the holder or beneficial owner is not resident in the Tax Jurisdiction), but in each case, only to the extent the holder or beneficial owner is legally entitled to provide such certification, information or documentation;

(6) any Taxes imposed on or with respect to any payment by the Issuer or the relevant Guarantor to a holder if that holder is a fiduciary or partnership or person other than the sole beneficial owner of such payment, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such partnership or the beneficial owner would not have been entitled to receive the Additional Amounts had such beneficiary, settlor, member or beneficial owner been the holder of the New Notes;

(7) any Taxes, to the extent such Taxes were imposed pursuant to Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "*Code*"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto; or

(8) any combination of items (1) through (7) above.

The limitations on the obligations of the Issuer and the Guarantors to pay Additional Amounts stated in item (5) above will not apply if (a) the provision of information, documentation or other evidence described in item (5) above would be materially more onerous, in form, in procedure or in the substance of information disclosed, to a holder or beneficial owner of a New Note, taking into account any relevant differences between U.S. and Mexican law, rule, regulation or administrative practice, than comparable information or other reporting requirements imposed under U.S. tax law (including the United States-Mexico income tax treaty), regulations (including temporary or proposed regulations) and published administrative practice, or (b) with respect to Taxes imposed by Mexico or any political subdivision or taxing authority thereof or therein, Article 166, Section II(a) of the Mexican Income Tax Law (or a substantially similar successor of such Article) is in effect, unless (i) the provision of the information, documentation or other evidence described in item (5) above is expressly required by statute, rule or regulation in order to apply Article 166, Section II(a) of the Mexican Income Tax Law (or a substantially similar successor of such Article), (ii) the Issuer or the relevant Guarantor, as the case may be, cannot obtain such information, documentation or other evidence on its own through reasonable diligence and (iii) the Issuer or the relevant Guarantor, as the case may be, otherwise would meet the requirements for application of Article 166, Section II(a) of the Mexican Income Tax Law (or such successor of such Article).

In addition, item (5) above does not require, and should not be construed as requiring, that a holder or beneficial owner certify that it is or is not a non-Mexican pension or retirement fund or a non-Mexican financial institution, for

the purpose of establishing eligibility for an exemption from, or a reduction of, Mexican withholding tax or to provide information concerning whether it is or is not a tax-exempt pension or retirement fund.

In addition to the foregoing, the Issuer and the Guarantors will also pay and indemnify holders and beneficial owners of the New Notes and the New Notes Trustee for any present or future stamp, issue, registration, court or documentary Taxes or any other excise or property Taxes (including any reasonable expenses related thereto) which, in each case, are levied by any Tax Jurisdiction (or, in the case of enforcement of any of the New Notes or any New Note Guarantee, any jurisdiction) on the execution, delivery, issuance, or registration of any of the New Notes, the New Notes Indenture, any New Note Guarantee, the Fiber Trust Agreement and the Payment Trust Agreement or any other document or instrument referred to therein, or enforcement of any of the New Notes or any New Note Guarantee (other than on or in connection with a transfer of the New Notes that is not part of the initial distribution of the New Notes in the Exchange Offer).

The Issuer or the relevant Guarantor will make all withholdings and deductions required by law and will remit the full amount deducted or withheld to the relevant Tax authority in accordance with applicable law. The Issuer or the relevant Guarantor will use its reasonable efforts to obtain Tax receipts from each Tax authority evidencing the payment of any Taxes so deducted or withheld. The Issuer or the relevant Guarantor will furnish to the New Notes Trustee, within a reasonable time after the date the payment of any Taxes so deducted or withheld is made, certified copies of Tax receipts evidencing payment by the Issuer or such Guarantor, as the case may be, or if, notwithstanding such entity's efforts to obtain receipts, receipts are not obtained, other evidence of payments (reasonably satisfactory to the New Notes Trustee) by such entity. Upon reasonable request, copies of Tax receipts or other evidence of payments, as the case may be, will be made available by the New Notes Trustee to the holders (for further delivery to beneficial owners) of the New Notes.

Whenever in the New Notes Indenture or in this "Description of the New Notes" section there is mentioned, in any context, the payment of amounts based upon the principal amount of the New Notes or of principal, interest or of any other amount payable under, or with respect to, any of the New Notes or any New Note Guarantee, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The foregoing obligations will survive any termination, defeasance or discharge of the New Notes Indenture, any transfer by a holder or beneficial owner of its New Notes, and will apply, mutatis mutandis, to any jurisdiction in which any successor Person to the Issuer or any Guarantor is incorporated, organized, engaged in business for tax purposes, or otherwise resident for tax purposes, or any jurisdiction from or through which such Person makes any payment on the New Notes (or any New Note Guarantee) or, in each case, any political subdivision or taxing authority thereof or therein.

Redemption

Optional Redemption

At any time prior to July 1, 2028, the Issuer may on any one or more occasions redeem up to 40% of the aggregate principal amount of New Notes issued under the New Notes Indenture, upon not less than 10 nor more than 60 days' prior written notice to the holders thereof, at a redemption price equal to 111.500% of the principal amount thereof, plus accrued and unpaid interest, if any, to (but excluding) the redemption date and all Additional Amounts, if any, then due (subject to the rights of holders of New Notes on the relevant regular record date to receive interest and principal, if any, due on the relevant Payment Date), with the net cash proceeds of any Public Equity Offering by the Issuer; *provided* that (1) at least 60% of the aggregate principal amount of the New Notes originally issued under the New Notes Indenture (excluding New Notes held by the Issuer or its Affiliates) remain outstanding immediately after such redemption; and (2) the redemption occurs within 180 days of the closing of such Public Equity Offering.

At any time prior to July 1, 2028, the Issuer may on any one or more occasions redeem all or a part of the New Notes upon not less than 10 nor more than 60 days' prior written notice to the holders thereof, at a redemption price equal to 100.000% of the principal amount of the New Notes redeemed, plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but excluding) the redemption date and all Additional Amounts, if any, then due (subject to the rights of holders of the New Notes on the relevant regular record date to receive interest and principal, if any, due on the relevant Payment Date).

On or after July 1, 2028, the Issuer may on any one or more occasions redeem all or a part of the New Notes upon not less than 10 nor more than 60 days' prior written notice to the holders thereof, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, to (but excluding) the redemption date and all Additional Amounts, if any, then due, on the New Notes redeemed, if redeemed on or after the dates indicated below (subject to the rights of holders of New Notes on the relevant regular record date to receive interest and principal, if any, due on the relevant Payment Date):

Price	Redemption Price
July 1, 2028.....	105.000%
July 1, 2029.....	102.500%
July 1, 2030.....	100.000%

Notwithstanding the foregoing, in connection with any tender offer for the New Notes (including, without limitation, any New Notes Offer, any Change of Control Offer or any Asset Sale Offer), if holders of New Notes of not less than 90% in aggregate principal amount of the outstanding New Notes validly tender and do not withdraw such New Notes in such tender offer and the Issuer, or any third party making such a tender offer in lieu of the Issuer, purchases all of the New Notes validly tendered and not withdrawn by such holders, the Issuer or such third party will have the right upon not less than 10 nor more than 60 days' prior notice, given not more than 30 days following such tender offer expiration date, to redeem any New Notes that remain outstanding in whole, but not in part, following such purchase at a price equal to the price (excluding any early tender fee) offered to each other holder of New Notes in such tender offer, plus, to the extent not included in the tender offer payment, accrued and unpaid interest, if any, to (but excluding) the redemption date and all Additional Amounts, if any, then due. In determining whether the holders of at least 90% of the aggregate principal amount of the then outstanding New Notes have validly tendered and not validly withdrawn their New Notes in a tender offer, New Notes owned by the Issuer or its Affiliates, or any successor thereof, shall be deemed to be outstanding for the purposes of such tender offer.

The New Notes Trustee will accept and shall be entitled to rely on an Officer's Certificate and opinion of counsel as sufficient evidence of the existence and satisfaction of the conditions precedent as described above, in which event it will be conclusive and binding on the holders.

Redemption for Changes in Tax Law

The Issuer may redeem the New Notes, in whole but not in part, at its discretion at any time upon giving not less than 10 nor more than 60 days' prior written notice to the holders of the New Notes (which notice will be irrevocable and given in accordance with the procedures described under "—Selection and Notice"), at a redemption price equal to 100.000% of the aggregate principal amount thereof, together with accrued and unpaid interest, if any, to (but excluding) the redemption date and all Additional Amounts, if any, then due and which will become due on such redemption date as a result of the redemption or otherwise (subject to the right of holders of the New Notes on the relevant regular record date to receive interest and principal, if any, due on the relevant Payment Date and Additional Amounts, if any, in respect thereof), if on the next date on which any amount would be payable in respect of the New Notes, the Issuer or a Guarantor (but, in the case of a Guarantor, only if the payment giving rise to such requirement cannot be made by the Issuer or another Guarantor without the obligation to pay Additional Amounts; provided that the Issuer or such other Guarantor, as applicable, is legally entitled to make such payment) is or would be required to pay Additional Amounts in excess of the Additional Amounts attributable to a withholding tax rate of 4.9% ("*Excess Additional Amounts*"), and the Issuer or any Guarantor cannot avoid any such payment obligation by taking reasonable measures available, and the requirement arises as a result of:

(1) any amendment to, or change in, the laws or treaties (or any regulations or rulings promulgated thereunder) of a relevant Tax Jurisdiction which change or amendment becomes effective on or after the Issue Date (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction with respect to the Issuer or such Guarantor, as applicable, on a date after the Issue Date, such later date); or

(2) any amendment to, or change in, an official position, or the introduction of an official position, regarding the interpretation, administration or application of such laws, treaties, regulations or rulings (including by virtue of a holding, judgment or order by a court of competent jurisdiction or

a change in published administrative practice) which amendment, change or introduction becomes effective on or after the Issue Date (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction with respect to the Issuer or such Guarantor, as applicable, on a date after the Issue Date, such later date) (each of clauses (1) and (2), a "*Change in Tax Law*").

The Issuer will not give any such notice of redemption earlier than 60 days prior to the earliest date on which the Issuer or a Guarantor would be obligated to pay such Excess Additional Amounts if a payment in respect of the New Notes were then due, and the obligation to pay Excess Additional Amounts must be in effect at the time such notice is given. Prior to the giving of any notice of redemption of the New Notes to the holders pursuant to the New Notes Indenture as a result of a Change in Tax Law, the Issuer will deliver to the New Notes Trustee (a) an Officer's Certificate stating that the obligation to pay such Excess Additional Amounts cannot be avoided by the Issuer (or the relevant Guarantor, as applicable) taking reasonable measures available to it; and (b) a written opinion of independent tax counsel to the Issuer of recognized standing which is qualified under the laws of the relevant Tax Jurisdiction to the effect that the Issuer (or the relevant Guarantor, as applicable) has or will become obligated to pay such Excess Additional Amounts as a result of a Change in Tax Law.

The New Notes Trustee will accept and shall be entitled to rely on such Officer's Certificate and opinion of counsel as sufficient evidence of the existence and satisfaction of the conditions precedent as described above, in which event it will be conclusive and binding on the holders.

General

To the extent that the New Notes are represented by Global Notes, any payment to the beneficial holders holding Book-Entry Interests as participants of a clearing system will be subject to the then applicable procedures of such clearing system.

Any redemption of New Notes as described under "—Redemption—Optional Redemption" may, at the Issuer's discretion, be subject to one or more conditions precedent. In addition, if such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice may state that, in the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied (*provided*, *however*, that, in no case shall the notice have been delivered less than 10 days or more than 60 days prior to the date on which such redemption (if any) occurs and such delay will be no more than 60 days after the date the notice of redemption was sent), or such redemption may not occur and such notice may be modified or rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed. In addition, such notice of redemption may be extended if such conditions precedent have not been satisfied or waived by the Issuer by notice to the holders (with a copy to the New Notes Trustee) and the Issuer may provide in such notice that payment of the redemption or purchase price and performance of the Issuer's obligations with respect to such redemption may be performed by another Person.

Subject to any applicable condition, unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the New Notes or portions thereof called for redemption on the applicable redemption date.

Selection and Notice

If less than all of the New Notes are to be redeemed at any time, New Notes will be selected for redemption based on the policies and procedures of the applicable depositary (or, in the case of Certificated Notes, the New Notes Trustee (or the Registrar, as applicable) will select New Notes for redemption on a *pro rata* basis), unless otherwise required by law or applicable stock exchange or depositary requirements.

No New Notes of U.S.$200,000 or less can be redeemed in part. Notices of redemption will be delivered at least 10 but not more than 60 days before the redemption date to each holder of New Notes to be redeemed in accordance with the New Notes Indenture, except that redemption notices may be sent more than 60 days prior to a redemption date if the notice is issued in connection with a Legal Defeasance or Covenant Defeasance of the New Notes or a satisfaction and discharge pursuant to the New Notes Indenture.

If any New Note is to be redeemed in part only, the notice of redemption that relates to such New Note will state the portion of the principal amount of that New Note that is to be redeemed. In the case of Certificated Notes, a new New Note in principal amount equal to the unredeemed portion of the original New Note will be issued in the name

of the holder of New Notes upon cancellation of the original New Notes. New Notes called for redemption become due on the date fixed for redemption.

For so long as New Notes in global form are outstanding, notices to be given to holders will be given to the depositary, in accordance with its applicable policies as in effect from time to time. If New Notes are issued in certificated form, notices to be given to holders will be deemed to have been given upon the mailing by first class mail, postage prepaid, of such notices to holders of the New Notes at their registered addresses in the New Note register maintained by the Registrar. For so long as the New Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer will notify the SGX-ST of any such redemption and the principal amount of any New Notes outstanding following any partial redemption of such New Notes.

Repurchase at the Option of Holders

Change of Control Triggering Event

If a Change of Control Triggering Event occurs, each holder of New Notes will have the right to require the Issuer to repurchase all or any part (in integral multiples of U.S.$1; *provided* that New Notes of U.S.$200,000 or less may only be redeemed in whole and not in part) of that holder's New Notes pursuant to a Change of Control Offer on the terms set forth in the New Notes Indenture. In the Change of Control Offer, the Issuer will offer a payment in cash equal to 101.000% of the aggregate principal amount of New Notes repurchased, plus accrued and unpaid interest if any, to (but excluding) the purchase date and all Additional Amounts, if any, then due on the New Notes repurchased (the "*Change of Control Payment*")(subject to the rights of holders of New Notes on the relevant regular record date to receive interest and principal, if any, due on the relevant Payment Date). Within 30 days following any Change of Control Triggering Event, the Issuer will deliver a notice to each holder of the New Notes (a "*Change of Control Offer*") in accordance with the New Notes Indenture (with a copy to the New Notes Trustee), stating that a Change of Control Offer is being made and offering to repurchase New Notes on the date (the "*Change of Control Payment Date*") specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is delivered, pursuant to the procedures required by the New Notes Indenture and described in such notice. The Issuer will comply with the requirements of Rule 14e-1 under the U.S. Securities Exchange Act of 1934, as amended (the "*Exchange Act*"), and any other applicable securities laws and regulations to the extent those laws and regulations are applicable in connection with the repurchase of the New Notes as a result of a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the New Notes Indenture, the Issuer will comply with any applicable securities laws and regulations and will not be deemed to have breached its obligations under the New Notes Indenture by virtue of such compliance.

On the Business Day immediately preceding the Change of Control Payment Date, the Issuer will, to the extent lawful, deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all New Notes or portions of New Notes properly tendered and not withdrawn.

On the Change of Control Payment Date, the Issuer will, to the extent lawful:

(1) accept for payment all New Notes or portions of New Notes properly tendered pursuant to the Change of Control Offer; and

(2) deliver or cause to be delivered to the New Notes Trustee an Officer's Certificate stating the aggregate principal amount of New Notes or portions of New Notes being purchased by the Issuer and the New Notes properly accepted.

The Paying Agent will promptly deliver to each holder of New Notes properly tendered and not withdrawn the Change of Control Payment for such New Notes, and, in the case of Certificated Notes, the New Notes Trustee (or an authentication agent approved by it, upon receipt of an authentication order from the Issuer) will promptly authenticate and deliver to each holder a new Certificated Note equal in principal amount to any unpurchased portion of Certificated Notes surrendered, if any. The Issuer will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The provisions described above that require the Issuer to make a Change of Control Offer following a Change of Control Triggering Event will be applicable whether or not any other provisions of the New Notes Indenture are applicable. Except as described above with respect to a Change of Control Triggering Event, the New Notes Indenture

will not contain provisions that permit the holders of the New Notes to require that the Issuer repurchase or redeem the New Notes in the event of a takeover, recapitalization or similar transaction.

The ability of the Issuer to repurchase New Notes pursuant to a Change of Control Offer may be limited by a number of factors. The occurrence of certain of the events that constitute a Change of Control would require the borrower under our Credit Facilities to make an offer to prepay any existing lender on a "*change of control*." Future Indebtedness of the Issuer and its Subsidiaries may also contain prohibitions of certain events that would constitute a Change of Control or require such Indebtedness to be repurchased upon a Change of Control. Accordingly, prior to complying with any of the provisions of this "Change of Control" covenant, the Issuer will need to either repay all such Indebtedness or obtain the requisite consents, if any, under all agreements governing such outstanding Indebtedness to permit the repurchase of New Notes required by this covenant. Moreover, the exercise by the holders of the New Notes of their right to require the Issuer to repurchase the New Notes could cause a default under such Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Issuer and its Subsidiaries. Finally, the ability of the Issuer to pay cash to the holders of the New Notes, and any other Indebtedness then becoming payable, upon a repurchase may be limited by its then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases. See "Risk Factors—Risks Relating to the New Notes and the New Note Guarantees—We may be unable to purchase the New Notes upon a Change of Control Triggering Event, which would result in a default under the New Notes Indenture pursuant to which the New Notes offered hereby will be issued."

The Issuer will not be required to make a Change of Control Offer upon a Change of Control Triggering Event if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the New Notes Indenture applicable to a Change of Control Offer made by the Issuer and purchases all New Notes properly tendered and not withdrawn under the Change of Control Offer, or (2) a notice of redemption of all outstanding New Notes has been given pursuant to the New Notes Indenture as described under "—Redemption—Optional Redemption," unless and until there is a default in payment of the applicable redemption price or the redemption is not consummated due to the failure of a condition precedent contained in the applicable redemption notice to be satisfied. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control and the occurrence of a Change of Control Triggering Event; provided that a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of the Issuer and the Restricted Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of New Notes to require the Issuer to repurchase its New Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Issuer and the Restricted Subsidiaries taken as a whole to another Person or group may be uncertain.

The provisions under the New Notes Indenture relating to the Issuer's obligation to make a Change of Control Offer may be waived or modified with the consent of the holders holding more than 50% of the outstanding aggregate principal amount of the New Notes prior to the occurrence of a Change of Control.

For so long as the New Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer will publish notices relating to the Change of Control Offer to the extent and in the manner permitted by such rules.

Asset Sales

The Issuer will not, and will not cause or permit any Restricted Subsidiary to, directly or indirectly, consummate an Asset Sale unless:

(1) the Issuer (or the Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to the fair market value (determined at the time of contracting such Asset Sale) of the assets or Equity Interests issued or sold or otherwise disposed of; and

(2) at least 75% of the consideration received in the Asset Sale by the Issuer or such Restricted Subsidiary is in the form of cash or Cash Equivalents. For purposes of this provision, the following will be deemed to be cash:

(a) any liabilities recorded on the most recent balance sheet of the Issuer or any Restricted Subsidiary (other than contingent liabilities or liabilities that are by their terms subordinated to the New Notes or the New Note Guarantees) that are assumed by the transferee of any such assets and as a result of which the Issuer and the Restricted Subsidiaries are no longer obligated with respect to such liabilities; and

(b) any securities, notes or other obligations received by the Issuer or any Restricted Subsidiary from such transferee that are converted by the Issuer or such Restricted Subsidiary into cash or Cash Equivalents within 180 days following the closing of the Asset Sale, to the extent of the cash or Cash Equivalents in the conversion.

Within 365 days after the receipt of any Net Proceeds from an Asset Sale, the Issuer (or the applicable Restricted Subsidiary, as the case may be) may apply such Net Proceeds (at the option of the Issuer or such Restricted Subsidiary) to:

(1) permanently reduce (and permanently reduce commitments with respect thereto) Secured Indebtedness of the Issuer (other than any Disqualified Stock or Subordinated Obligations) or Secured Indebtedness of a Restricted Subsidiary (other than any Disqualified Stock or Subordinated Obligations), in each case other than Indebtedness owed to the Issuer or any Affiliate of the Issuer, solely to the extent the assets that were the subject of such Asset Sale represented collateral securing such Secured Indebtedness;

(2) prepay, repay, redeem or purchase (including through open market purchases, voluntary tender offers or privately negotiated transactions at market prices) Pari Passu Indebtedness at a price of no more than 100.000% of the principal amount of such Pari Passu Indebtedness plus accrued and unpaid interest, if any, to (but excluding) the date of such prepayment, repayment, purchase or redemption; provided that the Issuer shall equally and ratably reduce Obligations under the New Notes, as provided under "—Redemption—Optional Redemption," or purchase New Notes by making a New Notes Offer as provided in clause (3) below or through open market purchases, in each case, at or above a purchase price of 100.000% of the principal amount of such New Notes;

(3) (a) purchase New Notes pursuant to an offer to all holders of the New Notes at a purchase price in cash equal to at least 100.000% of the principal amount thereof, plus accrued and unpaid interest, if any, to (but excluding) the purchase date and all Additional Amounts then due (subject to the right of holders of the New Notes on the relevant regular record date to receive interest and principal, if any, due on the relevant Payment Date) (a "*New Notes Offer*") or (b) redeem New Notes as provided under "—Redemption—Optional Redemption";

(4) acquire all or substantially all of the assets of, or any Capital Stock of, another Permitted Business, if, after giving effect to any such acquisition of Capital Stock, the Permitted Business is or becomes a Restricted Subsidiary;

(5) make capital expenditures;

(6) acquire other assets (other than Capital Stock and cash or Cash Equivalents) that are used or useful in a Permitted Business;

(7) enter into a commitment approved by the Board of Directors or otherwise binding on the Issuer or such Restricted Subsidiary to apply the Net Proceeds pursuant to clause (4) or (5) of this paragraph; *provided* that such commitment shall be treated as a permitted application of the Net Proceeds from the date of such commitment until the earlier of (x) the date on which such acquisition or expenditure is consummated, and (y) the 180th day following the expiration of the aforementioned 365-day period; or

(8) any combination of the foregoing.

Pending the final application of any Net Proceeds, the Issuer (or the applicable Restricted Subsidiary) may temporarily reduce revolving credit borrowings or otherwise invest the Net Proceeds in cash and Cash Equivalents.

Any Net Proceeds from Asset Sales that are not applied or invested as provided in the second paragraph of this covenant will constitute "*Excess Proceeds*." When the aggregate amount of Excess Proceeds exceeds the greater of U.S.$50.0 million and 12% of Consolidated L2QA EBITDA, within 10 Business Days thereof, or at any earlier time at the Issuer's election, the Issuer will make an offer (an "*Asset Sale Offer*") to all holders of New Notes and may, to the extent the Issuer so elects, make an offer to holders of Pari Passu Indebtedness to purchase, prepay or redeem with the proceeds of sales of assets the maximum principal amount of New Notes and such other Pari Passu Indebtedness (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith) that may be purchased, prepaid or redeemed out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to (i) solely in the case of the New Notes, 100.000% of the principal amount, which shall be repurchased in integral multiples of U.S.$1; *provided* that New Notes of U.S.$200,000 or less may only be redeemed in whole and not in part; and (ii) solely in the case of any other Pari Passu Indebtedness, no greater than 100.000% of the principal amount, plus, in the case of (i) and (ii), accrued and unpaid interest and Additional Amounts, if any, to (but excluding) the date of purchase, subject to the rights of holders of New Notes on the relevant regular record date to receive interest and principal, if any, due on the relevant Payment Date, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Issuer and the Restricted Subsidiaries may use those Excess Proceeds for any purpose not otherwise prohibited by the New Notes Indenture. If the aggregate principal amount of New Notes and other Pari Passu Indebtedness tendered in such Asset Sale Offer exceeds the amount of Excess Proceeds, or if the aggregate principal amount of New Notes tendered pursuant to a New Notes Offer exceeds the amount of the Net Proceeds so applied, such New Notes and such other Pari Passu Indebtedness, if applicable, shall be purchased on a *pro rata* basis, based on the amounts tendered in integral multiples of U.S.$1; *provided* that New Notes of U.S.$200,000 or less may only be purchased whole and not in part and, in the case of New Notes in global form, subject to the policies and procedures of the applicable depositary. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

The Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act and any other applicable securities laws and regulations to the extent those laws and regulations are applicable in connection with each repurchase of New Notes pursuant to an Asset Sale Offer or a New Notes Offer. To the extent that the provisions of any securities laws or regulations conflict with the Asset Sale provisions of the New Notes Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Asset Sale provisions of the New Notes Indenture by virtue of such compliance.

The Issuer or a Restricted Subsidiary, as the case may be, may make an Asset Sale Offer prior to the expiration of the 365-day period mentioned in this covenant. The provisions of the New Notes Indenture relating to the Issuer's obligation to make an Asset Sale Offer may be waived or modified with the consent of holders of more than 50% of the outstanding aggregate principal amount of the New Notes prior to the obligation of the Issuer to make an Asset Sale Offer arising.

No Mandatory Redemption; Open Market Purchases

The Issuer is not required to make any mandatory redemption or sinking fund payments with respect to the New Notes. However, under certain circumstances, the Issuer may be required to offer to purchase the New Notes as described under "—Repurchase at the Option of Holders."

The Issuer or its Affiliates may acquire New Notes by means other than a redemption or repurchase, whether by tender offer, open market purchases, privately negotiated transactions or otherwise, in accordance with applicable securities laws, so long as such acquisition does not otherwise violate the terms of the New Notes Indenture.

Certain Covenants

Limitation on Restricted Payments

The Issuer will not, and will not cause or permit any Restricted Subsidiary to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of the Issuer's Equity Interests or any of the Restricted Subsidiaries' Equity Interests (including, without limitation,

any payment in connection with any merger or consolidation involving the Issuer or any Restricted Subsidiary) or to the direct or indirect holders of the Issuer's or any Restricted Subsidiary's Equity Interests in their capacity as holders (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock or Designated Preference Shares of the Issuer)), other than dividends or distributions payable to the Issuer or a Restricted Subsidiary;

(2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Issuer) any Equity Interests of the Issuer;

(3) make any principal payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Subordinated Obligations (excluding any intercompany Indebtedness between or among the Issuer and any Restricted Subsidiaries), except (i) at the Stated Maturity thereof or (ii) the purchase, repurchase or other acquisition of Indebtedness purchased in anticipation of satisfying a sinking fund obligation, principal installment or scheduled maturity, in each case due within one year of the date of such purchase, repurchase or other acquisition; or

(4) make any Restricted Investment,

(all such payments and other actions set forth in the foregoing clauses (1) through (4) being collectively referred to as "*Restricted Payments*"), unless, at the time of any such Restricted Payment:

(a) no Default or Event of Default has occurred and is continuing (or would occur as a consequence of such Restricted Payment);

(b) the Issuer would, at the time of such Restricted Payment and immediately after giving *pro forma* effect thereto, have been permitted to incur at least U.S.$1.00 of additional Indebtedness pursuant to the Consolidated Net Leverage Ratio test set forth in the first paragraph of the covenant described under "—Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock"; and

(c) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Issuer and the Restricted Subsidiaries on or after October 1, 2020 (excluding Restricted Payments permitted by the next succeeding paragraph other than clauses (1) and (15) thereof), is less than the sum, without duplication, of:

(i) 100% of the Consolidated EBITDA of the Issuer for the period (taken as one accounting period) from October 1, 2020 to the end of the Issuer's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment *less* the product of 1.5 multiplied by the Consolidated Interest Expense for such period; *plus*

(ii) 100% of the aggregate net cash proceeds and the fair market value of marketable securities or other property received by the Issuer since October 1, 2020 as a contribution to its common equity capital or from the issue or sale of Equity Interests of the Issuer (other than Disqualified Stock, Excluded Contributions and Designated Preference Shares) or from the issue or sale of convertible or exchangeable Disqualified Stock of the Issuer or convertible or exchangeable debt securities of the Issuer, in each case that have been converted into or exchanged for Equity Interests of the Issuer (other than Equity Interests (or Disqualified Stock, Designated Preference Shares or debt securities) sold to a Subsidiary of the Issuer); *plus*

(iii) to the extent that any Restricted Investment that was made on or after October 1, 2020 is (a) sold, disposed of or otherwise cancelled, liquidated or repaid, 100% of the aggregate amount received in cash and the fair market value of the property and marketable securities or other property received by the Issuer or any Restricted Subsidiary, or (b) made in an entity that subsequently becomes a Restricted Subsidiary, 100% of the fair market value of the Restricted Investment of the Issuer and the Restricted Subsidiaries as of the date such entity becomes a Restricted Subsidiary; *plus*

(iv) to the extent that any Unrestricted Subsidiary of the Issuer designated as such on or after October 1, 2020 is redesignated as a Restricted Subsidiary or is merged or consolidated into the Issuer or a Restricted Subsidiary, or all of the assets of such Unrestricted Subsidiary are transferred to the Issuer or a Restricted Subsidiary, the fair market value of the property received by the Issuer or Restricted Subsidiary or the Issuer's Restricted Investment in such Subsidiary as of the date of such redesignation, merger, consolidation or transfer of assets, to the extent such investments reduced the Restricted Payments capacity under this clause (c) and were not previously repaid or otherwise reduced; *plus*

(v) 100% of any dividends or distributions received by the Issuer or a Restricted Subsidiary on or after October 1, 2020 from an Unrestricted Subsidiary, to the extent that such dividends or distributions were not otherwise included in the Consolidated Net Income of the Issuer for such period; *plus*

(vi) upon the full and unconditional release of a Restricted Investment that is a guarantee made by the Issuer or a Restricted Subsidiary to any Person, an amount equal to the amount of such guarantee.

Notwithstanding the foregoing clauses (a), (b) and (c), the Issuer or any Restricted Subsidiary may not make any Restricted Payment set forth in clauses (1) or (2) of the definition thereof unless, at the time of such Restricted Payment after giving *pro forma* effect thereto, (i) the Issuer has had at least four consecutive fiscal quarters of positive Free Cash Flow, (ii) the Consolidated Net Leverage Ratio is less than 2.50 to 1.00, and (iii) the aggregate amount of dividends paid by the Issuer in the most recently ended four consecutive fiscal quarters is equal to less than 5% of the Consolidated EBITDA of the Issuer for the most recently ended four consecutive fiscal quarters for which internal financial statements are available immediately preceding any calculation date.

The preceding provisions will not prohibit any of the following (collectively, "*Permitted Payments*"):

(1) the payment of any dividend or the consummation of any redemption within 60 days after the date of declaration of the dividend or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or redemption payment would have complied with the provisions of the New Notes Indenture;

(2) the making of any Restricted Payment in exchange for, or out of or with the net cash proceeds of the substantially concurrent sale or issuance (other than to a Subsidiary of the Issuer) of, Equity Interests of the Issuer (other than Disqualified Stock or Designated Preference Shares) or from the substantially concurrent contribution of common equity capital to the Issuer; provided that the amount of any such net cash proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph and will not be considered to be net cash proceeds from an Equity Offering for the purposes of the provisions described under "—Redemption—Optional Redemption";

(3) the repurchase, redemption, defeasance or other acquisition or retirement for value of Subordinated Obligations made in exchange for, or out of the proceeds of a substantially concurrent sale or issuance of, Permitted Refinancing Indebtedness;

(4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Obligations:

(a) (i) from Net Proceeds to the extent permitted under the covenant described under heading "—Repurchase at the Option of Holders—Asset Sales," but only if the Issuer shall have first complied with the terms described under such covenant and purchased all New Notes tendered pursuant to any offer to repurchase all the New Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Obligations and (ii) at a purchase price not greater than 100.000% of the principal amount of such Subordinated Obligations plus accrued and unpaid interest and any premium required by its terms;

(b) to the extent required by the agreement governing such Subordinated Obligations, following the occurrence of a Change of Control (or other similar event described therein as a "*change of control*"), but only (i) if the Issuer shall have first complied with the terms described under the covenant described under "—Repurchase at the Option of Holders—Change of Control" and purchased all New Notes tendered pursuant to the offer to repurchase all the New Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Obligations and (ii) at a purchase price not greater than 101.000% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest and any premium required by its terms; or

(c) (i) consisting of Acquired Debt (other than Indebtedness incurred (a) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary or (b) otherwise in connection with or contemplation of such acquisition) and (ii) at a purchase price not greater than 100.000% of the principal amount of such Subordinated Obligations plus accrued and unpaid interest and any premium required by the terms of any Acquired Debt;

(5) the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Issuer or any Restricted Subsidiary held by any current or former officer, director, employee or consultant of the Issuer or any Restricted Subsidiary pursuant to any equity subscription agreement, stock option agreement, restricted stock grant, shareholders' agreement or similar agreement; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests may not exceed U.S.$5.0 million during any calendar year; *provided* that any unused amounts in any calendar year may be carried forward to the next calendar year;

(6) the repurchase of Equity Interests deemed to occur upon the exercise of stock options to the extent such Equity Interests represent a portion of the exercise price of those stock options;

(7) the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of the Issuer or any preferred stock of any Restricted Subsidiary issued on or after the Issue Date in accordance with the covenant described under "—Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock";

(8) payments of cash, dividends, distributions, advances or other Restricted Payments by the Issuer or any Restricted Subsidiary to allow the payment of cash in lieu of the issuance of fractional shares upon (a) the exercise of options or warrants or (b) the conversion or exchange of Capital Stock of any such Person;

(9) advances or loans to (a) any future, present or former officer, director, employee or consultant of the Issuer or a Restricted Subsidiary to pay for the purchase or other acquisition for value of Equity Interests of the Issuer (other than Disqualified Stock or Designated Preference Shares), or any obligation under a forward sale agreement, deferred purchase agreement or deferred payment arrangement pursuant to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or other agreement or arrangement or (b) any management equity plan, employee benefit trust or stock option plan or any other management or employee benefit or incentive plan or unit trust or the trustees of any such plan or trust to pay for the purchase or other acquisition for value of Equity Interests of the Issuer (other than Disqualified Stock or Designated Preference Shares); *provided* that the total aggregate amount of Restricted Payments made under this clause (9) shall not exceed U.S.$5.0 million at any time outstanding;

(10) payments or distributions to dissenting shareholders pursuant to applicable law in connection with or contemplation of a merger, amalgamation, consolidation or transfer of assets that complies with the applicable provisions of the New Notes Indenture relating to mergers, amalgamations, consolidations or transfers of substantially all of a Guarantor's assets;

(11) the payment of any dividend (or, in the case of any partnership or limited liability company, any similar distribution) by a Restricted Subsidiary to the holders of its Equity Interests (other than the

Issuer or any other Restricted Subsidiary) then entitled to participate in such dividends on a pro rata basis or otherwise in compliance with the terms of the instruments governing such Equity Interests;

(12) payments by the Issuer or any Restricted Subsidiary in an amount equal to (without duplication) amounts constituting or to be used for purposes of making payments to the extent specified in clauses (1), (4) and (5) of the second paragraph under "—Limitation on Transactions with Affiliates";

(13) Restricted Payments that are made with Excluded Contributions;

(14) the declaration and payment of dividends to holders of any class or series of Designated Preference Shares of the Issuer issued after the Issue Date; *provided*, *however*, that, the amount of all dividends declared or paid pursuant to this clause (14) shall not exceed the net proceeds received by the Issuer or the aggregate amount contributed in cash to the equity (other than through the issuance of Disqualified Stock or an Excluded Contribution) of the Issuer from the issuance or sale of such Designated Preference Shares;

(15) any Restricted Payment; *provided* that the Consolidated Net Leverage Ratio on a *pro forma* basis after giving effect to any such dividend, distribution, advance, loan or other payment and any Indebtedness incurred in connection therewith does not exceed 3.00 to 1.00;

(16) payment of Receivables Fees and purchases of Receivables Assets pursuant to a Receivables Repurchase Obligation in connection with a Qualified Receivables Financing; and

(17) other Restricted Payments in an aggregate amount not to exceed the greater of U.S.$25.0 million and 10% of Consolidated L2QA EBITDA in respect of any fiscal year since the Issue Date, *pro rated* for any partial fiscal year (including the fiscal year in which the Issue Date falls);

provided, *however*, that at the time of, and after giving effect to, any Permitted Payment under clauses (3), (4), (5), (7), (8), (9), (12), (15) and (17), no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof.

The amount of all Restricted Payments (other than cash) will be the fair market value on the date of the Restricted Payment of the assets or securities proposed to be transferred or issued by the Issuer or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment shall be determined conclusively by Issuer acting in good faith.

For purposes of determining compliance with this covenant, in the event that a Restricted Payment or Investment (or portion thereof) meets the criteria of more than one of the categories of Permitted Payments described in clauses (1) through (17) of the second paragraph of this covenant, or is permitted pursuant to the first paragraph of this covenant and/or one or more of the clauses contained in the definition of "*Permitted Investments*," the Issuer will be entitled to classify such Restricted Payment or Investment (or portion thereof) on the date of its payment or later reclassify (based on circumstances existing on the date of such reclassification) such Restricted Payment or Investment (or portion thereof) in any manner that complies with this covenant, including as an Investment pursuant to one or more clauses contained in the definition of "*Permitted Investments*."

Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock

The Issuer will not, and will not cause or permit any Restricted Subsidiary to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "*incur*") any Indebtedness (including Acquired Debt), and the Issuer will not issue any Disqualified Stock and will not permit any Restricted Subsidiary to issue any shares of preferred stock; *provided*, *however*, that the Issuer may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock and any Restricted Subsidiary may incur Indebtedness or issue preferred stock, if on the date on which such Indebtedness is incurred or such Disqualified Stock or preferred stock is issued, as the case may be, the Issuer's Consolidated Net Leverage Ratio would not exceed 4.50 to 1.00 determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the Indebtedness had been incurred or the Disqualified Stock or preferred stock had been issued on such date. Indebtedness incurred by the Company and its Restricted Subsidiaries that is secured by the Fiber Trust may only be incurred pursuant to and in compliance with clause (21) below.

The first paragraph of this covenant will not prohibit the incurrence of any of the following items of Indebtedness (collectively, "*Permitted Debt*"):

(1) the incurrence of Indebtedness under Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (1) not to exceed U.S.$75.0 million, plus in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses incurred in connection with such refinancing;

(2) Indebtedness outstanding on the Issue Date (other than Indebtedness described in clauses (1) and (3));

(3) the incurrence by the Issuer and the Guarantors of Indebtedness represented by the New Notes (other than Additional Notes) and the related New Note Guarantees;

(4) the incurrence by the Issuer or any Restricted Subsidiary of Indebtedness representing Capital Lease Obligations, mortgage financings, purchase money obligations or other Indebtedness incurred for the purpose of financing all or any part of the purchase price, lease expense, rental payments or cost of design, construction, installation or improvement of property, plant or equipment or other assets (including Capital Stock) used in the business of the Issuer or any Restricted Subsidiary, in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred or issued to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (4), not to exceed the greater of U.S.$100.0 million and 25% of Consolidated L2QA EBITDA at any time outstanding;

(5) the incurrence by the Issuer or any Restricted Subsidiary of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge any Indebtedness (other than intercompany Indebtedness) incurred under the first paragraph of this covenant or clauses (2), (3) or (12) of this paragraph or this clause (5);

(6) the incurrence by the Issuer or any Restricted Subsidiary of intercompany Indebtedness between or among the Issuer or any Restricted Subsidiary; provided that:

(a) if the Issuer or any Guarantor is the obligor on such Indebtedness and the obligee is not the Issuer or a Guarantor, such Indebtedness must be unsecured and ((i) except in respect of the intercompany current liabilities incurred in the ordinary course of business in connection with the cash management operations of the Issuer and the Restricted Subsidiaries and (ii) only to the extent legally permitted (the Issuer and the Restricted Subsidiaries having completed all procedures required in the reasonable judgment of directors of officers of the obligee or obligor to protect such Persons from any penalty or civil or criminal liability in connection with the subordination of such Indebtedness)) expressly subordinated to the prior payment in full in cash of all Obligations then due with respect to the New Notes, in the case of the Issuer, or the applicable New Note Guarantee, in the case of a Guarantor; and

(b) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Issuer or a Restricted Subsidiary and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Issuer or a Restricted Subsidiary, will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Issuer or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);

(7) the issuance by any Restricted Subsidiary to the Issuer or to any other Restricted Subsidiary of preferred stock; provided that:

(a) any subsequent issuance or transfer of Equity Interests that results in any such preferred stock being held by a Person other than the Issuer or a Restricted Subsidiary; and

(b) any sale or other transfer of any such preferred stock to a Person that is not either the Issuer or a Restricted Subsidiary, will be deemed, in each case, to constitute an issuance of such preferred stock by such Restricted Subsidiary that was not permitted by this clause (7);

(8) the incurrence by the Issuer or any Restricted Subsidiary of Hedging Obligations not for speculative purposes (as determined in good faith by the Issuer or such Restricted Subsidiary, as the case may be);

(9) the guarantee by the Issuer or any Restricted Subsidiary of Indebtedness of the Issuer or any Restricted Subsidiary to the extent that the guaranteed Indebtedness was permitted to be incurred by another provision of this "Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock" covenant; provided that if the Indebtedness being guaranteed is subordinated to or pari passu with the New Notes or a New Note Guarantee, then the guarantee must be subordinated or pari passu, as applicable, to the same extent as the Indebtedness guaranteed;

(10) the incurrence by the Issuer or any Restricted Subsidiary of Indebtedness in respect of workers' compensation claims, self-insurance obligations, captive insurance companies, bankers' acceptances, performance and surety bonds in the ordinary course of business;

(11) the incurrence by the Issuer or any Restricted Subsidiary of Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Indebtedness is covered within 30 Business Days;

(12) Indebtedness of (a) any Person outstanding on the date on which such Person becomes a Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Issuer or any Restricted Subsidiary (other than Indebtedness incurred to provide all or any portion of the funds used to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary or otherwise in connection with, or in contemplation of, such acquisition) or (b) the Issuer or any Restricted Subsidiary incurred in relation to any such acquisition, merger, consolidation, amalgamation or combination; *provided, however*, with respect to this clause (12), that at the time of the acquisition or other transaction pursuant to which such Indebtedness was incurred or deemed to be incurred (x) the Issuer would have been able to incur U.S.$1.00 of additional Indebtedness pursuant to the first paragraph of this covenant after giving effect to the incurrence of such Indebtedness pursuant to this clause (12) calculated on a *pro forma* basis or (y) the Consolidated Net Leverage Ratio would be equal to or less than the Consolidated Net Leverage Ratio immediately prior to giving effect to such acquisition or other transaction on a *pro forma* basis;

(13) Indebtedness arising from agreements of the Issuer or a Restricted Subsidiary providing for customary indemnification obligations in respect of earnouts or other adjustments of purchase price or, in each case, similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Equity Interests of a Subsidiary; provided that the maximum liability of the Issuer and the Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the fair market value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by (or held in escrow as collateral for such Indebtedness for later release to) the Issuer and the Restricted Subsidiaries in connection with such disposition;

(14) Indebtedness of the Issuer and the Restricted Subsidiaries in respect of (a) letters of credit, surety, performance or appeal bonds, completion guarantees, judgment, advance payment, customs, VAT or other tax guarantees or similar instruments issued in the ordinary course of business of such Person or in respect of any governmental requirement and not in connection with the borrowing of money, including letters of credit or similar instruments in respect of self-insurance and workers compensation obligations and any reimbursement obligations incurred in connection with the foregoing, and (b) any customary cash management, cash pooling or netting or setting off arrangements, including customary credit card facilities, entered into in the ordinary course of business; *provided*, *however*, that upon the drawing of such letters of credit or other instrument, such obligations are reimbursed within 30 days following such drawing;

(15)

(a) customer deposits and advance payments received in the ordinary course of business from customers for goods or services purchased in the ordinary course of business;

(b) Indebtedness owed on a short-term basis of no longer than 30 days to banks and other financial institutions incurred in the ordinary course of business of the Issuer and the Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Issuer and the Restricted Subsidiaries; or

(c) Indebtedness incurred by the Issuer or a Restricted Subsidiary in connection with bankers acceptances, discounted bills of exchange or the discounting or factoring of receivables for credit management of bad debt purposes, in each case incurred or undertaken in the ordinary course of business;

(16) Indebtedness of the Issuer and the Guarantors in an aggregate outstanding principal amount which, when taken together with any Permitted Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness incurred pursuant to this clause (16) and then outstanding, will not exceed 100% of the net proceeds received by the Issuer from the issuance or sale (other than to a Restricted Subsidiary) of its Capital Stock (other than Disqualified Stock, Designated Preference Shares or an Excluded Contribution) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock, Designated Preference Shares or an Excluded Contribution) of the Issuer, in each case, subsequent to the Issue Date; *provided*, *however*, that (i) any such net proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under the first paragraph and clauses (2) and (13) of the second paragraph of the covenant described under "—Limitation on Restricted Payments" to the extent the Issuer and the Restricted Subsidiaries incur Indebtedness in reliance thereon and (ii) any net proceeds that are so received or contributed shall be excluded for purposes of incurring Indebtedness pursuant to this clause (16) to the extent the Issuer or any Restricted Subsidiary uses such proceeds for purposes of making a Restricted Payment under the first paragraph or clause (2) or (13) of the second paragraph of the covenant described under "—Limitation on Restricted Payments";

(17) guarantees by the Issuer or any Restricted Subsidiary granted to any trustee of any management equity plan or stock option plan or any other management or employee benefit or incentive plan or unit trust scheme approved by the Board of Directors of the Issuer, so long as the proceeds of the Indebtedness so guaranteed are used to purchase Equity Interests of the Issuer (other than Disqualified Stock); *provided* that the amount of any net cash proceeds from the sale of such Equity Interests of the Issuer will be excluded from clause (c)(ii) of the first paragraph of the covenant described under "—Limitation on Restricted Payments" and will not be considered to be net cash proceeds from an Equity Offering for purposes of the provisions described under "—Redemption—Optional Redemption";

(18) Indebtedness under daylight borrowing facilities incurred in connection with any refinancing of Indebtedness (including by way of set-off or exchange); *provided* that such Indebtedness does not exceed the principal amount of the Indebtedness being refinanced and the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses incurred in connection with such refinancing, so long as any such Indebtedness is repaid within five days of the date on which such Indebtedness is incurred;

(19) Indebtedness incurred by a Receivables Subsidiary in a Qualified Receivables Financing;

(20) Indebtedness incurred by the Issuer or any Restricted Subsidiary in an aggregate principal amount at any one time outstanding under this clause (20), not to exceed the greater of U.S.$80.0 million and 20% of Consolidated L2QA EBITDA; or

(21) the incurrence of Indebtedness secured by the Fiber Trust in an aggregate principal amount at any one time outstanding not to exceed U.S.$3,000.0 million; *provided* that to the extent such Indebtedness is not used to refinance Indebtedness secured by the Fiber Trust or Indebtedness of the Issuer outstanding as of the Issue Date, either (x) the Consolidated Net Leverage Ratio, on a *pro*

forma basis, is less than 3.00 to 1.00 or (y) the Issuer uses an amount equal to 50% of the aggregate principal amount of such Indebtedness being incurred pursuant to this clause (21) (the "*Prepayment Amount*") to redeem at the then applicable redemption price (including to pay accrued and unpaid interest and applicable premium, if any) as much of the then outstanding New Notes that were issued on the Closing Date that can be so redeemed with the Prepayment Amount.

For purposes of determining compliance with this "Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock" covenant:

(1) in the event that an item of Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (21) above, or is entitled to be incurred pursuant to the first paragraph of this covenant, the Issuer, in its sole discretion, will be permitted to classify such item of Indebtedness on the date of its incurrence and only be required to include the amount and type of such Indebtedness in one of such clauses and will be permitted on the date of such incurrence to divide and classify an item of Indebtedness in more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, from time to time to reclassify all or a portion of such item of Indebtedness, in any manner that complies with this covenant. All Indebtedness under the Credit Facilities outstanding on the Issue Date shall be deemed to have been incurred under clause (1) of the second paragraph of this covenant and may not be reclassified;

(2) guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(3) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are incurred pursuant to any Credit Facility and are being treated as incurred pursuant to clauses (1), (4) or (16) of the second paragraph above or the first paragraph above and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included; and

(4) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness.

The accrual of interest or preferred stock dividends, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness, the reclassification of preferred stock as Indebtedness due to a change in accounting principles, and the payment of dividends on preferred stock or Disqualified Stock in the form of additional shares of the same class of preferred stock or Disqualified Stock will not be deemed to be an incurrence of Indebtedness or an issuance of preferred stock or Disqualified Stock for purposes of this covenant.

For purposes of determining compliance with the definition of "Consolidated Net Leverage Ratio" on the date of any proposed incurrence of Indebtedness, the U.S. dollar equivalent principal amount of Indebtedness denominated in a different currency and cash and Cash Equivalents other than U.S. dollars shall be utilized, calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred or, at the option of the Issuer, the date first committed, in the case of Indebtedness incurred under Credit Facilities; provided that (i) if such Indebtedness denominated in currency other than U.S. dollars is subject to a Currency Exchange Protection Agreement with respect to U.S. dollars the amount of such Indebtedness expressed in U.S. dollars will be calculated so as to take account of the effects of such Currency Exchange Protection Agreement; and (ii) the U.S. dollar equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date.

The principal amount of any refinancing Indebtedness incurred in the same currency as the Indebtedness being refinanced will be the U.S. dollar equivalent of the Indebtedness refinanced determined on the date such Indebtedness was originally incurred, except that to the extent that:

(1) such U.S. dollar equivalent was determined based on a Currency Exchange Protection Agreement, in which case the refinancing Indebtedness will be determined in accordance with the preceding sentence and paragraph; or

(2) the principal amount of the refinancing Indebtedness exceeds the principal amount of the Indebtedness being refinanced, in which case the U.S. dollar equivalent of such excess will be determined on the date such refinancing Indebtedness is being incurred.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Issuer or any Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

The amount of any Indebtedness outstanding as of any date will be:

(1) in the case of any Indebtedness issued with original issue discount, the amount of the liability in respect thereof determined in accordance with IFRS;

(2) the principal amount of the Indebtedness, in the case of any other Indebtedness;

(3) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:

(a) the fair market value of such assets at the date of determination; and

(b) the amount of the Indebtedness of the other Person;

(4) any "*parallel debt*" obligation relating to Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included; and

(5) the principal amount of any Disqualified Stock of the Issuer or preferred stock of a Restricted Subsidiary, which will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof.

Anti-Layering

Neither the Issuer nor any Guarantor will incur any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of the Issuer or such Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the New Notes and the applicable New Note Guarantee on substantially identical (or more favorable) terms; *provided*, *however*, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Issuer or any Guarantor solely (1) by virtue of being unsecured, (2) by virtue of being secured with different collateral, (3) by virtue of being secured on a junior priority basis, (4) by virtue of not being guaranteed or (5) by virtue of the application of waterfall or other payment ordering provisions affecting different tranches of Indebtedness under Credit Facilities.

Limitation on Liens

The Issuer will not, and will not cause or permit any Restricted Subsidiary to, directly or indirectly, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien (an "*Initial Lien*") of any kind securing Indebtedness upon any of their property or assets, now owned or hereafter acquired, except (1) Permitted Liens; or (2) if such Lien is not a Permitted Lien, to the extent that all Obligations due under the New Notes Indenture, the New Notes and the New Note Guarantees are, in each case, secured on an equal and ratable basis or on a priority basis with the Obligations secured by the Initial Lien (and on a priority basis if such Obligations secured by the Initial Lien are subordinated in right of payment to either the New Notes or any New Note Guarantee). With respect to any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the incurrence of such Indebtedness, such Lien shall also be permitted to secure any Increased Amount of such Indebtedness. The "*Increased Amount*" of any Indebtedness shall mean any increase in the amount of such Indebtedness in connection with any accrual of interest, the accretion of accreted value, the amortization of original issue discount, the payment of interest in the form of additional Indebtedness with the same terms, accretion of original issue discount or liquidation preference and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies or increases in the value of property securing such Indebtedness. Notwithstanding the foregoing, the

Issuer will not directly or indirectly, create, incur, assume or permit to exist any Lien on all or any portion of the Debt Service Reserve Account, other than in respect of the New Notes.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

The Issuer will not, and will not cause or permit any Restricted Subsidiary to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock to the Issuer or any Restricted Subsidiary, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to the Issuer or any Restricted Subsidiary;

(2) make loans or advances to the Issuer or any Restricted Subsidiary; or

(3) sell, lease or transfer any of its properties or assets to the Issuer or any Restricted Subsidiary; *provided* that (x) the priority of any preferred stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill period to) loans or advances made to the Issuer or any Restricted Subsidiary to other Indebtedness incurred by the Issuer or any Restricted Subsidiary, in each case, shall not be deemed to constitute such an encumbrance or restriction.

However, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

(1) any encumbrance or restriction pursuant to (a) the New Notes Indenture, the New Notes or the New Note Guarantees or (b) any other agreement or instrument in effect on the Issue Date;

(2) agreements governing other Indebtedness permitted to be incurred under the provisions of the covenant described under "—Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock" and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the restrictions therein (a) are not materially less favorable to the holders of the New Notes than is customary in comparable financings (as determined in good faith by the Issuer); or (b) would not, in the good faith determination of the Issuer, materially impair the ability of the Issuer to make payments on the New Notes;

(3) applicable law, rule, regulation or order or the terms of any license, authorization, concession or permit;

(4) any instrument governing Indebtedness or Capital Stock of a Person acquired by the Issuer or any Restricted Subsidiary as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; provided that, in the case of Indebtedness, such Indebtedness was permitted by the terms of the New Notes Indenture to be incurred;

(5) purchase money obligations for property acquired in the ordinary course of business and Capital Lease Obligations that impose restrictions on the property purchased or leased of the nature described in clause (3) of the preceding paragraph;

(6) any encumbrance or restriction:

(a) entered into in the ordinary course of business that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract;

(b) contained in mortgages, pledges or other security agreements permitted under the New Notes Indenture or securing Indebtedness of the Issuer or a Restricted Subsidiary permitted under the New Notes Indenture to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, pledges or other security agreements; or

(c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Issuer or any Restricted Subsidiary;

(7) any agreement for the sale or other disposition of the Capital Stock or all or substantially all of the property and assets of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending its sale or other disposition;

(8) Permitted Refinancing Indebtedness; provided that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced as determined in good faith by the Issuer or would not in the good faith determination of the Issuer, materially impair the ability of the Issuer to make payments on the New Notes;

(9) Liens permitted to be incurred under the provisions of the covenant described under "—Limitation on Liens" that limit the right of the debtor to dispose of the assets subject to such Liens;

(10) customary provisions limiting the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements and other similar agreements in the ordinary course of business (including agreements entered into in connection with an Investment), which limitation is applicable only to the assets that are the subject of such agreements;

(11) restrictions on cash or other deposits or net worth imposed by customers or suppliers or required by insurance, surety or bonding companies, in each case, under contracts entered into in the ordinary course of business;

(12) restrictions effected in connection with a Qualified Receivables Financing that, in the good faith determination of the Board of Directors of the Issuer, are necessary or advisable to effect such Qualified Receivables Financing;

(13) any encumbrance or restriction pursuant to or ancillary to Hedging Obligations; or

(14) any encumbrance or restriction existing under any agreement that extends, renews, refinances or replaces the agreements containing the encumbrances or restrictions in the foregoing clauses (1) through (13), or in this clause (14); *provided* that the terms and conditions of any such encumbrances or restrictions are no more restrictive in any material respect than those under or pursuant to the agreement so extended, renewed, refinanced or replaced or would not in the good faith determination of the Issuer, materially impair the ability of the Issuer to make payments on the New Notes.

Merger, Consolidation or Sale of Assets

The Issuer

The Issuer will not (a) consolidate or merge with or into another Person (whether or not it is the surviving corporation) or (b) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties and assets as an entirety or substantially as an entirety in one or more related transactions, to another Person, unless:

(1) either: (a) the Issuer is the surviving Person; or (b) the Person formed by or surviving any such consolidation or merger (if other than the Issuer) or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made is an entity organized or existing under the laws of any OECD Member, any member state of the European Union, or any state of the United States or the District of Columbia;

(2) the Person formed by or surviving any such consolidation or merger with the Issuer (if other than the Issuer) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of the Issuer under (a) the New Notes and the New Notes Indenture by execution and delivery of a supplemental indenture to the New Notes Trustee, (b) the Fiber Trust Agreement, the Use Agreement and the Maintenance Agreement by execution and delivery of a supplement and/or other amendment to the Fiber Trust Agreement, the Use Agreement and the Maintenance Agreement, to the Fiber Trustee and (c) the Payment Trust

Agreement by execution and delivery of a supplement and/or other amendment to the Payment Trust Agreement to the Payment Trustee;

(3) immediately after such transaction, no Default or Event of Default exists;

(4) the Issuer or the Person formed by or surviving any such consolidation or merger (if other than the Issuer), or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made would, on the date of such transaction after giving *pro forma* effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable annualized two consecutive fiscal quarter period (a) be permitted to incur at least U.S.$1.00 of additional Indebtedness pursuant to the Consolidated Net Leverage Ratio test set forth in the first paragraph of the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock" or (b) have a Consolidated Net Leverage Ratio not greater than it was immediately prior to giving effect to such transaction; and

(5) the Issuer delivers to the New Notes Trustee, the Fiber Trustee and the Payment Trustee, in form and substance reasonably satisfactory to such entities, as applicable, an Officer's Certificate and opinion of counsel, in each case, stating that such consolidation, merger or transfer and such supplemental indenture and supplement to the Fiber Trust Agreement (including the relevant Use Agreement and Maintenance Agreement) and the Payment Trust Agreement (if any) comply with this covenant and that all conditions precedent in the New Notes Indenture, the Fiber Trust Agreement (including the relevant Use Agreement and Maintenance Agreement) and the Payment Trust Agreement, as applicable, relating to such transaction and the execution of such supplemental indenture and supplement to the Fiber Trust Agreement (including the relevant Use Agreement and Maintenance Agreement) and the Payment Trust Agreement (if any) have been satisfied and that the New Notes Indenture, the New Notes, the Fiber Trust Agreement (including the relevant Use Agreement and Maintenance Agreement) and the Payment Trust Agreement, as applicable, constitute legal, valid and binding obligations of the Issuer or of the Person formed by or surviving any such consolidation or merger or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made (as applicable) enforceable in accordance with their terms.

The Guarantors

A Guarantor will not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not such Guarantor is the surviving corporation) or (2) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of such Guarantor and its Subsidiaries that are Restricted Subsidiaries as an entirety or substantially as an entirety in one or more related transactions, to another Person, unless:

(1) either:

  (a) such Guarantor is the surviving Person; or

  (b) the Person formed by or surviving any such consolidation or merger (if other than such Guarantor) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of such Guarantor under its New Note Guarantee and the New Notes Indenture by execution of a supplemental indenture;

(2) immediately after giving *pro forma* effect to such transaction or transactions (and treating any Indebtedness which becomes an obligation of the surviving corporation as a result of such transaction as having been incurred by the surviving corporation at the time of such transaction or transactions), no Default or Event of Default exists; and

(3) the Issuer delivers to the New Notes Trustee, in form and substance reasonably satisfactory to the New Notes Trustee, an Officer's Certificate and opinion of counsel, in each case, stating that such consolidation, merger or transfer and such supplemental indenture (if any) comply with this covenant and that all conditions precedent in the New Notes Indenture relating to such transaction and the execution of such supplemental indenture (if any) have been satisfied and that the New Notes Indenture and the applicable New Note Guarantee constitute legal, valid and binding obligations of such Guarantor or of the Person formed by or surviving any such consolidation and

merger or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made (as applicable) enforceable in accordance with their terms.

General

This "Merger, Consolidation or Sale of Assets" covenant will not apply to (a) any consolidation or merger of any Restricted Subsidiary that is not a Guarantor with and into a Guarantor; or (b) any consolidation or merger of any Guarantor with or into any other Guarantor. Upon any consolidation or merger, or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the properties or assets of the Issuer or any Guarantor in a transaction that is subject to, and that complies with the provisions of, this covenant, the successor Person formed by such consolidation or into or with which the Issuer or such Guarantor is merged or to which such sale, assignment, transfer, lease, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition, the provisions of the New Notes Indenture referring to the "*Issuer*" or the "*Guarantor*," as applicable, shall refer instead to the successor Person and not to the Issuer or such Guarantor), and may exercise every right and power of the Issuer or such Guarantor under the New Notes Indenture and the New Notes or the New Note Guarantee, as applicable, with the same effect as if such successor Person had been named as the Issuer or such Guarantor, as applicable, therein; *provided*, *however*, that the predecessor Issuer shall not be relieved from the obligation to pay the principal of, premium on, if any, interest and Additional Amounts, if any, on, the New Notes except in the case of a sale of all of the Issuer's assets in a transaction that is subject to, and that complies with the provisions of, this covenant.

Limitation on Transactions with Affiliates

The Issuer will not, and will not cause or permit any Restricted Subsidiary to, directly or indirectly, enter into or conduct any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any services) with any Affiliate of the Issuer (any such transaction or series of related transactions being, an "*Affiliate Transaction*") involving aggregate value in excess of U.S.$10 million, unless:

(1) the Affiliate Transaction is on terms that are not materially less favorable to the Issuer or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Issuer or such Restricted Subsidiary with an unrelated Person; and

(2) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate value in excess of U.S.$50.0 million, a resolution of the Board of Directors of the Issuer set forth in an Officer's Certificate certifying that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by a majority of the independent members of the Board of Directors of the Issuer, or, if there are not sufficient independent members of the Board of Directors of the Issuer to form a majority, by all of the members of the Board of Directors; and, in addition,

(3) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of U.S.$75.0 million, a written opinion of an accounting, appraisal or investing banking firm of international standing with experience appraising the terms and conditions of the type of transaction or series of related transactions for which an opinion is required, stating that the transaction or series of related transactions is (i) fair to the Issuer or such Restricted Subsidiary from a financial point of view taking into account all relevant circumstances or (ii) on terms not less favorable than might have been obtained in a comparable transaction at such time on an arm's length basis from a Person who is not an Affiliate.

The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

(1) any issuance or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Issuer or any Restricted Subsidiary, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or

similar employee benefits or consultants' plans or indemnities provided on behalf of officers, employees, directors or consultants approved or ratified by the Board of Directors of the Issuer;

(2) transactions between or among the Issuer and/or any Restricted Subsidiary, or between and among the Restricted Subsidiaries and any Receivables Subsidiary;

(3) any transaction in the ordinary course of business between or among the Issuer or any Restricted Subsidiary and any Affiliate of the Issuer that would constitute an Affiliate Transaction solely because the Issuer or a Restricted Subsidiary or any Affiliate of the Issuer or a Restricted Subsidiary or any Affiliate of any Permitted Holder owns an equity interest in or otherwise controls such Affiliate;

(4) payment of reasonable and customary fees and reimbursements of expenses (pursuant to indemnity arrangements or otherwise) of officers, directors, employees or consultants of the Issuer or any Restricted Subsidiary;

(5) the execution, delivery and performance of any Tax Sharing Agreement or any arrangement pursuant to which the Issuer or any Restricted Subsidiary is required or permitted to file a consolidated tax return, or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business;

(6) any Restricted Payment that is permitted pursuant to the covenant described under "— Limitation on Restricted Payments";

(7) any Permitted Investment (other than Permitted Investments described in clauses (3), (10) and (15) of the definition thereof);

(8) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Issuer or options, warrants or other rights to acquire such Capital Stock;

(9) transactions pursuant to, or contemplated by any agreement in effect on the Issue Date and transactions pursuant to any amendment, modification or extension to such agreement, so long as such amendment, modification or extension, taken as a whole, is not materially more disadvantageous to the holders of the New Notes than the original agreement as in effect on the Issue Date;

(10) transactions with customers, clients, suppliers, or purchasers or sellers of goods or services or providers of employees or other labor, in each case in the ordinary course of business and otherwise in compliance with the terms of the New Notes Indenture that are fair to the Issuer or the Restricted Subsidiaries, in the reasonable determination of the members of the Board of Directors of the Issuer, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated Person;

(11) transactions, agreements or other arrangements with customers, suppliers, contractors, lessors or sellers of goods or services that are negotiated with an Affiliate, in each case, which are otherwise in compliance with the terms of the New Notes Indenture; provided that the terms and conditions of any such transaction, agreement or other arrangement as applicable to the Issuer and the Restricted Subsidiaries are fair to the Issuer and the Restricted Subsidiaries and are on terms no less favorable to the Issuer and the Restricted Subsidiaries than those that could have reasonably been obtained in respect of an analogous transaction or agreement that would not constitute an Affiliate Transaction (in each case, as determined in good faith by the Board of Directors of the Issuer);

(12) any participation in a rights offer or public tender or exchange offer for publicly-held securities or debt instruments issued by the Issuer or any Restricted Subsidiary that are conducted on arm's-length terms and provide for the same price or exchange ratio, as the case may be, to all holders accepting such rights, tender or exchange offer;

(13) transactions between the Issuer or any Restricted Subsidiary and any other Person that would constitute an Affiliate Transaction solely because a director of such other Person is also a director of the Issuer; *provided, however*, that such director abstains from voting as a director of the Issuer on any matter including such other Person;

(14) any transaction effected as part of a Qualified Receivables Financing; and

(15) Management Advances.

Additional New Note Guarantees

The Issuer will cause each Restricted Subsidiary that:

(1) becomes a borrower under any Credit Facility or that guarantees on the Issue Date or at any time thereafter, the Obligations under any Credit Facility or any other Indebtedness of the Issuer or any Guarantor; or

(2) would meet the definition of "significant subsidiary" under Rule 1-02(w) of Regulation S-X under the Exchange Act

to promptly provide a New Note Guarantee by executing and delivering to the New Notes Trustee a supplemental indenture to the New Notes Indenture pursuant to which such Restricted Subsidiary will irrevocably and unconditionally guarantee, on a joint and several basis, the full and prompt payment of the principal of, premium, if any, and interest (including Additional Amounts) in respect of the New Notes on a senior unsubordinated basis and all other Obligations of the Issuer under the New Notes Indenture.

In addition, if at any time the Issuer and the Guarantors, taken together, would represent less than 90% of the Issuer's and its Subsidiaries' consolidated revenues or less than 90% of the Issuer's and its Subsidiaries' Consolidated L2QA EBITDA (calculated for these purposes only, in both such cases, by excluding any Subsidiaries that have been designated as Unrestricted Subsidiaries pursuant to the applicable provisions of the New Notes Indenture), the Issuer will promptly cause one or more Restricted Subsidiaries who are not Guarantors to become Guarantors in accordance with the preceding paragraph such that the Issuer and the Guarantors, taken together, represent at least 90% of the Issuer's and its Subsidiaries' consolidated revenues and at least 90% of the Issuer's and its Subsidiaries' Consolidated L2QA EBITDA (calculated for these purposes only, in both such cases, by excluding any Subsidiaries that have been designated as Unrestricted Subsidiaries pursuant to the applicable provisions of the New Notes Indenture).

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors of the Issuer may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate fair market value of all outstanding Investments owned by the Issuer and the Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under the covenant described under "—Limitation on Restricted Payments" or under one or more clauses of the definition of "*Permitted* Investments," as determined by the Issuer. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary.

Any designation of a Subsidiary of the Issuer as an Unrestricted Subsidiary will be evidenced by filing with the New Notes Trustee a copy of a resolution of the Issuer's Board of Directors giving effect to such designation and an Officer's Certificate certifying that such designation complies with the preceding conditions and was permitted by the covenant described under "—Certain Covenants—Limitation on Restricted Payments." If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of the New Notes Indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary as of such date and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock," the Issuer will be in default of such covenant. The Board of Directors of the Issuer may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of any outstanding Indebtedness of such Unrestricted Subsidiary, and such designation will only be permitted if (1) such Indebtedness is permitted under the covenant described under "—Certain Covenants—Limitation on Incurrence of

Indebtedness and Issuance of Preferred Stock," calculated on a *pro forma* basis as if such designation had occurred at the beginning of the applicable reference period; and (2) no Default or Event of Default would be in existence following such designation.

Reports

For so long as any New Notes are outstanding, the Issuer will furnish to the New Notes Trustee the following reports:

(1) On or before April 30 following the end of each of the Issuer's fiscal years (beginning with the fiscal year ended on December 31, 2024), an annual report containing the following information: (a) audited consolidated balance sheet of the Issuer as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Issuer for the two most recent fiscal years, including complete footnotes to such financial statements and the report of the independent auditors on the financial statements; (b) *pro forma* income statement and balance sheet information of the Issuer (which need not comply with Article 11 of Regulation S-X under the Exchange Act), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year to which such annual report relates (unless such *pro forma* information has been provided in a previous report pursuant to clause (2) or (3) below (*provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense, in which case, the Issuer will provide, in the case of a material acquisition, acquired company financial statements)); (c) a discussion of the results of operations, a discussion of financial condition and liquidity and capital resources, and a discussion of material commitments and contingencies and critical accounting policies; (d) a description of the business, management and shareholders of the Issuer and material affiliate transactions; and (e) material risk factors and material recent developments that have arisen or occurred since the Issue Date or the most recent report delivered to the New Notes Trustee pursuant to this clause (1) or pursuant to clause (2) below, as the case may be;

(2) within 20 Business Days following the end of each of the Issuer's fiscal quarters (*provided* that each report relating to the fourth fiscal quarter shall be deemed to be preliminary until such time as the Issuer issues an annual report in accordance with clause (1) above), quarterly reports containing the following information: (a) an unaudited condensed consolidated balance sheet of the Issuer as of the end of such quarter and unaudited condensed statements of income and cash flow of the Issuer for the quarterly and year to date periods ending on the unaudited condensed balance sheet date, and the comparable prior year periods for the Issuer, together with condensed footnote disclosure; (b) *pro forma* income statement and balance sheet information of the Issuer (which need not comply with Article 11 of Regulation S-X under the Exchange Act), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal quarter to which such quarterly report relates (*provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense, in which case, the Issuer will provide, in the case of a material acquisition, acquired company financial statements); (c) a discussion of the consolidated financial condition and results of operations of the Issuer, and any material change between the current quarterly period and the corresponding period of the prior year; and (d) material recent developments that have arisen or occurred since the Issue Date or the most recent report delivered to the New Notes Trustee pursuant to this clause (2) or pursuant to clause (1) above, as the case may be; and

(3) promptly after the occurrence of any material acquisition, disposition or restructuring of the Issuer and the Restricted Subsidiaries, taken as a whole, or any change to the Chief Executive Officer, Chief Financial Officer or external auditors of the Issuer or any other material event that the Issuer or any Restricted Subsidiary announces publicly, information describing such event.

In addition, if the Issuer has designated any of its Subsidiaries as Unrestricted Subsidiaries and such Subsidiaries are Significant Subsidiaries, then the quarterly and annual financial information required by the preceding paragraph will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto,

of the financial condition and results of operations of the Issuer and the Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Issuer.

For so long as the New Notes remain outstanding, the New Notes Trustee shall deliver to holders of the New Notes all notices and other information received from the Fiber Trustee and/or with respect to the Fiber Trust Agreement.

In addition, for so long as New Notes remain outstanding, the Issuer will furnish to the holders of the New Notes and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Substantially concurrently with the issuance to the New Notes Trustee of the reports specified in clauses (1), (2) and (3) above, the Issuer shall also (a) use its commercially reasonable efforts (i) to post copies of such reports on such website as may be then maintained by the Issuer or (ii) otherwise to provide substantially comparable availability of such reports to holders (as determined by the Issuer in good faith) or (b) to the extent the Issuer determines in good faith that it cannot make such reports available in the manner described in the preceding clause (a) owing to applicable law or after the use of its commercially reasonable efforts, furnish such reports to the holders and, upon their request, prospective purchasers of the New Notes. For the avoidance of doubt, there shall be no requirement to issue the information specified in clause (3) above to the New Notes Trustee if it shall already have been made publicly available under clause (a)(i) of this paragraph.

Delivery of reports, information and documents to the New Notes Trustee is for informational purposes only and the New Notes Trustee's receipt of such shall not constitute actual or constructive notice or knowledge of any information contained therein or determinable from information contained therein, including the Issuer's, any Guarantor's or any other Person's compliance with any of its covenants under the New Notes Indenture, the Fiber Trust Agreement, the Payment Trust Agreement and/or any other Collateral document (as to which the New Notes Trustee is entitled to rely exclusively on the Officer's Certificates). The New Notes Trustee shall have no duty to determine whether such information, documents or reports have been delivered as described in the New Notes Indenture, the Fiber Trust Agreement, the Payment Trust Agreement and/or any other Collateral document, as applicable, or posted on any website.

Maintenance of Composition of Board of Directors

The Issuer will maintain the ratio of independent members to non-independent members of the Board of Directors of the Issuer at no less than four out of nine; *provided* that the Issuer will have a 90-day grace period to comply with the foregoing requirements.

Suspension of Certain Covenants when Notes Have Investment Grade Rating

If on any date following the Issue Date:

(1) the New Notes have Investment Grade Rating from each of the Rating Agencies; and

(2) no Default or Event of Default shall have occurred and be continuing on such date,

then, beginning on that day and continuing until such time, if any, at which the New Notes cease to have an Investment Grade Rating from any Rating Agency (such period, the "*Suspension Period*"), the covenants specifically listed under the following headings will no longer be applicable to the New Notes and any related default provisions of the New Notes Indenture will cease to be effective and will not be applicable to the Issuer and the Restricted Subsidiaries:

(1) "—Repurchase at the Option of Holders—Asset Sales";

(2) "—Certain Covenants—Limitation on Restricted Payments";

(3) "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock";

(4) "—Certain Covenants—Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries";

(5) "—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries";

(6) "—Certain Covenants—Limitation on Transactions with Affiliates";

(7) "—Certain Covenants—Additional New Note Guarantees"; and

(8) clause (4) of the first paragraph of the covenant described under "—Certain Covenants—Merger, Consolidation or Sale of Assets—The Issuer."

Such covenants and any related default provisions will again apply according to their terms from the first day on which the New Notes cease to have an Investment Grade Rating from any Rating Agency. Such covenants will not, however, be of any effect with regard to the actions of Issuer and the Restricted Subsidiaries properly taken during the continuance of the Suspension Period; *provided* that (1) with respect to the Restricted Payments made after any such reinstatement, the amount of Restricted Payments will be calculated as though the covenant described under "—Certain Covenants—Limitation on Restricted Payments" had been in effect prior to, but not during, the Suspension Period and (2) all Indebtedness incurred, or Disqualified Stock or preferred stock issued, during the Suspension Period will be classified to have been incurred or issued pursuant to clause (2) of the second paragraph under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock." Upon the occurrence of a Suspension Period, the amount of Excess Proceeds shall be reset at zero.

The Issuer shall provide an Officer's Certificate to the New Notes Trustee indicating (i) the commencement of any Suspension Period; *provided* that such notification shall not be a condition for the suspension of the covenants set forth above to be effective or (ii) the occurrence of the termination of any Suspension Period. The New Notes Trustee will have no obligation to (1) independently determine or verify if such events have occurred, (2) make any determination regarding the impact of actions taken during the Suspension Period on the Issuer and the Subsidiaries' future compliance with the covenants applicable to them under the New Notes Indenture or (3) notify the holders of the commencement of the Suspension Period or the termination thereof.

There can be no assurance that the New Notes will ever have an Investment Grade Rating from any Rating Agency or if they are so rated, that they will maintain any such rating.

Creation and Preservation of Security Interests; Maintenance of Minimum Pledged Accounts and Fixed Charge Coverage Ratio

The Issuer will create, preserve and maintain the security interests purported to be granted under the New Notes Indenture, the Fiber Trust Agreement and the Payment Trust Agreement in full force and effect, and take all action necessary, to the extent permitted under applicable law, to create and maintain a perfected first priority security interest over all right, title and interest in and to the Collateral and perfect the security interest therein.

On each Payment Date, collection rights on eligible receivables from the Pledged Accounts shall be sufficient to achieve a Fixed Charge Coverage Ratio of at least 1.30 to 1.00. The Issuer shall assign additional Pledged Accounts to the Payment Trust at any time or from time to time to ensure that such ratios are met.

Financial Calculations

When determining the availability under any basket or ratio under the New Notes Indenture in connection with any transaction or whether such transaction is permitted under the New Notes Indenture (including, for the avoidance of doubt and without limitation, testing any incurrence or assumption of Indebtedness or Liens, the making of any Restricted Payment, Permitted Payment or Investment, any Asset Sale, any acquisition, merger, consolidation, amalgamation or other business combination and any other transaction requiring the testing of any basket based on the Consolidated L2QA EBITDA of the Issuer), the date of determination of such basket or ratio or the testing of any such transaction and of any Default or Event of Default shall, at the option of the Issuer, be the date the definitive agreements for such transaction are entered into (the "*Transaction Commitment Date Election*").

If the Issuer makes a Transaction Commitment Date Election, such baskets or ratios shall be calculated with such *pro forma* adjustments as are appropriate and consistent with the *pro forma* provisions set forth in the definition of "*Consolidated Net Leverage Ratio*" after giving effect to such transaction and other transactions to be entered into in connection therewith (including any incurrence of Indebtedness and the use of proceeds thereof) as if they had occurred at the beginning of the applicable period for purposes of determining the ability to consummate any such transaction, and, for the avoidance of doubt (x) if any of such baskets or ratios are exceeded as a result of fluctuations in such basket or ratio (including due to fluctuations in the Consolidated Net Income or Consolidated EBITDA of the Issuer or that arises from an asset or a target company subject to such transaction) subsequent to such date of

determination and at or prior to the consummation of the relevant transaction, such baskets or ratios will not be deemed to have been exceeded as a result of such fluctuations solely for purposes of determining whether the transaction is permitted hereunder and (y) such baskets or ratios shall not be tested at the time of consummation of such transaction or related transactions.

If the Issuer makes a Transaction Commitment Date Election, any such transactions (including any incurrence of Indebtedness and the use of proceeds therefrom) shall be deemed to have occurred on the date the definitive agreements are entered into for purposes of calculating any baskets or ratios under the New Notes Indenture after the date of such agreement and before the consummation of such transaction. To the extent the date of determination of a basket or ratio is tested prior to the date of consummation of a transaction, such basket or ratio shall be deemed utilized to the same extent until the earlier of the date of consummation of such transaction or the date such transaction is terminated or expires without consummation, except that, in the case of an acquisition, merger or consolidation, any calculation of Consolidated EBITDA of the Issuer for purposes other than incurrences of Indebtedness or Liens shall not reflect such transaction until it has been consummated.

Events of Default and Remedies

The occurrence of any of the following will be an "*Event of Default*" under the New Notes Indenture:

(1) default for 30 days in the payment when due of interest or Additional Amounts, if any, with respect to the New Notes when due;

(2) (i) default in the payment when due (at maturity, upon redemption or otherwise) of the principal of, or premium, if any, on, the New Notes, including, without limitation, failure to make payment to purchase New Notes tendered pursuant to a redemption, New Notes Offer, Change of Control Offer or an Asset Sale Offer or (ii) the Debt Service Reserve Account shall not be Fully Funded on the date that is three Business Days after any Payment Date;

(3) failure by the Issuer or a Guarantor to comply with the covenant described under "—Certain Covenants—Merger, Consolidation or Sale of Assets";

(4) failure by the Issuer or a Guarantor for 60 days after written notice (i) to the Issuer by the New Notes Trustee or (ii) to the Issuer and the New Notes Trustee by the holders of at least 25% in aggregate principal amount of the New Notes then outstanding voting as a single class to comply with any of its respective agreements in the New Notes Indenture (other than a default in performance, or breach, or a covenant or agreement which is specifically dealt with in clauses (1), (2) or (3) above);

(5) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Issuer or any Restricted Subsidiary (or the payment of which is guaranteed by the Issuer or any Restricted Subsidiary), whether such Indebtedness or guarantee now exists, or is created after the Issue Date, if that default:

(a) is caused by a failure to pay principal of such Indebtedness following the expiration of the grace period provided in such Indebtedness and such failure to make any payment has not been waived or the maturity of such indebtedness has not been extended (a "*Payment Default*"); or

(b) results in the acceleration of such Indebtedness prior to its express maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates U.S.$80.0 million or more;

(6) failure by the Issuer or any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary, to pay final judgments entered by a court or courts of competent jurisdiction aggregating in excess of U.S.$80.0 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments shall not have been discharged or waived and there shall have been a period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of an appeal, waiver or otherwise, shall not have been in effect;

(7) (i) the New Notes Indenture, the Fiber Trust Agreement or the Payment Trust Agreement shall cease for any reason to be in full force and effect, (ii) the Offshore Collateral Agent shall cease to have a valid and perfected Lien on the Debt Service Reserve Account and all amounts therein, (iii) the Fiber Trustee shall cease to have a valid and perfected Lien on the Transport Network or (iv) the Payment Trustee shall cease to have a valid and perfected Lien on the Payment Trust and all amounts therein or cease to have or lose its rights under the Payment Trust Certificate;

(8) except as permitted by the New Notes Indenture (including with respect to any limitations), any New Note Guarantee of a Guarantor that is a Significant Subsidiary or any group of Guarantors that, taken together, would constitute a Significant Subsidiary is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or any Guarantor that is a Significant Subsidiary or any group of Guarantors that, taken together, would constitute a Significant Subsidiary, or any Person acting on behalf of any such Guarantor or Guarantors, denies or disaffirms its obligations under its New Note Guarantee; and

(9) certain events of bankruptcy or insolvency described in the New Notes Indenture with respect to the Issuer or any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary.

In the case of an Event of Default arising from certain events of bankruptcy or insolvency, with respect to the Issuer or any Guarantor that is a Significant Subsidiary or any group of Guarantors that, taken together, would constitute a Significant Subsidiary, all unpaid principal and accrued interest on the outstanding New Notes will become due and payable immediately without further action or notice or other act on the part of the New Notes Trustee or any holders of New Notes.

If any other Event of Default occurs and is continuing, the New Notes Trustee or the holders of at least 25% in aggregate principal amount of the then outstanding New Notes by written notice to the Issuer (and to the New Notes Trustee if such notice is given by the holders) may, and the New Notes Trustee, upon the written request of the holders of at least 25% in aggregate principal amount of the then outstanding New Notes shall by written notice to the Issuer declare all unpaid principal and accrued interest on the outstanding New Notes to be due and payable immediately. In the event of a declaration of acceleration of all unpaid principal and accrued interest on the New Notes because an Event of Default described in clause (5) above has occurred and is continuing, the declaration of acceleration of the New Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (5) shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the New Notes would not conflict with any judgment or decree of a court of competent jurisdiction, (2) all existing Events of Default, except non-payment of principal, premium or interest on the New Notes that became due solely because of the acceleration of the New Notes, have been cured or, to the extent permitted by the New Notes Indenture, waived, and (3) the Issuer or a Guarantor has paid the New Notes Trustee its compensation and reimbursed the New Notes Trustee for its expenses (including the fees and expenses of its counsel), disbursements and advances.

Upon the occurrence and during the continuance of an Event of Default, (i) the Offshore Collateral Agent, at the direction of the New Notes Trustee (acting solely pursuant to the written direction of the holders of more than 50% of the aggregate principal amount of the then outstanding New Notes), shall promptly enforce and/or exercise remedies and take action regarding the release or disposition of the funds in the Debt Service Reserve Account in accordance with the New Notes Indenture and (ii) the Payment Trustee, at the direction of the New Notes Trustee (acting solely pursuant to the written direction of the holders of more than 50% of the aggregate principal amount of the then outstanding New Notes), shall promptly enforce and/or exercise remedies and take action to attach and foreclose upon the assets of the Payment Trust for the benefit of the holders of the New Notes in accordance with the Payment Trust Agreement.

If a Fiber Event of Default with respect to the New Notes occurs and is continuing, the New Notes Trustee, as Noteholders Representative, shall, upon the written direction of the holders of more than 50% of the aggregate principal amount of the then outstanding New Notes instruct the Fiber Trust Collateral Agent to deliver a Default Announcement to the Fiber Trustee. The Fiber Trustee will deliver such Default Announcement to the Issuer, with a

copy to the Fiber Trust Collateral Agent for the benefit of the Beneficiaries as soon as practicable, but in any event within two Business Days of receipt thereof.

If within five Business Days from the date of receipt by the Fiber Trustee of a Default Announcement, the Fiber Trustee fails to deliver to the New Notes Trustee, as Noteholders Representative, the written evidence provided by the Issuer of (i) the payment in full of all the Secured Obligations to which such Default Announcement pertains, and/or (ii) the waiver, extension or novation of the failure to pay all such Secured Obligations, the holders of more than 50% of the aggregate principal amount of the then outstanding New Notes may instruct the New Notes Trustee (acting as Noteholders Representative) and the New Notes Trustee (acting as Noteholders Representative) shall (acting solely pursuant to the written direction of the holders of more than 50% of the aggregate principal amount of the then outstanding New Notes), instruct the Fiber Trust Collateral Agent to instruct the Fiber Trustee, to promptly enforce and/or exercise remedies under the Fiber Trust Agreement and to foreclose upon the assets of the Fiber Trust for the benefit of the holders of the New Notes and the holders of any other Secured Obligations; *provided*, however, that the Fiber Trustee will only comply with such instructions from the New Notes Trustee if the holders of the outstanding New Notes constitute the Required Majority under the Fiber Trust Agreement.

Subject to certain limitations, holders of more than 50% of the aggregate principal amount of the then outstanding New Notes have the right to direct the time, method and place of conducting any proceeding for any remedy available to the New Notes Trustee, the Offshore Collateral Agent, the Fiber Trustee, or the Payment Trustee, as applicable, or exercising any trust or power conferred on the New Notes Trustee, the Offshore Collateral Agent, the Fiber Trustee, or the Payment Trustee, as applicable, under the New Notes Indenture, the Fiber Trust Agreement or the Payment Trust Agreement; *provided*, however, that the Fiber Trustee shall only comply with such instructions so long as the holders of the outstanding New Notes constitute the Required Majority under the Fiber Trust Agreement. The New Notes Trustee may withhold from holders of the New Notes notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, interest or Additional Amounts or premium, if any.

No holder of a New Note has any right to (i) take any action with respect to the Debt Service Reserve Account independent of the Offshore Collateral Agent or direct the Offshore Collateral Agent to take any action with respect to the Debt Service Reserve Account other than in accordance with the New Notes Indenture, (ii) take any action with respect to the Fiber Trust independent of the Fiber Trustee, or direct the New Notes Trustee (in its capacity as Noteholders Representative) to direct the Fiber Trust Collateral Agent or Fiber Trustee to take any action in respect of the Fiber Trust, the Use Agreement or the Maintenance Agreement other than in accordance with the Fiber Trust Agreement, or (iii) take any action with respect to the Payment Trust independent of the Payment Trustee, or direct the Payment Trustee to take any action in respect of the Payment Trust other than in accordance with the Payment Trust Agreement; *provided*, however, that in no event shall the New Notes Trustee be responsible for determining if any such holder direction complies with the requirements of the Fiber Trust Agreement and/or the Payment Trust Agreement, as applicable.

The New Notes Trustee is under no obligation to exercise any of its rights or powers under the New Notes Indenture at the request, order or direction of any of the holders, unless such holders have offered to the New Notes Trustee indemnity and/or security satisfactory to it against any loss, liability or expense. The Offshore Collateral Agent is under no obligation to exercise any of its rights or powers under the New Notes Indenture with respect to the Debt Service Reserve Account at the request, order or direction of any of the holders, unless such holders have offered to the Offshore Collateral Agent indemnity and/or security satisfactory to it.

A holder may not institute any proceeding, judicial or otherwise, with respect to the New Notes Indenture or the New Notes or for the appointment of a receiver or trustee, or for any other remedy under the New Notes Indenture or the New Notes, unless:

(1) such holder has previously given the New Notes Trustee written notice that an Event of Default is continuing;

(2) holders of at least 25% in aggregate principal amount of the then outstanding New Notes have requested, in writing, that the New Notes Trustee pursue the remedy;

(3) such holders have offered the New Notes Trustee security and/or indemnity satisfactory to the New Notes Trustee against any loss, liability or expense;

(4) the New Notes Trustee has not complied with such written request within 60 days after the receipt of the request and the offer of security and/or indemnity; and

(5) holders of more than 50% of the aggregate principal amount of the then outstanding New Notes have not given the New Notes Trustee a direction inconsistent with such request within such 60-day period.

The holders of more than 50% of the aggregate principal amount of the New Notes then outstanding may, on behalf of the holders of all outstanding New Notes, waive any past default under the New Notes Indenture and its consequences, except (i) a continuing default in the payment of the principal of, premium, if any, any Additional Amounts or interest on any New Note and (ii) in respect of a provision described under "—Amendment, Supplement and Waiver," the modification or waiver of which requires the consent of each holder (which may only be waived with the consent of holders of 100% of the aggregate principal amount of the then outstanding New Notes).

The Issuer will deliver to the New Notes Trustee on or before April 30 following the end of each of the Issuer's fiscal years (beginning with the fiscal year ended on December 31, 2024), an Officer's Certificate regarding compliance with the New Notes Indenture.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator or stockholder of the Issuer or any Restricted Subsidiary, as such, will have any liability for any obligations of the Issuer or the Guarantors under the New Notes, the New Notes Indenture, the New Note Guarantees or any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of New Notes by accepting a New Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the New Notes. The waiver may not be effective to waive liabilities under applicable securities laws.

Legal Defeasance and Covenant Defeasance

The Issuer may at any time, at the option of its Board of Directors evidenced by a resolution set forth in an Officer's Certificate, elect to have all of its obligations discharged with respect to the outstanding New Notes and all obligations of the Guarantors discharged with respect to their New Note Guarantees in respect thereof ("*Legal Defeasance*") except for:

(1) the rights of holders of outstanding New Notes to receive payments in respect of the principal of, or interest (including Additional Amounts) or premium, if any, on, such New Notes when such payments are due from the trust referred to below;

(2) the Issuer's obligations with respect to the New Notes concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen New Notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(3) the rights, powers, trusts, indemnities and immunities of the New Notes Trustee and the Offshore Collateral Agent and the Issuer's and the Guarantors' obligations in connection therewith; and

(4) the "Legal Defeasance and Covenant Defeasance" provisions of the New Notes Indenture.

In addition, the Issuer may, at its option and at any time, elect to have the obligations of the Issuer and the Restricted Subsidiaries released with respect to certain covenants (including its obligation to make Change of Control Offers and Asset Sale Offers) described in the New Notes Indenture ("*Covenant Defeasance*") and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to the New Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance with respect to the outstanding New Notes:

(1) the Issuer must irrevocably deposit with the New Notes Trustee (or such entity designated by the New Notes Trustee for this purpose), in trust, for the benefit of the holders of the New Notes, cash in U.S. dollars, non-callable U.S. dollar-denominated Government Securities or a combination of

cash in U.S. dollars and non-callable U.S. dollar-denominated Government Securities, in amounts as will be sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants delivered to the New Notes Trustee, to pay the principal of, or interest (including Additional Amounts and premium, if any) on the outstanding New Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, and the Issuer must specify whether the New Notes are being defeased to such stated date for payment or to a particular redemption date;

(2) in the case of Legal Defeasance, the Issuer must deliver to the New Notes Trustee an opinion of United States counsel reasonably acceptable to the New Notes Trustee confirming that (a) the Issuer has received from, or there has been published by, the U.S. Internal Revenue Service a ruling or (b) since the Issue Date, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such opinion of counsel will confirm that, the beneficial owners of the outstanding New Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Issuer must deliver to the New Notes Trustee an opinion of United States counsel reasonably acceptable to the New Notes Trustee confirming that the beneficial owners of the outstanding New Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) the Issuer must deliver to the New Notes Trustee an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of preferring the holders of New Notes over the other creditors of the Issuer or the Guarantors with the intent of defeating, hindering, delaying or defrauding any creditors of the Issuer, the Guarantors or others; and

(5) the Issuer must deliver to the New Notes Trustee an Officer's Certificate and an opinion of counsel, subject to customary assumptions and qualifications, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Amendment, Supplement and Waiver

Except as provided otherwise in the succeeding paragraphs, the New Notes Indenture, the New Notes, the New Note Guarantees and/or the Payment Trust Agreement (including the Payment Trust Certificate) may be amended or supplemented with the consent of the holders of more than 50% of the aggregate principal amount of the New Notes then outstanding, excluding any New Notes held by the Issuer or its affiliates (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, New Notes), and any existing Default or Event of Default or compliance with any provision of the New Notes Indenture, the New Notes and/or the New Note Guarantees may be waived with the consent of the holders of more than 50% of the aggregate principal amount of the then outstanding New Notes, excluding any New Notes held by the Issuer or its affiliates (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, the New Notes).

Without the consent (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, New Notes) of each holder of New Notes affected, an amendment, supplement or waiver or other modification may not (with respect to any New Notes held by a non-consenting holder):

(1) reduce the percentage of principal amount of New Notes whose holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the maturity of any New Notes or alter the provisions with respect to the redemption of the New Notes;

(3) reduce the rate of or change the time for payment of interest on any New Note or obligation to pay Additional Amounts;

(4) impair the right of any holder of New Notes to institute suit for the enforcement of any payment of principal of and interest or Additional Amounts, if any, on such holder's New Notes or New Note Guarantee on or after the due dates therefore;

(5) waive a Default or Event of Default in the payment of principal of, or interest, Additional Amounts or premium, if any, on, the New Notes;

(6) make any New Note payable in currency other than that stated in the New Notes;

(7) make any change in the provisions of the New Notes Indenture relating to waivers of past Defaults or the rights of holders of New Notes to receive payments of principal of, or interest, Additional Amounts or premium, if any, on, the New Notes;

(8) waive a redemption payment with respect to any New Note;

(9) release any Guarantor from any of its obligations under its New Note Guarantee or the New Notes Indenture, except in accordance with the terms of the New Notes Indenture; or

(10) make any change to the amendment and waiver provisions of the New Notes Indenture.

Notwithstanding the preceding two paragraphs, without the consent of any holder of New Notes, (i) the Issuer, the Guarantors and the New Notes Trustee may amend or supplement the New Notes Indenture, the New Notes and/or the New Note Guarantees, or (ii) the Issuer, the Payment Trustee, New Notes Trustee and the relevant parties to the Payment Trust Agreement may amend or supplement the Payment Trust Agreement, as the case may be:

(1) to cure any ambiguity, defect or inconsistency;

(2) to provide for uncertificated New Notes in addition to or in place of certificated New Notes (*provided* that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code);

(3) to provide for the assumption of the Issuer's or a Guarantor's obligations under the New Notes Indenture, the New Notes, the New Note Guarantees, or the Payment Trust Agreement in the case of a merger or consolidation or sale of all or substantially all of the Issuer's or such Guarantor's assets, as applicable;

(4) to make any change that would provide any additional rights or benefits to the holders of New Notes or that does not adversely affect the legal rights under the New Notes Indenture of any such holder in any material respect;

(5) to conform the text of the New Notes Indenture, the New Note Guarantees, the New Notes, or the Payment Trust Agreement to any provision of this "Description of the New Notes" to the extent that such provision in this "Description of the New Notes" was intended to be a verbatim recitation of a provision of the New Notes Indenture, the New Note Guarantees, the New Notes, or the Payment Trust Agreement;

(6) to release any New Note Guarantee in accordance with the terms of the New Notes Indenture;

(7) to provide for the issuance of Additional Notes in accordance with the limitations set forth in the New Notes Indenture;

(8) to allow any Guarantor to provide a Note Guarantee with respect to the New Notes; or

(9) to evidence and provide the acceptance of the appointment of a successor New Notes Trustee under the New Notes Indenture.

The holders may not release the Collateral under the Fiber Trust Agreement. Notwithstanding the preceding three paragraphs, without the consent of the holders of at least 66⅔% of the aggregate principal amount of the then outstanding New Notes, excluding any New Notes held by the Issuer or its affiliates (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, the New Notes), no amendment, supplement or waiver may:

- release any of the Collateral (other than the Collateral under the Fiber Trust Agreement), amend, change or modify the Payment Trust Agreement, any provisions of the New Notes Indenture related to the

Collateral or eliminate or modify in any manner the Issuer's obligations with respect to the Collateral, in each case, in a manner that adversely affects holders in any material respect, except as expressly permitted by the New Notes Indenture, or the Payment Trust Agreement, as applicable; or

- amend the provisions in the New Notes Indenture related to the Debt Service Reserve Account or otherwise modify the Issuer's obligation to maintain the Debt Service Reserve Account Fully Funded, except as expressly permitted by the New Notes Indenture.

The consent of the holders of New Notes will not be necessary under the New Notes Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment. Amendments and/or waivers to the Fiber Trust Agreement requiring the consent of the Beneficiaries (and/or any instruction and/or determination under the Fiber Trust Agreement requiring the instruction of the Beneficiaries) may be effected with the written consent of the holders of a majority in aggregate principal amount of New Notes then outstanding, excluding any New Notes held by the Issuer or its affiliates; *provided* that the holders of the New Notes are the only holders of outstanding Secured Obligations, which such consent shall be delivered by the New Notes Trustee (in its capacity as Noteholders Representative) to the Fiber Trust Collateral Agent, as directed by such holders in writing.

In connection with any vote, instruction, consent, waiver or direction of the holders of the New Notes, the New Notes Trustee may conclusively rely upon without any further investigation, an Officer's Certificate of the Issuer setting forth the aggregate principal amount of New Notes outstanding and the New Notes Trustee shall have no obligation to calculate, determine or confirm the aggregate principal amount of New Notes outstanding in connection therewith.

In formulating its opinion on such matters, the New Notes Trustee shall be entitled to rely absolutely on such evidence as it deems appropriate, including an opinion of counsel and an Officer's Certificate. The New Notes Trustee may, but shall not be obligated to, enter into any supplement or agree to any amendment that affects the New Notes Trustee's own rights, duties or immunities under the New Notes Indenture, the Fiber Trust Agreement (including the relevant Use Agreement and the Maintenance Agreement) and/or the Payment Trust Agreement.

For the avoidance of doubt, no amendment to or deletion of, or actions taken in compliance with, the covenants contained in the New Notes Indenture shall be deemed to impair or affect any rights of holders of the New Notes to receive payment of principal of, or premium, if any, or interest, on the New Notes.

Satisfaction and Discharge

The New Notes Indenture will be discharged and will cease to be of further effect as to all New Notes issued thereunder (except as to specified surviving rights) and the Collateral will be released, when:

(1) either:

(a) all New Notes that have been authenticated and delivered, except lost, stolen or destroyed New Notes that have been replaced or paid and New Notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer or discharged from such trust as provided for in the New Notes Indenture, have been delivered to the New Notes Trustee for cancellation; or

(b) all New Notes that have not been delivered to the New Notes Trustee for cancellation have become due and payable by reason of the delivery of a notice of redemption by or on behalf of the Issuer or otherwise or will become due and payable within one year and the Issuer or any Guarantor has irrevocably deposited or caused to be deposited with the New Notes Trustee (or such other entity designated by the New Notes Trustee for this purpose) as trust funds in trust solely for the benefit of the holders, cash in U.S. dollars, non-callable U.S. dollar-denominated Government Securities or a combination of cash in U.S. dollars and non-callable U.S. dollar-denominated Government Securities, in amounts as will be sufficient, without consideration of any reinvestment of interest, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants delivered to the New Notes Trustee to pay and discharge the entire Indebtedness on the New Notes not delivered to the Paying Agent for cancellation for

principal, premium and Additional Amounts, if any, and accrued interest to the date of maturity or redemption;

(2) the Issuer or any Guarantor has paid or caused to be paid all sums payable by the Issuer and the Guarantors under the New Notes Indenture; and

(3) the Issuer has delivered irrevocable instructions to the New Notes Trustee under the New Notes Indenture to apply the deposited money and/or proceeds of non-callable U.S. dollar-denominated Government Securities toward the payment of the New Notes at maturity or on the redemption date, as the case may be.

In addition, the Issuer must deliver an Officer's Certificate and an opinion of independent counsel to the New Notes Trustee stating that all conditions precedent in the New Notes Indenture relating to satisfaction and discharge of the New Notes Indenture have been satisfied and such satisfaction and discharge will not result in a breach or violation of, or constitute a default under, the New Notes Indenture; provided that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)).

Judgment Currency

Any payment on account of an amount that is payable in U.S. dollars which is made to or for the account of any holder or the New Notes Trustee in lawful currency of any other jurisdiction (the "*Judgment Currency*"), whether as a result of any judgment or order or the enforcement thereof or the liquidation of the Issuer or any Guarantor, shall constitute a discharge of the Issuer's or the Guarantor's obligation under the New Notes Indenture and the New Notes or New Note Guarantee, as the case may be, only to the extent of the amount of U.S. dollars that such holder or the New Notes Trustee, as the case may be, could purchase with the amount of the Judgment Currency in accordance with normal banking procedures at the rate of exchange prevailing on the first Business Day following receipt of the payment in the Judgment Currency. If the amount of U.S. dollars that could be so purchased is less than the amount of U.S. dollars originally due to such holder or the New Notes Trustee, as the case may be, the Issuer and the Guarantors shall indemnify and hold harmless the holder or the New Notes Trustee, as the case may be, from and against all loss or damage arising out of, or as a result of, such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in the New Notes Indenture, the New Notes or the New Note Guarantee, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any holder or the New Notes Trustee from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due under this provision or under any judgment or order.

Concerning the New Notes Trustee

The Issuer shall promptly deliver an Officer's Certificate to the New Notes Trustee after becoming aware of the occurrence of a Default or an Event of Default. If the New Notes Trustee becomes a creditor of the Issuer or any Guarantor, the New Notes Indenture will limit the right of the New Notes Trustee to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The New Notes Trustee will be permitted to engage in other transactions; *however*, if it acquires any conflicting interest (within the meaning of the U.S. Trust Indenture Act of 1939, as amended) it must eliminate such conflict within 90 days or resign as Trustee.

The New Notes Indenture will provide that in case an Event of Default occurs and is continuing, the New Notes Trustee will be required, in the exercise of its power, to use the degree of care of a prudent person in the conduct of such person's own affairs. The New Notes Trustee will be under no obligation to exercise any of its rights or powers under the New Notes Indenture at the request of any holder of Notes, unless such holder has offered to the New Notes Trustee security and/or indemnity satisfactory to it against any loss, liability or expense.

The Issuer and the Guarantors will jointly and severally indemnify the New Notes Trustee for claims, liabilities and expenses incurred without gross negligence or willful misconduct on its part, arising out of or in connection with its duties and/or the exercise of its rights.

The New Notes Trustee and the Offshore Collateral Agent shall not be accountable with respect to the validity or value (or the kind or amount) of any Collateral and neither the New Notes Trustee nor the Offshore Collateral Agent makes any representations with respect thereto.

Listing

Application will be made the SGX-ST for the listing and quotation of the New Notes on the SGX-ST. However, there can be no assurance that the Issuer will obtain or be able to maintain a listing and quotation of the New Notes on the SGX-ST. The New Notes will be traded in a minimum board lot size of U.S.$200,000 as long as any of the New Notes are listed on the SGX-ST and the rules of the SGX-ST so require.

Additional Information

Holders and prospective holders who receive this Exchange Offer and Consent Solicitation Memorandum may, following the Issue Date, obtain a copy of the New Notes Indenture and the form of New Note without charge by writing to the Issuer at is address set forth under "Additional Information."

Governing Law

The New Notes Indenture (including all matters relating to the creation and perfection of the Lien of the Offshore Collateral Agent in the Debt Service Reserve Account covered thereunder and enforcement of rights and remedies with respect thereto, the New Notes and the New Note Guarantees will be governed by, and construed in accordance with, the laws of the State of New York. The Fiber Trust Agreement (including the relevant Use Agreement and the Maintenance Agreement) and the Payment Trust Agreement will be governed by Mexican law.

Consent to Jurisdiction and Service of Process

The New Notes Indenture will provide that the Issuer and each Guarantor will appoint CT Corporation System as its agent for service of process in any suit, action or proceeding with respect to the New Notes Indenture, the New Notes and the New Note Guarantees brought in any U.S. federal or New York state court located in the City of New York and will submit to such jurisdiction.

Enforceability of Judgments

Since substantially all of the assets of the Issuer and the Guarantors are outside the United States, any judgment obtained in the United States against the Issuer or any Guarantor, may not be collectable within the United States. See "Enforcement of Judgments and Service of Process."

Prescription

Claims against the Issuer or any Guarantor for the payment of principal or Additional Amounts, if any, on the New Notes will be prescribed 10 years after the applicable due date for payment thereof. Claims against the Issuer or any Guarantor for the payment of interest on the New Notes will be prescribed six years after the applicable due date for payment of interest.

Certain Definitions

Set forth below are certain defined terms used in the New Notes Indenture. Reference is made to the New Notes Indenture for a full disclosure of all defined terms used therein, as well as any other capitalized terms used herein for which no definition is provided.

"*Accounts Receivable Collection Rights*" means collection rights (*derechos de cobro*) for present or future accounts receivable.

"*Acquired Debt*" means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Restricted Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"*Administrator*" has the meaning set forth under "—Security—Mexican Trust Arrangements—The Fiber Trust."

"*Affiliate*" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "*control*," as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings.

"*Applicable Premium*" means, with respect to any New Notes on any redemption date, the greater of:

(1) 1% of the principal amount of such New Notes; or

(2) the excess of:

(a) the present value at such redemption date of (i) the redemption price of such New Notes at July 1, 2028 (such redemption price being set forth in the table appearing under "—Redemption—Optional Redemption"), plus (ii) all required interest payments due on such New Notes through July 1, 2028 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Treasury Rate as of such redemption date plus 50 basis points; over

(b) the principal amount of such New Note,

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer may engage.

"*Appraised Value*" has the meaning set forth under "—Security—Mexican Trust Arrangements—The Fiber Trust."

"*Asset Sale*" means:

(1) the sale, lease, conveyance or other disposition of any assets by the Issuer or any Restricted Subsidiary; *provided* that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Issuer and the Restricted Subsidiaries taken as a whole will be governed by the provisions of the New Notes Indenture described under "—Repurchase at the Option of Holders—Change of Control" and/or the provisions described under "—Certain Covenants—Merger, Consolidation or Sale of Assets" and not by the provisions described under "—Repurchase at the Option of Holders—Asset Sales"; and

(2) the issuance of Equity Interests by any Restricted Subsidiary or the sale by the Issuer or any Restricted Subsidiary of Equity Interests in any Subsidiary of the Issuer (in each case, other than directors' qualifying shares).

Notwithstanding the preceding, none of the following items will be deemed to be an Asset Sale:

(1) any single transaction or series of related transactions that involves assets or Equity Interests having a fair market value of less than U.S.$15.0 million;

(2) a transfer of assets or Equity Interests between or among the Issuer and any Restricted Subsidiary;

(3) an issuance of Equity Interests by a Restricted Subsidiary to the Issuer or to another Restricted Subsidiary;

(4) the sale, lease or other transfer of accounts receivable, Accounts Receivable Collection Rights, inventory or other assets in the ordinary course of business and any sale or other disposition of damaged, worn-out or obsolete assets or assets disposed of in connection with any decommissioned sites or assets that are no longer useful in the conduct of the business of the Issuer and the Restricted Subsidiaries;

(5) licenses and sublicenses by the Issuer or any Restricted Subsidiary in the ordinary course of business;

(6) any surrender or waiver of contract rights or settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business;

(7) the granting of Liens not prohibited by the covenant described under "—Certain Covenants—Limitation on Liens";

(8) the sale or other disposition of cash or Cash Equivalents;

(9) a Restricted Payment that does not violate the covenant described under "—Certain Covenants—Limitation on Restricted Payments," a Permitted Investment or any transaction specifically excluded from the definition of "Restricted Payments" or, solely for purposes of the second paragraph under "—Repurchase at the Option of Holders—Asset Sales," asset sales, the proceeds of which are used to make such Restricted Payments (in accordance with the covenant described under "—Certain Covenants—Limitation on Restricted Payments") or Permitted Investments;

(10) the disposition of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(11) the foreclosure, condemnation or any similar action (including as a result of a seizure, expropriation, nationalization, intervention, restriction or other action by or on behalf of any governmental, regulatory or other authority or the foreclosure of any asset or property subject to a Lien incurred in compliance with the covenant described under "—Certain Covenants—Limitation on Liens") with respect to any property or other assets or a surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

(12) the disposition of assets to a Person who is providing services (the provision of which have been or are to be outsourced by the Issuer or any Restricted Subsidiary to such Person) related to such assets; and

(13) sales or dispositions of receivables or Accounts Receivable Collection Rights (or participations or beneficial interests in receivables or Accounts Receivable Collection Rights) in connection with any Qualified Receivables Financing or any factoring transaction or in the ordinary course of business.

"*Authorized Appraiser*" has the meaning set forth under "—Security—Mexican Trust Arrangements—The Fiber Trust."

"*Banco Azteca*" has the meaning set forth under "—Security—Mexican Trust Arrangements—The Payment Trust and the Payment Trust Certificate."

"*Beneficiaries*" has the meaning set forth under "—Security—Mexican Trust Arrangements—The Fiber Trust."

"*Beneficial Owner*" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), (i) such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms "Beneficially Owns," "Beneficially Owned" and "Beneficial Ownership" have corresponding meanings.

"*Board of Directors*" means:

(1) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board;

(2) with respect to a partnership, the board of directors of the general partner of the partnership or any committee thereof duly authorized to act on behalf of such board;

(3) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof; and

(4) with respect to any other Person, the board or committee of such Person serving a similar function.

"*Business Day*" means a day other than a Saturday, Sunday or other day on which banking institutions in New York, New York or Mexico City, Mexico are authorized or required by law to close.

"*Capital Lease Obligation*" means any lease that, pursuant to IFRS, are required to be recognized on the balance sheet of any Person.

"*Capital Stock*" means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership interests (whether general or limited), shares or membership interests; and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"*Cash Equivalents*" means:

(1) U.S. dollars, or in the case of the Issuer and any Restricted Subsidiary organized in Mexico, pesos, or in the case of any Restricted Subsidiary organized in Colombia, Colombian pesos, in each case held by it from time to time in the ordinary course of business;

(2) securities issued or directly and fully guaranteed or insured by the U.S. government or any agency or instrumentality of the United States (provided that the full faith and credit of the United States is pledged in support thereof), having maturities of not more than one year from the date of acquisition;

(3) marketable general obligations issued by any state of the United States or any political subdivision or any such state or any public instrumentality thereof maturing within one year from the date of acquisition and, at the time of acquisition, having a credit rating of at least "A" or the equivalent thereof by S&P or Moody's, or carrying an equivalent rating by a nationally recognized Rating Agency, if both S&P and Moody's cease publishing ratings of investments;

(4) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof issued by (i) any commercial bank the long-term debt of which is rated at the time of acquisition thereof at least "A" or the equivalent thereof by S&P or Moody's, or carrying an equivalent rating by a nationally recognized Rating Agency, if both S&P and Moody's cease publishing ratings of investments, and having combined capital and surplus in excess of U.S.$500.0 million or (ii) Banco Azteca, S.A., Institución de Banca Múltiple;

(5) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (2), (3) and (4) above entered into with any bank meeting the qualifications specified in clause (4)(i) above or identified in clause (4)(ii) above;

(6) commercial paper having a rating at the time of acquisition thereof at least "A-2" or the equivalent thereof by S&P or "P-2" or the equivalent thereof by Moody's, or carrying an equivalent rating by a nationally recognized Rating Agency, if both S&P and Moody's cease publishing ratings of investments, and in any case maturing within one year after the date of acquisition thereof;

(7) interests in any investment company or money market fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (6) above; and

(8) BNY Mellon Cash Reserve.

"*Change of Control*" means the occurrence of any of the following:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the

properties or assets of the Issuer and its Subsidiaries, taken as a whole, to any Person (including any "person" (as that term is used in Section 13(d)(3) of the Exchange Act)) other than one or more Permitted Holders (other than any such sale, lease, transfer, conveyance or other disposition of all or substantially all of the assets of the Issuer to an Affiliate of the Issuer for the purpose of reincorporating the Issuer in another jurisdiction; provided that such transaction complies with the covenant described under "—Certain Covenants—Merger, Consolidation or Sale of Assets");

(2) the adoption of a plan relating to the liquidation or dissolution of the Issuer; or

(3) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any Person (including any "person" (as defined above)), other than one or more Permitted Holders, becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of the Issuer, measured by voting power rather than number of shares.

"*Change of Control Triggering Event*" means the occurrence of both a Change of Control and a Rating Decline.

"*Collection Rights*" has the meaning set forth under "—Security—Mexican Trust Arrangements—The Payment Trust and the Payment Trust Certificate."

"*Consolidated EBITDA*" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person and its Subsidiaries which are Restricted Subsidiaries for such period plus the amounts in the following clauses (1) through (9) to the extent deducted in calculating such Consolidated Net Income and minus the amounts in the following clauses (10) and (11) to the extent included in calculating such Consolidated Net Income, without duplication:

(1) provision for current and deferred taxes based on income or profits of such Person and its Subsidiaries which are Restricted Subsidiaries for such period; *plus*

(2) without double counting, the Consolidated Interest Expense of such Person and its Subsidiaries which are Restricted Subsidiaries for such period and Receivables Fees; *plus*

(3) depreciation, amortization (including, without limitation, amortization of intangibles, subscriber acquisition costs and deferred financing fees) and other non-cash charges and expenses (including without limitation write downs and impairment of property, plant, equipment and intangibles and other long-lived assets and the impact of purchase accounting on the Issuer and the Restricted Subsidiaries for such period) of the Issuer and the Restricted Subsidiaries (excluding any such non-cash charge or expense to the extent that it represents an accrual of or reserve for cash charges or expenses in any future period or amortization of a prepaid cash charge or expense that was paid in a prior period) for such period; *plus*

(4) any expenses, charges or other costs related to the issuance of any Capital Stock, any Permitted Investment, acquisition, disposition, recapitalization, listing or the incurrence of Indebtedness permitted to be incurred under the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock" (including refinancing thereof) whether or not successful, including (a) such fees, expenses or charges related to any incurrence of Indebtedness issuance and (b) any amendment or other modification of any incurrence; *plus*

(5) any foreign currency translation losses (including losses related to currency remeasurements of Indebtedness) of the Issuer and the Restricted Subsidiaries; *plus*

(6) the amount of management, monitoring, consulting and advisory fees and related expenses paid in such period to the Permitted Holders to the extent permitted by the covenant described under "—Certain Covenants—Limitation on Transactions with Affiliates"; *plus*

(7) the amount of any minority interest expense consisting of Subsidiary income attributable to minority equity interests of third parties in any non-Wholly-Owned Subsidiary in such period or any prior period, except to the extent of dividends declared or paid on, or other cash payments in respect of, Equity Interests held by such parties; *plus*

(8) loss on revaluation of derivative financial instruments; *plus*

(9) any foreign currency translation gains (including gains related to currency re-measurements of Indebtedness) of the Issuer and the Restricted Subsidiaries; minus

(10) any extraordinary, exceptional or unusual gain; *minus*

(11) non-cash items increasing such Consolidated Net Income for such period (other than any non-cash items increasing such Consolidated Net Income pursuant to clauses (1) through (10) of the definition of "Consolidated Net Income"), other than the reversal of a reserve for cash charges in a future period in the ordinary course of business,

in each case, on a consolidated basis and determined in accordance with IFRS.

"*Consolidated Interest Expense*" means, for any period (in each case, determined on the basis of IFRS), the consolidated net interest income/expense of the Issuer and the Restricted Subsidiaries, whether paid or accrued, including any pension liability interest cost, plus or including (without duplication) any interest, costs and charges consisting of:

(1) interest expense attributable to Capital Lease Obligations;

(2) amortization of debt discount, debt issuance cost and premium;

(3) non-cash interest expense;

(4) commissions, discounts and other fees and charges owed with respect to financings not included in clause (2) above;

(5) costs associated with Hedging Obligations;

(6) dividends on other distributions in respect of all Disqualified Stock of the Issuer and all preferred stock of any Restricted Subsidiary, to the extent held by Persons other than the Issuer or a Subsidiary of the Issuer;

(7) any consolidated interest expense that was capitalized during such period; and

(8) interest actually paid by the Issuer or any Restricted Subsidiary under any Guarantee of Indebtedness or other obligation of any other Person.

Notwithstanding any of the foregoing, Consolidated Interest Expense shall not include any commissions, discounts, yield and other fees and charges related to a Qualified Receivables Financing.

"*Consolidated L2QA EBITDA*" means the product of (x) the Consolidated EBITDA of the Issuer for the most recently ended two consecutive fiscal quarters for which internal financial statements are available immediately preceding any calculation date, multiplied by (y) 2.0.

"*Consolidated Net Income*" means, with respect to any specified Person for any period, the aggregate of the net income (loss) of such Person and its Subsidiaries which are Restricted Subsidiaries for such period, on a consolidated basis (excluding the net income (loss) of any Unrestricted Subsidiary), determined in accordance with IFRS and without any reduction in respect of preferred stock dividends; provided that:

(1) the net income (loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or similar distributions paid in cash to the specified Person or a Restricted Subsidiary which is a Subsidiary of the Person;

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph under "—Certain Covenants—Limitation on Restricted Payments," any net income of any Restricted Subsidiary (other than any Guarantor) will be excluded if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Issuer (or any Guarantor that holds the Equity Interests of such Restricted Subsidiary, as applicable) by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions

pursuant to the New Notes or the New Notes Indenture or that are not prohibited pursuant to the covenant described under "—Certain Covenants—Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries," (c) contractual restrictions in effect on the Issue Date with respect to the Restricted Subsidiary and other restrictions with respect to such Restricted Subsidiary that taken as a whole, are not materially less favorable to the holders of the New Notes than such restrictions in effect on the Issue Date or (d) restrictions pursuant to applicable law, rule, regulation or order or the terms of any license, authorization, concession or permit), except that the Issuer's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Issuer or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary (other than any Guarantor or the Issuer), to the limitation contained in this clause (2));

(3) any net gain (or loss) realized upon the sale or other disposition of any asset or disposed operations of the Issuer or any Restricted Subsidiaries (including pursuant to any sale leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by the Issuer) will be excluded;

(4) any one time non-cash charges or any amortization or depreciation resulting from purchase accounting, in each case, in relation to any acquisition of, or merger or consolidation with, another Person or business or resulting from any reorganization or restructuring involving the Issuer or its Subsidiaries will be excluded;

(5) the cumulative effect of a change in accounting principles will be excluded;

(6) any extraordinary, exceptional or nonrecurring gains or losses or any charges in respect of any restructuring, redundancy or severance (in each case, as determined in good faith by the Issuer) will be excluded;

(7) any unrealized gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value or changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations will be excluded;

(8) any non-cash compensation charge or expenses arising from any grant of stock, stock options or other equity-based awards will be excluded;

(9) any goodwill or other intangible asset impairment charges will be excluded; and

(10) all deferred financing costs written off and premium paid in connection with any early extinguishment of Indebtedness and any net gain or loss from any write-off or forgiveness of Indebtedness will be excluded.

"*Consolidated Net Leverage*" means, as of any date of determination, the sum, expressed in U.S. dollars, of the aggregate principal amount of outstanding Indebtedness of the Issuer and the Restricted Subsidiaries on a consolidated basis (excluding Hedging Obligations), less cash and Cash Equivalents of the Issuer and the Restricted Subsidiaries on a consolidated basis on that date of determination. The U.S. dollar equivalent of the principal amount of Indebtedness denominated in a different currency and cash and Cash Equivalents other than U.S. dollars shall be calculated based on the applicable provisions of the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock."

"*Consolidated Net Leverage Ratio*" means, as of any date of determination, the ratio of (a) the Consolidated Net Leverage on such date to (b) the Consolidated L2QA EBITDA of the Issuer and the Restricted Subsidiaries; provided that, in the event that the Issuer or any Restricted Subsidiary incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowings) subsequent to the commencement of the period for which Consolidated L2QA EBITDA is being calculated and on or prior to the date on which the event for which the calculation of the Consolidated Net Leverage Ratio is made (the "*Calculation Date*"), then Consolidated L2QA EBITDA will be calculated giving *pro forma* effect (as determined in good faith by an Officer of the Issuer responsible for accounting or financial reporting) to such incurrence, assumption,

guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable reference period and may give effect to cost savings or cost reduction synergies that have occurred.

In addition, for purposes of calculating Consolidated L2QA EBITDA for such period:

(1) acquisitions that have been made by the Issuer or any Restricted Subsidiary, including through mergers or consolidations, or by any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the Issuer or any Restricted Subsidiary, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the annualized two consecutive-fiscal quarter reference period or subsequent to such reference period and on or prior to the relevant Calculation Date, or that are to be made on the relevant Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Issuer and may include anticipated cost synergies and expense and cost reductions) as if they had occurred on the first day of the annualized two consecutive-fiscal quarter reference period;

(2) if since the beginning of such two consecutive fiscal quarter reference period the Issuer or any Restricted Subsidiary has disposed of any company, any business, or any group of assets constituting an operating unit of a business (any such disposition, a "Sale") or if the transaction giving rise to the need to calculate the Consolidated Net Leverage Ratio is such a Sale, Consolidated L2QA EBITDA for such period will be reduced by an amount equal to the Consolidated L2QA EBITDA (if positive) attributable to the assets which are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period; provided that if any such sale constitutes "discontinued operations" in accordance with IFRS, Consolidated Net Income shall be reduced by an amount equal to the Consolidated Net Income (if positive) attributable to such operations for such period or increased by an amount equal to the Consolidated Net Income (if negative) attributable thereto for such period;

(3) any Person that is a Restricted Subsidiary on the relevant Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such two consecutive fiscal quarter reference period; and

(4) any Person that is not a Restricted Subsidiary on the relevant Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such two consecutive fiscal quarter reference period.

"*Consolidated Secured Net Leverage Ratio*" means, as of any date of determination, with respect to any specified Person, the Consolidated Net Leverage Ratio of such Person calculated in respect of such Person's Secured Indebtedness in lieu of Indebtedness.

"*Consolidated Tangible Assets*" means, with respect to any Person, as of any date, the Total Assets of such Person and its Subsidiaries less goodwill and intangibles (other than intangibles arising from, or relating to, intellectual property, licenses, frequencies or permits of such Person), in each case calculated in accordance with IFRS based upon the most recent internal financial statements available as of such date; provided that in the event that such Person or any of its Subsidiaries assumes or acquires any assets in connection with the transaction for which Consolidated Tangible Assets is being calculated, then Consolidated Tangible Assets will be calculated giving *pro forma* effect to such assumption or acquisition of assets, as if the same had occurred at the beginning of the applicable period.

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that, in each case, does not constitute Indebtedness ("*primary obligations*") of any other Person (the "*primary obligor*"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

(a) for the purchase or payment of any such primary obligation; or

(b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"*continuing*" means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

"*Credit Facility*" means, one or more debt facilities, instruments or arrangements incurred or commercial paper facilities and overdraft facilities or indentures or trust deeds or note purchase agreements, in each case, with banks, other institutions, funds or investors, providing for revolving credit loans, term loans, performance guarantees, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit, bonds, notes debentures or other corporate debt instruments or securities or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether or not with the original administrative agent, banks, lenders and other investors or another administrative agent or agents or trustees or other banks, lenders, investors or institutions or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "*Credit Facilities*" shall include any agreement or instrument (1) changing the maturity of any Indebtedness incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Issuer as additional borrowers, issuers or guarantors thereunder, (3) increasing the amount of Indebtedness incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"*Currency Exchange Protection Agreement*" means, in respect of any Person, any foreign exchange contract, currency swap agreement, currency option, cap, floor, ceiling or collar or agreement or other similar agreement or arrangement designed to protect such Person against fluctuations in currency exchange rates as to which such Person is a party.

"*Debt Service Reserve Account*" has the meaning set forth under "—Security—Debt Service Reserve Account."

"*Debt Representative*" means the New Notes Trustee as first place beneficiary under the Fiber Trust for the benefit of the holders of the New Notes, or any other agent for other debt secured by the Fiber Trust.

"*Default*" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"*Default Announcement*" has the meaning set forth under "—Security—Mexican Trust Arrangements—The Fiber Trust."

"*Designated Preference Shares*" means, with respect to the Issuer, preferred stock (other than Disqualified Stock) (1) that is issued for cash (other than to the Issuer or a Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any such Subsidiary for the benefit of their employees to the extent funded by the Issuer or such Subsidiary) and (2) that is designated as "Designated Preference Shares" pursuant to an Officer's Certificate of the Issuer at or prior to the issuance thereof, the net proceeds of which are excluded from the calculation set forth in clause (c)(ii) of the first paragraph of the covenant described under "—Certain Covenants—Limitation on Restricted Payments."

"*Disqualified Stock*" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, (1) matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the six-month anniversary of the date that the New Notes mature or (2) provides for, either mandatorily or at the option of the holder

of the Capital Stock, the payment of dividends or distributions (other than in the form of Equity Interests that are not Disqualified Stock). Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a Change of Control or an Asset Sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that the issuer thereof may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described under "—Certain Covenants—Limitation on Restricted Payments." For purposes hereof, the amount of Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the New Notes Indenture, and if such price is based upon, or measured by, the fair market value of such Disqualified Stock, such fair market value to be determined as set forth herein.

"*Equity Interests*" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"*Equity Offering*" means any sale of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Issuer pursuant to which the net cash proceeds are contributed to the Issuer in the form of a subscription for, or a capital contribution in respect of, Capital Stock (other than Disqualified Stock) of the Issuer.

"*Event of Default*" has the meaning set forth under "—Events of Default and Remedies."

"*Excluded Contributions*" means the net cash proceeds, property or assets received by the Issuer after the Issue Date from:

(1) contributions to its Equity Interests; and

(2) the sale (other than to a Subsidiary of the Issuer) of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Issuer,

in each case designated as "*Excluded Contributions*" pursuant to an Officer's Certificate (which shall be designated no later than the date on which such Excluded Contribution has been received by the Issuer), the net cash proceeds of which are excluded from the calculation set forth in the clause (c)(ii) of the first paragraph of the covenant described under "—Certain Covenants—Limitation on Restricted Payments."

"*fair market value*" wherever such term is used in this "Description of the New Notes" or the New Notes Indenture (except as otherwise specifically provided in this "Description of the New Notes" section or the New Notes Indenture), is as determined in good faith by the Issuer's Chief Executive Officer or Chief Financial Officer or a responsible accounting or financial officer of the Issuer.

"*Fiber Assets*" has the meaning set forth under "—Security—Mexican Trust Arrangements—The Fiber Trust."

"*Fiber Event of Default*" has the meaning set forth under "—Security—Mexican Trust Arrangements—The Fiber Trust."

"*Fiber Trust*" has the meaning set forth under "—Security—Mexican Trust Arrangements—The Fiber Trust."

"*Fiber Trust Collateral Agent*" has the meaning set forth under "—Security—Mexican Trust Arrangements—The Fiber Trust."

"*Fiber Trustee*" has the meaning set forth under "—Security—Mexican Trust Arrangements—The Fiber Trust."

"*Fiber Trust Agreement*" has the meaning set forth under "—Security—Mexican Trust Arrangements—The Fiber Trust."

"*First Place Beneficiary*" has the meaning set forth under "—Security—Mexican Trust Arrangements—The Payment Trust and the Payment Trust Certificate."

"*Fitch*" means Fitch Ratings Ltd.

"*Fixed Charge Coverage Ratio*" means, as of any date of determination, the ratio of (a) the product of the Historical Pledged Account ARPU as of such date of determination times the number of Pledged Accounts as of such

date of determination to (b) the aggregate amount of interest and the quarterly payment of principal payable with respect to the New Notes on the next succeeding Payment Date.

"*Foreclosure Notice*" has the meaning set forth under "—Security—Mexican Trust Arrangements—The Fiber Trust."

"*Foreclosure Request*" has the meaning set forth under "—Security—Mexican Trust Arrangements—The Fiber Trust."

"*Foreclosure Trustee*" has the meaning set forth under "—Security—Mexican Trust Arrangements—The Fiber Trust."

"*Free Cash Flow*" means, as of any date of determination, the sum of:

(1) Consolidated Net Income of the Issuer;

(2) non-cash charges deducted in determining Consolidated Net Income; and

(3) decreases in net working capital,

minus:

(1) non-cash gains included in determining Consolidated Net Income;

(2) increases in net working capital; and

(3) capital expenditures and repayments of Indebtedness (other than the New Notes).

"*Government Securities*" means direct non-callable and non-redeemable obligations of, or obligations guaranteed by the United States government, and the payment for which the United States government pledges its full faith and credit.

"*guarantee*" means a guarantee other than by endorsement of negotiable instruments for collection or deposit in the ordinary course of business, of all or any part of any Indebtedness (whether arising by agreements to keep-well, to take or pay or to maintain financial statement conditions, pledges of assets or otherwise).

"*Guarantors*" means the Subsidiaries of the Issuer that guarantee the New Notes, including the Initial Guarantor and any other Person that provides a New Note Guarantee in accordance with the provisions of the New Notes Indenture, and their respective successors and assigns, in each case, until the New Note Guarantee of such Person has been released in accordance with the provisions of the New Notes Indenture.

"*Hedging Obligations*" means, with respect to any specified Person, the obligations of such Person under:

(1) interest rate swap agreements, (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;

(2) other agreements or arrangements designed to manage interest rates or interest rate risk; and

(3) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates, including Currency Exchange Protection Agreements, or commodity prices.

"*Historical Pledged Account ARPU*" means on any date of determination, the average revenue per user of the Pledged Accounts for the three-month period ending on such date of determination multiplied by the projected U.S. dollar/Mexican peso exchange rate for such three-month period.

"*IFRS*" means International Financial Reporting Standards or any variation thereof with which the Issuer complies as in effect on the Issue Date or, with respect to the covenant described under "—Certain Covenants—Reports," as in effect from time to time. Except as otherwise set forth in the New Notes Indenture, all ratios, calculations and determinations based on IFRS contained in the New Notes Indenture shall be computed in accordance with IFRS as in effect on the Issue Date.

"*Indebtedness*" means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables):

(1) in respect of borrowed money;

(2) evidenced by bonds, debentures, notes, loan stock, commercial paper, acceptance credits, letters of credit, bills or promissory notes drawn, accepted, endorsed or issued by such Person (but not Trade Instruments);

(3) representing non-contingent obligations of such Person to reimburse any other Person for amounts paid by that Person under a letter of credit or similar instrument (excluding any letters of credit or similar instrument incurred and payable in the ordinary course of business and excluding any such obligations that are satisfied within 365 days of the date such obligations were incurred);

(4) representing Capital Lease Obligations;

(5) representing the balance deferred and unpaid of the purchase price of any property or services due more than one year after such property is acquired or such services are completed;

(6) representing any Hedging Obligations in respect of interest rate or currency hedging; and

(7) the principal component of all obligations, or liquidation preferences, with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any preferred stock (but excluding, in each case, any accrued dividends),

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of the specified Person prepared in accordance with IFRS.

In addition, the term "Indebtedness" includes (i) all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person); *provided* that to the extent such Indebtedness is not assumed by the specified Person, the amount of such Indebtedness will be the lesser of (a) the fair market value of such asset at the date of determination and (b) the amount of such Indebtedness, and (ii) to the extent not otherwise included, the guarantee by the specified Person of any Indebtedness of any other Person.

The term "Indebtedness" shall not include:

(1) Contingent Obligations incurred in the ordinary course of business;

(2) in connection with the purchase by the Issuer or any Restricted Subsidiary of any business, any post-closing payments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or other financial metric or such payment depends on the performance of such business after the closing;

(3) purchase price hold-backs in respect of a portion of the purchase price of an asset to satisfy warranty claims or other nonperforming obligations of the seller;

(4) obligations under or in respect of a Qualified Receivables Financing to the extent such obligations (other than Standard Securitization Undertakings) are non-recourse to the Issuer or any Restricted Subsidiary; or

(5) for the avoidance of doubt, any contingent obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes.

"*Individual Beneficiary*" has the meaning set forth under "—Security—Mexican Trust Arrangements—The Fiber Trust."

"*Investment Grade Rating*" means "Baa3" or better by Moody's, "BBB-"or better by S&P and "BBB-" or better by Fitch (or, if any such entity ceases to rate the New Notes, the equivalent investment grade credit rating from any other "nationally recognized statistical rating organization" within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act selected by the Issuer as a replacement agency).

"*Investments*" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including guarantees of Indebtedness, but excluding advances or extensions of credit to customers or suppliers made in the ordinary course of business), advances or capital

contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities of another Person, together with all items that are or would be classified as Investments on a balance sheet (excluding the footnotes) prepared in accordance with IFRS.

If the Issuer or any Restricted Subsidiary sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary, the Issuer will be deemed to have made an Investment on the date of any such sale or disposition equal to the fair market value of the Issuer's Investments in such Restricted Subsidiary that were not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described under "—Certain Covenants—Limitation on Restricted Payments." The acquisition by the Issuer or any Restricted Subsidiary of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Issuer or such Restricted Subsidiary in such third Person in an amount equal to the fair market value of the Investments held by the acquired Person in such third Person in an amount determined as provided in the final paragraph of the covenant described under "—Certain Covenants—Limitation on Restricted Payments." Except as otherwise provided in the New Notes Indenture, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value and, to the extent applicable, shall be determined based on the equity value of such Investment.

"*Issue Date*" means February 7, 2025.

"*Lien*" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement or any lease in the nature thereof.

"*Maintenance Agreement*" has the meaning set forth under "—Security—Mexican Trust Arrangements—The Fiber Trust."

"*Management Advances*" means loans or advances not exceeding U.S.$5.0 million in aggregate amount outstanding at any time, and in each case made to, or guarantees with respect to loans or advances made to, directors, officers or employees of the Issuer or any Restricted Subsidiary: (1) in respect of travel, entertainment or moving related expenses incurred in the ordinary course of business; (2) in respect of moving related expenses incurred in connection with any closing or consolidation of any facility or office; or (3) otherwise in the ordinary course of business.

"*Moody's*" means Moody's Investors Service, Inc.

"*Net Proceeds*" means the aggregate cash proceeds received by the Issuer or any Restricted Subsidiary in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration or Cash Equivalents substantially concurrently received in any Asset Sale), net of (1) the direct costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Asset Sale, (2) taxes paid or payable as a result of the Asset Sale, (3) all distributions and other payments required to be made to minority interest holders (other than the Issuer or any of its Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Sale, (4) any reserve for adjustment or indemnification obligations in respect of the sale price of such asset or assets established in accordance with IFRS, and (5) all payments made on any Indebtedness incurred pursuant to clause (4) of the definition of "*Permitted Debt*" secured by any assets subject to such Asset Sale, as required in accordance with the terms of any Lien upon such assets, or which by applicable law is required be repaid out of the proceeds from such Asset Sale.

"*Non-Recourse Debt*" means Indebtedness as to which neither the Issuer nor any Restricted Subsidiary (1) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness) or (2) is directly or indirectly liable as a guarantor or otherwise.

"*Noteholders Representative*" has the meaning set forth under "—Security—Mexican Trust Arrangements—The Fiber Trust."

"*Obligations*" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"*OECD Member*" means any member country of the Organisation for Economic Co-Operation and Development as of the Issue Date.

"*Officer*" means, with respect to any Person, the Chairman of the Board, the Chief Executive Officer, the President, the Chief Operating Officer, the Chief Financial Officer, the Treasurer, a member of the Board of Directors, a manager or a responsible accounting or financial officer of such Person.

"*Officer's Certificate*" means, with respect to any Person, a certificate signed by an Officer of such Person.

"*Pari Passu Indebtedness*" means (1) with respect to the Issuer, any Indebtedness that ranks *pari passu* in right of payment to the New Notes and (2) with respect to a Guarantor, any Indebtedness that ranks *pari passu* in right of payment to the New Note Guarantee of such Guarantor. For the purposes of this definition, no Indebtedness will be considered to be senior or junior by virtue of being secured on a first or junior priority basis.

"*Payment Trust*" has the meaning set forth under "—Security—Mexican Trust Arrangements—The Payment Trust and the Payment Trust Certificate."

"*Payment Trustee*" has the meaning set forth under "—Security—Mexican Trust Arrangements—The Payment Trust and the Payment Trust Certificate."

"*Payment Trust Agreement*" has the meaning set forth under "—Security—Mexican Trust Arrangements—The Payment Trust and the Payment Trust Certificate."

"*Payment Trust Certificate*" has the meaning set forth under "—Security—Mexican Trust Arrangements—The Payment Trust and the Payment Trust Certificate."

"*Permitted Business*" means (1) any businesses activities engaged in by the Issuer or any of its Subsidiaries on the Issue Date and (2) any businesses, services and activities engaged in by the Issuer or any of the Restricted Subsidiaries that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"*Permitted Holders*" means Ricardo B. Salinas Pliego, his spouse, his children and any Affiliates of the foregoing. Any person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the New Notes Indenture will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"*Permitted Investments*" means:

(1) any Investment in the Issuer or in a Restricted Subsidiary;

(2) any Investment in cash and Cash Equivalents;

(3) any Investment by the Issuer or any Restricted Subsidiary in a Person, if as a result of such Investment:

  (a) such Person becomes a Restricted Subsidiary; or

  (b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Issuer or a Restricted Subsidiary;

(4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with the covenant described under "—Repurchase at the Option of Holders—Asset Sales";

(5) any acquisition of assets or Capital Stock solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Issuer;

(6) any Investments received in compromise or resolution of (a) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Issuer or any Restricted Subsidiary, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (b) litigation, arbitration or other disputes or foreclosure of Liens;

(7) Investments in receivables owing to the Issuer or any Restricted Subsidiary created or acquired in the ordinary course of business;

(8) Investments represented by Hedging Obligations, which obligations are permitted by clause (8) of the second paragraph under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock";

(9) Investments in the New Notes and any other Indebtedness of the Issuer or any Restricted Subsidiary (other than Indebtedness constituting Subordinated Obligations);

(10) any guarantee of Indebtedness permitted to be incurred by the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock";

(11) guarantees of performance or other obligations (other than Indebtedness) arising in the ordinary course of the business of the Issuer and the Restricted Subsidiaries, including obligations under licenses, concessions or operating leases related to the ordinary course of the business of the Issuer and the Restricted Subsidiaries;

(12) any Investment existing on, or made pursuant to binding commitments existing on, the Issue Date by the Issuer or any Restricted Subsidiary and any Investment consisting of an extension, modification or renewal of any such Investment existing on, or made pursuant to a binding commitment existing on, the Issue Date; provided that the amount of any such Investment may be increased (a) as required by the terms of such Investment as in existence on the Issue Date or (b) as otherwise permitted under the New Notes Indenture;

(13) Investments acquired after the Issue Date as a result of the acquisition by the Issuer or any Restricted Subsidiary of another Person, including by way of a merger, amalgamation or consolidation with or into the Issuer or any Restricted Subsidiary in a transaction that is not prohibited by the covenant described under "—Certain Covenants—Merger, Consolidation or Sale of Assets" after the Issue Date to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

(14) any Investment to the extent made using as consideration Capital Stock of the Issuer (other than Disqualified Stock); and

(15) other Investments in any Person having an aggregate fair market value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (15) that are at the time outstanding not to exceed the greater of (a) U.S.$75.0 million and (b) 25% of Consolidated L2QA EBITDA at any time outstanding; *provided* that if an Investment is made pursuant to this clause (15) in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under "—Certain Covenants—Limitation on Restricted Payments," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (3) of this definition of Permitted Investments and not this clause (15).

"*Permitted Liens*" means:

(1) Liens in favor of the Issuer or any Restricted Subsidiary;

(2) Liens on property (including Capital Stock) of a Person existing at the time such Person becomes a Restricted Subsidiary or is merged with or into or consolidated with the Issuer or any Restricted Subsidiary; *provided* that such Liens do not extend to any assets other than those of the Person that becomes a Restricted Subsidiary or is merged with or into or consolidated with the Issuer or any Restricted Subsidiary;

(3) Liens to secure the performance of statutory obligations, trade contracts, insurance, surety or appeal bonds, workers compensation obligations, leases (including, without limitation, statutory and common law landlord's liens), performance bonds, surety and appeal bonds or other obligations of a like nature incurred (including Liens to secure letters of credit issued to assure payment of such

obligations) or Liens in connection with bids, tenders, contracts or leases to secure licenses, public or statutory obligations, in each case, incurred in the ordinary course of business;

(4) Liens securing Indebtedness under Hedging Obligations, which obligations are permitted by clause (7) of the second paragraph under "—Certain Covenants— Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock";

(5) Liens existing on the Issue Date;

(6) Liens for taxes, assessments or governmental charges or claims that (a) are not yet due and payable or (b) are being contested in good faith and for which adequate reserves have been made in accordance with IFRS;

(7) any Liens imposed by the operation of law in the ordinary course of business;

(8) survey exceptions, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property that were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(9) Liens created for the benefit of (or to secure) the New Notes or the New Note Guarantees;

(10) Liens in favor of customs and revenue authorities arising as a matter of law to secure payments of customs duties in connection with the importation of goods;

(11) Liens to secure any Permitted Refinancing Indebtedness (excluding Liens to secure Permitted Refinancing Indebtedness initially secured pursuant to clause (1) or (30) of this definition) permitted to be incurred under the New Notes Indenture; *provided, however*, that:

(a) the new Lien is limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements and accessions to such property or proceeds or distributions thereof); and

(b) the Indebtedness secured by the new Lien is not increased to any amount greater than the sum of (i) the outstanding principal amount, or, if greater, committed amount, of the Indebtedness renewed, refunded, refinanced, replaced, defeased or discharged with such Permitted Refinancing Indebtedness and (ii) an amount necessary to pay any fees and expenses, including premiums, related to such renewal, refunding, refinancing, replacement, defeasance or discharge;

(12) Liens on insurance policies and proceeds thereof, or other deposits, to secure insurance premium financings;

(13) Liens arising in favor of the New Notes Trustee for its own benefit and similar Liens in favor of other trustees, agents and representatives arising under instruments governing Indebtedness permitted to be incurred; *provided, however*, that such Liens are solely for the benefit of the trustees, agents or representatives in their capacities as such and not for the benefit of the holders of the Indebtedness;

(14) bankers' Liens, rights of setoff or similar rights and remedies as to deposit accounts, Liens arising out of judgments or awards not constituting an Event of Default and notices of lis pendens and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;

(15) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Indebtedness;

(16) Liens on specific items of inventory or other goods (and the proceeds thereof) of any Person securing such Person's obligations in respect of bankers' acceptances issued or created in the ordinary course of business for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(17) leases (including operating leases), licenses, subleases and sublicenses of assets in the ordinary course of business;

(18) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of assets entered into in the ordinary course of business;

(19) (a) mortgages, liens, security interests, pledges, restrictions, encumbrances or any other matters of record that have been placed by any developer, landlord or other third party on property over which the Issuer or any Restricted Subsidiary has easement rights or on any real property leased by the Issuer or any Restricted Subsidiary (including any rental deposits) and subordination or similar agreements relating thereto and (b) any condemnation or eminent domain proceedings or compulsory purchase order affecting real property;

(20) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(21) (a) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities; or (b) Liens in connection with specified bank accounts (and cash therein) in connection with the incurrence and repayment of Indebtedness under any daylight facilities permitted to be incurred under the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock";

(22) Liens (including put and call arrangements) on Capital Stock or other securities of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

(23) pledges of goods, the related documents of title and/or other related documents arising or created in the ordinary course of the Issuer or any Restricted Subsidiary' business or operations as Liens only for Indebtedness to a bank or financial institution directly relating to the goods or documents on or over which the pledge exists;

(24) Liens over cash paid into an escrow account pursuant to any purchase price retention arrangement as part of any permitted disposal by the Issuer or a Restricted Subsidiary on condition that the cash paid into such escrow account in relation to a disposal does not represent more than 15% of the net proceeds of such disposal;

(25) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries securing obligations of such joint ventures;

(26) Liens created on any asset of the Issuer or a Restricted Subsidiary established to hold assets of any stock option plan or any other management or employee benefit or incentive plan or unit trust of the Issuer or a Restricted Subsidiary securing any loan to finance the acquisition of such assets;

(27) Liens (a) on escrowed proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or (b) on cash set aside at the time of the incurrence of any Indebtedness or government securities purchased with such cash, in the case of each of clause (a) and (b), to the extent such cash or government securities prefund the payment of interest on such Indebtedness or the or the escrowed proceeds are held pending satisfaction of conditions precedent and are held in an escrow account or similar arrangement to be applied for such purpose;

(28) Liens (a) on Receivables Assets incurred in connection with a Qualified Receivables Financing or Liens securing Indebtedness or other obligations of a Receivables Subsidiary or (b) securing Indebtedness or other financing arrangements described in clause (20)(b) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock";

(29) Liens on property or assets of a Restricted Subsidiary that is not a Guarantor to secure Indebtedness of such Restricted Subsidiary or any other Restricted Subsidiary that is not a Guarantor;

(30) Liens securing Indebtedness permitted to be incurred pursuant to the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock";

provided that, at the time such Lien is incurred, and after taking account thereof, the Consolidated Secured Net Leverage Ratio shall not exceed 4.25 to 1.00;

(31) Liens on the Debt Service Reserve Account and the funds therein in favor of the Secured Parties;

(32) Liens incurred in the ordinary course of business of the Issuer or any Restricted Subsidiary securing Indebtedness of the Issuer and the Restricted Subsidiaries that does not exceed at the time the Lien is incurred, and after taking account thereof, the greater of U.S.$80.0 million and 5% of Consolidated Tangible Assets at any one time outstanding; and

(33) Liens under or represented by the Fiber Trust securing Indebtedness incurred pursuant to clause (21) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock".

"*Permitted Refinancing Indebtedness*" means any Indebtedness of the Issuer or any Restricted Subsidiary issued in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, exchange, defease or discharge other Indebtedness of the Issuer or any Restricted Subsidiary (other than intercompany Indebtedness); provided that:

(1) the aggregate principal amount (or accreted value, if applicable), or if issued with original issue discount, aggregate issue price) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable, or if issued with original issue discount, aggregate issue price) of the Indebtedness renewed, refunded, refinanced, replaced, exchanged, defeased or discharged (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has (a) a final maturity date that is either (i) no earlier than the final maturity date of the Indebtedness being renewed, refunded, refinanced, replaced, exchanged, defeased or discharged or (ii) after the final maturity date of the New Notes and (b) has a Weighted Average Life to Maturity that is equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged;

(3) if the Indebtedness being renewed, refunded, refinanced, replaced, exchanged, defeased or discharged is expressly, contractually subordinated in right of payment to the New Notes or a New Note Guarantee, such Permitted Refinancing Indebtedness is subordinated in right of payment to the New Notes or such New Note Guarantee, as the case may be, on terms at least as favorable to the holders of Notes as those contained in the documentation governing the Indebtedness being renewed, refunded, refinanced, replaced, exchanged, defeased or discharged; and

(4) if the Issuer or any Guarantor was the obligor on the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged, such Indebtedness is incurred either by the Issuer or a Guarantor.

Permitted Refinancing Indebtedness in respect of any Indebtedness may be incurred from time to time after the termination, discharge or repayment of any such Indebtedness.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, limited liability company or government or other entity.

"*Pledged Accounts*" means the earmarked residential subscriber accounts receivable portfolio under the Master Trust pledged to the Payment Trust pursuant to the Payment Trust Certificate.

"*Public Equity Offering*" means, with respect to any Person, a bona fide public offering of the ordinary shares or common equity of such Person (other than a registration statement on Form S-8 or otherwise relating to Equity Interests issued or issuable under any employee benefit plan).

"*Qualified Receivables Financing*" means any Receivables Financing of a Receivables Subsidiary that meets the following conditions: (1) an Officer or the Board of Directors of the Issuer shall have determined in good faith that such Qualified Receivables Financing (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Issuer and the Receivables Subsidiary, (2) all sales of accounts receivable or Accounts Receivable Collection Rights (or participations or beneficial interests in accounts

receivable or Accounts Receivable Collection Rights) and related assets to the Receivables Subsidiary are made at fair market value (as determined in good faith by an Officer or the Board of Directors of the Issuer), and (3) the financing terms, covenants, termination events and other provisions thereof shall be on market terms (as determined in good faith by the Issuer) and may include Standard Securitization Undertakings.

The grant of a security interest in any accounts receivable or Accounts Receivable Collection Rights (or participations or beneficial interests in accounts receivable or Accounts Receivable Collection Rights) of the Issuer or any Restricted Subsidiary (other than a Receivables Subsidiary) to secure Indebtedness under Credit Facilities or Indebtedness in respect of the New Notes shall not be deemed a Qualified Receivables Financing.

"*Rating Agencies*" means Moody's, S&P and Fitch (or, if any such entity ceases to rate the New Notes, any other "nationally recognized statistical rating organization" within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act selected by the Issuer as a replacement agency).

"*Rating Decline*" means the occurrence, at any time within 90 days after the earlier of the date of public notice of the occurrence of a Change of Control or of the Issuer's intention to effect a Change of Control (which period shall be extended so long as the rating of the New Notes is under publicly announced consideration for possible downgrade by any of the Rating Agencies), of any of the following events expressly stated by the applicable Rating Agency to have been as a result of such Change of Control (i) in the event the New Notes have an Investment Grade Rating by at least two of the Rating Agencies on the date of such public notice, the rating of the New Notes by at least two Rating Agency shall be below an Investment Grade Rating; (ii) in the event the New Notes have an Investment Grade Rating by any, but not two or more, of the Rating Agencies on the date of such public notice, the rating of the New Notes by such Rating Agency will be changed to below an Investment Grade Rating; or (iii) in the event the New Notes are rated below an Investment Grade Rating by at least two of the Rating Agencies prior to such public notice, the rating of the New Notes by at least two Rating Agency shall be decreased by one or more gradations (including gradations within rating categories as well as between rating categories).

"*Receivable*" means a right to receive payment arising from a sale or lease of goods or services by a Person pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay for goods or services under terms that permit the purchase of such goods and services on credit, as determined on the basis of IFRS.

"*Receivables Assets*" means any assets that are or will be the subject of a Qualified Receivables Financing.

"*Receivables Fees*" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Receivables Financing.

"*Receivables Financing*" means any transaction or series of transactions that may be entered into by the Issuer or any of its Subsidiaries pursuant to which the Issuer or any of its Subsidiaries may sell, convey or otherwise transfer to (1) a Receivables Subsidiary (in the case of a transfer by the Issuer or any of its Subsidiaries), or (2) any other Person (in the case of a transfer by a Receivables Subsidiary), or may grant a security interest in, any accounts receivable or Accounts Receivable Collection Rights (or participations or beneficial interests in accounts receivable or Accounts Receivable Collection Rights) (whether now existing or arising in the future) of the Issuer or any of its Subsidiaries, and any assets related thereto, including all collateral securing such accounts receivable or Accounts Receivable Collection Rights (or participations or beneficial interests therein), all contracts and all guarantees or other obligations in respect of such accounts receivable or Accounts Receivable Collection Rights (or participations or beneficial interests therein), proceeds of such accounts receivable or Accounts Receivable Collection Rights (or participations or beneficial interests therein) and other assets which are customarily transferred or in respect of which security interest are customarily granted in connection with asset securitization transactions involving accounts receivable or Accounts Receivable Collection Rights (or participations or beneficial interests in accounts receivable or Accounts Receivable Collection Rights) and any Hedging Obligations entered into by the Issuer or any such Subsidiary in connection with such accounts receivable or Accounts Receivable Collection Rights (or participations or beneficial interests therein).

"*Receivables Repurchase Obligation*" means any obligation of a seller of receivables in a Qualified Receivables Financing to repurchase receivables (or participations or beneficial interests in receivables) arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof

becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"*Receivables Subsidiary*" means either (x) a Wholly-Owned Subsidiary of the Issuer or (y) another Person formed for the purposes of engaging in a Qualified Receivables Financing with the Issuer or any Restricted Subsidiary in which the Issuer or any Restricted Subsidiary of the Issuer may make an Investment and to which the Issuer or any Subsidiary of the Issuer transfers accounts receivable or Accounts Receivable Collection Rights (or participations or beneficial interests in accounts receivable or Accounts Receivable Collection Rights) and any related assets, which engages in no activities other than in connection with the financing of such accounts receivable or Accounts Receivable Collection Rights (or participations or beneficial interests therein) of the Issuer and its Subsidiaries, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and which, in either such case, is designated by the Board of Directors of the Issuer (as provided below) as a Receivables Subsidiary and:

(1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (a) is guaranteed by the Issuer or any Restricted Subsidiary (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (b) is subject to terms that are substantially equivalent in effect to a guarantee of any losses on securitized or sold receivables by the Issuer or any Restricted Subsidiary, (c) is recourse to or obligates the Issuer or any Restricted Subsidiary in any way other than pursuant to Standard Securitization Undertakings, or (d) subjects any property or asset of the Issuer or any Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings,

(2) with which neither the Issuer nor any Restricted Subsidiary has any contract, agreement, arrangement or understanding other than on terms which the Issuer reasonably believes to be no less favorable to the Issuer or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Issuer, and

(3) to which neither the Issuer nor any Restricted Subsidiary has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors of the Issuer shall be evidenced by filing with the New Notes Trustee a copy of the resolution of the Board of Directors of the Issuer giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions.

"*Required Majority*" has the meaning set forth under "—Security—Mexican Trust Arrangements—The Fiber Trust."

"*Residual Cash Return Conditions*" has the meaning set forth under "—Security—Mexican Trust Arrangements—The Payment Trust and the Payment Trust Certificate."

"*Restricted Investment*" means an Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of the Issuer that is not an Unrestricted Subsidiary.

"*S&P*" means Standard & Poor's Ratings Group.

"*SEC*" means the U.S. Securities and Exchange Commission.

"*Second Place Beneficiary*" has the meaning set forth under "—Security—Mexican Trust Arrangements—The Fiber Trust."

"*Secured Indebtedness*" means any Indebtedness of a Person secured by a Lien.

"*Secured Obligations*" has the meaning set forth under "—Security—Mexican Trust Arrangements—The Fiber Trust."

"*Secured Obligations Documents*" has the meaning set forth under "—Security—Mexican Trust Arrangements—The Fiber Trust."

"*Secured Parties*" means the holders of the New Notes, the New Notes Trustee, the Payment Trustee, the Offshore Collateral Agent and each other agent appointed pursuant to the New Notes Indenture.

"*Significant Subsidiary*" means, at the date of determination, any Restricted Subsidiary that together with its Subsidiaries that are Restricted Subsidiaries (1) for the most recent fiscal year, accounted for more than 10% of the consolidated revenues of the Issuer or (2) as of the end of the most recent fiscal year, was the owner of more than 10% of the consolidated Total Assets of the Issuer.

"*Standard Securitization Undertakings*" means representations, warranties, covenants, indemnities and guarantees of performance entered into by the Issuer or any Subsidiary of the Issuer which the Issuer has determined in good faith to be customary in a Receivables Financing, including those relating to the servicing of the assets of a Receivables Subsidiary, it being understood that any Receivables Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

"*Stated Maturity*" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the Issue Date, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"*Subordinated Obligation*" means, with respect to any Person, any Indebtedness of the Issuer or any Restricted Subsidiary which is expressly subordinated in right of payment to the New Notes or any New Note Guarantee pursuant to a written agreement.

"*Subsidiary*" means, with respect to any specified Person:

(1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership or limited liability company of which (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise, and (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"*Substitute Administrator*" has the meaning set forth under "—Security—Mexican Trust Arrangements—The Fiber Trust."

"*Tax*" means any tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and any other additions thereto, and, for the avoidance of doubt, including any withholding or deduction for or on account of Tax). "Taxes" shall be construed to have a corresponding meaning.

"*Tax Jurisdiction*" means (1) any jurisdiction in which the Issuer or any Guarantor is then incorporated, organized, engaged in business for tax purposes or otherwise resident for tax purposes or any political subdivision or taxing authority thereof or therein or (2) any jurisdiction from or through which payment is made by or on behalf of the Issuer or any Guarantor (including the jurisdiction of any Paying Agent) or any political subdivision or taxing authority thereof or therein.

"*Tax Sharing Agreement*" means any tax sharing or profit and loss pooling or similar agreement with customary or arm's length terms entered into with an Unrestricted Subsidiary, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof and of the New Notes Indenture.

"*Trade Instruments*" means any performance bonds, advance payment bonds or documentary letters of credit issued in respect of the trade obligations of any of the Issuer or any Restricted Subsidiary arising in the ordinary course of business which, in each case, is not (or will not be) outstanding for a period longer than nine months from the date such instrument is issued.

"*Transition Period*" has the meaning set forth under "—Security—Mexican Trust Arrangements—The Fiber Trust."

"*Transition Period Assets*" has the meaning set forth under "—Security—Mexican Trust Arrangements—The Fiber Trust."

"*Transport Network*" has the meaning set forth under "—Security—Mexican Trust Arrangements—The Fiber Trust."

"*Treasury Rate*" means, as of any redemption date, the yield to maturity at the time of computation of U.S. Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) which has become publicly available on a day no earlier than two Business Days prior to the redemption date (or, if such statistical release is not so published or available, any publicly available source of similar market date selected by the Issuer in good faith)) most nearly equal to the period from the redemption date to July 1, 2028; *provided*, *however*, that if the period from the redemption date to July 1, 2028 is not equal to the constant maturity of a U.S. Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by a linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields to U.S. Treasury securities for which such yields are given, except that if the period from the redemption date to July 1, 2028 is less than one year, the weekly average yield on actually traded U.S. Treasury securities adjusted to a constant maturity of one year shall be used.

"*Total Assets*" means, with respect to any specified Person as of any date, the total assets of such Person, calculated on a consolidated basis in accordance with IFRS, excluding all intra-group items and investments in any Subsidiaries of such Person of or by such Person or any Restricted Subsidiary.

"*Transition Period Assets*" has the meaning set forth under "—Security—Mexican Trust Arrangements—The Fiber Trust."

"*Trust Residual Account*" has the meaning set forth under "—Security—Mexican Trust Arrangements—The Payment Trust and the Payment Trust Certificate."

"*Unrestricted Subsidiary*" means any Subsidiary of the Issuer that is designated by the Board of Directors of the Issuer as an Unrestricted Subsidiary pursuant to a resolution of the Board of Directors but only to the extent that such Subsidiary at the time of such designation:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) except as permitted by the covenant described under "—Certain Covenants—Limitation on Transactions with Affiliates," is not party to any agreement, contract, arrangement or understanding with the Issuer or any Restricted Subsidiary unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Issuer or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Issuer; and

(3) is a Person with respect to which neither the Issuer nor any Restricted Subsidiary has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results.

"*Use Agreement*" has the meaning set forth under "—Security—Mexican Trust Arrangements—The Fiber Trust."

"*Use Payments*" has the meaning set forth under "—Security—Mexican Trust Arrangements—The Fiber Trust."

"*Voting Stock*" of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final

maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amounts of such Indebtedness.

"*Wholly-Owned Subsidiary*" means a Restricted Subsidiary of the Issuer, all of the Capital Stock of which (other than directors' qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Issuer or another Wholly-Owned Subsidiary) is owned by the Issuer or another Wholly-Owned Subsidiary.

FORM OF NEW NOTES, CLEARING AND SETTLEMENT

Global Notes

The New Notes will be issued in the form of two or more registered notes in global form, without interest coupons (the "Global Notes"), as follows:

- New Notes delivered to "qualified institutional buyers" as defined in Rule 144A under the Securities Act will be represented by one or more global notes, which we refer to collectively as the "Rule 144A Global Note"; and
- New Notes delivered to non-U.S. Persons in offshore transactions in reliance on Regulation S will be represented by one or more global notes, which we refer to collectively as the "Regulation S Global Note."

Upon issuance, each of the Global Notes will be deposited with the New Notes Trustee as custodian for DTC and registered in the name of Cede & Co., as nominee of DTC.

Ownership of beneficial interests in each Global Note will be limited to DTC Participants or persons who hold interests through DTC Participants (including Euroclear and Clearstream).

Ownership of beneficial interests in each Global Note will be shown on, and transfer of ownership of those interests will be effected only through, records maintained by DTC (with respect to interests of DTC Participants) and the records of DTC Participants (with respect to other owners of beneficial interests in the Global Note).

Beneficial interests in the Global Notes may not be exchanged for notes in physical, certificated form except in the limited circumstances described below.

Each Global Note and beneficial interests in each Global Note will be subject to restrictions on transfer as described under "Transfer Restrictions."

Exchanges Between the Global Notes

Beneficial interests in one Global Note may generally be exchanged for interests in another Global Note. Depending on whether the transfer is being made during or after the 40-day period commencing on the original issue date of the New Notes, and to which Global Note the transfer is being made, the seller may be required to provide certain written certifications in the form provided in the New Notes Indenture.

A beneficial interest in a Global Note that is transferred to a person who takes delivery through another Global Note will, upon transfer, become subject to any transfer restrictions and other procedures applicable to beneficial interests in the other Global Note.

Book-Entry Procedures for the Global Notes

All interests in the Global Notes will be subject to the operations and procedures of DTC, Euroclear and Clearstream. We provide the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. None of the Issuer, the New Notes Trustee, any agent appointed pursuant to the New Notes Indenture or Dealer Managers and Solicitation Agents are responsible for those operations or procedures.

DTC has advised that it is:

- a limited purpose trust company organized under the New York State Banking Law;
- a "banking organization" within the meaning of the New York State Banking Law;
- a member of the U.S. Federal Reserve System;
- a "clearing corporation" within the meaning of the New York Uniform Commercial Code; and
- a "clearing agency" registered under Section 17A of the Exchange Act.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between its participants through electronic book-entry changes to the accounts of its participants. DTC's

participants include securities brokers and dealers, including the Dealer Managers and Solicitation Agents; banks and trust companies; clearing corporations; and certain other organizations. Indirect access to DTC's system is also available to others such as banks, brokers, dealers and trust companies; these indirect participants clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly. Investors who are not DTC Participants may beneficially own securities held by or on behalf of DTC only through DTC Participants (including Euroclear) or indirect participants in DTC (including Euroclear or Clearstream).

So long as DTC or its nominee is the registered owner of a Global Note, DTC or its nominee will be considered the sole owner or holder of the New Notes represented by that Global Note for all purposes under the New Notes Indenture and will not be considered the registered owners or holders of the New Notes under the New Notes Indenture for any purpose, including with respect to the giving of any direction, instruction or approval to the New Notes Trustee under the New Notes Indenture.

Except as provided below, owners of beneficial interests in a Global Note:

- will not be entitled to have New Notes represented by the Global Note registered in their names; and
- will not receive or be entitled to receive physical, certificated New Notes.

As a result, each investor who owns a beneficial interest in a Global Note must rely on the procedures of DTC to exercise any rights of a holder of New Notes under the New Notes Indenture (and, if the investor is not a participant or an indirect participant in DTC, on the procedures of the DTC Participant through which the investor owns its interest).

Payments of principal, premium, if any, and interest with respect to the New Notes represented by a Global Note will be made by the New Notes Trustee to DTC's nominee as the registered holder of the Global Note. None of us, the New Notes Trustee or any of our respective agents will have any responsibility or liability for the payment of amounts to owners of beneficial interests in a Global Note, for any aspect of the records relating to or payments made on account of those interests by DTC, or for maintaining, supervising or reviewing any records of DTC relating to those interests.

Payments by participants and indirect participants in DTC to the owners of beneficial interests in a Global Note will be governed by standing instructions and customary practices and will be the responsibility of those participants or indirect participants and not of DTC, its nominee or us.

Transfers between participants in DTC will be effected under DTC's procedures and will be settled in same-day funds. Transfers between participants in Euroclear and Clearstream will be effected in the ordinary way under the rules and operating procedures of those systems.

Cross-market transfers between DTC Participants, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected within DTC through the DTC Participants that are acting as depositaries for Euroclear and Clearstream. To deliver or receive an interest in a Global Note held in a Euroclear or Clearstream account, an investor must send transfer instructions to Euroclear or Clearstream, as the case may be, under the rules and procedures of that system and within the established deadlines of that system. If the transaction meets its settlement requirements, Euroclear or Clearstream, as the case may be, will send instructions to its DTC depositary to take action to effect final settlement by delivering or receiving interests in the relevant Global Notes in DTC, and making or receiving payment. Euroclear or Clearstream participants may not deliver instructions directly to the DTC depositaries that are acting for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant that purchases an interest in a Global Note from a DTC Participant will be credited on the business day for Euroclear or Clearstream immediately following the DTC settlement date. Cash received in Euroclear or Clearstream from the sale of an interest in a Global Note to a DTC Participant will be received with value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream cash account as of the business day for Euroclear or Clearstream following the DTC settlement date.

DTC, Euroclear and Clearstream have agreed to the above procedures to facilitate transfers of interests in the Global Notes among participants in those settlement systems. However, the settlement systems are not obligated to perform these procedures and may discontinue or change these procedures at any time. None of us, the New Notes

Trustee or any of our respective agents will have any responsibility for the performance by DTC, Euroclear or Clearstream or their participants of indirect participants of their obligations under the rules and procedures governing their operations.

Certificated Notes

Beneficial interests in the Global Notes may not be exchanged for New Notes in physical, certificated form unless:

- DTC notifies us at any time that it is unwilling or unable to continue as depositary for the Global Notes and a successor depositary is not appointed within 90 days;
- DTC ceases to be registered as a clearing agency under the Exchange Act and a successor depositary is not appointed within 90 days;
- the Issuer, at its option, notify the New Notes Trustee that the Issuer elects to cause the issuance of certificated New Notes; or
- certain other events provided in the New Notes Indenture should occur, including the occurrence and continuance of an event of default with respect to the New Notes, and a request for such exchange has been made by the holder.

In all cases, certificated New Notes delivered in exchange for any Global Note will be registered in the names, and issued in any approved denominations, requested by the depositary and will bear a legend indicating the transfer restrictions of that particular New Note.

Replacement of New Notes

In the event that any New Note becomes mutilated, defaced, destroyed, lost or stolen, the Issuer will execute and, upon our request, the New Notes Trustee will authenticate and deliver a new New Note, of like tenor (including the same date of issuance) and equal principal amount, registered in the same manner, and bearing interest from the date to which interest has been paid on such New Note, in exchange and substitution for such New Note (upon surrender and cancellation thereof) or in lieu of and substitution for such New Note. In the event that such New Note is destroyed, lost or stolen, the applicant for a substitute New Note will furnish to us and the New Notes Trustee such security or indemnity as may be required by them to hold each of them harmless, and, in every case of destruction, loss or theft of such New Note, the applicant will also furnish to us and the New Notes Trustee satisfactory evidence of the destruction, loss or theft of such New Note and of the ownership thereof. Upon the issuance of any substituted New Note, the Issuer may require the payment by the registered holder thereof of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other fees and expenses (including the fees and expenses of the New Notes Trustee) connected therewith.

For information concerning paying agents and transfer agents for any New Notes in certificated form, see "Description of the New Notes—Trustee, Registrar, Paying Agent and Transfer Agent for the New Notes."

TAXATION

General

This section summarizes certain Mexican tax and United States federal income tax considerations relating to the Exchange Offer and the ownership and disposition of the New Notes. This summary does not provide a comprehensive description of all tax considerations that may be relevant to a decision to participate in the Exchange Offer. This summary does not describe any tax consequences arising under the laws of any state, locality or taxing jurisdiction other than Mexico and the United States.

This summary is based on the tax laws of Mexico and the United States as in effect on the date of this Exchange Offer and Consent Solicitation Memorandum, as well as regulations, rulings and decisions of Mexico and the United States available on or before that date and now in effect. Those laws, regulations, rulings and decisions are subject to change and changes could apply retroactively, which could affect the continued accuracy of this summary.

Prospective acquirers of the New Notes should consult their own tax advisors as to the Mexican, United States or other tax consequences of the Exchange Offer, and the ownership and disposition of the New Notes or beneficial interests therein. They should especially consider how the tax considerations discussed below, as well as the application of state, local, foreign or other tax laws, could apply to them in their particular circumstances.

Certain Mexican Federal Income Tax Considerations

General

The following is a general summary of the principal Mexican tax consequences that would arise as a result of the participation in and acceptance of the Exchange Offer by holders of the Existing Notes, as well as the ownership and disposition of the Existing Notes or the New Notes (whether received in exchange for Existing Notes or New Money Deposits), in each case by holders that are not residents of Mexico for Mexican tax purposes, and that do not own the Existing Notes or the New Notes through a permanent establishment in Mexico for tax purposes to which income under the Existing Notes or the New Notes is attributable (a "Non-Mexican Holder").

This summary is based on the tax laws and regulations in effect in Mexico as of the date of this Exchange Offer and Consent Solicitation Memorandum. This summary is subject to any subsequent, possibly retroactive, changes in Mexican law and/or specific regulations, which may come into effect after that date. No assurance can be given that the Mexican tax authorities and/or courts responsible for the enforcement of these laws and regulations agree with this interpretation. This summary does not address all the Mexican tax consequences that may be applicable to specific holders of the Existing Notes or New Notes and does not purport to be a comprehensive description of all the Mexican tax considerations that may be relevant to a decision to participate in the Exchange Offer. In addition, it does not describe any tax consequences (i) arising under the laws of any taxing jurisdiction other than Mexico, (ii) arising under laws other than the federal tax laws of Mexico (it excludes the laws of any state or municipality within Mexico), or (iii) that are applicable to a resident of Mexico for tax purposes that may purchase, hold or dispose of the Existing Notes or the New Notes.

Holders of the Existing Notes should consult with their own tax advisors regarding the particular consequences that would arise as a result of their participation in and acceptance of the Exchange Offer under the federal laws of Mexico or any other jurisdiction or under any applicable double taxation treaty to which Mexico is a party, which is in effect.

Under the Mexican Federal Tax Code (*Código Fiscal de la Federación*), an individual is a resident of Mexico if he has established his dwelling in Mexico, unless he has another domicile in a foreign country and his "center of vital interest" is not located in Mexico (except for Mexican public officers or governmental employees). The center of vital interest of an individual is deemed to be located in Mexico: (i) if the source of wealth accounting for more than 50% of the total income obtained by such individual in a calendar year is located in Mexico, or (ii) if the principal place of business of such individual is located in Mexico.

An individual of Mexican nationality is presumed to be a resident of Mexico for tax purposes unless such person proves otherwise. A corporation is a resident of Mexico if its main administration or effective management is located in Mexico. If a non-Mexican tax resident has a permanent establishment (*i.e.*, a place of business) in Mexico,

such permanent establishment shall be required to pay taxes in Mexico on taxable income attributable to such permanent establishment in accordance with relevant Mexican tax provisions.

Furthermore, according to the Mexican Income Tax Law (*Ley del Impuesto sobre la Renta*), non-residents with no permanent establishment in Mexico (or whose income is not attributable to any such permanent establishment) shall be subject to the payment of income tax in Mexico only in respect of the Mexican sourced income they may receive.

In this sense, the Mexican Income Tax Law sets forth specific provisions that establish the regime applicable to the different types of income obtained by non-Mexican tax residents that shall be considered sourced in Mexico and, therefore, taxable.

Interest payments shall be deemed sourced in Mexico when the capital is placed or invested in Mexico, or when interest payments are made by a Mexican resident or by a foreign resident with a permanent establishment in Mexico.

Accordingly, interest paid by Mexican tax residents to non-Mexican tax residents will generally be subject to an income tax withholding (the "Withholding Tax"), at rates that vary depending on the nature of the beneficial owner of the interest and the characteristics of the transactions that give rise to the interest. The applicable Withholding Tax rates contemplated under the Mexican Income Tax Law range from 4.9% to 40% (applicable in specific cases to entities who are residents in tax haven jurisdictions).

Exchange of Existing Notes

The exchange of Existing Notes for New Notes pursuant to the Exchange Offer will constitute a disposition of such Existing Notes for Mexican income tax purposes. However, under the Mexican Income Tax Law, a Non-Mexican Holder will not realize any gain on the exchange, considering that the principal amount of the New Notes received will not be greater than the principal amount of the Existing Notes exchanged therefor. Thus, no Withholding Tax will apply to the exchange of Existing Notes for New Notes pursuant to the Exchange Offer.

Eligible Holders of Existing Notes who validly deposit New Money Deposits will receive an additional U.S.$450 principal amount of New Notes in exchange for every U.S.$450 of New Money Deposits. Thus, no Withholding Tax will apply to the receipt of the New Notes in exchange for New Money Deposits, as the principal amount of New Notes received will not be greater than the amount of the New Money Deposits made in exchange thereof.

Taxation of Late Tender Consideration

The New Notes will be exchanged at an exchange rate of U.S.$950 principal amount of New Notes per U.S.$1,000 principal amount of Existing Notes for tenders of Existing Notes after the Early Tender Date. Thus, the acquisition by the Issuer of the Existing Notes at a price equal to 95% of their principal amount implies a discount of 5%, resulting in taxable debt forgiveness income for the Issuer pursuant to the applicable Mexican tax laws.

Taxation of Interest

Pursuant to the Mexican Income Tax Law, payments of interest made by us in respect of the Existing Notes or the New Notes (including payments of principal in excess of the issue price of such Existing Notes or New Notes and, under certain circumstances, any gain realized upon the transfer of the Existing Notes or New Notes which, for Mexican tax purposes, is deemed to be interest) to a Non-Mexican Holder will generally be subject to a 4.9% Withholding Tax if (i) the relevant Existing Notes or New Notes are placed among the general public; or (ii) the Existing Notes or New Notes are placed, through banks or brokerage houses, in a country which has entered into a treaty to avoid double taxation with Mexico and *provided that* the following requirements are met:

- The notice set forth in article 7, second paragraph of the Securities Market Law and Articles 24 Bis and 24 Bis 1 of the General Provisions Applicable to Securities Issuers and Other Participants in the Securities Market (*Disposiciones de Carácter General Aplicables a las Emisoras de Valores y Otros Participantes del Mercado de Valores*) is filed by us with the CNBV describing the most relevant terms and conditions of the issuance of the Existing Notes or the New Notes (the "CNBV Notice"); and
- The relevant reporting requirements set forth by the SAT through general rules are complied with.

Under the SAT general rules (*Resolución Miscelánea Fiscal*, or the "Mexican Tax Rules"), we must comply with the following requirements: (i) file with the SAT a copy of the CNBV Notice, (ii) file with the SAT within the first 15 business days after the placement date of the Existing Notes or the New Notes, a tax notice describing certain information related to the Existing Notes or the New Notes; (iii) file with the SAT within the following 30 business days after the adoption of the Proposed Amendments, a tax notice describing the modifications to the Existing Notes; (iv) file with the SAT within the first 15 business days of January, April, July and October of each tax year, information related to the interest payments derived from the Existing Notes or the New Notes, as well as a statement representing that the persons or entities referred to in sections (x) and (y) below are not the effective beneficiaries of 5.0% or more of the aggregate amount of such interest payment, and (iv) maintain such notices and records required by the Mexican Tax Rules and submit such information to the SAT, if so required.

The periodical notices have been met in respect of the Existing Notes, and we expect that the rest of the requirements will also be met for the Existing Notes and the New Notes. If, however, the rest of the requirements under the Mexican Tax Rules mentioned above are not complied with in respect of the Existing Notes or the New Notes, Withholding Tax on the payment of interest on the Existing Notes or the New Notes will be assessed at a rate of 10% for holders other than parties related to us, who may be subject to the regime further detailed below.

Said Mexican Tax Rules, together with other tax regulations, are enacted on an annual basis, and therefore, no assurances can be given that the Mexican Tax Rules will be extended or that equivalent rules will be enacted.

The Withholding Tax rates of 4.9% and 10% mentioned above will not be applicable and may increase to the maximum applicable tax rate (currently 35%) if the effective beneficiaries receive, either directly or indirectly, individually or in conjunction with related parties, more than 5% of the interest derived from the Existing Notes or New Notes and such beneficiaries are:

(x) shareholders that own, directly or indirectly, individually or collectively, with related persons, more than 10% of our voting stock, as the case may be, or

(y) corporations more than 20% of the stock of which is owned by us, directly or indirectly, individually or collectively with our related persons, as the case may be.

For such purposes, parties are deemed to be related parties when one of them holds an interest in the business of the other; when they have common interests; or when a third party has an interest in the business or assets of both parties.

As of the date of this Exchange Offer and Consent Solicitation Memorandum, no tax treaty is expected to have effect on the Mexican tax consequences described in this summary, because, as described above, under the Mexican Income Tax Law, we expect to be entitled to withhold taxes in connection with interest payments under the Existing Notes or New Notes at a 4.9% rate.

If applicable, holders or beneficial owners of the Existing Notes or New Notes may be requested to provide certain information or documentation necessary to apply the appropriate Withholding Tax rate on interest payments under the Existing Notes or the New Notes to such holders or beneficial owners. The Mexican Income Tax Law provides that, in order for a Non-Mexican Holder to be entitled to the benefits under the treaties for the avoidance of double taxation entered into by Mexico and which are in effect, it is necessary to meet certain requirements that relate to the evidencing of tax residence. In the event that such information or documentation concerning the holder or beneficial owner is not timely provided, tax from interest payments may be withheld at the maximum applicable rate in effect.

Payments of interest made by us or the Initial Guarantor with respect to the Existing Notes or New Notes to a Non-Mexican Holder that is a pension or retirement fund will be exempt from Withholding Tax; provided that any such fund (i) is the effective beneficiary of the interest, (ii) is duly incorporated pursuant to the laws of its country of origin (regardless of the type of organization), (iii) is exempt from income tax in such country, and (iv) provides the necessary information pursuant to the Mexican Tax Rules.

Taxation of Principal

Under the Mexican Income Tax Law, payments of principal on the Existing Notes or New Notes received in exchange for Existing Notes or New Money Deposits, made by us to a Non-Mexican Holder will not be subject to any

Mexican taxes (except to the extent such payments of principal are in excess of the issue price of the Existing Notes or New Notes, which are deemed to be interest under the Mexican Income Tax Law).

Taxation of Capital Gains

As a general rule, under the Mexican Income Tax Law, gains resulting from the sale or disposition of the Existing Notes or New Notes by a Non-Mexican Holder to another Non-Mexican Holder are not subject to income or other tax in Mexico. Gains resulting from the sale of the Existing Notes or New Notes by a Non-Mexican Holder to a purchaser who is a Mexican resident for tax purposes or to a non-Mexican resident deemed to have a permanent establishment for tax purposes in Mexico will be deemed interest income and will be subject to Withholding Tax, unless a relevant double tax convention executed by Mexico provides otherwise. The acquisition of the Existing Notes or New Notes at a discount by a Non-Mexican Holder (including at the initial issuance, if applicable) will be deemed interest income and subject to income tax in Mexico, if the seller is a Mexican resident for tax purposes or a foreign resident deemed to have a permanent establishment for tax purposes in Mexico.

Other Mexican Taxes

Under current Mexican laws, a Non-Mexican Holder will not be liable for Mexican estate, gift, inheritance, succession or similar taxes with respect to the acquisition, ownership or disposition of the Existing Notes or New Notes, nor will it be liable for any Mexican stamp, issue, registration or similar taxes with respect to the Existing Notes or New Notes.

Certain United States Federal Income Tax Considerations

The following is a summary of certain U.S. federal income tax consequences of the Exchange Offer and the Consent Solicitation, and the ownership and disposition of New Notes acquired in the Exchange Offer, that may be relevant to a U.S. Holder (as defined below) that owns Existing Notes. This summary deals only with U.S. Holders that hold Existing Notes, and will hold any New Notes acquired in the Exchange Offer, as capital assets for U.S. federal income tax purposes (generally, property held for investment). The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the Exchange Offer, the Consent Solicitation and the ownership and disposition of the New Notes (including consequences under the alternative minimum tax or net investment income tax), and does not address U.S. state, local, non-U.S. or other tax laws (such as estate and gift tax laws). This summary also does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, regulated investment companies, real estate investment trusts, individual retirement accounts and other tax-deferred accounts, tax-exempt organizations, dealers or traders in securities or currencies, investors that hold the Existing Notes, or will hold New Notes, as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes, persons that have ceased to be U.S. citizens or lawful permanent residents of the United States, investors that hold the Existing Notes, or will hold New Notes, in connection with a trade or business conducted outside of the United States, investors that are required to take certain amounts into income no later than the time such amounts are reflected on an applicable financial statement, U.S. citizens or lawful permanent residents living abroad or investors whose functional currency is not the U.S. dollar). To the extent this discussion addresses U.S. federal income tax consequences to U.S. Holders of owning or disposing of New Notes, it assumes that the New Notes were acquired by the U.S. Holder pursuant to the Exchange Offer and the Consent Solicitation and are held as capital assets.

As used herein, the term "U.S. Holder" means a beneficial owner of Existing Notes or New Notes, as applicable, that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organized under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds Existing Notes or New Notes will depend on the status of the partner and the activities of the partnership. Entities or arrangements treated as partnerships for U.S. federal income tax purposes

should consult their tax advisors concerning the U.S. federal income tax consequences to them and their partners of the Exchange Offer and the ownership and disposition of New Notes by the partnership.

This summary is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended (the "Code"), its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL HOLDERS OF EXISTING NOTES SHOULD CONSULT THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE EXCHANGE OFFER, THE CONSENT SOLICITATION AND THE OWNERSHIP AND DISPOSITION OF THE NEW NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF U.S. STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Tax Consequences of the Exchange of Existing Notes

Treatment of Exchange Offer

The exchange of Existing Notes for New Notes constitutes a disposition of such Existing Notes for U.S. federal income tax purposes if the exchange results in a "significant modification" of the Existing Notes under the applicable U.S. Treasury Regulations. In general, the modification of a debt instrument (or an exchange of an existing debt instrument for a new debt instrument) is a significant modification if, based on all the facts and circumstances and taking into account all modifications of the debt instrument collectively, the legal rights or obligations that are altered and the degree to which they are altered are economically significant. Based on the extended maturity and modified payment terms of the New Notes, the Exchange Offer is expected to result in a "significant modification" of such Existing Notes for U.S. federal income tax purposes.

The U.S. federal income consequences of the exchange will depend on whether the exchange qualifies as a "recapitalization." Whether the exchange of Existing Notes for New Notes qualifies as a "recapitalization" for U.S. federal income tax purposes depends upon whether the Existing Notes and the New Notes constitute "securities" for U.S. federal income tax purposes. The term "security" is not defined in the Code or in the U.S. Treasury Regulations and has not been clearly defined by judicial decisions. The determination of whether a particular debt obligation constitutes a security depends on an evaluation of the overall nature of the debt obligation, the extent of the investor's proprietary interest in the issuer compared with the similarity of the debt instrument to a right to receive a cash payment and certain other considerations. One of the most significant factors considered in determining whether a particular debt obligation is a security is its original term. In general, debt obligations issued with a maturity at issuance of less than five years are not likely to (but may in certain circumstances) be considered securities, debt instruments with a term of ten years or more are likely to be considered securities and debt instruments with an initial term at issuance of five to ten years are often considered securities, but their status may be unclear.

Because both the Existing Notes and the New Notes have a term in excess of five years, it is likely, and the Company intends to take the position, that both the Existing Notes and the New Notes would be considered a security and that the exchange of the Existing Notes for the New Notes would qualify as a recapitalization. This determination is not free from doubt, however, and it is possible that the Internal Revenue Service could take a contrary view.

Subject to the discussion of "—Treatment of Early Tender Payment" below, a U.S. Holder that exchanges Existing Notes for New Notes in a recapitalization will generally not recognize any gain or loss on the exchange for U.S. federal income tax purposes. A U.S. Holder's initial tax basis in the New Notes received in the exchange will be the same as the U.S. Holder's tax basis in the Existing Notes surrendered therefor, and the U.S. Holder's holding period for the New Notes will include its holding period for the Existing Notes surrendered therefor.

If the Exchange Offer were to fail to qualify for treatment as a tax-free recapitalization, a holder of Existing Notes generally would recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the amount realized by such holder in the Exchange Offer (other than any portion of such amount treated as attributable to accrued interest not previously included in income) and its adjusted tax basis in the Existing Notes

exchanged. Holders are urged to consult their own tax advisors as to the amount and character of any gain or loss that might be recognized for U.S. federal income tax purposes if the Exchange Offer were treated as a taxable exchange.

Regardless of whether the exchange of Existing Notes for New Notes qualifies as a recapitalization, cash payments or New Notes received in respect of accrued and unpaid interest on the Existing Notes will be taxed as ordinary interest income to the extent not previously includible in income.

Subject to certain limitations, a U.S. Holder generally will be entitled to a credit against its U.S. federal income tax liability for Mexican income taxes withheld from payments attributable to accrued and unpaid interest. Interest generally will constitute foreign source "passive category income" for purposes of the foreign tax credit. The U.S. Treasury Regulations addressing foreign tax credits (the "Foreign Tax Credit Regulations") impose additional requirements for foreign taxes to be eligible for a foreign tax credit if the relevant taxpayer does not elect to apply the benefits of an applicable income tax treaty, and there can be no assurance that those requirements will be satisfied. The Department of the Treasury and the Internal Revenue Service are considering proposing amendments to the Foreign Tax Credit Regulations and recent notices from the Internal Revenue Service provide temporary relief from many aspects of the Foreign Tax Credit Regulations for taxpayers that comply with applicable requirements. Instead of claiming a foreign tax credit, a U.S. Holder may be able to deduct any Mexican income taxes withheld from payments attributable to accrued and unpaid interest, subject to generally applicable limitations under U.S. law (including that a U.S. Holder is not eligible for a deduction for otherwise creditable foreign income taxes paid or accrued in a taxable year if such U.S. Holder claims a foreign tax credit for any foreign income taxes paid or accrued in the same taxable year).

The rules governing foreign tax credits are complex. Each U.S. Holder should consult its own tax advisor regarding the availability of foreign tax credits or deductions with respect to Mexican withholding taxes.

Treatment of Early Tender Payment

Eligible Holders who validly submit their Tender Orders at or prior to the Early Tender Date will be eligible to receive the Early Tender Consideration, which consists of a greater principal amount of New Notes than the New Notes received by Eligible Holders who receive the Late Tender Consideration (such difference in principal amount, the "Early Tender Payment"). There are no authorities directly addressing the U.S. federal income tax treatment of the Early Tender Payment received by U.S. Holders who tender at or prior to the Early Tender Date. The Early Tender Payment may be treated as additional consideration in the exchange (which would be treated in the manner described above, and, thus, would not be subject to U.S. federal income tax). Alternatively, all or part of the Early Tender Payment may be treated as a separate fee that would be subject to tax as ordinary income. U.S. Holders are urged to consult their tax advisors regarding the U.S. federal income tax treatment of the receipt of the Early Tender Payment.

Tax Consequences to U.S. Holders of Holding and Disposing of New Notes

Effect of Certain Contingencies

The Company may be required to make payments of additional amounts to holders of the New Notes and/or the New Notes may mature or be repurchased or redeemed earlier than their scheduled maturity date. The Company intends to take the position that these contingencies do not result in the New Notes being treated as "contingent payment debt instruments" under the applicable U.S. Treasury Regulations. The Company's position is binding on a U.S. Holder unless such U.S. Holder discloses its contrary position to the IRS in the manner required by applicable U.S. Treasury Regulations. It is possible, however, that the IRS may successfully assert a different position, in which case a U.S. Holder might, among other things, be required to accrue income on the New Notes at a higher rate than the stated interest rate and any accruals of original issue discount ("OID"), and to treat as ordinary interest income (rather than capital gain) any gain realized on a taxable disposition of a New Note. Each U.S. Holder should consult its own tax advisors regarding the possible application of the contingent payment debt instrument rules to the New Notes. The remainder of this discussion assumes that the New Notes will not be treated as contingent payment debt instruments.

Issue Price of the New Notes

The issue price of the New Notes will depend on whether the amount of New Notes being sold for cash pursuant to the exchange of the New Money Deposit is a substantial amount of the total amount of New Notes being issued (both for cash and pursuant to the Exchange Offer). If the portion being sold for cash is considered a substantial

amount, then the issue price of all the New Notes is expected be the first price at which a substantial amount of the New Notes is sold to the public, excluding sales to bond houses, brokers or similar persons acting in the capacity of underwriters, placement agents or wholesalers. While there is no guidance on what constitutes a substantial amount, it is expected that approximately 40% of the New Notes will be issued for cash if all outstanding Existing Notes are tendered and the corresponding New Money Deposits are made, which we believe would be considered a substantial amount. If this were not the case, the issue price of all the New Notes would be the trading price of the New Notes at the time they are issued (if the New Notes are considered publicly traded at that time) or the trading price of the Existing Notes at such time (if only the Existing Notes are considered publicly traded).

The Company intends to compute the issue price of the New Notes based on the price of the New Notes issued for cash. The Company will not, however, seek a ruling from the IRS in connection with either the offering of the New Notes or the Exchange Offer, and there can be no assurance that the Internal Revenue Service will agree with the Company's computation of the issue price. Accordingly, if the circumstances of the Exchange Offer were to change (such that a substantial portion of the proceeds from the New Notes are not received in cash) or if the Internal Revenue Service were to successfully challenge this position, the tax consequences to U.S. Holders may be materially different from those discussed herein. In particular, a different "issue price" for the New Notes could affect the accrual of OID on the New Notes. Each U.S. Holder should consult its own tax advisors about the particular U.S. federal, state, local and non-U.S. tax consequences of the Exchange Offer and the ownership and disposition of the New Notes.

Payments of Stated Interest

Subject to the discussions of OID and amortizable bond premium below, payments of stated interest on the New Notes (including the amount of any withholding taxes and any additional amounts paid with respect thereto) generally will be taxable to a U.S. Holder as ordinary interest income at the time that the payments accrue or are actually or constructively received, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

Original Issue Discount

The New Notes will be treated as issued with OID for U.S. federal income tax purposes if the "stated redemption price at maturity" of the New Notes exceeds their issue price (as described above) by an amount equal to or greater than a statutorily defined de minimis amount (generally, 0.0025 multiplied by the product of the stated redemption price at maturity and the weighted average maturity). In such case, the New Notes will be issued with OID in an amount equal to the excess of their stated redemption price at maturity over their issue price. For these purposes, the "stated redemption price at maturity" of the New Notes is the sum of all payments to be made on the New Notes other than payments of "qualified stated interest." Interest on a New Note will generally be treated as "qualified stated interest" if it is unconditionally payable in cash or in property at least annually at a single fixed rate. The interest on the New Notes will generally be treated as qualified stated interest, and thus the stated redemption price at maturity of a New Note will generally equal its stated principal amount. Based on the Company's determination that the issue price of the New Notes is expected to be the price at which holders purchase New Notes for cash and such amount is expected to be at par, the Company does not believe that the New Notes will be issued with OID.

If the New Notes are issued with OID, a U.S. Holder with an initial tax basis in the New Notes that is less than their stated redemption price at maturity generally will be required to include a portion of the OID in gross income as foreign source interest in each taxable year or portion thereof in which the U.S. Holder holds such New Notes even if the U.S. Holder has not received a cash payment in respect of the OID. In addition, as discussed further below, some or all of a U.S. Holder's market discount carried over from Existing Notes to New Notes may be converted into OID.

In general, and regardless of whether a U.S. Holder uses the cash or the accrual method of tax accounting, a U.S. Holder with an initial tax basis in the New Notes that is less than their stated redemption price at maturity will be required to include in ordinary gross income the sum of the "daily portions" of OID on such New Note for all days during the taxable year or portion thereof that the U.S. Holder owns such New Note. The daily portions of OID on a New Note will be determined by allocating to each day in any accrual period a ratable portion of the OID allocable to that accrual period. Accrual periods may be any length and may vary in length over the term of the New Note, so long as no accrual period is longer than one year and each scheduled payment of principal or interest occurs on the first day or final day of an accrual period. The amount of OID allocable to each accrual period will be determined by (a) multiplying the "adjusted issue price" (as defined below) of the New Note at the beginning of the accrual period by

the "yield to maturity" of such New Note (appropriately adjusted to reflect the length of the accrual period) and (b) subtracting from that product the amount (if any) of stated interest allocable to that accrual period. However, if a U.S. Holder's initial tax basis in the New Note is greater than the New Note's issue price, but less than or equal to the New Note's stated redemption price at maturity, the U.S. Holder will be considered to have acquired the New Note at an "acquisition premium" and will be required to reduce its periodic inclusions of OID income to reflect the amount by which its initial tax basis in the New Note exceeded the issue price.

The "adjusted issue price" of a New Note at the beginning of any accrual period will generally be the sum of its issue price and the amount of OID allocable to all prior accrual periods (determined without regard to the amortization of any bond premium (as discussed below) or any reduced OID inclusions on account of acquisition premium), reduced by the amount of all payments previously made on the New Note other than payments of stated interest. The "yield to maturity" of a New Note is the discount rate that causes the present value of all payments on the New Note as of its original issue date to equal the issue price of such New Note. As a result of this "constant yield" method of including OID in income, the amounts includible in income by a U.S. Holder in respect of a New Note generally will be less in the early years and greater in the later years than amounts that would be includible on a straight-line basis.

The rules governing instruments with OID are complex, and U.S. Holders should consult with their own tax advisors about the application of such rules to the New Notes.

Market Discount

A U.S. Holder will be considered to have acquired a New Note at a market discount if the Existing Note for which such New Note was exchanged had market discount (i.e., was purchased (other than at original issue) at a price that was less than the stated redemption priced at maturity) or if the New Note is subsequently acquired (other than at original issue) at a market discount. Unless a U.S. Holder elects to include market discount in income currently as it accrues, such U.S. Holder will be required to treat any principal amount received or gain it realizes on a sale, exchange, retirement or other taxable disposition of a New Note as ordinary income to the extent of any accrued market discount on the New Note. In general, market discount on a New Note will accrue ratably over the remaining term of the New Note or, at the election of the U.S. Holder, under a constant yield method.

Amortizable Bond Premium

If a U.S. Holder's initial tax basis in a New Note is greater than its stated redemption price at maturity, the U.S. Holder generally will be considered to have acquired the New Note with "amortizable bond premium" and will not be required to include any OID in income with respect to the New Note. A U.S. Holder may elect to amortize the bond premium (as an offset to interest income), using a constant-yield method, over the term of the New Note. However, because the New Notes may be redeemed by the Company prior to maturity at a premium, special rules apply that may reduce, eliminate or defer the amount of premium that a U.S. Holder may amortize with respect to a New Note. The election to amortize bond premium, once made, generally applies to all taxable debt instruments held or subsequently acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and the election may not be revoked without the consent of the Internal Revenue Service. A U.S. Holder that elects to amortize bond premium must reduce its tax basis in a New Note by the amount of the premium amortized during its holding period. With respect to a U.S. Holder that does not elect to amortize bond premium, the amount of bond premium will be included in the U.S. Holder's tax basis when the New Note matures or is disposed of by the U.S. Holder. Therefore, a U.S. Holder that does not elect to amortize such premium and that holds the New Note to maturity generally will be required to treat the premium as capital loss when the New Note matures. U.S. Holders should consult their tax advisors about the election to amortize bond premium.

Sale or Other Taxable Disposition of the New Notes

A U.S. Holder generally will recognize gain or loss on the sale or other taxable disposition of a New Note in an amount equal to the difference between the amount realized on the disposition (less any amounts attributable to accrued but unpaid interest, which will be taxable as interest to the extent not previously included in income) and the U.S. Holder's adjusted tax basis in the New Note. A U.S. Holder's adjusted tax basis in a New Note generally will equal the U.S. Holder's basis immediately following the Exchange Offer (as described above under "— Tax Consequences of the Exchange of Existing Notes — Treatment of Exchange Offer"), increased by any OID or market discount previously included in income and reduced by any bond premium amortized during the U.S. Holder's holding

period for the New Note, and any cash payments previously made on the New Note other than payments of stated interest (including payments of principal).

Subject to the discussion of market discount above, any such gain or loss recognized generally will be capital gain or loss and will be long-term capital gain or loss if, at the time of the sale or other taxable disposition, the holding period for the New Note is greater than one year. The net amount of long-term capital gain realized by certain non-corporate U.S. Holders (including individuals) may be subject to taxation at a preferential rate. The deduction of capital losses is subject to limitations. Subject to the discussion of market discount above, any gain or loss recognized generally will be U.S.-source capital gain or loss. Therefore, if any such gain is subject to Mexican income tax, a U.S. Holder may not be able to credit the tax against its U.S. federal income tax liability unless such credit can be applied (subject to the applicable limitations) against tax due on other income treated as derived from foreign sources. However, pursuant to the Foreign Tax Credit Regulations, unless a U.S. Holder elects to apply the benefits of the income tax treaty between the United States and Mexico, any such Mexican tax may not be a foreign income tax eligible for a foreign tax credit (regardless of any other income that the U.S. Holder may have that is derived from foreign sources). In such case, the non-creditable Mexican tax may reduce the amount realized on the taxable disposition of the New Note. As discussed above, however, recent notices from the Internal Revenue Service provide temporary relief from many aspects of the Foreign Tax Credit Regulations for taxpayers that comply with applicable requirements. U.S. Holders should consult their own tax advisors as to the U.S. tax and foreign tax credit implications of a sale or other taxable disposition of a New Note.

U.S. Holders of Existing Notes Who Do Not Participate in the Exchange

Tax Consequences to Non-Exchanging U.S. Holders of Existing Notes if the Proposed Amendments are Successful

The U.S. federal income tax consequences of the Proposed Amendments to a U.S. Holder who does not participate in the Exchange Offer are uncertain and will depend, in part, on whether the adoption of the Proposed Amendments results in a "significant modification" of the Existing Notes. The modification of a debt instrument is a significant modification if, based on all the facts and circumstances and taking into account all modifications of the original instrument collectively (other than modifications that are subject to special rules), the legal rights or obligations that are altered and the degree to which they are altered are "economically significant." Furthermore, the U.S. Treasury Regulations provide that a modification of a debt instrument that adds, deletes or alters customary accounting or financial covenants is not a significant modification. The U.S. Treasury Regulations do not, however, define "customary accounting or financial covenants."

U.S. Holders who do not participate in the Exchange Offer should consult their tax advisors regarding the U.S. federal income tax consequences of the adoption of the Proposed Amendments.

Tax Consequences to Non-Exchanging U.S. Holders if the Proposed Amendments are not Successful

If the Proposed Amendments are not successful with respect to Existing Notes, the U.S. federal income tax treatment of Existing Notes is not intended to be affected by the Exchange Offer and the Consent Solicitation in the case of a U.S. Holder who does not exchange its Existing Notes for New Notes pursuant to the Exchange Offer.

Information Reporting and Backup Withholding

Payments on the Existing Notes and New Notes, the accrual of OID, if any, and the proceeds of dispositions of the Existing Notes or New Notes will be reported to the IRS and to the U.S. Holder by the applicable paying agent or other intermediary as may be required under applicable U.S. Treasury Regulations. Backup withholding may apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to comply with applicable certification requirements. Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a U.S. Holder's U.S. federal income tax liability; provided that the required information is timely furnished to the IRS. Certain U.S. Holders are not subject to information reporting and backup withholding. U.S. Holders should consult their tax advisors about these rules and any other reporting obligations that may apply to the exchange of the Existing Notes, or the ownership or disposition of New Notes, including requirements related to the holding of certain specified foreign financial assets.

THE ABOVE SUMMARIES ARE NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSEQUENCES RELATING TO THE EXCHANGE OFFER AND THE INVESTMENT IN THE NEW NOTES. INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE TAX CONSEQUENCES OF THEIR PARTICULAR SITUATIONS.

TRANSFER RESTRICTIONS

The following restrictions will apply with respect to the resale of the New Notes. Holders of the New Notes are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the New Notes.

The Exchange Offer and the issuance of New Notes have not been registered under the Securities Act or any other applicable securities laws and, unless so registered, the New Notes may not be offered, sold, pledged or otherwise transferred within the U.S. or to or for the account of any U.S. Person, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws. The Exchange Offer is being made, and the New Notes are being offered and issued, only to the following holders of Existing Notes that are:

(a) "qualified institutional buyers" as defined in Rule 144A under the Securities Act, in a private transaction in reliance upon the exemption from the registration requirements of the Securities Act provided by Section 4(a)(2) thereof (such New Notes, the "144A Notes"); or

(b) outside the United States and not "U.S. Persons" (as defined in Rule 902 under the Securities Act) and who are not acquiring New Notes for the account or benefit of a U.S. Person, in offshore transactions in compliance with Regulation S under the Securities Act, and who are also "Non-U.S. Qualified Offerees" (as defined below) (such New Notes, the "Regulation S Notes").

Each participating Eligible Holder of Existing Notes, by submitting or sending an Agent's Message or Tender Orders to the Exchange and Information Agent and depositing New Money Deposits in the Escrow Account in connection with the tender of Existing Notes, will have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A or Regulation S under the Securities Act are used herein as defined therein):

1. You are an Eligible Holder of Existing Notes.

2. You are not an "affiliate" (as defined in Rule 144 under the Securities Act) of the Issuer, you are not acting on behalf of the Company and you (a) (i) are a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act) and (ii) are acquiring New Notes for your own account or for the account of one or more qualified institutional buyers (each, a "144A Acquirer"); or (b) (i) outside the United States, are not a U.S. Person (as defined in Regulation S under the Securities Act), are not acquiring New Notes for the account or benefit of a U.S. Person and are acquiring New Notes in an offshore transaction pursuant to Regulation S under the Securities Act and (ii) are a Non-U.S. Qualified Offeree (each, a "Regulation S Acquirer") or if you are an "affiliate ," you acknowledge that the New Notes will be "control securities" subject to additional restrictions on transfer pursuant to Rule 144. You understand that the New Notes are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act.

3. You understand and acknowledge that (a) the New Notes have not been registered under the Securities Act or any other applicable securities law, (b) the New Notes are being offered in transactions not requiring registration under the Securities Act or any other securities laws, including transactions in reliance on Section 4(a)(2) under the Securities Act, and (c) none of the New Notes may be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities law, pursuant to an exemption therefrom or in a transaction not subject thereto and, in each case, in compliance with the applicable conditions for transfer set forth in paragraph (5) below.

4. You are acquiring New Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent and, in the case of a 144A Acquirer, are acquiring New Notes for investment and, in the case of any Eligible Holder, are acquiring New Notes not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act, subject to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within your or their control and subject to your or their ability to resell the New Notes pursuant to any exemption from registration available under the Securities Act.

5. You also agree that:

(a) if you are a 144A Acquirer, you agree, on your own behalf and on behalf of any investor account for which you are acquiring New Notes, and each subsequent holder of such New Notes by its acceptance thereof will

agree, to offer, sell, pledge or otherwise transfer such New Notes only (i) for so long as such New Notes are eligible for resale pursuant to Rule 144A, to a person it reasonably believes is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A and which takes delivery of New Notes in the form of the Rule 144A Global Note, (ii) pursuant to an offer and sale to a non-U.S. Person that occurs outside the United States within the meaning of Regulation S under the Securities Act, (iii) to us or any of our affiliates, (iv) pursuant to a registration statement which has been declared effective under the Securities Act, or (v) pursuant to any other available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to (1) all applicable requirements under the New Notes Indenture and (2) any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within your or their control and to compliance with any applicable state securities laws. In addition, you further acknowledge that the Company and the New Notes Trustee reserve the right prior to any offer, sale or other transfer of 144A Notes pursuant to clause (a)(ii) or (a)(v) above prior to the date that New Notes may be freely resold by an 144A Acquirer who is not an affiliate, without restriction pursuant to Rule 144 to require the delivery of certifications and/or other information, and an opinion of counsel, in each case satisfactory to the Company; or

(b) if you are a Regulation S Acquirer, you agree on your own behalf and on behalf of any investor account for which you are acquiring New Notes, and each subsequent holder of the Regulation S Notes by its acceptance thereof will agree, to offer, sell, pledge or otherwise transfer such New Notes prior to the expiration of the applicable "distribution compliance period" (as defined below) only (i) for so long as such New Notes are eligible for resale pursuant to Rule 144A, to a person it reasonably believes is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A and which takes delivery of New Notes in the form of the Rule 144A Global Note and which has furnished to the New Notes Trustee or its agent a certificate in the form attached to the New Notes Indenture representing that the transferee is purchasing the New Notes for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A and is aware that the sale to it is being made in reliance on Rule 144A and acknowledging that it has received such information regarding the Company as such transferee has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon its foregoing representations in order to claim the exemption from registration provided by Rule 144A of the Securities Act, (ii) pursuant to offers and sales to non-U.S. Persons that occur outside the United States within the meaning of Regulation S under the Securities Act, (iii) to us or any of our affiliates, (iv) pursuant to a registration statement which has been declared effective under the Securities Act or (v) pursuant to any other available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to (1) all applicable requirements under the New Notes Indenture and (2) any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within your or their control and to compliance with any applicable state securities laws. The foregoing restrictions on resale will not apply subsequent to the expiration of the applicable "distribution compliance period." The "distribution compliance period" means the 40-day period following the later of the date on which the New Notes are offered to persons other than distributors (as defined in Regulation S under the Securities Act) and the Settlement Date for the New Notes.

6. You acknowledge that none of the Company, the Dealer Managers and Solicitation Agents, the Exchange and Information Agent or any person representing the Company or the Dealer Managers and Solicitation Agents, the Existing Notes Trustee or the New Notes Trustee has made any representation to you with respect to the Company, the Exchange Offer or the New Notes, other than by the Issuer with respect to the information contained in this Exchange Offer and Consent Solicitation Memorandum, which Exchange Offer and Consent Solicitation Memorandum has been delivered to you and upon which you are relying in making your investment decision with respect to the New Notes. You acknowledge that the Dealer Managers and Solicitation Agents make no representation or warranty as to the accuracy or completeness of this Exchange Offer and Consent Solicitation Memorandum.

7. You also acknowledge that:

(a) The Company and the New Notes Trustee reserve the right to require in connection with any offer, sale or other transfer of New Notes under paragraph (5)(a)(ii) and paragraph (5)(a)(v) above the delivery of an opinion of counsel, certifications and/or other information satisfactory to the Company;

(b) the following is the form of restrictive legend that will appear on the face of the Rule 144A Global Note and be used to notify transferees of the foregoing restrictions on transfer. This legend will only be removed with our consent. If the Issuer so consents, it will be deemed to be removed:

"This Note has not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or any other securities laws. The holder hereof, by acquiring this Note, agrees that this Note or any interest or participation herein may be offered, resold, pledged or otherwise transferred only (1) to the Issuer, (2) so long as this Note is eligible for resale pursuant to Rule 144A under the Securities Act ("Rule 144A"), to a person who the seller reasonably believes is a qualified institutional buyer (as defined in Rule 144A) in accordance with Rule 144A, (3) in an offshore transaction in accordance with Rule 903 or 904 of Regulation S under the Securities Act, (4) pursuant to another exemption from registration under the Securities Act (if available) or (5) pursuant to an effective registration statement under the Securities Act and, in each of such cases, in accordance with any applicable securities laws of any state of the United States or other applicable jurisdiction. The holder hereof, by acquiring this Note, represents and agrees that it will notify any purchaser of this Note from it of the resale restrictions referred to above. The foregoing legend may be removed from this Note only with the consent of the issuer."; and

(c) The following is the form of restrictive legend that will appear on the face of the Regulation S Global Note and be used to notify transferees of the foregoing restrictions on transfer:

"This Note has not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or any other securities laws. The holder hereof, by acquiring this Note, agrees that neither this Note nor any interest or participation herein may be offered, resold, pledged or otherwise transferred in the absence of such registration unless such transaction is exempt from, or not subject to, such registration. The foregoing legend may be removed from this Note with the consent of the Issuer after 40 days beginning on and including the later of (a) the date on which the Notes are offered to persons other than distributors (as defined in Regulation S under the Securities Act) and (b) the original issue date of this Note."

8. If you are a Regulation S Acquirer, you are an acquirer in an exchange that occurs outside the United States within the meaning of Regulation S under the Securities Act, you acknowledge that until the expiration of the distribution compliance period described above any offer, sale, pledge or other transfer of the New Notes shall not be made by you to a U.S. Person or for the account or benefit of a U.S. Person within the meaning of Rule 902(k) of the Securities Act.

9. If you are a Regulation S Acquirer, you acknowledge that until the expiration of the distribution compliance period described above, you may not, directly or indirectly, offer, sell, pledge or otherwise transfer a New Note or any interest therein except to a person who certifies in writing to the applicable transfer agent that such transfer satisfies, as applicable, the requirements of the legends described above and that the New Notes will not be accepted for registration of any transfer prior to the end of the applicable "distribution compliance period" unless the transferee has first complied with the certification requirements described in this paragraph and all related requirements under the New Notes Indenture.

By submitting the Agent's Message or Tender Orders and depositing New Money Deposits you also acknowledge that the foregoing restrictions apply to holders of beneficial interests in such New Notes. In addition:

1. You acknowledge that the registrar for the New Notes will not be required to accept for registration of transfer any New Notes acquired by you, except upon presentation of evidence satisfactory to the Issuer and the registrar for the New Notes that the restrictions described herein and set forth in the New Notes Indenture have been complied with.

2. You acknowledge that:

(a) The Company, the Dealer Managers and Solicitation Agents and others will rely upon the truth and accuracy of your acknowledgments, representations and agreements set forth herein and you agree that, if any of your acknowledgments, representations or agreements herein cease to be accurate and complete, you will notify the Company and the Dealer Managers and Solicitation Agents promptly in writing; and

(b) if you are acquiring any New Notes as a fiduciary or agent for one or more investor accounts, you represent with respect to each such account that:

1. you have sole investment discretion; and

2. you have full power to make, and make, the acknowledgments, representations and agreements contained herein.

3. You agree that you will give to each person to whom you transfer such New Notes notice of any restrictions on the transfer of such New Notes.

4. The acquirer understands that no action has been taken in any jurisdiction (including Mexico and the United States) by the Issuer or the Dealer Managers and Solicitation Agents that would permit a public offering of the New Notes or the possession, circulation or distribution of this Exchange Offer and Consent Solicitation Memorandum or any other material relating to the Company or the New Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the New Notes will be subject to the selling restrictions set forth herein.

For purposes of the Exchange Offer, "Non-U.S. Qualified Offeree" means:

1) in the EEA, a person that is not a "retail investor". For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation, or

2) in the UK, a person that is not a "retail investor" and that is a "relevant person." For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation"); and a relevant person means a person who is a "qualified investor" (as defined in the UK Prospectus Regulation) who is (i) a person having professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Order"), or (ii) a high net worth entity falling within Article 49(2)(a) to (d) of the Order, (iii) a person falling within Article 43 of the Order or (iv) a person to whom it would otherwise be lawful to distribute this Exchange Offer and Consent Solicitation Memorandum , or

3) any entity outside the United States, the EEA and the UK to whom the offers related to the New Notes may be made in compliance with all other applicable laws and regulations of any applicable jurisdiction.

OFFER AND DISTRIBUTION RESTRICTIONS

General

No action has been or will be taken in any jurisdiction that would permit a public offering of the New Notes or the possession, circulation or distribution of this Exchange Offer and Consent Solicitation Memorandum or any material relating to us, the Existing Notes or the New Notes in any jurisdiction where action for that purpose is required. The Issuer is not making an offer to exchange, or seeking offers to exchange, Existing Notes for the New Notes in any jurisdiction where the offer and exchange is not permitted. Accordingly, the New Notes included in the Exchange Offer may not be offered, sold or exchanged, directly or indirectly, and neither this Exchange Offer and Consent Solicitation Memorandum nor any other offering material or advertisements in connection with the Exchange Offer may be distributed or published, in or from any such country or jurisdiction, except in compliance with any applicable rules or regulations of any such country or jurisdiction.

The distribution of this Exchange Offer and Consent Solicitation Memorandum in certain jurisdictions may be restricted by law. This Exchange Offer and Consent Solicitation Memorandum does not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction in which an offer or solicitation is not authorized or in which the person making an offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make an offer or solicitation. Persons into whose possession this Exchange Offer and Consent Solicitation Memorandum comes are required by us, the Dealer Managers and Solicitation Agents and the Exchange and Information Agent to inform themselves about, and to observe, any such restrictions. Neither the Issuer nor the Dealer Managers and Solicitation Agents accept any responsibility for any violation by any person of the restrictions applicable in any jurisdiction.

Notice to Eligible Holders outside the United States

European Economic Area (EEA)

Prohibition of sales to EEA Retail Investors – The Dealer Managers and Solicitation Agents have represented and agreed that they have not offered or otherwise made available and will not offer or otherwise make available any New Notes which are the subject of this Exchange Offer and Consent Solicitation Memorandum to any retail investor in the EEA. For these purposes, (i) a "retail investor" means a person who is one (or more) of the following:

- a retail client as defined in point (11) of Article 4(1) of MiFID II;
- a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
- not a qualified investor as defined in the Prospectus Regulation;

and (ii) "offer" includes the communication in any form and by any means of sufficient information on the terms of the Exchange Offer and the New Notes to be offered so as to enable an investor to decide to acquire the New Notes in the Exchange Offer.

No key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the New Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the New Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation. This Exchange Offer and Consent Solicitation Memorandum has been prepared on the basis that any offer of New Notes in any member state of the EEA will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of notes. This Exchange Offer and Consent Solicitation Memorandum is not a prospectus for the purposes of the Prospectus Regulation

United Kingdom (UK)

Prohibition of sales to UK Retail Investors – The Dealer Managers and Solicitation Agents have represented and agreed that they have not offered or otherwise made available and will not offer or otherwise make available any New Notes which are the subject of this Exchange Offer and Consent Solicitation Memorandum to any retail investor

in the UK. For the purposes of this provision, (i) a "retail investor" means a person who is one (or more) of the following:

- a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA;
- a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
- not a qualified investor as defined in the UK Prospectus Regulation;

and (ii) "offer" includes the communication in any form and by any means of sufficient information on the terms of the Exchange Offer and the New Notes to be offered so as to enable an investor to decide to acquire the New Notes in the Exchange Offer.

No key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the New Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the New Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation. This Exchange Offer and Consent Solicitation Memorandum has been prepared on the basis that any offer of New Notes in the UK will be made pursuant to an exemption under the FSMA and the UK Prospectus Regulation from the requirement to publish a prospectus for offers of notes. This Exchange Offer and Consent Solicitation Memorandum is not a prospectus for the purposes of the UK Prospectus Regulation.

Other UK Regulatory Restrictions

Each of the Dealer Managers and Solicitation Agents have represented and warranted that:

- Financial promotion: it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the New Notes in circumstances in which Section 21(1) of the FSMA does not apply to us; and
- General compliance: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the New Notes and New Notes Guarantee in, from or otherwise involving the UK.

Mexico

The New Notes have not been and will not be registered with the RNV maintained by the CNBV and therefore the New Notes may not be publicly offered or sold or otherwise be the subject of brokerage activities in Mexico, except that the New Notes may be offered in Mexico, on a private placement basis, to investors that qualify as Institutional Investors (*Inversionistas Institucionales*) or Accredited Investors (*Inversionistas Calificados*), pursuant to the private placement exemption set forth in Article 8, Section 1 of the Mexican Securities Market Law and the regulations thereunder.

As required under the Mexican Securities Market Law, the Issuer and the Initial Guarantor will notify the CNBV of the offering and issuance of the New Notes outside of Mexico, through the Issuer and the Initial Guarantor, and the main terms of the New Notes. Such notice will be submitted to the CNBV to comply with article 7, second paragraph, of the Mexican Securities Market Law and articles 24 Bis and 24 Bis 1 of the General Regulation Applicable to Securities Issuers and Other Securities Market Participants (*Disposiciones de carácter general aplicables a las emisoras de valores y a otros participantes del mercado de valores*), for statistical and informational purposes only and does not imply any certification as to the investment quality of the New Notes, the solvency, liquidity or credit quality of the Issuer and the Initial Guarantor or the accuracy or completeness of the information set forth herein. This Exchange Offer and Consent Solicitation Memorandum may not be publicly distributed in Mexico. The information contained in this Exchange Offer and Consent Solicitation Memorandum is exclusively the responsibility of the Issuer

and the Initial Guarantor and has not been reviewed or authorized by the CNBV. The acquisition of the New Notes by any investor who is a resident of Mexico will be made under such investor's responsibility.

Hong Kong

This Exchange Offer and Consent Solicitation Memorandum has not been approved by or registered with the Securities and Futures Commission of Hong Kong or the Registrar of Companies of Hong Kong. The New Notes will not be offered or sold in Hong Kong by means of any document other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) (the "SFO") and any rules made thereunder; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) (the "CO") or which do not constitute an offer to the public within the meaning of the CO; and no advertisement, invitation or document relating to the New Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the New Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made thereunder will be issued in Hong Kong or elsewhere.

Japan

The New Notes have not been and will not be registered pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act. Accordingly, none of the New Notes nor any interest therein may be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any "resident" of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines of Japan in effect at the relevant time.

Singapore

This Exchange Offer and Consent Solicitation Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, New Notes may not be offered or sold or made the subject of an invitation for subscription or purchase, and the Dealer Managers and Solicitation Agents have not circulated or distributed, nor will they circulate or distribute, this Exchange Offer and Consent Solicitation Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the New Notes, whether directly or indirectly, to any person in Singapore other than:

(a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA;

(b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018; or

(c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the New Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not

be transferred within six months after that corporation or that trust has acquired the New Notes pursuant to an offer made under Section 275 of the SFA except:

(a) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;

(b) where no consideration is or will be given for the transfer;

(c) where the transfer is by operation of law;

(d) as specified in Section 276(7) of the SFA; or

(e) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act 2001 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Section 309B Notification: The New Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Chile

The offer of the New Notes is subject to General Rule No. 336 of the Chilean Securities Commission (*Comisión para el Mercado Financiero*, or CMF). The New Notes being offered will not be registered under the Chilean Securities Market Law (*Ley de Mercado de Valores*) in the Chilean Securities Registry (*Registro de Valores*) or in the Foreign Securities Registry (*Registro de Valores Extranjeros*) both kept by the CMF and, therefore, the New Notes are not subject to the oversight of the CMF. As unregistered securities in Chile, the Issuer are not required to disclose public information about the New Notes in Chile. Accordingly, the New Notes cannot and will not be publicly offered to persons in Chile unless they are registered in the corresponding Chilean Securities Registry. The New Notes may only be offered in Chile in circumstances that do not constitute a public offering under Chilean law or in compliance with General Rule No. 336 of the CMF ("NCG 336"). Pursuant to the Chilean Securities Market Law, a public offering of securities is an offering that is addressed to the general public or to certain specific categories or groups thereof. Considering that the definition of public offering is quite broad, even an offering addressed to a small group of investors may be considered to be addressed to a certain specific category or group of the public and therefore be considered public under applicable law and, as such, subject to registration in Chile. However, pursuant to the Chilean Securities Market Law and NCG 336 of the CMF, the New Notes may be privately offered in Chile to certain "qualified investors" identified as such by NCG 336 (which in turn are further described in General Rule No. 216, dated June 12, 2008, issued by the CMF as amended).

CMF Rule 336 requires the following information to be provided to prospective investors in Chile:

- Date of commencement of the offer: January 7, 2025. The offer of the New Notes is subject to Rule (*Norma de Carácter General*) No. 336, dated June 27, 2012, issued by the CMF.
- The subject matter of this offer are securities not registered with the Securities Registry *(Registro de Valores)*, nor with the Foreign Securities Registry (*Registro de Valores Extranjeros*) both kept by CMF. As a consequence, the New Notes are not subject to the oversight of the CMF.
- Since the New Notes are not registered in Chile, the issuer is not obliged to provide publicly available information about the New Notes in Chile.
- The New Notes shall not be subject to public offering in Chile unless registered with the relevant Securities Registry kept by the CMF.

Colombia

The New Notes may not be offered, sold or negotiated in Colombia, except under circumstances which do not constitute a public offering of securities under applicable Colombian securities laws and regulations. Furthermore, foreign financial entities must abide by the terms of Decree 2555 of 2010 to offer privately the New Notes to their Colombian clients.

Brazil

The New Notes have not been, and will not be, registered with the Brazilian Securities Commission (*Comissão de Valores Mobiliários*, or the CVM). The New Notes may not be offered or sold in Brazil. The New Notes are not being offered into Brazil. Documents relating to the offering of the New Notes, as well as information contained therein, may not be supplied in Brazil, nor be used in connection with any offer for subscription or sale of the New Notes in Brazil.

Switzerland

This Exchange Offer and Consent Solicitation Memorandum is not intended to constitute an offer or solicitation to purchase or invest in the New Notes described herein. The New Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Exchange Offer and Consent Solicitation Memorandum nor any other offering or marketing material relating to the New Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland, and neither this Exchange Offer and Consent Solicitation Memorandum nor any other offering or marketing material relating to the New Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Exchange Offer and Consent Solicitation Memorandum nor any other offering or marketing material relating to the offering, nor the New Notes have been or will be filed with or approved by any Swiss regulatory authority. The New Notes are not subject to the supervision by any Swiss regulatory authority, e.g., the Swiss Financial Markets Supervisory Authority FINMA, and investors in the New Notes will not benefit from protection or supervision by such authority.

Canada

The New Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the New Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Exchange Offer and Consent Solicitation Memorandum (including any amendment thereto) contains a misrepresentation; provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor. Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Dealer Managers and Solicitation Agents are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this Exchange Offer and Consent Solicitation.

Peru

The New Notes and the information contained in this Exchange Offer and Consent Solicitation Memorandum are not being publicly marketed or offered in Peru and will not be distributed or caused to be distributed to the general public in Peru. Peruvian securities laws and regulations on public offerings will not be applicable to the offering of the New Notes and therefore, the disclosure obligations set forth therein will not be applicable to the Company or the sellers of the New Notes before or after their acquisition by prospective investors. The New Notes and the information

contained in this Exchange Offer and Consent Solicitation Memorandum have not been and will not be reviewed, confirmed, approved or in any way submitted to the Peruvian National Supervisory Commission of Companies and Securities (*Comisión Nacional Supervisora de Empresas y Valores*) nor have they been registered under the Peruvian Securities Market Law (*Ley del Mercado de Valores del Peru*) or any other Peruvian regulations. Accordingly, the New Notes cannot be offered or sold within Peruvian territory except to the extent any such offering or sale qualifies as a private offering under Peruvian regulations and complies with the provisions on private offerings set forth therein.

General

This Exchange Offer and Consent Solicitation Memorandum does not constitute an offer to buy or sell or a solicitation of an offer to sell or buy Existing Notes or New Notes, as applicable, in any jurisdiction in which, or to or from any person to or from whom, it is unlawful to make such offer or solicitation under applicable securities laws or otherwise. The distribution of this document in certain jurisdictions (including, but not limited to, the jurisdictions listed above) may be restricted by law. In those jurisdictions where the securities, blue sky or other laws require the Exchange Offer to be made by a licensed broker or dealer and the Dealer Managers and Solicitation Agents or any of their respective affiliates is such a licensed broker or dealer in any such jurisdiction, that Exchange Offer shall be deemed to be made by the Dealer Managers and Solicitation Agents or such affiliate (as the case may be) on behalf of the Company in such jurisdiction.

Each Eligible Holder participating in the Exchange Offer will give certain representations in respect of the jurisdictions referred to above and generally as set out in herein. Any Tender Order pursuant to the Exchange Offer from an Eligible Holder that is unable to make these representations will not be accepted. Each of the Company, the Dealer Managers and Solicitation Agents and the Exchange and Information Agent reserves the right, in its absolute discretion, to investigate, in relation to any Tender Order pursuant to the Exchange Offer. Whether any such representation given by an Eligible Holder is correct and, if such investigation is undertaken and as a result the Issuer determines (for any reason) that such representation is not correct, such Tender Order shall not be accepted.

LEGAL MATTERS

The validity of the New Notes will be passed upon for us by Nader, Hayaux y Goebel, S.C., our Mexican counsel, and by Winston & Strawn LLP, our U.S. counsel, and for the Dealer Managers and Solicitation Agents by Jones Day México, S.C., Mexican counsel for the Dealer Managers and Solicitation Agents, and by Simpson Thacher & Bartlett LLP, U.S. counsel for the Dealer Managers and Solicitation Agents.

INDEPENDENT AUDITORS

Our Audited Consolidated Financial Statements as of and for the years ended December 31, 2023, 2022 and 2021, included in this Exchange Offer and Consent Solicitation Memorandum, have been audited by Mazars Auditores, S. de R.L. de C.V., independent auditors, as stated in their reports appearing herein.

With respect to our unaudited Interim Consolidated Financial Statements as of September 30, 2024 and for the nine months ended September 30, 2024 and 2023 included herein, Mazars Auditores, S. de R.L. de C.V., independent auditors, have reported that they applied limited procedures in accordance with professional standards for a review of such information. However, their separate report included herein states that they did not audit and they do not express an opinion on our unaudited Interim Consolidated Financial Statements. Accordingly, the degree of reliance placed on their report on such information should be measured in light of the limited nature of the review procedures applied.

LISTING AND GENERAL INFORMATION

Application will be made for the listing and quotation of the New Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Exchange Offer and Consent Solicitation Memorandum. Admission of the New Notes to trading on the SGX-ST and the quotation of the Issuer on the SGX-ST are not to be taken as an indication of the merits of the Issuer or the New Notes. For so long as the New Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that a Global New Note is exchanged for a New Note in certificated, non-global form, the Issuer will appoint and maintain a paying agent in Singapore, where the New Notes in certificated, non-global form may be presented or surrendered for payment or redemption. In addition, in the event that a Global New Note is exchanged for a New Note in certificated, non-global form, an announcement of such exchange will be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the New Notes in certificated, non-global form, including details of the paying agent in Singapore. The New Notes will be traded on the SGX-ST in a minimum board lot size of U.S.$200,000 (or its equivalent in foreign currencies) for so long as the New Notes are listed on the SGX-ST.

Except as disclosed in this Exchange Offer and Consent Solicitation Memorandum, there are no litigation or arbitration proceedings against or affecting us or any of our respective assets, nor are we aware of any pending or threatened proceedings, which are or might reasonably be expected to be material in the context of the issuance of the New Notes.

Except as disclosed in this Exchange Offer and Consent Solicitation Memorandum, there has been no material adverse change or any development reasonably likely to involve a material adverse change, in our condition (financial or otherwise) or general affairs since September 30, 2024 that is material in the context of the issuance of the New Notes.

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

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

SEPTEMBER 30, 2024 AND 2023

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

CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS

SEPTEMBER 30, 2024 AND 2023

INDEX

Av. Paseo de la Reforma 295 - Piso 8
Col. Cuauhtémoc, C.P. 06500
Ciudad de México, México

REVIEW REPORT ON CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

Introduction

We have performed a review on the accompanying condensed consolidated interim financial statements at September 30, 2024 of Total Play Telecomunicaciones, S.A.P.I. de C.V. and Subsidiaries (hereinafter the "TPG" or the "Group"), which comprise the condensed consolidated statement of financial position as of September 30, 2024, and the statements of comprehensive loss, of changes in equity and of cash flows (hereinafter "the condensed consolidated interim financial statements"), as well as explanatory notes, all of them condensed and consolidated, corresponding to the nine-month period ended on such date. The Group's management is responsible for the preparation of such condensed consolidated interim financial statements in accordance with the requirements laid down in International Accounting Standard 34, *Interim Financial Information* (IAS 34). Our responsibility is to express a conclusion on such interim financial statements based on our review.

Scope of the review

We conducted our review in accordance with the International Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the International Auditing and Assurance Standards Board (IAASB). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a scope substantially less than an audit carried out in accordance with the International Standards on Auditing (ISA) and consequently, does not enable us to obtain assurance that all significant matters that may have been identified in an audit have come to our attention. Consequently, we do not express an audit opinion on the accompanying condensed consolidated interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that would lead us to believe that the accompanying condensed consolidated interim financial statements as of and for the nine-month period ended on September 30, 2024 have not been prepared, in all material respects, in accordance with the requirements laid down by IAS 34, for the preparation of condensed consolidated interim financial statements.

Emphasis of matters

I. We draw your attention to accompanying Note 2b. to the condensed consolidated interim financial statements, in which it is mentioned that the accompanying condensed consolidated interim financial statements do not include all information required in complete consolidated financial statements prepared in accordance with International Financial Reporting Standards; therefore, the accompanying condensed consolidated interim financial statements should be read jointly with the consolidated financial statements of the Group corresponding to the year ended on December 31, 2023. This matter does not modify our conclusion.

II. As mentioned in Note 2g. to the condensed consolidated interim financial statements, as of September 30, 2024, the Company has lost more than two-thirds of its share capital. The Mexican General Law of Commercial Companies establishes that companies that lose two-thirds of their share capital may be dissolved at the request of their creditors or any other interested party. Additionally, as shown in said condensed consolidated interim financial statements, as of September 30, 2024 and 2023, and December 31, 2023, short-term liabilities exceed its current assets in addition to the fact that the Company has incurred recurring net losses over the nine-month periods ended September 30, 2024 and 2023. These conditions, in addition to other factors, indicate the existence of a material uncertainty that casts significant doubt on the Company's ability to continue as a going concern. The plans implemented by management to reverse these adverse conditions are explained in the aforementioned note. The accompanying condensed consolidated interim financial statements do not include any adjustments related to the valuation and presentation of assets and liabilities that could result if the Company were not able to continue in operation. Our conclusion has not been modified in relation to this matter.

Report on other legal and regulatory requirements

The accompanying Offering Circular on the placement of Senior Notes (the “Offering Circular”) contains the explanations that the Group’s management deems appropriate on the relevant events occurring during the nine-month period ended September 30, 2024 and their effect on the condensed consolidated interim financial statements presented, of which it is not a part of. We have verified that accounting information contained in said Offering Circular agrees with the interim condensed consolidated financial statements as of September 30, 2024 and for the nine-month period ended on such date. Our work is limited to the verification of the Offering Circular with the scope previously mentioned and does not include the review of different information from the obtained from the accounting records of Total Play Telecomunicaciones, S.A.P.I. de C.V. and Subsidiaries.

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

CPC Jorge Villanueva Salas
Partner

Mexico City, Mexico
November 28, 2024

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Notes 1 and 2)

Figures expressed in thousands of Mexican pesos

	September 30 2024	September 30 2023	December 31 2023
Assets			
CURRENT ASSETS:			
Cash and cash equivalents	$ 3,507,265	$ 1,749,682	$ 2,376,975
Restricted cash / Fiduciary rights	2,378,901	3,828,461	3,376,697
Customers – Net	3,877,044	4,445,087	4,425,591
Other receivables and recoverable taxes	4,317,469	4,536,674	4,690,798
Inventories	2,485,846	2,764,601	2,926,381
Prepaid expenses	494,441	516,389	529,452
Total current assets	**17,060,966**	**17,840,894**	**18,325,894**
NON-CURRENT ASSETS:			
Property, plant and equipment – Net	62,228,622	60,365,452	61,945,837
Right-of-use assets – Net	3,642,008	5,445,459	4,780,395
Other non-current assets	2,739,936	2,339,184	2,336,271
Total non- current assets	**68,610,566**	**68,150,095**	**69,062,503**
Total assets	**$ 85,671,532**	**$ 85,990,989**	**$ 87,388,397**
Liabilities and Equity			
SHORT-TERM LIABILITIES:			
Short-term portion of long-term debt	$ 6,136,663	$ 4,447,598	$ 4,572,768
Trade payables	16,033,911	13,273,508	13,373,465
Lease liabilities	2,468,079	2,399,145	2,338,278
Reverse factoring	1,487,882	2,225,253	2,233,792
Other payables and payable taxes	2,594,999	3,182,111	2,900,722
Related parties	1,309,275	862,645	1,012,079
Total short-term liabilities	**30,030,809**	**26,390,260**	**26,431,104**
LONG-TERM LIABILITIES:			
Long-term debt	47,599,117	45,831,854	47,626,337
Lease liabilities	2,345,969	3,974,983	3,326,757
Other payables	5,617,453	6,352,750	6,769,374
Total long-term liabilities	**55,562,539**	**56,159,587**	**57,722,468**
Total liabilities	**85,593,348**	**82,549,847**	**84,153,572**
Commitments and contingencies	-	-	-
EQUITY:			
Capital stock	8,200,933	7,500,933	7,500,933
Paid-in capital	-	1,539,398	1,539,398
Accumulated Losses	(12,790,561)	(8,270,443)	(9,294,278)
Other comprehensive income	4,667,812	2,671,254	3,488,772
Total equity	**78,184**	**3,441,142**	**3,234,825**
Total liabilities and equity	**$ 85,671,532**	**$ 85,990,989**	**$ 87,388,397**

The accompanying eighteen condensed notes are an integral part of these condensed consolidated interim financial statements.

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Notes 1 and 2)

Figures expressed in thousands of Mexican pesos

	Nine-month period ended September 30,	
	2024	**2023**
Revenue from services	**$ 33,354,273**	**$ 29,829,887**
Cost of services	(6,399,796)	(5,736,943)
Gross profit	26,954,477	24,092,944
General expenses		
Network-related	(4,668,713)	(3,679,669)
Sales and administration	(6,520,881)	(6,757,575)
Depreciation and amortization	(12,602,321)	(11,914,216)
Other expenses – Net	(291,284)	(30,216)
	(24,083,199)	(22,381,676)
Operating profit	**2,871,278**	**1,711,268**
Financial cost:		
Accrued interest income	234,622	137,923
Change in fair value of financial instruments	(1,009,750)	(458,935)
Accrued interest expense:		
Financial debt	(4,308,074)	(3,549,189)
Leases	(348,146)	(518,288)
Other financial expenses	(190,982)	(342,094)
Foreign exchange (loss) gain – Net	(3,626,682)	2,771,068
	(9,249,012)	(1,959,515)
Loss before equity in net results of subsidiaries	**(6,377,734)**	**(248,247)**
Equity interest in net results of non-controlled companies	-	(18,962)
Loss before income tax provisions	**(6,377,734)**	**(267,209)**
Income tax provisions	393,280	(1,855,968)
Net loss for the period	**(5,984,454)**	**(2,123,177)**
Other comprehensive income (loss) items:		
Fair value adjustment- property, plant and equipment	1,539,918	-
Fair value adjustment - intangible assets	195,500	769,773
Foreign operations currency translation effect of the year	(2,429)	6,353
Net change in unrealized gain (loss) on cash flow hedges	1,094,824	(1,067,336)
	2,827,813	(291,210)
Net comprehensive loss	**$ (3,156,641)**	**$ (2,414,387)**

The accompanying eighteen condensed notes are an integral part of these condensed consolidated interim financial statements.

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

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2024 AND 2023

(Notes 1 and 2)

Figures expressed in thousands of Mexican pesos

	Capital stock	Paid-in capital	Cumulative losses	Other comprehensive income	Total equity
Balances as of January 1, 2023	**$ 7,500,933**	**$ 1,539,398**	**$ (6,147,266)**	**$ 2,962,464**	**$ 5,855,529**
Comprehensive loss for the period	-	-	(2,123,177)	(291,210)	(2,414,387)
Balances as of September 30, 2023	**$ 7,500,933**	**$ 1,539,398**	**$ (8,270,443)**	**$ 2,671,254**	**$ 3,441,142**
Balances as of January 1, 2024	**$ 7,500,933**	**$ 1,539,398**	**$ (9,294,278)**	**$ 3,488,772**	**$ 3,234,825**
Capital stock increase	700,000	(700,000)	-	-	-
Paid- in capital recycling	-	(839,398)	839,398	-	-
Recycling of other comprehensive income (See Note 15)	-	-	1,648,773	(1,648,773)	-
Comprehensive loss for the period	-	-	(5,984,454)	2,827,813	(3,156,641)
Balances as of September 30, 2024	**$ 8,200,933**	**$ -**	**$ (12,790,561)**	**$ 4,667,812**	**$ 78,184**

The accompanying eighteen condensed notes are an integral part of these condensed consolidated interim financial statements.

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Notes 1 and 2)

Figures expressed in thousands of Mexican pesos

	Nine-month period ended September 30,	
	2024	**2023**
Operating activities:		
Loss before income tax provision	$ (6,377,734)	$ (267,209)
Items not requiring the use of resources:		
Depreciation and amortization	12,602,321	11,914,216
Employee benefits	26,449	7,254
Items related to investing or financing activities:		
Accrued interest income	(234,622)	(137,923)
Accrued interest expense and other financial expenses	5,856,953	4,880,358
Unrealized foreign exchange loss (gain) – Net	3,647,558	(2,831,786)
Equity in net losses of non-controlled companies	-	18,962
	15,520,925	13,583,872
Resources generated by (used in) operating activities:		
Customers	(44,586)	755,504
Other receivables and prepaid expenses	313,744	165,480
Related parties - Net	354,354	419,935
Inventories	440,535	(422,505)
Trade payables	2,504,554	2,587,011
Other payables	682,141	(427,100)
Cash flows generated by operating activities	**19,771,667**	**16,662,197**
Investing activities:		
Acquisition of property, plant and equipment	(8,901,764)	(11,815,433)
Other assets	(119,380)	(62,548)
Collected interest	234,622	137,923
Cash flows used in investing activities	**(8,786,522)**	**(11,740,058)**
Financing activities:		
Loans received	(2,165,381)	3,304,174
Payment of lease liabilities	(1,796,294)	(1,935,602)
Interest paid	(4,623,826)	(3,809,147)
Reverse factoring	(745,910)	(465,831)
Derivative financial instruments	(1,521,241)	(315,018)
Restricted cash / Fiduciary rights	997,797	(1,840,582)
Net cash flows generated by financing activities	**(9,854,855)**	**(5,062,006)**
Net increase (decrease) in cash and cash equivalents	1,130,290	(139,867)
Cash and cash equivalents at the beginning of the period	2,376,975	1,889,549
Cash and cash equivalents at the end of the period	**$ 3,507,265**	**$ 1,749,682**

The accompanying eighteen condensed notes are an integral part of these condensed consolidated interim financial statements.

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

a. Entity:

Total Play Telecomunicaciones, S.A.P.I. de C.V. ("the Company") was incorporated on May 10, 1989, under Mexican laws. As of September 30, 2023, the Company is a subsidiary of Corporación RBS, S.A. de C.V at 51.3% (parent at the last level of consolidation through trust F-1410).

The main headquarters of the Company are located at Avenida San Jerónimo 252, Colonia La Otra Banda, C.P. 04519, Alcaldía de Coyoacán, Mexico City, Mexico.

b. Activities:

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 for 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 telephone 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 (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 FTI grant to the company a renewal of the 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 perimeter:

The Company is the controlling shareholder of the following entities:

Company	Country of incorporation	Functional currency	Year of Incorporation	% direct or indirect interest		Activity
				2024	2023	
Iusatel USA, Inc.	United States of America	U.S. dollar	2001	100%	100%	Long distance service
Tendai, S.A. de C.V.	Mexico	Mexican peso	2013	100%	100%	Dormant
Total Box, S.A. de C.V.	Mexico	Mexican peso	2014	100%	100%	Lease of decoders
Gesalm Asesores, S.A. de C.V.	Mexico	Mexican peso	2014	100%	100%	Dormant
Total Telecom Play, S.A. de C.V.	Mexico	Mexican peso	2015	100%	100%	Dormant
Total Play Comunicaciones Colombia, S.A.S.	Colombia	Colombian peso	2019	48%	48%	Paid TV services
Hogar Seguro TP, S.A. de C.V.	Mexico	Mexican peso	2020	100%	100%	Surveillance services
TP Go, S. A. de C. V.	Mexico	Mexican peso	2022	100%	100%	Financial services

Hereinafter, the Company and its subsidiaries are jointly referred to as TPG (which stands for "Total Play Group").

On August 31st, 2024 the companies Gesalm Consultores, S.A. de C.V. and Gesalm Servicios, S.A. de C.V. have been merged into Gesalm Asesores, S.A. de C.V.

d. Public information:

TPG is required to report its quarterly 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) due to the issuance of securitized certificates (Certificados Bursátiles or CEBURES); as well as to the Singapore Stock Exchange (SGX) due to the Senior Notes issuance described in Note 10.

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

a. Authorization of the consolidated financial statements

TPG condensed consolidated interim financial statements as of September 30, 2024 were approved by Mr. Alejandro Enrique Rodríguez Sánchez (Chief Financial Officer of TPG) and by Mr. Gildardo Lara Bayón (Corporate Controlling Director of Grupo Salinas) on November 28, 2024.

b. Basis of preparation and presentation of the financial information

The accompanying condensed consolidated interim financial statements correspond to the nine-month periods ended September 30, 2024 and 2023, and were prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* (IAS 34) and do not include all required information for annual financial statements under International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The information comprised in these condensed consolidated interim financial statements has not been audited and must be read in conjunction with the consolidated audited financial statements as of December 31, 2023.

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

c. Condensed consolidated Interim financial statements

TPG condensed consolidated interim financial statements include the Company and all of its subsidiaries as of September 30, 2024 and 2023 (see Note 1). The Company 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 to affect those returns through its power over the subsidiary. All the Company's subsidiaries present their financial information for consolidation purposes as of September 30, 2024 and 2023, 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 assets, it is reversed in consolidation, the related asset is also tested for impairment from a consolidated perspective. The reported amounts by 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. Acquired or disposed 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.

d. Functional and reporting currency

The condensed consolidated interim 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 1.c).

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

The condensed consolidated interim financial statements have been prepared in accordance with the accounting policies described in Note 2 to the audited consolidated financial statements as of December 31, 2023.

In the current year, the TPG has applied a number of amendments to IFRS issued by the IASB that are mandatorily effective for an accounting period that begins on or after 1 January 2024 and are as follows:

Standards / Amendments to existing standards	Mandatory application for fiscal years started on or after
Amendment to IFRS 16, Leases – Measurement of lease liability in a sale and lease back transaction.	January 1, 2024
Amendment to IAS 1, Presentation of financial statements - Clarification of liabilities classification as current or noncurrent	January 1, 2024
Amendments to IAS 7, Statement of Cash Flows and IFRS 7, Financial Instruments: Disclosures — Supplier Finance Arrangements.	January 1, 2024

Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

New and revised IFRS issued but not yet effective are as follows:

- Lack of Exchangeability – Amendments to IAS 21, The Effects of Changes in Foreign Exchange Rates
- Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures
- IFRS 18, Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures.

f. Critical accounting judgments and key sources of uncertainty in estimates

In applying the Company's accounting policies, management must make judgments, estimates and assumptions about the carrying amounts of assets and liabilities in the condensed consolidated interim financial statements. Estimates and relative assumptions are based on experience and other factors deemed relevant. Actual results could differ from these estimates.

Estimates and assumptions are reviewed on a regular basis. Modifications to accounting estimates are recognized in the period in which the modification is made and future periods if the modification affects both the current period and subsequent periods.

1. Accounting judgments when applying accounting policies

(i) Revenue from contracts with customers. In the process of applying TPG's accounting policies, Management has performed the following judgments that have had the most significant effects on the figures recognized in the condensed consolidated interim 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 useful life of the installed equipment; (4) rate of subscribers cancellations; and (5) principal vs agent revenue recognition.

(ii) 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, it is determined if an asset or a liability exists.

2. Key sources of uncertainty in estimates

(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 equipment. The factors considered by TPG to determine impairment allowance of receivables include customer's risk related to its financial situation, unsecured accounts and the portfolio aging in accordance with the credit terms and conditions set down (see Notes 5 and 7 for more detail).

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

(iii) Capitalization of borrowing costs. TPG uses its judgment to determine: (1) the qualifying assets in which the borrowing cost can 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. When recording 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 others, 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) Contingencies. TPG is subject to legal procedures in 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 the payment obligation becomes probable, the corresponding liability is recognized.

(viii) Fair value measurements. Derivative financial instruments are recognized in the statement of financial position at their fair value at each reporting date. Additionally, Note 12 discloses the fair value of certain financial instruments, mainly long-term debt, although it does not imply a risk of adjustment to the book values. Additionally, TPG recognizes the fair value of some items of Property, plant and equipment and Intangible assets (trademarks) periodically.

Fair values are determined by using valuation techniques that include data that is not observable in a market. The main assumptions used in the valuation are described in the corresponding notes. TPG considers that the valuation techniques and assumptions selected are appropriate to determine fair values.

For a more detailed description of the rest of the accounting policies applied by TPG in these condensed consolidated interim financial statements refer to Note 3 of the 2023 audited annual consolidated financial statements.

g. Going concern

The Company has accumulated losses in excess of two-thirds of its share capital. The Mexican General Law of Commercial Companies states that companies that record losses in excess of two-thirds of their share capital may be dissolved at the request of their creditors or any other interested party. Additionally, as shown in said condensed consolidated interim statement of financial position, as of September 30, 2024 and 2023, and December 31, 2023, short-term liabilities exceed its current assets in addition to the fact that the Company has incurred recurring net losses over the nine-month periods ended September 30, 2024 and 2023. These conditions, in addition to other factors, indicate the existence of a material uncertainty that casts significant doubt on the TPG's ability to continue as a going concern.

TPG's Management has a reasonable expectation to have adequate resources to continue its operating existence for the foreseeable future. TPG's Management has implemented plans to offset the potential effects, with the following actions:

Operational Efficiencies:

To strengthen its cash flow, TPG decided to curb its geographic coverage investment plan starting in 2023. This coverage currently reaches 17.6 million homes passed. TPG is now focusing on the second phase of its strategic plan, which consists of: (i) operational penetration with moderated growth in the subscriber base, (ii) strict financial discipline, and (iii) the generation of operating efficiencies. As of September 30, 2024, operational penetration has reached 29.1%, an increase from 25.2% at the beginning of 2023.

In alignment with the TPG's strategy, for the nine-month period ended September 30, 2024, revenue grew at 12% while operating profit grew 68% year over year. As seen operating profit grew at a faster rate than revenue, indicating sustained and increasing profitability. This sustained improvement in Company's financial results will contribute to the strengthening of its equity.

Capital expenditures (CAPEX) have been decreasing as well. For the nine-month period ending September 30, 2022, Capex represented 62% of total revenues. For the same period in 2023, the rate was 40%, and further reduced to 27% for the same period of in 2024.

The company has been recognized by independent parties as the internet supplier with the best service in the market. This is reflected in a higher Average Revenue per User (ARPU) and a lower churn rate—the rate at which clients unsubscribe from the service—compared to other providers in the Mexican market, signifying increased preference and loyalty from our subscribers.

Financial Strategy:

Given the strength of its operating and financial results, investor confidence in TPG has grown. TPG has fully complied with its financial commitments and has been able to effectively access debt markets to meet its financing needs. From January 1, 2023, through September 30, 2024, the company has successfully placed over $26,000,000 in the market, through a combination of new debt issuance and refinancing.

TPG maintains strong financial flexibility, supported by its growing subscriber base, which can be leveraged as collateral for new debt placements. Additionally, there is untapped capacity in its backbone network that can also serve as collateral, given its potentially high value to investors

NOTE 3 – RELEVANT RECENT DEVELOPMENTS:

The most recent relevant developments occurring from December 31, 2023 (date of the most recent audited consolidated financial statements) and up to September 30, 2024, are described below:

Fixed assets and trademarks revaluation

a. On June 30, 2024 the Company performed a fair value review of its trademark, in accordance with IAS 38, *Intangibles*. The effect represented an increase in non-current assets and other comprehensive income of $195,500.

b. On June 30 and September 25, 2024, the Company performed a fair value review of the property, plant and equipment, determined by independent expert. The effect represented an increase in non-current assets and other comprehensive income of $1,032,666 and $1,167,216 respectively.

c. Debt:
   i. *Debt repayment*-
   On January 2024, TPG carried out the settlement of the derivative financial instruments that were contracted with Morgan Stanley, Barclays Bank Mexico and Barclays Bank, PLC amounting to U.S.$46,900, U.S.$31,312 and U.S.$9,359 respectively.

   ii. *New financing*-

On February 21, 2024 the Company entered into an exchange agreement with a group of investors, for U.S.-$213,486 of its Unsecured Senior Notes U.S.$575,000 bearing with interest of 7.500% and matures in 2025. The new notes resulting from the exchange are secured by designated accounts receivable and bearing interest at of 10.5% annual rate and have an increasing amortization schedule of 20% in 2026, 30% in 2027 and 50% in 2028, respectively.

On April 24, 2024 the Company issued bonds denominated as CEBURES TP 00124 amounting $1,000,000, which bear an annual interest rate of the Equilibrium Interbank Interest Rate (TIIE for its acronym in Spanish) 28 plus 200 basis points and maturity on April 9, 2025. Funds received were used to repay CEBURES TP 00123 by the same amount $1,000,000.

On April 24, 2024 TPG entered into an exchange agreement with a group of investors for U.S.$305,443 of its Unsecured Senior Notes U.S. $575,000 USD with interest of 7.500% and maturity in 2025 and obtained a haircut of $50. The new notes resulting from the exchange are secured by designated accounts receivable, bear interest at a fixed annual rate of 10.5% and have an increasing amortization schedule of 20% in 2026, 30% in 2027 and 50% in 2028, respectively.

d. Operational growth - Subscribers:

During the nine months ended on September 30, 2024, the Company continued its growth in the cities already covered. The subscribers base grew by 7% in the residential segment with respect to December 31, 2023, reaching 5,124,433 users.

In the TotalPlay Empresarial segment, the number of the subscribers grew 5%, reaching 102,360 clients.

e. New contracts with clients:
   i. Banco del Bienestar. – Equipment sales, installation services, maintenance, monitoring and connectivity for branches for $929,224.
   ii. Fiscalía General de la Republica. – Access control system implementation for the institutional personnel and visitors for $575,121.
   iii. Comisión Federal de Electricidad. – Comprehensive restoration service of the Fiber Optic system, installation and maintenance for $254,342.

NOTE 4 – CASH AND CASH EQUIVALENTS:

Cash and cash equivalents are comprised as follows:

	As of September 30, 2024	2023	As of December 31, 2023
Petty cash funds	$ 177	$ 484	$ 332
Checking accounts	355,659	1,163,827	1,277,661
Short-term investments	3,151,429	585,371	1,098,982
Total cash and cash equivalents	$ 3,507,265	$ 1,749,682	$ 2,376,975

NOTE 5 – ACCOUNTS RECEIVABLE FROM CUSTOMERS:

a. Balance integration:

The accounts receivable from customers are comprised as follows:

	As of September 30, 2024	As of September 30, 2023	As of December 31, 2023
TotalPlay Residential and TotalPlay Empresarial customers	$ 4,618,012	$ 4,725,455	$ 4,779,893
Advertising customers	432,352	516,406	514,819
Telecommunications carriers	20,617	66,077	67,685
Others	213,676	98,954	122,963
Gross balance	5,284,657	5,406,892	5,485,360
Expected credit loss allowance	(1,407,613)	(961,805)	(1,059,769)
Total accounts receivable from customers – net	$ 3,877,044	$ 4,445,087	$ 4,425,591

b. Expected credit loss allowance balance reconciliation:

	Nine-month period ended September 30, 2024	Nine-month period ended September 30, 2023	Year ended December 31, 2023
Opening balance	$ 1,059,769	$ 637,969	$ 637,969
Increases	670,959	623,110	851,834
Write-offs	(323,115)	(299,274)	(430,034)
Closing balance	$ 1,407,613	$ 961,805	$ 1,059,769

NOTE 6 – RELATED PARTIES:

Accounts receivable and payable to related parties are shown below:

	As of September 30, 2024	As of September 30, 2023	As of December 31, 2023
Short-term accounts receivable			
Total Play Comunicaciones Colombia S.A.S.	$ 279,903	$ 236,597	$ 230,247
Operadora Biper S.A. de C.V.	231,953	192,435	187,458
Azteca Comunicación Colombia S.A.S.	43,056	10,214	14,862
TV Azteca, S.A.B. de C.V. and subsidiaries (GTVA)	35,547	3,625	48,043
Grupo Elektra, S.A.B. de C.V. and subsidiaries (GEKT)	5,975	7,034	66,240
Tiendas Super Precio S.A.P.I. de C.V.	328	-	3,139
Others	426	2,346	698
Expected credit loss allowance	(324,868)	(188,251)	(183,771)
Total short-term accounts receivable from related parties	$ 272,320	$ 264,000	$ 366,916
Long term accounts receivables			
Azteca Comunicación Colombia S.A.S.[1]	$ 274,806	$ 158,575	$ 237,367
Total long-term accounts receivable from related parties	$ 274,806	$ 158,575	$ 237,367

[1] Corresponds to a lease contract executed on January 2, 2021, and maturity on December 2, 2025.

	As of September 30, 2024	As of September 30, 2023	As of December 31, 2023
Short term accounts payable:			
TV Azteca, S.A.B. de C.V. and subsidiaries (GTVA)	$ 599,449	$ 340,332	$ 449,845
Totalsec, S.A. de C.V. (Totalsec)	539,724	311,436	356,920
UPAX GS, S.A. de C.V. (UPAX)	77,628	52,110	96,888
Servicios de Asesoría en Medios de Comunicación GS, S.A. de C.V.	54,026	47,864	65,054
Grupo Elektra, S.A.B. de C.V. and subsidiaries (GEKT)	19,678	56,199	15,962
Adamantium Private Security Services, S.R.L. de C.V. (Adamantium)	7,533	14,534	-
Selabe Diseños, S.A. de C.V. (Selabe)	3,111	4,212	7,021
Arrendadora Internacional Azteca, S.A. de C.V. (Arrendadora)	-	31,989	-
Others	8,126	3,969	20,389
Total short-term accounts payable to related parties	$ 1,309,275	$ 862,645	$ 1,012,079

Transactions with Grupo Salinas companies

TPG provides fixed telephony services, internet and link rent to GEKT and GTVA.

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

- GEKT - leasing, fees and maintenance.
- GTVA - advertising and leasing.
- CRBS - fees.
- Adamantium - surveillance and security.
- Totalsec - fixed assets, inventory, maintenance, and fees.
- UPAX - fees and advertising.
- Selabe - fees.

NOTE 7 – INVENTORIES:

a. Balance integration:

Inventories are comprised as follows:

	As of September 30, 2024	As of September 30, 2023	As of December 31, 2023
Equipment	$ 1,454,845	$ 1,330,747	$ 1,610,422
Installation materials warehouse	1,080,088	1,471,742	1,366,018
Gross balance	2,534,933	2,802,489	2,976,440
Obsolescence allowance	(49,087)	(37,888)	(50,059)
Total inventories – net	$ 2,485,846	$ 2,764,601	$ 2,926,381

b. Reconciliation of the obsolescence allowance balances:

	Nine-month period ended September 30, 2024	Nine-month period ended September 30, 2023	Year ended December 31, 2023
Opening balance	$ 50,059	$ 15,929	$ 15,929
Increases	24,391	29,377	45,364
Write-offs	(25,363)	(7,418)	(11,234)
Closing balance	$ 49,087	$ 37,888	$ 50,059

NOTE 8 – PROPERTY, PLANT AND EQUIPMENT - NET:

a. Breakdown by type of asset:

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

	As of September 30, 2024	As of September 30, 2023	As of December 31, 2023
Decoders	$ 56,057,908	$ 48,389,971	$ 50,371,225
Fiber optic	25,373,866	22,055,148	23,422,664
Communication equipment	15,082,675	12,516,450	13,436,361
Licenses and software	2,829,357	2,531,524	2,478,645
Machinery and laboratory equipment	1,779,056	1,553,228	1,641,059
Computers	1,305,617	1,208,622	1,207,270
Leasehold improvements	528,456	449,480	453,418
Furniture and fixtures	323,917	265,807	268,453
Vehicles	51,814	90,221	54,949
Gross depreciable balance	103,332,666	89,060,451	93,334,044
Accumulated depreciation	(41,449,551)	(29,762,937)	(32,413,610)
Net depreciable balance	61,883,115	59,297,514	60,920,434
Projects in progress	309,619	1,032,050	989,515
Land	35,888	35,888	35,888
Total property, plant and equipment, net	$ 62,228,622	$ 60,365,452	$ 61,945,837

TPG has guaranteed the tax litigation mentioned in Note 13.b with certain of these assets up to an amount of $1,052,240.

The carrying amount of property, plant and equipment is subject to an annual impairment test.

b. Balance reconciliation:

The reconciliation of balances for the periods ended September 30, 2024 and 2023 and for the year ended December 31, 2023, is as follows

	As of September 30, 2024	As of September 30, 2023	As of December 31, 2023
Opening balance	$ 61,945,837	$ 58,165,156	$ 58,165,156
Purchases, net of disposals[1]	11,180,496	12,117,764	17,277,219
Depreciation and subscribers acquisition cost	(10,897,711)	(9,917,468)	(13,496,538)
Closing balance	$ 62,228,622	$ 60,365,452	$ 61,945,837

[1] Includes borrowing costs amounting to $78,849 and $302,331 for the periods ended September 30, 2024 and 2023, respectively, and $396,406 for the year ended December 31, 2023.

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

a. Rights-of-use asset integration by type on underlying asset:

The right-of-use assets balance was comprised as follows:

	As of September 30, 2024	2023	As of December 31, 2023
Decoders	$ 6,271,018	$ 6,280,537	$ 6,280,537
Property	1,535,705	1,973,660	4,071,365
Vehicles	521,091	614,438	520,906
Communication equipment	143,990	259,723	143,990
Computers	176,480	210,505	176,480
Furniture and fixtures	-	199,541	-
Others	88,389	-	-
Gross balance	8,736,673	9,538,404	11,193,278
Accumulated depreciation	(5,094,665)	(4,092,945)	(6,412,883)
Net balance	$ 3,642,008	$ 5,445,459	$ 4,780,395

b. Maturities of long-term liabilities for leases as of September 30, 2024 are as follows:

Year	Amount
2026	$ 777,424
2027	213,822
2028	68,946
2029	461,593
2030	824,184
Net balance	$ 2,345,969

NOTA 10 – FINANCIAL DEBT:

As of the condensed consolidated interim financial statement presentation dates, TPG had the following outstanding financings:

	As of September 30, 2024		
	Short-term	Long-term	Total
a. 6.375% Unsecured Senior Notes Due 2028	$ -	$ 11,777,400	$ 11,777,400
b. QH Productos Estructurados, S.A.P.I. de C. V.	716,258	6,921,463	7,637,721
c.10.500% Senior Notes 2028	-	5,995,541	5,995,541
d. FGS Bridge S.A. de C.V. SOFOM, E.N.R.	329,167	5,370,833	5,700,000
e. Banco Azteca, S.A.I.B.M. Fideicomiso F/1397	-	3,749,492	3,749,492
f. Universidad ICEL, S.C.	-	2,537,000	2,537,000
g. Postulando Ideas, S.A. de C.V.	-	1,846,695	1,846,695
h. The Export and Import Bank of China	530,253	1,193,069	1,723,322
i. Desarrollo JNG Coyoacán, S.A. de C.V.	-	1,650,404	1,650,404
j. CEBURES TPLAY 22	1,593,347	-	1,593,347
k. Interpretaciones Económicas, S.A. de C.V.	-	1,412,761	1,412,761
l. Desarrollo JNG Azcapotzalco, S.A. de C.V.	-	1,393,553	1,393,553
m. Inmobiliaria Ciudad del Sol Guadalajara, S.A. de C.V.	-	1,384,738	1,384,738
n. 7.500% Unsecured Senior Notes Due 2025	-	1,099,636	1,099,636
ñ. Negocios y Visión en Marcha, S.A. de C.V.	-	1,084,849	1,084,849
o. CEBURES TPLAY 00223	1,000,000	-	1,000,000
p. CEBURES TPLAY 00124	1,000,000	-	1,000,000
q. CEBURES TPLAYCB20 Fideicomiso 3370	758,333	-	758,333
r. Fideicomiso F/690	-	441,024	441,024
s. Banco Invex, S.A. Institución de Banca Múltiple	240,000	100,000	340,000
t. Cisco Capital de México, S. de R. L. de C.V.	46,873	72,972	119,845
Transaction costs	(77,568)	(432,313)	(509,881)
Debt at amortized cost	$ 6,136,663	$ 47,599,117	$ 53,735,780

	As of September 30, 2023		
	Short-term	Long-term	Total
a. 6.375% Unsecured Senior Notes Due 2028	$ -	$ 10,571,700	$ 10,571,700
n. 7.500% Unsecured Senior Notes Due 2025	-	10,131,213	10,131,213
d. FGS Bridge S.A. de C.V. SOFOM, E.N.R.	-	5,700,000	5,700,000
b. QH Productos Estructurados, S.A.P.I. de C. V.	32,779	4,337,721	4,370,500
f. Universidad ICEL, S.C.	-	2,537,000	2,537,000
q. CEBURES TPLAYCB20 Fideicomiso 3370	1,310,000	758,333	2,068,333
h. The Export and Import Bank of China	451,610	1,469,037	1,920,647
g. Postulando Ideas, S.A. de C.V.	-	1,846,695	1,846,695
i. Desarrollo JNG Coyoacán, S.A. de C.V.	-	1,650,404	1,650,404
j. CEBURES TPLAY 22	-	1,593,347	1,593,347
k. Interpretaciones Económicas, S.A. de C.V.	-	1,412,761	1,412,761
l. Desarrollo JNG Azcapotzalco, S.A. de C.V.	-	1,393,553	1,393,553
m. Inmobiliaria Ciudad del Sol Guadalajara, S.A. de C.V.	-	1,384,738	1,384,738
ñ. Negocios y Visión en Marcha, S.A. de C.V.	-	1,084,849	1,084,849
v. CEBURES TPLAY 00222	1,000,000	-	1,000,000
w. CEBURES TPLAY 00123	1,000,000	-	1,000,000
s. Banco Invex, S.A. Institución de Banca Múltiple	266,666	340,000	606,666
u. Banco del Bajío, S.A. Institución de Banca Múltiple	395,455	-	395,455
t. Cisco Capital de México, S. de R. L. de C.V.	32,008	132,373	164,381
Transaction costs	(40,920)	(511,870)	(552,790)
Total debt recognized at amortized cost	$ 4,447,598	$ 45,831,854	$ 50,279,452

	December 31, 2023		
	Short-term	Long-term	Total
a. 6.375% Unsecured Senior Notes Due 2028	$ -	$ 10,136,100	$ 10,136,100
n. 7.500% Unsecured Senior Notes Due 2025	-	9,713,764	9,713,764
b. QH Productos Estructurados, S.A.P.I. de C.V.	79,308	7,591,193	7,670,501
d. FGS Bridge S.A. de C.V. SOFOM, E.N.R.	-	5,700,000	5,700,000
f. Universidad ICEL, S.C.	-	2,537,000	2,537,000
g. Postulando Ideas, S.A. de C.V.	-	1,846,695	1,846,695
q. CEBURES TPLAYCB20 Fideicomiso CIB/3370	1,490,000	318,333	1,808,333
h. The Export and Import Bank of China	451,471	1,354,414	1,805,885
i. Desarrollo JNG Coyoacán, S.A. de C.V.	-	1,650,404	1,650,404
j. CEBURES TPLAY 22	-	1,593,347	1,593,347
k. Interpretaciones Económicas, S.A. de C.V.	-	1,412,761	1,412,761
l. Desarrollo JNG Azcapotzalco, S.A. de C.V.	-	1,393,553	1,393,553
m. Inmobiliaria Ciudad del Sol Guadalajara, S.A. de C.V.	-	1,384,738	1,384,738
ñ. Negocios y Visión en Marcha, S.A. de C.V.	-	1,084,849	1,084,849
x. CEBURES TPLAY 00123	1,000,000	-	1,000,000
o. CEBURES TPLAY 00223	1,000,000	-	1,000,000
s. Banco Invex, S.A. Institución de Banca Múltiple	266,667	273,333	540,000
u. Banco del Bajío, S.A. Institución de Banca Múltiple	313,636	-	313,636
t. Cisco Capital de México, S. de R.L. de C.V.	44,403	107,805	152,208
Transaction costs	(72,717)	(471,952)	(544,669)
Total debt recognized at amortized cost	$ 4,572,768	$ 47,626,337	$ 52,199,105

As of September 30, 2024, maturities of long-term portions are the following:

Year	Face Value	Transaction costs	Amortized cost
2026	$ 6,753,837	$ (52,617)	$ 6,701,220
2027	6,833,378	(81,259)	6,752,119
2028	4,403,999	(112,533)	4,291,466
2029	18,636,959	(170,155)	18,466,804
2030	1,403,257	(14,796)	1,388,461
Onwards	10,000,000	(953)	9,999,047
	$ 48,031,430	$ (432,313)	$ 47,599,117

NOTE 11 – REVERSE FACTORING:

As a financing alternative, TPG offers its suppliers to participate in a factoring credit facility, through which the factoring entity settles the debt originally contracted by TPG to the supplier, less the agreed discount. Subsequently, TPG repays the amounts owed to the factoring entity at face value, but in an extended period.

The following table shows liabilities resulting from factoring operations with suppliers as of September 30, 2024 and 2023 and at December 31, 2023:

	As of September 30, 2024	2023	As of December 31, 2023
FGS Bridge, S.A. de C.V. SOFOM, E.N.R.	$ 1,133,236	$ 1,126,554	$ 1,175,391
Bank of China Shenzhen Branch	347,304	776,481	662,401
Jefferies LLC	7,124	273,522	262,252
Arrendadora Internacional Azteca, S.A. de C.V.	218	40,771	133,748
Cintercap, S.A. de C.V. SOFOM, E.N.R.	-	5,146	-
SMX Financial, S.A.P.I. de C.V. SOFOM E.N.R.	-	2,779	-
Net balance	$ 1,487,882	$ 2,225,253	$ 2,233,792

NOTE 12 – FINANCIAL INSTRUMENTS:

a) Fair value:

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

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

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

As of September 30, 2024 and 2023 and at December 31, 2023, financial assets and liabilities are classified as follows:

As of September 30, 2024:	Amortized cost	FVTPL[1]	FVOCI[2]	Total
Financial Assets:				
Cash and cash equivalents	$ 3,507,265	$ -	$ -	$ 3,507,265
Restricted cash / Fiduciary rights	2,378,901	-	-	2,378,901
Customers	3,877,044	-	-	3,877,044
Other receivables	148,061	-	-	148,061
Related parties	272,320	-	-	272,320
	$ 10,183,591	$ -	$ -	$ 10,183,591
Financial Liabilities:				
Total financial debt (short and long-term)	$ 53,735,780	$ -	$ -	$ 53,735,780
Short and long-term lease liabilities	4,814,048	-	-	4,814,048
Payable interest	78,825	-	-	78,825
Trade payables	16,033,911	-	-	16,033,911
Reverse factoring	1,487,882	-	-	1,487,882
Other payables and payable taxes	2,105,525	-	-	2,105,525
Related parties	1,309,275	-	-	1,309,275
Derivative financial instruments designated as hedges	-	640	9,627	10,267
	$ 79,565,246	$ 640	$ 9,627	$ 79,575,513

As of September 30, 2023	Amortized cost	FVTPL	FVOCI	Total
Financial Assets:				
Cash and cash equivalents	$ 1,749,682	$ -	$ -	$ 1,749,682
Restricted cash / Fiduciary rights	3,828,461	-	-	3,828,461
Accounts receivable:		-	-	
Customers	4,445,087	-	-	4,445,087
Other receivables	186,748	-	-	186,748
Related parties	264,000	-	-	264,000
	$ 10,473,978	$ -	$ -	$ 10,473,978
Financial Liabilities:				
Total financial debt (short and long-term)	$ 50,279,452	$ -	$ -	$ 50,279,452
Short and long-term lease liabilities	6,374,128	-	-	6,374,128
Interest payable	430,272	-	-	430,272
Trade payables	13,273,508	-	-	13,273,508
Reverse factoring	2,225,253	-	-	2,225,253
Other payables and payable taxes	2,013,167	-	-	2,013,167
Related parties	862,645	-	-	862,645
Derivative financial instruments designated as hedges	-	268,845	1,874,254	2,143,099
	$ 75,458,425	$ 268,845	$ 1,874,254	$ 77,601,524

As of December 31, 2023	Amortized cost	FVTPL	FVOCI	Total
Financial Assets:				
Cash and cash equivalents	$ 2,376,975	$ -	$ -	$ 2,376,975
Restricted cash	3,376,697	-	-	3,376,697
Accounts receivable:		-	-	
Customers	4,425,591	-	-	4,425,591
Other receivables	183,163	-	-	183,163
Related parties	366,916	-	-	366,916
	$ 10,729,342	$ -	$ -	$ 10,729,342
Financial Liabilities:				
Total financial debt (short and long-term)	$ 52,199,105	$ -	$ -	$ 52,199,105
Short and long-term lease liabilities	5,665,035	-	-	5,665,035
Interest payable	315,727	-	-	315,727
Trade payables	13,373,465	-	-	13,373,465
Reverse factoring	2,233,792	-	-	2,233,792
Other payables and payable taxes	1,416,708	-	-	1,416,708
Related parties	1,012,079	-	-	1,012,079
Derivative financial instruments designated as hedges	-	105,470	1,511,113	1,616,583
	$ 76,215,911	$ 105,470	$ 1,511,113	$ 77,832,494

[1] Fair value through profit or loss (FVTPL).

[2] Fair value through other comprehensive income (FVOCI)

b) Hedging activities and derivatives:

i. Economic natural hedges

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

ii. Cash flow hedges

Non-dominant credit risk-

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

Company	Rating	Agency
Actinver Casa de Bolsa, S.A. de C.V., Grupo Financiero Actinver	AA	Fitch Ratings
CIBanco, S.A., Institución de Banca Múltiple	F1+ (mex)	Fitch Ratings
Grupo Financiero Barclays México, S.A. de C.V.	AAA (mex) y F1+ (mex)	Fitch Ratings
Intercam Banco, S.A., Institución de Banca Múltiple, Intercam Grupo Financiero	AA- (mex)	Fitch Ratings
Banco Azteca S.A., Institución de Banca Múltiple.	BB-	Fitch Ratings
Total Play Comunicaciones, S.A.P.I. de C.V.	Caa1	Moodys

Foreign exchange risk

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

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

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

Derivative financial instrument:	**As of September 30, 2024**	**2023**	**As of December 31, 2023**
Currency forwards	$ 10,267	$ 385,086	$ 277,460
Currency swaps	-	904,777	680,499
Call spreads structure	-	829,707	653,035
Currency options	-	23,529	5,589
Mark-to market at the closing period	$ 10,267	$ 2,143,099	$ 1,616,583

As of September 30, 2024, there is no inefficiency to be recognized in the income statement

Cash flow hedges of expected future purchases in 2024, were assessed as highly efficient and an unrealized loss of $9,627 was recorded in OCI.

The amount transferred during the period from January 1 through September 30, 2024 and 2023 from OCI to the carrying amount of the hedged elements was $640 and $268,845, respectively, and is shown in Note 12.a. It is expected that some amounts included in OCI as of September 30, 2024 become due and affect the income statement as of December 31, 2024.

NOTE 13 – COMMITMENTS AND CONTINGENCIES:

As of September 30, 2024, TPG had the following commitments:

a. Commitments derived from financial debt:

Certain contracts described in Note 10, some assets of TPG have been pledged as a collateral.

b. Tax disputes:

On December 1, 2015, the Mexican Tax Administration Service (SAT for its acronym in Spanish) issued notification number 900-04-05-2015-52432 through which it was determined a tax claim amounting to $645,764 (historical amount) corresponding to income tax for the year 2011, allegedly failed, plus inflation-restatement, surcharges and penalties.

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

On January 19, 2016, the Company filed an appeal before the corresponding authority (Administración Central de lo Contencioso de Grandes Contribuyentes - Administration of Large Taxpayer Disputes). Subsequently, during April and May 2016, the Company delivered a series of additional evidence in its favor. On June 16, 2016 the appeal was resolved, confirming the tax debt imposed and on August 19, 2016, the Company filed the claim of nullity (*demanda de nulidad*) case 21341/16-17-13-9/AC1/1570/17-PL-02-04; said claim was solved on September 6, 2017 by the Federal Court of Administrative Justice (Tribunal Federal de Justicia Fiscal y Administrativa).

On November 28, 2017, the Company filed a direct constitutional protection (*'amparo'*) trial.

On March 13, 2024, the Supreme Court of Justice of the Nation partially ruled in favor of the case, ordering the Federal Court of Administrative Justice to issue a new ruling.

On September 18, 2024, the Federal Court of Administrative Justice, determined to declare the nullity of the tax debt and required that the defendant authority issue a new resolution within four months, conditioned on:

1. Recognizing the validity of the rejection of deductions for the following: Travel, training, and work clothing expenses, Manufacturing expenses, Advances to suppliers, Losses from uncollectible accounts, administrative expenses.

2. Recognizing that deductions for commissions to distributors are valid.

Management of the Company believes that here are serious and reasonable defense elements to obtain a final resolution favorable to the Company's interests; however, as with any litigation, results cannot be guaranteed.

The Tax Administration Service accepted as a guarantee for the 2011 tax claim, the seizure of assets, however, as outlined above, as of the date, of issuance of these consolidated interim financial statements, the Federal Court of Administrative Justice declared the credit null and ordered the tax authority to issue a new one.

c. Labor contingencies:

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

d. Related party transactions:

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

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

NOTE 14 – SEASONALITY:

TPG does not have a defined seasonality in its operations.

NOTE 15 – EQUITY:

a. Contributed capital:

The Company's capital stock is represented by 21,126,222 Series "A" and "AA" shares and 19'138,875 Series "L with the following characteristics:

Series "A" and Series "AA" shares are common, ordinary, nominative, without par value, that represent both the fixed and variable share capital, of the Company, respectively and have the following characteristics: a) Full voting rights; b) Enjoy a cumulative preferred dividend, up to an amount equivalent to 5% (five percent) of Earnings Before Interest, Tax, Depreciation and amortization (EBITDA), reported in the fiscal years from 2022 to 2025, and as determined by the shareholders' meeting; c) Preference in payment of dividends.

Series "L" shares are shares without par value with limited voting rights, that represent the Company's variable share capital and have the following characteristics: a) Shares are only entitled to the payment of dividends when the preferred dividend to Series "A" and "AA" has been paid in full; b) Limited Voting Rights.

On March 29, 2024, through a unanimous resolution, the Company's shareholders resolved to apply against the cumulative losses the following financial items of stockholders' equity: (i) from the financial item called "Paid-in capital" an amount of $839,398; and (ii) from the financial item called "other comprehensive income" (revaluation surplus) an amount of $1,648,773; consequently, the cumulative losses were reduce by the amount of $2,488,171.

On June 30, 2024, through a unanimous resolution, the Company´s shareholders resolved to increase the capital stock the variable portion, by the amount of $700,000, through the appropriation of the account of Paid-in capital.

At the end of the third quarter of 2023, Corporación RBS, S.A. of C.V. had carried out the contribution, as settlor and trustee in the first place of the shares it owned to a certain administration trust contract identified with number F/1402, with Banco Azteca, S.A. Institución de Banca Múltiple, Dirección Fiduciaria as trustee (the Administration Trust F/1402). In turn, the Administration Trust F/1402 contributed the mentioned shares to a certain irrevocable guaranteed trust contract identified with number F/1410 with Banco Azteca, S.A. Institución de Banca Múltiple, Dirección Fiduciaria in its capacity as trustee.

After the described movements, the outstanding shares and capital stock are comprised as follows:

	As of September 30, 2024	As of December 31, 2023
Number of outstanding shares:		
Series "A" Common Shares - Fixed capital stock	88,815	88,815
Series "AA" Common Shares - Variable capital stock	21,037,407	21,037,407
Series "L" Shares – Variable capital stock	19,138,875	19,138,875
Fully paid and subscribed shares	40,265,097	40,265,097

	As of September 30, 2024	As of December 31, 2023
Capital stock amount:		
Series "A" Common Shares - Fixed capital stock	$ 10,000	$ 10,000
Series "AA" Common Shares - Variable capital stock	2,368,664	2,368,664
Series "L" Shares – Variable capital stock	5,822,269	5,122,269
Fully paid and subscribed capital stock	$ 8,200,933	$ 7,500,933

b. Legal reserve:

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

c. Distribution of earnings:

As of December 31, 2023, the balance of "Net Tax Income Account" (CUFIN for its acronym in Spanish) was $3,542,245 and the "Net Fiscal Profit Account" (CUFIN for its acronym in Spanish) of subsidiaries amounted to $284,098. Starting from 2014 earnings generated and distributed to the stockholders are subject to a 10% income tax withholding, provided they do not come from CUFIN. Dividends paid that come from income previously taxed by Income Tax, will not be subject to any withholding or additional tax payment prior to December 31, 2013.

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

d. Capital stock reductions:

As of December 31, 2023, the inflation-restated balance of the "restated contributed capital account" (CUCA for its acronym in Spanish) amounted to $10,853,829. In case of a reimbursement or capital decreases in favor of the stockholders, the excess of that reimbursement over this amount will be treated as distributed earnings for tax purposes.

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

NOTE 16 – REVENUE, COSTS AND EXPENSES BY NATURE:

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

For the nine-month periods ended September 30, 2024 and 2023, consolidated revenue, cost and expenses according to their nature are as follows:

	Nine-month period ended September 30,	
	2024	2023
Revenues from services provided:		
Pay television and audio, fixed telephony and internet access	$ 27,120,153	$ 24,839,754
Business-oriented services	5,557,678	4,188,115
Advertising	366,918	394,481
Activation and installation fees	299,795	317,053
Interconnection and long-distance fees	6,081	12,634
Other	3,648	77,850
Total revenues	$ 33,354,273	$ 29,829,887

	Nine-month period ended September 30,	
	2024	2023
Cost of services:		
Content	$ 3,033,643	$ 3,021,823
Cost of equipment sold	1,037,009	728,379
Allowance for expected credit losses	666,547	623,110
Rent of dedicated links	623,719	419,020
Cost of memberships	392,560	385,624
Other	646,318	558,987
Total cost	$ 6,399,796	$ 5,736,943

General expenses:		
Personnel	$ 2,970,894	$ 3,306,945
Advertising	825,758	1,818,378
Maintenance	2,971,779	1,697,506
Fees	1,862,608	1,076,395
Call center	497,275	683,358
Collection services	789,018	524,401
Others	1,272,262	1,330,261
Total general expenses	$ 11,189,594	$ 10,437,244

NOTE 17 – INFORMATION BY SEGMENTS:

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

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

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

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

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

Table below presents the information by segments as of September 30, 2024 and 2023 and at December 31, 2023

	Totalplay Residential	Totalplay Empresarial	Consolidated
Nine-month period ended September 30, 2024:			
Revenue from services	$ 27,817,574	$ 5,536,699	$ 33,354,273
Cost of services	(4,477,318)	(1,922,478)	(6,399,796)
Operating expenses	(10,002,493)	(1,187,101)	(11,189,594)
Depreciation and amortization, financial cost and other	(20,564,130)	(1,185,207)	(21,749,337)
Net (loss) income	$ (7,226,367)	$ 1,241,913	$ (5,984,454)

	Totalplay Residential	Totalplay Empresarial	Consolidated
Nine-month period ended September 30, 2023:			
Revenue from services	$ 25,641,772	$ 4,188,115	$ 29,829,887
Cost of services	(4,398,561)	(1,338,382)	(5,736,943)
Operating expenses	(9,108,072)	(1,329,172)	(10,437,244)
Depreciation and amortization, financial cost and other	(15,088,541)	(690,336)	(15,778,877)
Net (loss) income	$ (2,953,402)	$ 830,225	$ (2,123,177)

	Totalplay Residential	Totalplay Empresarial	Consolidated
Year ended December 31, 2023:			
Revenue from services	$ 34,586,378	$ 5,917,111	$ 40,503,489
Cost of services	(5,920,321)	(1,880,572)	(7,800,893)
Operating expenses	(12,327,674)	(1,813,894)	(14,141,568)
Depreciation and amortization, financial cost and other	(20,680,018)	(1,028,022)	(21,708,040)
Net (loss) income	$ (4,341,635)	$ 1,194,623	$ (3,147,012)

	Totalplay Residential	Totalplay Empresarial	Consolidated
As of September 30, 2024:			
Customers	$ 1,965,014	$ 1,912,030	$ 3,877,044
Property, plant and equipment – Net	51,898,876	10,329,746	62,228,622
Right-of-use assets – Net	3,037,447	604,561	3,642,008

	Totalplay Residential	Totalplay Empresarial	Consolidated
As of September 30, 2023:			
Customers	$ 1,506,009	$ 2,939,078	$ 4,445,087
Property, plant and equipment – Net	46,481,398	13,884,054	60,365,452
Right-of-use assets – Net	4,193,004	1,252,455	5,445,459

	Totalplay Residential	Totalplay Empresarial	Consolidated
As of December 31, 2023:			
Customers	$ 3,777,429	$ 648,162	$ 4,425,591
Property, plant and equipment – Net	52,873,390	9,072,447	61,945,837
Right-of-use assets – Net	4,080,269	700,126	4,780,395

NOTE 18 – SUBSEQUENT EVENTS:

a. On October 8, 2024, TPG placed CEBURES TPLAYCB24 Fideicomiso 3370 for an amount of $2,500,000 with an annual interest rate of TIIE 28 plus 300 basis points and have an increasing amortization schedule of 27% in 2026 and 73% in 2027. The resources were used for working capital.

b. On November 21, 2024, TPG placed CEBURES TPLAY 00224 for an amount of $1,000,000 with an annual interest rate of TIIE 28 plus 200 basis points and maturity on November 25, 2025. This resource was used for the settlement of CEBURES TP 0223 for an amount of $1,000,000.

c. On November 1, 2024, TPG entered into a hedge agreement through Exchange rate Call options for a total underlying amount of U.S.$500,000 with its counterparties Actinver Casa de Bolsa, S.A. de C.V. and Intercam Banco, S.A. Institución de Banca Múltiple with a premium payment of $137,000 and $151,500, respectively, with a settlement date of October 31, 2025.

d. On November 4, 2024, TPG entered into a hedge agreement through Exchange rate Call options for a total underlying amount of U.S.$500,000 with its counterparties Actinver Casa de Bolsa, S.A. de C.V. and Banco Azteca, S.A. Institución de Banca Múltiple with a premium payment of $138,734 and $128,000, respectively, with a settlement date of October 31, 2025.

e. On November 27, 2024, TPG announced that Moody's Ratings upgraded Total Play and its Senior Secured Notes due 2028 to B3, from Caa1, and improved the outlook to stable, from negative. Moody's Ratings also upgraded the rating of its Senior Unsecured Notes due 2025 and 2028 to Caa1, from Caa2, and similarly improved the outlook to stable, from negative.

f. Against the judgment mentioned in Note 13.b, on October 25, 2024, a direct constitutional protection ('amparo') trial was filed by the Company, which was assigned to the Seventh Collegiate Administrative Court of the First Circuit, under file 555/2024, and is currently pending admission for processing.

Consequently, regarding the fiscal year 2011 and at the date of the auditors' review report, there is no final resolution requiring the amounts in dispute be paid by the Company to the tax authority.

The amparo seeks a declaration of the nonexistence of any obligation on the part of the Company for the fiscal year 2011.

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

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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

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Col. Cuauhtemoc, Del. Cuauhtemoc, C.P. 06500
Mexico City, Mexico

INDEPENDENT AUDITORS' REPORT

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

(figures expressed in thousands of Mexican pesos)

Opinion

We have audited the accompanying consolidated financial statements of Total Play Telecomunicaciones, S.A.P.I. de C.V. and subsidiaries (the Group), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the consolidated statements of comprehensive loss, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Total Play Telecomunicaciones, S.A.P.I. de C.V. and subsidiaries as of December 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audits in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *"Auditors' responsibilities for the audit of the consolidated financial statements"* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audits of the financial statements in Mexico, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters consist of those matters which, in accordance with our professional judgment, are of the greater significance in our audit of the consolidated financial statements for year 2023. Such matters have been treated within the context of our audit of the consolidated financial statements as a whole and forming our opinion on them, and we do not express a separate opinion on such matters.

1. Revenue recognition from contracts with customers (see Notes 3.u and 22 to the consolidated financial statements)

The Group's revenue mainly stems from the provision of several telecommunication services which include internet connection revenue, restricted television, fixed telephony, advertising interconnection, long distance and other services. Services generating such revenue may be separately marketed or also jointly through commercial packages at different terms and conditions (recognition during the year depends on the appropriate evaluation of each contract). Commercial agreements may be complex, and a significant judgment is applied when selecting the accounting basis in each case.

Some services provision contracts for determined projects within the industry in which the Group operates include, generally, contracts with multiple elements; for example, sales transactions that simultaneously combine the delivery of products and provision of services. This situation may imply a risk of error in revenue recognition given the complexity of contracts with multiple elements. In like manner, in the telecommunications industry, revenue recognition is considered a significant inherent risk given the complexity of the information systems involved, the high volume of annual sales, changes in tariffs and commercial actions on the different services provided.

How the key matter was addressed in our audit:

We designed our audit procedures jointly with the participation of our specialists on information technology systems on revenue recognition process, including among other:

- Having obtained an understanding of the services and procedures and criteria used by the Group in the determination, calculation, accounting and billing of services to Group's customers, as well as the internal control environment.
- Understanding the accounting policies used by Management in the determination, calculation and accounting of revenue recognized in the period.
- Detailed analysis of revenue and the timing of recognition based on Group's policies.
- We obtained, compared and validated the existence of revenue reconciliation between the billing systems and accounting records.
- Controls testing, assisted by our own information technology specialists including, among other, those of the input of terms and prices.
- We assessed all revenue accounted to verify that it corresponds to transactions and events effectively carried out during the period and that they have been determined fairly and consistently.
- Applying sampling techniques and data analysis, tests were carried out on revenue measurement.
- Lastly, we also evaluated that disclosure regarding revenue recognition included under Notes 3.u and 22 was appropriate.

The results of our audit procedures described above did not result in specific adjustments to the audited consolidated financial statements.

2. Impairment of long-lived assets

As described in Note 3.n to the consolidated financial statements, the Group performs impairment tests at least once a year, or when events or circumstances exist indicating that value of its property, plant and equipment may not be recovered at the value at which they are registered.

We have identified the review of long-lived assets as a key audit matter, mainly since impairment tests involve the application of judgment and significant estimates by Group's Management on determining measurement assumptions and financial projections, cash flows, revenue and profits budgets, selection of discount rates used to determine the recoverable value of the cash generating units ("CGUs"), besides the relevance of the balance of this account in the consolidated financial statements of the Group, which is made up of property, plant and equipment for $61,945,837 and trademarks for $1,959,500. The validation of these account balances requires a high level of judgement, a significant degree increase in the audit effort and the incorporation of our expert specialists in valuation.

How the key matter was addressed in our audit:

We performed the following audit procedures on the significant assumptions that the Group considered to estimate future projections for assessing the recoverable value of long-lived assets, among them: revenue and disbursements budget, expected gross profit and operating margin, discount rate, industry growth rate, revenue projections, projected cash flows, as follows:

- We tested the design, implementation and operating effectiveness of controls on financial information serving as the basis for determining the recoverable value and assumptions used.
- We analyzed the projection assumptions used in the impairment model, specifically including cash flow projections, operating margins, profit margin before financial result, taxes, depreciation and amortization (EBITDA), and long-term growth. We tested the mathematical accuracy and integrity of the impairment model.
- Our valuation specialists, for the purpose of validating the review of the hypotheses and methodology used by Group, performed a sensitivity analysis for all CGUs, independent calculations of recoverable value to assess if assumptions used would need modification and the likelihood that such modifications present themselves.
- Likewise, we independently assessed applicable discount rates, cross-checking against discount rates used by Group's Management.
- We assessed factors and variables used to determine CGUs, among which we considered the analysis of operating cash flows and debt policies, analysis of the legal structure, production allocation and understanding of commercial and sales functioning.

The results of our audit procedures described above did not result in specific adjustments to the audited consolidated financial statements.

3. Financial debt

As mentioned in Note 13 of the consolidated financial statements, the Group has important financing agreements with third parties with maturities from 2024 and up to 2033.

We have identified the debt as a key audit matter, due to the level of indebtedness that the Group has been obtaining with the main purpose of boosting its expansion projects, which require an important investment on infrastructure to continue rendering current and future telecommunication services, whose short and long-term balances at December 31, 2023 are $4,572,768 and $47,626,337, respectively.

How the key matter was addressed in our audit:

We performed the following audit procedures over the existing debt agreements:

- We reviewed the debt agreements of the Group, cross-referencing them with the amortization tables of capital and interest calculations.
- We reviewed the amortization tables and interest calculations, which we compared to accountancy records, bank statements and their respective maturity dates.
- We sent confirmation letters and obtained about 95% of the responses from the creditors without noting any differences between balances confirmed and accounting records.
- We carried on a deep selective analysis on the compliance of covenants related to the financial information and the responses to the confirmation letters sent to creditors.
- We have applied sampling techniques on specific items to validate supporting documentation and correct input in the general ledger.
- Finally, we ensured that the disclosures related to the financial debt included in Note 13 were adequate.

The results of our audit procedures described above did not result in specific adjustments to the consolidated financial statements.

Other information

Other information comprises information included in the Annual Report presented to the National Banking and Securities Commission ("CNBV" for its acronym in Spanish) and the annual report presented to the stockholders, but not including the consolidated financial statements nor our corresponding audit report. We expect to have the other information after the date of this audit report. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of conclusion that provides a degree of security on such information.

Regarding our audit of the consolidated financial statements, our responsibility is to read the other information when available and, upon doing so, consider if the other information is materially inconsistent with the consolidated financial statements or with our knowledge obtained during the audit, or if it is perceived as materially incorrect.

As we read and consider the Annual Report presented to the CNBV and the annual report presented to the stockholders, if we conclude that it contains a material deviation, we are obligated to inform the matter to those charged with Group's governance and issue a statement on the Annual Report required by the CNBV, in which the matter should be described.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users, taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in manner that achieves fair presentation.

- Obtain sufficient and adequate evidence as regards the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We are solely responsible for our audit opinion.

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

We also provide those charged with governance of the entity with a statement that we have complied with relevant ethical requirements regarding Independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our Independence and where applicable, related safeguards.

From the matters communicated with those charged for governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

C.P.C. Jorge Villanueva Salas
Partner

Mexico City,
March 19, 2024

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Notes 1 and 2)

Figures expressed in thousands of Mexican pesos

Assets	Notes	December 31, 2023	December 31, 2022
CURRENT ASSETS			
Cash and cash equivalents	3.f and 5	$ 2,376,975	$ 1,889,549
Restricted cash	3.f and 6.d	3,376,697	1,987,879
Accounts receivable:			
Customers – Net	3.h and 6	4,425,591	5,505,660
Other receivables	3.h	183,163	235,808
Recoverable taxes		4,140,719	3,810,435
Related parties	7.a	366,916	310,267
Inventories	3.j and 8.a	2,926,381	2,342,096
Prepaid expenses	3.i and 9	529,452	908,299
Total current assets		**18,325,894**	**16,989,993**
NON-CURRENT ASSETS			
Related parties	7.a	237,367	154,284
Property, plant and equipment – Net	3.k and 10.a	61,945,837	58,165,156
Rights of use assets – Net	3.o and 11.a	4,780,395	6,703,026
Trademarks and other assets	3.m and 12	2,098,904	1,367,251
Total non-current assets		**69,062,503**	**66,389,717**
Total assets		**$ 87,388,397**	**$ 83,379,710**

Liabilities and Equity	Notes	December 31, 2023	December 31, 2022
SHORT-TERM LIABILITIES:			
Short-term portion of long-term debt	3.p and 13.b	$ 4,572,768	$ 6,972,730
Lease liabilities	3.o and 11	2,338,278	2,107,670
Derivative financial instruments	3.g and 17.b	174,838	125,789
Trade payables		13,373,465	10,750,589
Reverse factoring	14	2,233,792	2,691,084
Other payables and taxes payable	3.s	1,416,638	2,446,355
Related parties	7.a	1,012,079	365,387
Liabilities from contracts with customers	3.u	993,519	986,456
Interest payable		315,727	385,173
Total short-term liabilities		**26,431,104**	**26,831,233**
LONG-TERM LIABILITIES:			
Long-term debt	3.p and 13.b	47,626,337	42,559,766
Lease liabilities	3.o and 11.b	3,326,757	4,965,183
Derivative financial instruments	3.g and 17.b	1,441,745	764,009
Other payables	3.s	70	59
Employee benefits	3.r and 15	74,123	48,820
Deferred income tax	3.q and 16.c	5,253,436	2,355,111
Total long-term liabilities		**57,722,468**	**50,692,948**
Total liabilities		**84,153,572**	**77,524,181**
Commitments and contingencies	3.s and 19		
EQUITY	3.t, 20 and 21		
Capital stock		7,500,933	7,500,933
Paid-in capital		1,539,398	1,539,398
Retained earnings (losses):			
Legal reserve		183,368	183,368
Prior years		(6,330,634)	(4,079,222)
Of the year		(3,147,012)	(2,251,412)
Other comprehensive income		3,488,772	2,962,464
Total equity		**3,234,825**	**5,855,529**
Total liabilities and equity		**$ 87,388,397**	**$ 83,379,710**

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

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Notes 1 and 2)

Figures expressed in thousands of Mexican pesos

	Notes	Years ended December 31, 2023	2022
Revenue from services	3.u and 22	**$ 40,503,489**	**$ 36,352,002**
Cost of services	3.v and 23	(7,800,893)	(7,587,811)
Gross profit		32,702,596	28,764,191
General expenses:			
Network-related	3.v and 23	(5,071,939)	(4,107,825)
Sales and administration	3.v and 23	(9,069,629)	(8,544,160)
Depreciation and amortization	3.k, 3.w, 10, 11 and 23	(16,045,434)	(12,871,442)
Other expenses – Net		(199,562)	(144,041)
		(30,386,564)	(25,667,468)
Operating profit		**2,316,032**	**3,096,723**
Financial cost:			
Accrued interest income	3.u	191,190	97,905
Changes in fair value of financial assets and liabilities	17.b	(575,867)	(372,739)
Accrued interest expense:			
Financing debt	3.p	(4,883,628)	(3,617,055)
Leases	3.o and 11.c	(644,691)	(611,407)
Other financial expenses		(392,565)	(239,106)
Foreign exchange gain – Net	3.x	3,383,746	1,337,584
		(2,921,815)	(3,404,818)
Equity interest in net results of non-controlling entities		(18,962)	(607)
Loss before income tax provisions		**(624,745)**	**(308,702)**
Income tax provisions	3.q and 16.a	(2,522,267)	(1,970,207)
Net loss before non-controlling interest		**(3,147,012)**	**(2,278,909)**
Non-controlling interest		-	27,497
Net loss		**(3,147,012)**	**(2,251,412)**
Other comprehensive income (loss) items:			
Fair value adjustments- property, plant and equipment	3.a	877,887	-
Fair value of intangibles	3.a	769,773	-
Net change in unrealized loss on cash flow hedges	3.g	(1,121,240)	(1,066,685)
(Loss) profit actuarial gains	3.r and 15.c	(9,307)	27,968
Foreign operations currency translation effect of the year	3.x	9,195	(3,778)
		526,308	(1,042,495)
Net comprehensive loss	3.y	**($ 2,620,704)**	**($ 3,293,907)**

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

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Notes 1 and 2)

Figures expressed in thousands of Mexican pesos

	Notes	Capital stock	Paid-in capital	Retained earnings (losses)			Other comprehensive income	Total equity
				Legal reserve	For prior years	For the year		
Balances as of January 1, 2022		**$ 7,389,366**	**$ 1,539,398**	**$ 183,368**	**($ 2,595,530)**	**($ 1,494,392)**	**$ 4,004,959**	**$ 9,027,169**
Application of 2021 net loss		-	-	-	(1,494,392)	1,494,392	-	-
Capital stock increase	20.a	122,267	-	-	-	-	-	122,267
Capital stock update recycling	20.a	(10,700)	-	-	10,700	-	-	-
Comprehensive loss	3.y	-	-	-	-	(2,251,412)	(1,042,495)	(3,293,907)
Balances as of December 31, 2022		**$ 7,500,933**	**$ 1,539,398**	**$ 183,368**	**($ 4,079,222)**	**($ 2,251,412)**	**$ 2,962,464**	**$ 5,855,529**
Application of 2022 net loss		-	-	-	(2,251,412)	2,251,412	-	-
Comprehensive loss	3.y	-	-	-	-	(3,147,012)	526,308	(2,620,704)
Balances as of December 31, 2023		**$ 7,500,933**	**$ 1,539,398**	**$ 183,368**	**($ 6,330,634)**	**($ 3,147,012)**	**$ 3,488,772**	**$ 3,234,825**

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

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

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

Figures expressed in thousands of Mexican pesos

	Years ended December 31,	
	2023	**2022**
Operating activities:		
Loss before income tax provision	($ 624,745)	($ 308,702)
Items not requiring the use of resources:		
Depreciation and amortization	16,045,434	12,871,442
Employee benefits	15,996	26,896
Items related to investing or financing activities:		
Accrued interest income	(191,190)	(97,905)
Accrued interest expense and other financial expenses	6,496,751	4,840,306
Unrealized foreign exchange gain – Net	(3,420,181)	(1,299,196)
Derivative financial instruments' valuation	-	44,608
Non-Controlling Participation	18,962	-
Minority interest	-	27,497
	18,341,027	16,104,946
Resources generated by (used in) operating activities:		
Customers and liabilities from customers' contracts	1,087,132	(1,134,287)
Other receivables	52,645	(90,979)
Related parties – Net	387,661	(90,794)
Recoverable taxes	(330,284)	244,186
Inventories	(584,285)	(461,921)
Prepaid expenses	378,847	(441,569)
Trade payables	2,402,937	3,251,248
Other payables	(1,008,747)	443,392
Others	-	(3,778)
Cash flows generated by operating activities	**20,726,933**	**17,820,444**
Investing activities:		
Acquisition of property, plant and equipment	(15,626,689)	(22,460,595)
Other assets	19,158	82,132
Collected interest	191,190	97,905
Cash flows used in investing activities	**(15,416,341)**	**(22,280,558)**
Financing activities		
Equity contributions	-	122,267
Loans received	6,034,424	8,725,836
Lease cash flows	(2,649,630)	(3,075,185)
Restricted cash	(1,388,818)	(1,101,004)
Reverse factoring	(457,292)	1,421,780
Derivative financial instruments	(1,012,370)	-
Interest payment	(5,349,480)	(3,910,035)
Cash flows (used in) generated by financing activities	**(4,823,166)**	**2,183,659**
Net increase (decrease) in cash and cash equivalents	487,426	(2,276,455)
Cash and cash equivalents at the beginning of the year	1,889,549	4,166,004
Cash and cash equivalents at the end of the year	**$ 2,376,975**	**$ 1,889,549**

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

NOTE 1 – DESCRIPTION OF THE GROUP:

a. Entity

Total Play Telecomunicaciones, S.A.P.I. de C.V. ("the Company") was incorporated on May 10, 1989 under Mexican laws. As of December 31, 2023, the Company is a subsidiary of Corporación RBS, S.A. de C.V at 51.3% (parent at the last level of consolidation through trust F-1410).

The main headquarters of the Company are located in Avenida San Jerónimo 252, Col. La Otra Banda, C.P. 04519, Alcaldía de Álvaro Obregón, México City.

b. Activities

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 for 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 telephone 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 (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 FTI grant to the company a renewal of the 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 perimeter:

The Company is the controlling shareholder of the following entities:

Company	Country of incorporation	Functional currency	Year of Incorporation	% direct or indirect interest 2023	% direct or indirect interest 2022	Activity
Iusatel USA, Inc. (Iusatel USA)	United States of America	U.S. dollar	2001	100%	100%	Long distance service
Tendai, S.A. de C.V.	Mexico	Mexican peso	2013	100%	100%	Dormant
Total Box, S.A. de C.V.	Mexico	Mexican peso	2014	100%	100%	Lease of decoders
Gesalm Consultores, S.A. de C.V.	Mexico	Mexican peso	2014	100%	100%	Dormant
Gesalm Asesores, S.A. de C.V.	Mexico	Mexican peso	2014	100%	100%	Dormant
Gesalm Servicios, S.A. de C.V.	Mexico	Mexican peso	2015	100%	100%	Dormant
Total Telecom Play, S.A. de C.V.	Mexico	Mexican peso	2015	100%	100%	Dormant
Total Play Comunicaciones Colombia, S.A.S. (formerly TPE Comunicaciones Colombia, S.A.S.) [2]	Colombia	Colombian peso	2019	48%	48%	Paid TV services
Hogar Seguro TP, S.A. de C.V.	Mexico	Mexican peso	2020	100%	100%	Surveillance services
TP Go, S. A. de C. V.	Mexico	Mexican peso	2022	100%	100%	Financial services

[1] On November 17, the shareholders approved the change of name from TPE Comunicaciones Colombia S.A.S to Total Play Comunicaciones Colombia, S.A.S.

Hereinafter, the Company and its subsidiaries are jointly referred to as TPG (which stands for "Total Play Group").

d. Public information

TPG is required to report its quarterly 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) due to the issuance of securitized certificates (Certificados Bursátiles or CEBURES); as well as to the Singapore Stock Exchange (SGX) due to the Senior Notes issuance described in Note 13.

e. Employees

As of December 31, 2023 and 2022, the Company had 5,529 and 6,642 employees, respectively.

NOTE 2 – AUTHORIZATION AND BASIS OF PRESENTATION

a. Authorization of the consolidated financial statements

TPG consolidated financial statements as of December 31, 2023 were approved by Mr. Alejandro Enrique Rodríguez Sánchez (Chief Financial Officer, TPG) and by Mr. Gildardo Lara Bayón (Corporate Controlling Director, Grupo Salinas) on March 19, 2024. Said consolidated financial statements will be subject to the Board of Directors' and Stockholders approval at their upcoming meetings. The Stockholders can modify the financial statements after their issuance in accordance with the Mexican General Corporate Law.

b. Basis of presentation of the consolidated financial information

(i) Statement of compliance

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

IFRS include 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 IFRS requires the use of certain critical accounting estimates. It also requires TPG's 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 4.

(ii) New standards and amendments for 2023 and subsequent years

New standards

- IFRS 17, *Insurance contracts*. IFRS 17 provides the first comprehensive guide to accounting for insurance contracts under IFRS. It replaces IFRS 4, of the same name, which allowed a wide variety of practices in accounting for insurance contracts. It will fundamentally change the accounting of all entities that issue insurance contracts and investment contracts with discretionary participation features. Certain insurers also benefit from a temporary exemption from IFRS 9 'Financial Instruments', until IFRS 17 comes into force. Effective date: January 1, 2023

Amendments that became effective to already existing standards

- Amendments to IAS 1, *Presentation of financial statements*, to IFRS Practice Statement No 2, *Making judgments on materiality*, and to IAS 8, *Accounting policies, changes in accounting estimates and errors* - Disclosure of accounting policies. The amendments are intended to improve accounting policy disclosures and to help users of financial statements distinguish between changes in accounting estimates and changes in accounting policies.
  These modifications include:
  - Require entities to disclose their material accounting policies rather than their significant accounting policies;
  - Clarifies that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and
  - Clarify that not all accounting policies that relate to material transactions, other events or conditions are material in themselves.

The IASB also amended IFRS Practice Paper No. 2 to include guidance and examples on the application of materiality to accounting policy disclosures. Effective date: January 1, 2023.

- Amendments to IAS 12, *Income Taxes* - Deferred tax related to assets and liabilities arising from a single transaction. The amendments reduce the scope of the initial recognition exemption so that it does not apply to transactions that give rise to deductible and taxable temporary differences. As a result, entities must recognize a deferred tax asset and a deferred tax liability on initial recognition for the temporary differences associated with:

  - Rights of use assets and leasing liabilities, and
  - Liabilities for dismantling, restoration and similar, and the corresponding amounts recognized as part of the cost of the related assets.

  The amendment must apply to transactions that occur on or after the beginning of the first comparative period presented. Effective date: January 1, 2023.

Amendments that have not yet become effective to existing standards

- Amendment to IFRS 16, *Leases* - Leases with sale and leaseback options. These amendments include requirements for sale and leaseback transactions to explain how an entity accounts for the leaseback liability after the date of the transaction, where some or all of the lease payments are variable payments that do not depend on an index or rate. more likely to be affected. Effective date: January 1, 2024.

- Amendment to IAS 1, *Presentation of financial statements* - Non-current liabilities with covenants. These amendments clarify how the conditions that an entity must meet after the reporting date and in the subsequent twelve months affect the classification of a liability. Covenants that an entity must meet on or before the reporting date would affect classification as current or non-current, even if the covenant is only evaluated after the entity's reporting date. Effective date: January 1, 2024.

Based on the analyzes carried out as of the date of the consolidated financial statements, the Management of the TP Group estimates that the adoption of the standards and modifications published, but not yet effective, will not have a significant impact on the consolidated financial statements in the period of application. initial and, therefore, no disclosure has been made.

(iii) Presentation of figures.

The figures in these financial statements and the accompanying notes thereto are rounded to the nearest thousands, except where otherwise indicated.

(iv) Consolidated statement of comprehensive loss

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

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

(v) Consolidated cash flow statement

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.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of preparation

(i) Historical cost

The consolidated financial statements of the TPG have been prepared on an accrual basis and under the premise of historical cost, except for the revaluation of Property, plant and equipment, trademarks and derivative financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services at the time they are received.

(ii) Fair value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date, regardless of whether that price is observable or estimated directly using another valuation technique. When estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability and whether market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined as described above, except for valuations that have some similarities to fair value, but are not fair value, such as fair value. net realization.

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.

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.

TPG periodically determines the fair value of certain financial instruments, such as derivatives and some components of property, plant and equipment and its 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 judgments and key sources of uncertainty in estimates – Note 4;
- Investments in Property, plant and equipment – Note 10;
- Financial instruments (including those accounted for at amortized cost) – Note 17.

Fair value measurement of an asset or liability is determined by using those hypotheses 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.

TPG 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.

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.

(iii) Classification between current and non-current (short and long term)

TPG presents assets in the consolidated statement of financial position as current when:

- They are expected to be made, sold or consumed in the normal cycle of its operations;
- They are held primarily for trading purposes;
- They are expected to be carried out within twelve months after the reporting period;
- They are either cash or cash equivalents, subject to being restricted, to be exchanged or settle a liability, at least within the next twelve months after the reporting date.

All other assets are classified as non-current.

Liabilities are short-term when:

- They are expected to be settled in the normal cycle of their operations;
- They are maintained primarily for business purposes;
- They are pending and will be settled within twelve months after the reporting period;
- There is no unconditional right to defer settlement of liabilities for at least twelve months after the reporting period.

The terms of liabilities that may, optionally by the counterparty, result in settlement through the issuance of an equity instrument do not affect their classification.

All other liabilities are classified as long-term.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

b. Consolidated financial statements

Consolidation rules

TPG's consolidated financial statements include the Company and all of its subsidiaries as of December 31, 2023 and 2022 (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 TPG's subsidiaries present their financial information for consolidation purposes as of December 31, 2023 and 2022, 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 situations, in which an unrealized gain or loss arises from an intercompany sale of asset, it is reversed in consolidation, the related asset is also tested for impairment from a consolidated perspective. The reported amounts in the TPGs subsidiaries' information 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. Acquired or disposed 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 significant 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 for 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 items 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 transaction 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 separately within the related information to such discontinued operations.

c. Functional and reporting 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 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 1.c).

d. Business segments

Management while identifying their operating business segments, follows TPG's service lines which represent the main products and services provided by TPG (see Note 24).

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, *Operating Segments*, are the same as those used for the financial statements.

e. Critical accounting judgments and key sources of uncertainty in estimates

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 estimated. It is also required that TPG Management applies its judgement while applying the TPG accounting policies. The main estimates and judgments are described in Note 4.

f. 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.

Restricted cash represents the amount of resources deposited in trusts and serves as guarantee to meet the payment of principal, interest, fees and other expenses related to the securitization of the rights described under Note 6.d. Once such commitments have been covered, the cash surplus are delivered to the Company.

g. Financial instruments

Recognition, initial measurement and de-recognition of financial instruments

Financial assets and liabilities are recognized when TPG 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, Revenue from contracts with customers, 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 expenses, 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 collecting 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, related parties, and most of other accounts receivable are recognized under this financial instrument category.

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

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

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

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

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

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

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

As of December 31, 2023 and 2022, TPG held financial liabilities measured at FVOCI amounting $1,511,113 and $806,918, respectively.

Impairment of financial assets

The impairment requirements under IFRS 9, *Financial instruments*, 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, *Financial Instruments*. 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, *Revenue from contracts with customers*, 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 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

TPG 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 had 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 to interest and, if applicable, changes in fair value of an instrument are reported in income and are included under ‘interest expense’.

As of December 31, 2023 and 2022 GTP held liabilities valued at FVTPL amounting to $105,470 and $82,880, respectively.

Derivative financial instruments and hedge accounting

As of December 31, 2023 and 2022, TPG had financial instruments qualified as hedges.

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

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

All the derivative instruments used in 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 effectiveness 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 hedges

The change in the fair value of a hedge instrument is recognized in the statement of comprehensive income in the caption of changes in the fair value of financial assets and liabilities. The change in fair value of the hedge item attributable to the hedged risk is accounted for as part of the hedged item carrying amount and also recognized in profit and loss in the caption of changes in the fair value of financial assets and liabilities.

For fair value hedge 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, Financial Instruments: Presentation, 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:

- 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.

- 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.

h. Accounts receivable from customers and other receivables

(i) Accounts receivable from customers

Accounts receivable from customers represent the collection rights stemming from the 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 income (loss).

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.

i. Prepaid expenses

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.

j. Inventories

Inventories are valued at the lower of their cost or their net realizable value. The exchangeable items cost is originally assigned using the 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.

k. Property, plant and equipment

TPG's Management uses the revaluation model for the fiber optic and decoders, since it is considered, it reflects their value in a better way.

In 2023 TPG's Management carried out a revaluation of the value of property, plant and equipment determined by independent expert, thus, as of December 2023 they are shown in the consolidated statement of financial position, and in other comprehensive results under equity, an increase for an amount of $1,254,124.

The average annual depreciation rates used by TPG for years 2023 and 2022 are the following:

	2023 (%)	2022 (%)
Communication equipment	10.0	10.0
Fiber optic	4.0	4.0
Decoders	12.5	12.5
Installation expenses	20.0	20.0
Computers	33.3	33.3
Vehicles	25.0	25.0
Constructions	5.0	5.0
Furniture and fixtures	10.0	10.0

l. Borrowing costs

Costs from borrowings directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period necessary to complete and prepare the asset to its intended use or sale. Other borrowing costs are charged to income when accrued and are reported under caption "interest expense" (see Notes 11 and 13). For the years ended December 31, 2023 and 2022, TPG capitalized borrowing costs which amounted to $396,406 and $303,485, respectively.

m. 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 income, in the period they were incurred.

TPG assesses 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 indicators that the intangible assets may be deteriorated are present. The amortization period and the amortization method for intangibles with finite- useful lives 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.).

According to its accounting policy to recognize the trademark's fair value, for the year ended December 31, 2023, the Company carried out a revaluation for the Trademark, in accordance with IAS 38, *Intangibles*, generating an increase in non-current assets and equity for $769,773.

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 of December 31, 2023 and 2022, 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.

n. 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 the carrying amount.

Impairment tests

For the impairment annual test purposes, there were defined the 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.

(i) 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.

As of December 31, 2023 and 2022, TPG does not present impairment in its assets with finite and indefinite lives.

o. 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 contains 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 the lease commencement date, 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 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 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 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 derives from a change in variable interest rates, in which case the discount rate is modified to reflect the change in interest rates.

In some cases, TPG may increase or reduce the capacity of physical spaces or may renegotiate the amounts to be paid under the respective leases, therefore, 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.

Conversely, 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 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.

TPG as a lessor

As a lessor, TPG 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.

p. 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.

q. Income taxes

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 from prior periods.

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.

r. Employee benefits

Under IAS 19, Employee benefits, such benefit obligations 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 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, 2023 and 2022, 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 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, 2023 and 2022, 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.

TPG's 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.

s. Provisions, contingent liabilities and contingent assets

Provisions are accounted for 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 arises 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.

t. 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 related to the issuance of shares 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 of December 31, 2023 and 2022, 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 3.k, 3.m, 10 and 12).

- Remeasurements of the defined benefit liability - which includes actuarial losses due to changes in demographic and financial assumptions (see Notes 3.r and15).

- The translation effect - includes the currency translation effect of TPG's foreign entities to Mexican pesos (see Notes 1.c and 3.x).

- The cash flow hedging reserve - comprises gains and losses related to this type of financial instruments (see Notes 3.f and17.b).

u. Revenue recognition for contracts with customers and other income

General principles

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

In certain cases, TPG incurs several 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.

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.

Gross or net revenue recognition

In those cases, in which TPG serves as an intermediary between a supplier and the client, the Management evaluates whether the TP Group delivers the related product or provides the service requested by the client as a principal or if it acts only as an agent of the supplier. The result of said evaluation determines whether the TP Group recognizes the income on a gross basis (as a principal) or net of the costs incurred on behalf of the supplier, that is, for the margin of the operation (as an agent). The determining factor in this evaluation is the control over the related good or service.

Multiple arrangement agreements

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.

Performance obligations satisfied over time

If the control of a good or service is transferred over time and, therefore, a performance obligation is satisfied, TPG recognizes revenue from ordinary activities over time, as the client receives or consumes the provided benefits, if an asset is created or improved or if an enforceable right to collection is created for the performance completed to date.

Revenue recognition is based on the information reported by the systems to which data on the packages or types of contracted services, billing fees and other agreements with customers are loaded.

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 profile 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 due to their relatively small significance. Connection and installation charges are generated when 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 the 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 TPG's network and are recognized when the service is provided. Interconnection rates are regulated by the Federal Telecommunications Institute (IFT for its Spanish acronym).

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.

Commissions

This revenue source 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 TPG to its customers (e.g., Netflix, Prime Video, Disney +, HBO, among others).

Custom solutions

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.

Liabilities from contracts with customers

Revenue already collected for services not yet provided to the customer is deferred until such services are provided. As of December 31, 2023 and 2022, liabilities from contracts with customers amounted to $993,519 and $986,456, respectively, and are presented in the statement of financial position under the caption "liabilities from contracts with customers".

Interest revenue

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

The different sources of revenues are detailed in Note 22.

v. 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 and are comprised as shown in Note 23.

w. Subscriber acquisition cost

Subscriber acquisition cost represents the disbursements necessary to install the infrastructure to provide 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 (external 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 (five years) If service is cancelled, the unamortized balance less the amount of the recovered equipment is charged to profit or loss of the period.

x. 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 TPG's financial statements, all assets, liabilities, and operations carried out with a functional currency other than the Mexican peso (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 in other capital accounts. Upon disposing of a foreign operation, the accumulated translation effects recognized in equity are reclassified to income and recognized as part of the gain or loss on disposal.

Note 18 shows the foreign exchange position, as well as the exchange rates used in the translation of those balances.

y. Comprehensive loss

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

NOTE 4 – CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF UNCERTAINTY IN ESTIMATES:

In applying the Company's accounting policies, which are described in Note 3, management must make judgments, estimates and assumptions about the carrying amounts of assets and liabilities in the consolidated financial statements. Estimates and relative assumptions are based on experience and other factors deemed relevant. Actual results could differ from these estimates.

Estimates and assumptions are reviewed on a regular basis. Modifications to accounting estimates are recognized in the period in which the modification is made and future periods if the modification affects both the current period and subsequent periods.

a. Accounting judgments when applying accounting policies

(i) 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.

(ii) 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, it is determined if an asset or a liability exists.

b. Key sources of uncertainty in estimates

(i) Inventory and receivables allowances. TPG uses estimates to determine the inventory and receivables impairment allowances. Some of the factors considered by TPG for calculating the inventory allowance are the installations volume and demand trends for certain products. The factors considered by TPG in order to determine impairment allowance of receivables include customer's risk related to its financial situation, unsecured accounts and the portfolio aging in accordance with the credit terms and conditions set down (see Notes 6 and 8 for more detail).

(ii) Property, plant and equipment. TPG reviews the estimated useful life of property, plant and equipment at the end of each annual period, to determine their depreciation. Useful lives are determined in accordance with technical studies prepared by specialized internal staff, but external specialists may also participate. The uncertainty degree from 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 others, 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) 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 the payment obligation becomes probable, the corresponding liability is recognized.

(viii) Fair value measurements. Derivative financial instruments are recognized in the statement of financial position at their fair value at each reporting date. Additionally, Note 17 discloses the fair value of certain financial instruments, mainly long-term debt, although it does not imply a risk of adjustment to the book values. Additionally, TPG recognizes the fair value of some items of Property, plant and equipment and its intangibles (trademarks) periodically.

The fair values described are estimated using valuation techniques that include data that are not observable in a market. The main assumptions used in the valuation are described in the relative notes. TPG considers that the valuation techniques and assumptions selected are appropriate to determine fair values.

NOTE 5 – CASH AND CASH EQUIVALENTS:

Cash and cash equivalents are comprised as follows:

	December 31,	
	2023	2022
Petty cash funds	$ 332	$ 804
Checking accounts	1,277,661	1,132,342
Short-term investments	1,098,982	756,403
Total cash and cash equivalents	$ 2,376,975	$ 1,889,549

NOTE 6 – ACCOUNTS RECEIVABLE FROM CUSTOMERS:

a. Balance integration:

The accounts receivable from customers are comprised as follows:

	December 31,	
	2023	2022
Residential and Business-oriented customers	$ 4,779,893	$ 5,163,950
Advertising customers	514,819	805,181
Telecommunications carriers	67,685	64,646
Others	122,963	109,852
Gross balance	5,485,360	6,143,629
Expected credit loss allowance	(1,059,769)	(637,969)
Total accounts receivable from customers – net	$ 4,425,591	$ 5,505,660

b. Receivables gross balance ageing:

	December 31,	
	2023	2022
Up to 30 days	$ 2,943,804	$ 3,215,555
From 31 to 60 days	174,351	228,333
From 61 to 90 days	274,872	326,615
From 91 to 120 days	151,171	111,071
More than 120 days	1,941,162	2,262,055
Gross balance	$ 5,485,360	$ 6,143,629

c. Expected credit loss allowance balance reconciliation:

	Years ended December 31, 2023	2022
Opening balance	$ 637,969	$ 379,072
Increases	851,834	723,600
Write-offs	(430,034)	(464,690)
Deconsolidation of subsidiary	-	(13)
Closing balance	$ 1,059,769	$ 637,969

d. Portfolio securitization.

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

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

The Master Trust serves as a centralized vehicle of receivables collection, as well as a vehicle for the administration and payment source for liabilities of the Company and Total Box. As part of the Master Trust, specific portfolios of collection resulting from such rights are allocated to serve as payments under specific financings of the Company having the support of the Master Trust, including the securitization program of the portfolio (see Note 13).

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

The Company and Total Box (as Trustors of the Master Trust) irrevocably contributed to the patrimony of the Master Trust all Collection Rights present and future generated during the normal course of business covered by the services provision contracts with its customers (Collection Rights). Pursuant to such universal contribution of Collection Rights, present and future, and in accordance to the terms of the Master Trust agreement, the Trustors should not be able to maintain Collection Rights or Services Provision Contracts off the patrimony of the Master Trust.

Likewise, in terms of the Master Trust, the Company and Total Box (as Trustors of the Master Trust), have been appointed as Trustees of the trust to receive, on behalf of the Fiduciary, the cash flows resulting from the Collection Rights and deliver then to the Fiduciary of the Master Trust within the following two business days.

All issuances of CEBURES carried out under the cover of the securitization program shall be made under the cover of the Issuing Trust. The equity of the Issuing Trust is comprised mainly of the Collection Rights contributed by the Master Trust itself and the collections resulting from the Collection Rights. The CEBURES issued by the Issuing Trust shall be supported by a specific portfolio of Collection Rights allocated to each issue if stock certificates and the collections resulting from such Collection Rights.

As of December 31, 2023 and 2022, Collection Rights contributed by TPG to the Master Trust amounted to $46,278,536 and $39,820,233, respectively.

NOTE 7 – RELATED PARTIES:

a. Balance integration:

Accounts receivable and payable to related parties are shown below:

	December 31, 2023	2022
Short-term account receivables:		
Total Play Comunicaciones Colombia, S.A.S.	$ 230,247	$ 171,092
Operadora Biper, S.A. de C.V.	187,458	198,534
Grupo Elektra, S.A.B. de C.V. and subsidiaries (GEKT)	66,240	-
TV Azteca, S.A.B. de C.V. and subsidiaries (GTVA)	48,043	272
Azteca Comunicaciones Colombia, S.A.S.	14,862	-
Tiendas Super Precio, S.A.P.I. de C.V.	3,139	3,574
Others	698	1,436
Expected credit loss allowance	(183,771)	(64,641)
Total short-term accounts receivable from related parties	$ 366,916	$ 310,267
Long-term account receivables:		
Azteca Comunicaciones Colombia, S.A.S. [1]	237,367	78,371
Total Play Comunicaciones Colombia, S.A.S.	-	75,913
Total long-term accounts receivable from related parties	$ 237,367	$ 154,284

[1] Corresponds to a lease contract entered into on January 2, 2021, validity to December 2, 2025.

Short term accounts payable:		
TV Azteca, S.A.B. de C.V. and subsidiaries (GTVA)	449,845	184,656
Totalsec, S.A. de C.V. (Totalsec)	356,920	39,682
UPAX GS, S.A. de C.V. (UPAX)	96,888	6,824
Servicios de Asesoría en Medios de Comunicación, GS, S.A. de C.V.	65,054	13,177
Grupo Elektra, S.A.B. de C.V. and subsidiaries (GEKT)	15,962	49,126
Selabe Diseños, S.A. de C.V. (Selabe)	7,021	60,414
Others	20,389	11,508
Total short-term accounts payable to related parties	$ 1,012,079	$ 365,387

b. Transactions:

Additionally, the following operations with related parties have been included in the consolidated financial statement:

	Years ended December 31, 2023	2022
Revenue	$ 612,253	$ 623,548
Costs	151,289	46,146
Operating expenses	965,485	941,903
Other income	556	505
Interest revenue	38,141	23,800
Fixed assets acquisitions	363,744	420,818
Borrowings	170,799	193,902
Prepaid expenses	174,060	198,030
Liabilities from contracts with customers	16,506	-

Transactions with Grupo Salinas companies

TPG provides fixed telephony services, Internet and link rent to GEKT and GTVA. Conversely, services received by TP Group from the Grupo Salinas' companies are:

- GEKT - leasing, fees and maintenance.
- GTVA - advertising and leasing.
- CRBS - fees.
- Adamantium Private Security Services, S. de R.L. de C.V - surveillance and security.
- BOFF, S. de R.L. de C.V. - fees.
- Totalsec - fixed assets, inventory, maintenance, and fees.
- UPAX - fees and advertising.
- Selabe - fees.

NOTE 8 – INVENTORIES:

a. Balance integration:

Inventories are comprised as follows:

	December 31, 2023	2022
Equipment	$ 1,610,422	$ 1,014,329
Installation material warehouse	1,366,018	1,343,696
Gross balance	2,976,440	2,358,025
Obsolescence allowance	(50,059)	(15,929)
Total inventories – Net	$ 2,926,381	$ 2,342,096

b. Reconciliation of the obsolescence allowance balances:

	Years ended December 31, 2023	2022
Opening balance	$ 15,929	$ 46,824
Increases	45,364	16,503
Write-offs	(11,234)	(47,398)
Ending balance	$ 50,059	$ 15,929

NOTE 9 – PREPAID EXPENSES:

Balance integration:

Prepaid expenses are comprised as follows:

	December 31, 2023	2022
Air taxi services	$ 174,000	$ 193,615
Maintenance	133,729	133,982
Fees	78,154	90,451
Security deposits	34,059	32,461
Advertising	25,593	55,089
Monitoring	18,253	79,708
Right-of-way and other contributions	14,616	59,673
Insurance	10,416	115,385
Telephony services	832	10,974
Compensations	-	107,247
Others	39,800	29,714
Total advance payments	$ 529,452	$ 908,299

NOTE 10 – PROPERTY, PLANT AND EQUIPMENT - NET:

a. Breakdown by class of asset:

As of December 31, property, plant and equipment – net, consisted of the following:

	December 31, 2023	2022
Decoders	$ 50,371,225	$ 42,064,698
Fiber optic	23,422,664	19,461,196
Communication equipment	13,436,361	11,716,663
Licenses and software	2,478,645	2,242,261
Machinery and laboratory equipment	1,641,059	1,468,357
Computers	1,207,270	1,130,551
Leasehold improvements	453,418	533,056
Furniture and fixtures	268,453	243,601
Vehicles	54,949	108,012
Gross depreciable balance	93,334,044	78,968,395
Accumulated depreciation	(32,413,610)	(22,334,134)
Net depreciable balance	60,920,434	56,634,261
Projects in progress	989,515	1,495,487
Land	35,888	35,408
Total property, plant and equipment, net	$ 61,945,837	$ 58,165,156

TPG has guaranteed the tax credit mentioned in Note 19.b with certain of these assets up to an amount of $1,010,844. Also, the carrying amount of property, plant and equipment is subject to an annual impairment test (see Note 3.n).

b. Balance reconciliation:

The reconciliation of balances for the periods ended December 31, 2023 and 2022 is as follows:

	Net balances as of December 31, 2022	Purchases[1]	Revaluation	Disposals	Transfers	Depreciation of the year	Net balances as of December 31, 2023
Decoders	$ 29,502,618	$ 12,588,048	$ -	($ 1,860,511)	$ -	($ 10,039,720)	$ 30,190,435
Fiber optic	16,736,384	3,363,149	321,688	(237,434)	545,676	(897,343)	19,832,120
Communication equipment	7,168,656	961,262	756,824	(196,420)	359,657	(1,291,871)	7,758,108
Licenses and software	1,288,625	646,753	-	742	49,838	(773,264)	1,212,694
Machinery and laboratory equipment	959,018	98,476	71,163	(421)	8,512	(152,971)	983,777
Computers	418,106	75,637	104,449	(2,522)	55,693	(259,987)	391,376
Leasehold improvements	357,196	49,781	-	(7,004)	3,770	(40,085)	363,658
Furniture and fixtures	169,758	22,308	-	-	4,285	(24,450)	171,901
Vehicles	33,900	-	-	(688)	-	(16,847)	16,365
Land	35,408	480	-	-	-	-	35,888
Projects in progress	1,495,487	523,439	-	(1,980)	(1,027,431)	-	989,515
Totals	$ 58,165,156	$ 18,329,333	$ 1,254,124	$ 2,306,238	$ -	($ 13,496,538)	$ 61,945,837

	Net balances as of December 31, 2021	Purchases[1]	Disposals	Transfers	Other	Depreciation of the year	Net balances as of December 31, 2022
Decoders	$ 21,708,965	$ 15,621,532	($ 233,172)	$ -	$ 1,218	($ 7,595,925)	$ 29,502,618
Fiber optic	14,126,686	3,200,504	(5,300)	123,836	-	(709,342)	16,736,384
Communication equipment	6,190,838	1,835,122	(76,419)	302,627	1,048	(1,084,560)	7,168,656
Licenses and software	946,733	934,272	(52,054)	57,359	914	(598,599)	1,288,625
Machinery and laboratory equipment	879,239	207,533	(219)	17,199	(11,379)	(133,355)	959,018
Computers	518,162	165,471	(9,024)	48,986	(66,720)	(238,769)	418,106
Leasehold improvements	345,132	74,175	(8,575)	2,137	-	(55,673)	357,196
Furniture and fixtures	111,805	76,859	-	-	311	(19,217)	169,758
Vehicles	38,122	7,526	(962)	3,304	-	(14,090)	33,900
Land	21,408	14,000	-	-	-	-	35,408
Projects in progress	963,516	1,088,020	-	(555,448)	(601)	-	1,495,487
Totals	$ 45,850,606	$ 23,225,014	($ 385,725)	$ -	$ (75,209)	($ 10,449,530)	$ 58,165,156

[1] Includes capitalized debt costs amounting $396,406 and $303,485 for the years ended December 31, 2023 and 2022, respectively.

c. Depreciation expense breakdown:

Depreciation expense is integrated as follows:

	Years ended December 31, 2023	2022
Subscribers acquisition cost depreciation	$ 10,039,721	$ 7,595,928
Depreciation of the rest of the assets	3,456,817	2,853,602
Total	$ 13,496,538	$ 10,449,530

NOTE 11 – LEASES (RIGHT-OF-USE ASSETS AND LEASE LIABILITIES)

a. Right of use asset' integration by type on underlying asset:

The right of use assets balance was comprised as follows:

	December 31, 2023	2022
Decoders	$ 6,280,537	$ 5,988,486
Property	4,071,365	4,421,724
Vehicles	520,906	647,848
Computers	176,480	210,505
Communication equipment	143,990	257,859
Furniture and fixtures	-	199,541
Gross balance	11,193,278	11,725,963
Accumulated depreciation	(6,412,883)	(5,022,937)
Net balance	$ 4,780,395	$ 6,703,026

b. Balance reconciliation:

	Net balances as of December 31, 2022	Additions	Disposals	Depreciation of the year	Net balances as of December 31, 2023
Decoders	$ 3,861,823	$ 292,049	$ -	($ 1,435,884)	$ 2,717,988
Property	2,362,514	625,054	(534,797)	(807,694)	1,645,077
Vehicles	324,473	460,331	(312,736)	(202,345)	269,723
Communication equipment	50,486	97,197	-	(37,021)	110,662
Computers	78,806	-	-	(41,861)	36,945
Furniture and fixtures	24,924	-	(833)	(24,091)	-
Totals	$ 6,703,026	$ 1,474,631	($ 848,366)	($ 2,548,896)	$ 4,780,395

	Net balances as of December 31, 2021	Additions	Disposals	Depreciation of the year	Net balances as of December 31, 2022
Decoders	$ 2,204,531	$ 3,144,057	($ 262,050)	($ 1,224,715)	$ 3,861,823
Property	2,162,232	1,033,693	(7,871)	(825,540)	2,362,514
Vehicles	323,195	185,099	(11,333)	(172,488)	324,473
Computers	120,671	-	(4)	(41,861)	78,806
Communication equipment	56,793	82,324	(15,391)	(73,240)	50,486
Furniture and fixtures	118,956	-	(19,084)	(74,948)	24,924
Others	9,120	-	-	(9,120)	-
Inventories	1,908	-	(1,908)	-	-
Totals	$ 4,997,406	$ 4,445,173	($ 317,641)	($ 2,421,912)	$ 6,703,026

c. Expenses related to leases:

	Years ended December 31, 2023	2022
Depreciation	$ 2,548,896	$ 2,421,912
Accrued interest expense	644,691	611,407
Lease payments recognized as expense (exceptions to IFRS 16, *Leases*);		
Costs	346,630	614,528
Operating expenses	1,166,294	1,186,582
Total	$ 4,706,511	$ 4,834,429

d. Maturity of the lease liability long-term portion:

Leases were classified as long-term liabilities as of December 31, 2023 with the following contractual maturities:

Year	Amount
2025	$ 1,537,622
2026	835,374
2027	318,285
2028	278,166
2029 onwards	357,310
Total	$ 3,326,757

NOTE 12 – TRADEMARKS AND OTHER ASSETS – NET:

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

	December 31, 2023	2022
Trademarks[1]	$ 1,959,500	$ 1,189,727
Prepaid expenses[2]	70,342	88,932
Guaranty deposits	69,062	69,630
Not controlled investments	-	18,962
Total	$ 2,098,904	$ 1,367,251

[1] The carrying amount of the trademarks and the concession rights is subject to annual impairment tests (see Note 3.m).
[2] Correspond to advance payments covering a period greater than twelve months.

NOTE 13 – FINANCIAL DEBT:

a. Balance reconciliation:

The reconciliation of total debt (short-term and long-term) balances is shown below:

	December 31, 2023	2022
Opening balance	$ 49,532,496	$ 41,495,121
New loans	13,046,534	13,964,174
Foreign exchange loss unrealized	(3,653,023)	(1,299,197)
Settlements	(6,851,701)	(4,620,671)
New transaction costs	(160,409)	(617,667)
Transaction costs amortization of the period	285,208	610,736
Closing balance	$ 52,199,105	$ 49,532,496

b. Integration by creditor:

As of December 31, TPG had the following outstanding financings:

	December 31,2023		
	Short-term	Long-term	Total
a. 6.375% Unsecured Senior Notes	$ -	$ 10,136,100	$ 10,136,100
b. 7.500% Unsecured Senior Notes	-	9,713,764	9,713,764
c. QH Productos Estructurados, S.A.P.I. de C.V.	79,308	7,591,193	7,670,501
d. FGS Bridge, S. A. de C. V. SOFOM ENR	-	5,700,000	5,700,000
e. Universidad ICEL, S. C.	-	2,537,000	2,537,000
f. Postulando Ideas, S.A. de C. V.	-	1,846,695	1,846,695
g. CEBURES TPLAYCB 20 Fideicomiso CIB/3370	1,490,000	318,333	1,808,333
h. The Export and Import Bank of China	451,471	1,354,414	1,805,885
i. Desarrollo JNG Coyoacán, S. A. de C. V.	-	1,650,404	1,650,404
j. CEBURES TPLAY 22	-	1,593,347	1,593,347
k. Interpretaciones Económicas, S.A. de C.V.	-	1,412,761	1,412,761
l. Desarrollo JNG Azcapotzalco, S. A. de C. V.	-	1,393,553	1,393,553
m. Inmobiliaria Ciudad del Sol Guadalajara, S.A. de C. V.	-	1,384,738	1,384,738
n. Negocios y Visión en Marcha, S.A. de C. V.	-	1,084,849	1,084,849
ñ. CEBURES TPLAY 00123	1,000,000	-	1,000,000
o. CEBURES TPLAY 00223	1,000,000	-	1,000,000
p. Banco Invex, S. A. Institución de Banca Múltiple	266,667	273,333	540,000
q. Banco del Bajío, S. A. Institución de Banca Múltiple	313,636	-	313,636
r. Cisco Capital de México, S. de R. L. de C. V.	44,403	107,805	152,208
Transaction costs	(72,717)	(471,952)	(544,669)
Total debt recognized at amortized cost	$ 4,572,768	$ 47,626,337	$ 52,199,105

	December 31,2022		
	Short-term	Long-term	Total
a. 6.375% Unsecured Senior Notes	$ -	$ 11,616,900	$ 11,616,900
b. 7.500% Unsecured Senior Notes	-	11,132,863	11,132,863
h. The Export and Import Bank of China	534,745	2,138,980	2,673,725
e. Universidad ICEL, S. C.	-	2,537,000	2,537,000
g. CEBURES TPLAYCB 20 Fideicomiso CIB/3370	691,667	1,808,333	2,500,000
s. Barclays Bank PLC	2,129,765	-	2,129,765
f. Postulando Ideas, S.A. de C.V.	400,000	1,446,695	1,846,695
i. Desarrollo JNG Coyoacán, S.A. de C.V.	300,000	1,350,404	1,650,404
j. CEBURES TPLAY 22	-	1,593,347	1,593,347
c. QH Productos Estructurados, S.A.P.I. de C.V.	-	1,475,000	1,475,000
k. Interpretaciones Económicas, S.A. de C.V.	140,000	1,272,761	1,412,761
l. Desarrollo JNG Azcapotzalco, S.A. de C.V.	140,000	1,253,553	1,393,553
m. Inmobiliaria Ciudad del Sol Guadalajara, S.A. de C.V.	200,000	1,184,738	1,384,738
n. Negocios y Visión en Marcha, S.A. de C.V.	130,000	954,849	1,084,849
q. Banco del Bajío, S.A. Institución de Banca Múltiple	206,364	863,636	1,070,000
t. CEBURES TPLAY 00122	1,000,000	-	1,000,000
d. FGS Bridge, S.A. DE C.V. SOFOM ENR	-	1,000,000	1,000,000
u. CEBURES TPLAY 00222	1,000,000	-	1,000,000
p. Banco Invex, S.A. Institución de Banca Múltiple	200,000	600,000	800,000
v. Bank Julius Baer & CO AG	-	290,423	290,423
w. Credit Suisse AG, Cayman Island Branch	-	290,423	290,423
x. Global Bank Corporation	-	193,615	193,615
y. Metrobank S.A.	-	96,808	96,808
r. Cisco Capital de México, S. de R.L. de C.V.	7,015	22,080	29,095
Transaction costs	(106,826)	(562,642)	(669,468)
Total debt recognized at amortized cost	$ 6,972,730	$ 42,559,766	$ 49,532,496

Maturities of long-term portions as of December 31, 2023 are the following:

Year	Face value	Transaction costs	Amortized Cost
2025	$ 14,465,493	($ 191,273)	$ 14,274,220
2026	5,691,164	(43,253)	5,647,911
2027	4,330,949	(20,894)	4,310,055
2028	12,871,100	(211,085)	12,660,015
2029 and onwards	10,739,583	(5,447)	10,734,136
	$ 48,098,289	($ 471,952)	$ 47,626,337

c. Main features of the debt:

The following table summarizes features of the principal loans as of December 31, 2023:

Type of credit / Creditor	Currency	Annual interest rate	Dates of Initial	Dates of Maturity	Comments
a. 6.375% Unsecured Senior Notes	USD	6.375%	13/09/2021	20/09/2028	Sets out covenants, which were in fully compliance as of December 31, 2023
b. 7.500% Unsecured Senior Notes	USD	7.500%	09/11/2020	12/11/2025	Sets out covenants, which were in fully compliance as of December 31, 2023
c. QH Productos Estructurados, S.A.P.I. de C.V.	MXN	TIIE[1] +300 pbs[3]	21/07/2023	30/11/2027	
d. FGS Bridge, S. A. de C. V. SOFOM ENR	MXN	TIIE[1] +300 pbs[3]	17/07/2023	31/08/2029	
e. Universidad ICEL, S. C.	MXN	10.00%	31/03/2021	31/03/2033	
f. Postulando Ideas, S.A. de C. V.	MXN	10.00%,13.15%	31/03/2021	31/03/2033	
g. CEBURES TPLAYCB 20 Fideicomiso CIB/3370	MXN	TIIE[1] +240 pbs[3]	24/02/2020	11/02/2025	
h. The Export and Import Bank of China	CYN	5.50%	23/12/2020	23/12/2027	
i. Desarrollo JNG Coyoacán, S. A. de C. V.	MXN	10.00%,12.65%,13.15 %	31/03/2021	31/03/2033	
j. CEBURES TPLAY 22	MXN	TIIE[1] +260 pbs[3]	14/09/2022	10/09/2025	
k. Interpretaciones Económicas, S.A. de C.V.	MXN	10.00%,12.65%,13.15 %	31/03/2021	31/03/2033	
l. Desarrollo JNG Azcapotzalco, S. A. de C. V.	MXN	10.00%,12.65%,13.15 %	31/03/2021	31/03/2033	
m. Inmobiliaria Ciudad del Sol Guadalajara, S.A. de C. V.	MXN	10.00%,12.65%,13.15 %	31/03/2021	31/03/2033	
n. Negocios y Visión en Marcha, S.A. de C. V.	MXN	10.00%,12.65%,13.15 %	31/03/2021	31/03/2033	
ñ. CEBURES TPLAY 00123	MXN	TIIE[1]+150 pbs[3]	26/04/2023	24/04/2024	
o. CEBURES TPLAY 00223	MXN	TIIE[1+]+150 pbs[3]	20/12/2023	21/11/2024	
p. Banco Invex, S. A. Institución de Banca Múltiple	MXN	TIIE[1] +440 pbs[3]+430 pbs[3]	29/03/2022	27/03/2026	
q. Banco del Bajío, S. A. Institución de Banca Múltiple	MXN	TIIE[1] +225 pbs[3], 961 pbs[3]	19/07/2019	19/07/2024	
r. Cisco Capital de México, S. de R. L. de C. V.	MXN	10.17%, 11.39%,11.89%,12.07 %, 11.87%	23/11/2022	10/07/2027	

[1] TIIE: Inter-bank equilibrium interest rate
[2] SOFR: Secured Overnight Financing Rate Data
[3] pbs: Basis points

The following table summarizes features of the principal loans as of December 31, 2022:

Type of credit / Creditor	Currency	Annual interest rate	Dates of Initial	Dates of Maturity	Comments
a. 6.375% Unsecured Senior Notes	USD	6.375%	13/09/2021	20/09/2028	Sets out covenants, which were in fully compliance as of December 31, 2022
b. 7.500% Unsecured Senior Notes	USD	7.500%	09/11/2020	12/11/2025	Sets out covenants, which were in fully compliance as of December 31, 2022
h. The Export and Import Bank of China	CYN	5.50%	23/12/2020	23/12/2027	
e. Universidad ICEL, S. C.	MXN	10.00%	31/03/2021	31/03/2033	
g. CEBURES TPLAYCB 20 Fideicomiso CIB/3370	MXN	TIIE[1] +240 pbs[3]	24/02/2020	11/02/2025	
q. Banco del Bajío, S. A. Institución de Banca Múltiple	MXN	TIIE[1] +225 pbs[3], +961.2 pbs[3]	21/07/2019	12/05/2025	
f. Postulando Ideas, S.A. de C. V.	MXN	10.00%,12.65%,13.15%	31/03/2021	31/03/2033	
i. Desarrollo JNG Coyoacán, S. A. de C. V.	MXN	10.00%,12.65%,13.15 %	31/03/2021	31/03/2033	
k. Interpretaciones Económicas, S.A. de C.V.	MXN	10.00%,12.65%,13.15 %	31/03/2021	31/03/2033	
l. Desarrollo JNG Azcapotzalco, S. A. de C. V.	MXN	10.00%,12.65%,13.15 %	31/03/2021	31/03/2033	
n. Negocios y Visión en Marcha, S.A. de C. V.	MXN	10.00%,12.65%,13.15 %	31/03/2021	31/03/2033	
m. Inmobiliaria Ciudad del Sol Guadalajara, S.A. de C. V.	MXN	10.00%,12.65%,13.15 %	31/03/2021	31/03/2033	
p. Banco Invex, S. A. Institución de Banca Múltiple	MXN	TIIE[1] +440 pbs[3], 430 pbs[3]	29/03/2022	27/03/2026	
t. CEBURES TPLAY 00122	MXN	TIIE[1] +148 pbs[3]	27/04/2022	26/04/2023	
s. Barclays Bank PLC	USD	SOFR +750 pbs[3]	16/06/2022	22/12/2023	
v. Bank Julius Baer & CO AG	USD	SOFR +837 pbs[3]	30/08/2022	12/05/2025	
w. Credit Suisse AG, Cayman Island Branch	USD	SOFR +837 pbs[3]	30/08/2022	12/05/2025	
x. Global Bank Corporation	USD	SOFR +837 pbs[3]	30/08/2022	12/05/2025	
y. Metrobank S.A.	USD	SOFR+8.3678%	30/08/2022	12/05/2025	
j. CEBURES TPLAY 22	MXN	TIIE + 2.60%	14/09/2022	10/09/2025	
d. FGS Bridge, S. A. de C. V. SOFOM ENR	MXN	TIIE[1] +425 pbs[3]	24/10/2022	30/11/2028	
c. QH Productos Estructurados, S.A.P.I. de C.V.	MXN	TIIE[1] +425 pbs[3]	08/11/2022	31/05/2026	
r. Cisco Capital de México, S. de R. L. de C. V.	MXN	10.18%	23/11/2022	04/11/2026	
u. CEBURES TPLAY 00222	MXN	TIIE[1] +150 pbs[3]	21/12/2022	20/12/2023	

[1] TIIE: Inter-bank equilibrium interest rate
[2] SOFR: Secured Overnight Financing Rate Data
[3] pbs: Basis points

NOTE 14 – REVERSE FACTORING:

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

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

	December 31, 2023	2022
a. FGS Bridge, S.A.P.I. de C.V. (FGS)	$ 1,175,391	$ 1,379,736
b. Bank of China Shenzen Branch	662,401	465,362
c. Jefferies LLC	262,252	769,431
d. Arrendadora Internacional Azteca, S.A. de C.V. (AIA)	133,748	53,698
e. Cintercap, S.A. de C.V. SOFOM E.N.R.	-	22,857
Total	$ 2,233,792	$ 2,691,084

a. FGS:

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

b. Bank of China Shenzen Branch:

- In July 2022, TPG was informed about the factoring operations agreement between Huawei Technologies de México S. A. de C. V. and Bank of China Shenzen Branch, where the latter partially acquires the accounts receivable that Huawei had with TPG.
- The expiration date for TPG is extended for a six-month period from each notice received by Huawei.
- Bank of China Shenzen Branch will only acquire receivables whose maturity date does not exceed 90 calendar days from the date of issuance of such receivables.

c. Jefferies:

- On January 20, 2022, TPG was informed of the recurring factoring operations agreement between Jefferies and Huawei Technologies de México, S.A. de C.V. through which the later seeks to sell the accounts receivables it had with TPG and assign to the buyer all rights and proceeds under such receivables.
- The expiration date for TPG extends up to six months from each notice received by Huawei.
- TPG undertakes to pay the credit rights at nominal value.
- Jefferies will only acquire receivables whose maturity date does not exceed 30 calendar days from the date of issuance of such Receivables.

d. AIA:

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

e. Cintercap:

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

NOTE 15 – EMPLOYEE BENEFITS:

a. Employee benefit liability:

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

	Seniority premium	Legal compensation	Total
December 31, 2023:			
Defined benefits obligation (DBO)	$ 17,496	$ 56,627	$ 74,123
Plan assets	-	-	-
Net projected liability	$ 17,496	$ 56,627	$ 74,123
December 31, 2022:			
Defined benefits obligation (DBO)	11,083	37,737	48,820
Plan assets	-	-	-
Net projected liability	$ 11,083	$ 37,737	$ 48,820

b. Adjusted net cost for the period:

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

	Seniority premium	Legal compensation	Total
Year ended December 31, 2023:			
Current services labor cost	$ 5,628	$ 21,797	$ 27,425
Financial cost	1,215	4,183	5,398
Labor cost of past services	16	25	41
Seniority recognition	507	1,323	1,830
Reductions and early settlements	901	(6,980)	(6,079)
Differences in balance of OCI	4,039	5,268	9,307
Total	$ 12,306	$ 25,616	$ 37,922
Year ended December 31, 2022:			
Current services labor cost	4,528	25,781	30,309
Financial cost	816	3,361	4,177
Seniority recognition	491	2,270	2,761
Reductions and early settlements	2,664	(6,858)	(4,194)
Differences in balance of OCI	(2,089)	(25,878)	(27,967)
Total	$ 6,410	($ 1,324)	$ 5,086

c. DBO reconciliation:

	Years ended December 31, 2023	2022
DBO opening balance	$ 48,820	$ 49,892
Current services labor cost	27,426	30,309
Financial cost	5,398	4,177
Labor cost of past services	41	-
Seniority recognition	1,829	2,761
Actuarial losses (gains) for the period	9,307	(27,968)
Reductions and early settlements	(6,080)	(4,194)
Benefits paid against provision	(12,618)	(6,157)
DBO closing balance	$ 74,123	$ 48,820

d. Main assumptions:

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

Nominal annual rates:	2023	2022
Minimum salary	5.00%	5.00%
Career salary	5.80%	5.80%
Discount	10.78%	8.40%
Long term inflation	4.00%	4.00%
Average working life expectancy	13 years	12 years

e. Sensibility analysis:

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

	9.80%	10.80%	11.80%
Seniority premium	$ 19,749	$ 17,496	$ 15,500
Legal severance compensation	64,600	56,627	49,652
Total	$ 84,349	$ 74,123	$ 65,152

NOTE 16 – INCOME TAXES:

a. Provision for income taxes:

The provision for income taxes (IT) for the years ended December 31, 2023 and 2022, is as follows:

	Years ended December 31, 2023	2022
Income tax:		
Current	($ 179)	$ -
Deferred	(2,522,088)	(1,970,207)
Total	($ 2,522,267)	($ 1,970,207)

b. Current income tax:

The income tax rate was 30% for the years ended December 31, 2023 and 2022, years in which the Company reported a tax profit of $1,794,474 and $1,979,927, respectively, which were offset with tax loss carryforwards. For the year ended December 31, 2023, TPG's subsidiaries reported tax profits of $324,619, which were offset with tax loss carryforwards, and tax losses of $134,009. For the year ended December 31, 2022, they reported tax profits of $2 and tax losses of $133,107.

c. Deferred income tax:

The temporary differences that TPG recognized in the calculation of deferred income tax were the following:

	December 31, 2023	2022
Tax loss carryforwards, net of valuation reserve of $1,210,780 and $6,803, resp.	$ 3,249,402	$ 6,772,788
Credit loss allowance and inventories	1,109,828	653,898
Leases	884,747	367,650
Employee benefits	54,119	48,820
Non-deductible interest due to thin capitalization rule	-	1,085,863
Prepaid expenses	(725,192)	(908,269)
Other temporary items	(2,039,886)	1,737,126
Property, plant and equipment	(20,044,470)	(17,608,247)
Tax loss carryforwards and temporary differences	(17,511,452)	(7,850,371)
Income tax rate	30%	30%
Net deferred income tax liability	($ 5,253,436)	($ 2,355,111)

d. Reconciliation of nominal and effective IT rates:

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

	Years ended December 31, 2023	2022
	%	%
IT nominal rate	30	30
Effect on IT incurred:		
Credit loss allowance and inventories	(5)	32
Other items	(287)	(244)
Annual inflation adjustment	(142)	(456)
Effective IT rate	(404)	(638)

e. Tax loss carryforwards:

Inflation-restated tax loss carry forwards as of December 31, 2023 are as follows:

Taxes losses Year of origin	Tax loss carry forwards	Year of expiration
2014	1	2024
2015	1	2025
2016	2	2026
2017	2	2027
2018	302,532	2028
2019	471,664	2029
2020	1,205,575	2030
2021	2,205,270	2031
2022	141,126	2032
2023	134,009	2033
	$ 4,460,182	

NOTE 17 – FINANCIAL INSTRUMENTS:

a. Fair values:

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

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

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

As of December 31, 2023 and 2022, financial assets and liabilities are classified as follows:

As of December 31, 2023	Amortized cost	FVTPL	FVOCI	Total
Financial Assets:				
Cash and cash equivalents	$ 2,376,975	$ -	$ -	$ 2,376,975
Restricted cash	3,376,697	-	-	3,376,697
Accounts receivable:				
Customers	4,425,591	-	-	4,425,591
Other receivables	183,163	-	-	183,163
Related parties	366,916	-	-	366,916
	$ 10,729,342	$ -	$ -	$ 10,729,342

As of December 31, 2023	Amortized cost	FVTPL	FVOCI	Total
Financial Liabilities:				
Total financial debt (short and long-term)	$ 52,199,105	$ -	$ -	$ 52,199,105
Short and long-term lease liabilities	5,665,035	-	-	5,665,035
Interest payable	315,727	-	-	315,727
Trade payables	13,373,465	-	-	13,373,465
Reverse factoring	2,233,792	-	-	2,233,792
Other payables and payable taxes	1,416,708	-	-	1,416,708
Related parties	1,012,079	-	-	1,012,079
Derivative financial instruments designated as hedges	-	105,470	1,511,113	1,616,583
	$ 76,215,911	$ 105,470	$ 1,511,113	$ 77,832,494

As of December 31, 2022	Amortized cost	FVTPL	FVOCI	Total
Financial Assets:				
Cash and cash equivalents	$ 1,889,549	$ -	$ -	$ 1,889,549
Restricted cash	1,987,879	-	-	1,987,879
Accounts receivable:				
Customers	5,505,660	-	-	5,505,660
Other receivables	235,808	-	-	235,808
Related parties	310,267	-	-	310,267
	$ 9,929,163	$ -	$ -	$ 9,929,163
Financial Liabilities:				
Total financial debt (short and long-term)	$ 49,532,496	$ -	$ -	$ 49,532,496
Short and long-term lease liabilities	7,072,853	-	-	7,072,853
Interest payable	385,173	-	-	385,173
Trade payables	10,750,589	-	-	10,750,589
Reverse factoring	2,691,084	-	-	2,691,084
Other payables and payable taxes	2,446,414	-	-	2,446,414
Related parties	365,387	-	-	365,387
Derivative financial instruments designated as hedges	-	82,880	806,918	889,798
	$ 73,243,996	$ 82,880	$ 806,918	$ 74,133,794

As of December 31, 2023 the fair value of Unsecured Senior Notes was as follows:

6.375% Unsecured Senior Notes	USD	$
Promissory note market value (for every USD100)	30.230	30.230
Face value	600,000	10,136,100
Fair value	181,380	3,064,143

7.500% Unsecured Senior Notes	USD	$
Promissory note market value (for every USD100)	32.612	32.612
Face value	575,000	9,713,764
Fair value	187,519	3,167,853

b. Hedging activities and derivatives:

(i) Derivatives not designated as hedges

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

(ii) Cash flow hedges

Non-dominant credit risk -

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

Company	Rating	Rating Agency
Grupo Financiero Monex, Institución de Banca Múltiple	BB+	Fitch Ratings
Grupo Financiero Actinver, Institución de Banca Múltiple	AA	Fitch Ratings
CIBanco, S.A., Institución de Banca Múltiple	A+	RH Ratings
Credit Suisse México, S.A. de C.V.	mxBBB (LT) y mxA-2 (ST)	S&P
Barclays Bank México, S.A., Institución de Banca Múltiple	AAA(mex) (LT) y F1+(mex) (ST)	Fitch Ratings
Morgan Stanley México, Casa de Bolsa, S.A. de C.V.	AAA(mex) (LT) y F1+(mex) (ST)	Fitch Ratings
Total Play Telecomunicaciones, S.A.P.I. de C.V.	Caa1	Moodys

Foreign exchange risk -

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

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

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

Derivative financial instrument	Asset	Liability	Net
December 31, 2023:			
Currency swaps	$ -	$ 680,499	($ 680,499)
Call spreads	-	653,035	(653,035)
Currency forwards	-	277,460	(277,460)
Currency options	-	5,589	(5,589)
Mark-to market at the closing period	$ -	$ 1,616,583	($ 1,616,583)
December 31, 2022:			
Currency swaps	$ -	$ 442,017	($ 442,017)
Currency options	-	24,576	(24,576)
Call spreads	-	245,635	(245,635)
Currency forwards	-	177,570	(177,570)
Mark-to market at the closing period	$ -	$ 889,798	($ 889,798)

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

Cash flow hedges of expected future purchases in 2023 and 2022, were assessed as highly effective and an unrealized net loss of ($1,511,113) and ($806,918) respectively was recorded in OCI.

The amount transferred during the years 2023 and 2022 from OCI to the carrying amount of the hedged elements was ($105,470) and ($82,880), respectively and are shown in Note 17.a. It is expected that some of the amounts included in OCI as of December 31, 2023 become due and affect the income statement as of December 31, 2024.

c. Fair value measurement:

Fair value hierarchy of TPG's assets and liabilities as of December 31, 2023 and 2022, is as follows:

		Fair value measurement		
	Total	Quotation value in active markets (Level 1)	Significant observable data (Level 2)	Non-observable significant data (Level 3)
December 31, 2023:				
Assets measured at fair value:				
Property, plant and equipment revalued	$ 61,945,837	$ -	$ -	$ 61,945,837
Trademarks	1,959,500	-	-	1,959,500
Liabilities measured at fair value:				
Loans and credits accruing interests	$ 52,199,105	$ -	$ 52,199,105	$ -
Reverse factoring	2,233,792	-	2,233,792	-
Currency swaps	680,499	-	680,499	-
Currency options	653,035	-	653,035	-
Call spread	277,460	-	277,460	-
Currency forwards	5,589	-	5,589	-
December 31, 2022:				
Assets measured at fair value:				
Property, plant and equipment revalued	$ 58,165,156	$ -	$ -	$ 58,165,156
Trademarks	1,189,727	-	-	1,189,727
Liabilities measured at fair value:				
Loans and credits accruing interests	$ 49,532,496	$ -	$ 49,532,496	$ -
Reverse factoring	2,691,084	-	2,691,084	-
Currency swaps	442,017	-	442,017	-
Currency options	24,576	-	24,576	-
Call spread	245,635	-	245,635	-
Currency forwards	177,570	-	177,570	-

NOTE 18 – FINANCIAL RISK MANAGEMENT:

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

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

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

- Interest rate risk: arises as a consequence of variations in market interest rates.

- Foreign exchange rate risk: arises as a consequence of variations in exchange rates between currencies.

- Price risk: arises as a consequence of changes in market prices, due to specific factors of the instrument itself, or due to factors that affect all instruments traded on a concrete market.

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

a. Credit risk management:

It is mainly caused on liquid funds and trade accounts receivable for providing telecommunication services.

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

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

As of December 31, 2023 and 2022, the amount of receivables with an ageing higher than 120 days amounted to $1,941,162 and $2,262,055, respectively. The aforementioned amounts include receivables due from government institutions, which recurrently present delays in their payments, without representing this a loss for TPG and consequently, Management considered that the impairment allowance does not need to be increased.

b. Market risk management:

(i) Interest rate risk - As described in Note 13, TPG has obtained loans bearing interest at variable rates (28-day TIIE), therefore it is exposed to fluctuations of such rates. As of December 31, 2023 and 2022, TPG had partial hedges to cover said fluctuations. Consequently, if the variable interest rates had strengthened/weakened by 10% maintaining the remaining variables unchanged, the net loss for the 2023 year would have decreased/increased by $225,770 as a result of a lower/higher interest expense.

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

As of December 31, 2023 and 2022 and March 19, 2024 (date of release of the independent auditors' report), the exchange rates for the U.S. dollar were $16.8935, $19.3615 and $16.6920, respectively. As of December 31, 2023 and 2022, TPG had the following U.S. dollar denominated assets and liabilities:

	December 31	
	2023	2022
Monetary assets	USD $ 250,404	USD $ 184,736
Monetary liabilities	(1,509,133)	(1,618,745)
Net short monetary position in U.S. dollars	(USD 1,258,729)	(USD 1,434,009)
Equivalent in nominal Mexican pesos	($ 21,264,338)	($ 27,764,565)

Even though TPG has contracted some exchange rate hedges, it does not cover 100% of the liabilities in foreign currency.

As of December 31, 2023, TPG also had liabilities denominated in Chinese yuan (CYN) for CYN 757,807, which were equivalent to $1,805,855, the exchange rate being $2.3830 per CYN.

As of December 31, 2023, TPG has a net short position in U.S. dollars and Chinese yuan, consequently if the Mexican peso had been strengthened/weakened 10% against the U.S. dollar and Chinese yuan and the rest of the variables had remained unchanged, the net loss for the current year would have increased (decreased) by $2,307,022 as a result of the gain/(loss) in the translation of monetary assets and liabilities denominated in U.S. dollars and yuan not hedged.

c. Liquidity risk:

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

NOTE 19 – COMMITMENTS AND CONTINGENCIES:

As of December 31, 2023, TPG had the following commitments:

a. Commitments derived from financial debt:

In relation to some of the credit contracts described in Note 13, some assets of TPG have been granted in guaranty.

b. Tax credit:

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

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

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

On November 28, 2017, the Company filed a direct constitutional protection ('amparo') trial.

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

The challenged amount calculated as of December 31, 2023 amounts to $1,010,844 (see Note 25).

c. Labor contingencies:

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

d. Related party transactions:

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

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

NOTE 20 – EQUITY:

a. Contributed capital:

The Company's capital stock is represented by 21,126,222 Series "A" and "AA" shares and 19'138,875 Series "L with the following characteristics:

Series "A" and Series "AA" shares are common, ordinary, nominative, without par value, that represent both the fixed and variable share capital, respectively, of Total Play and have the following characteristics: a) Full voting rights; b) Enjoy a cumulative preferred dividend, up to an amount equivalent to 5% (five percent) of EBITDA, reported in the fiscal years from 2022 to 2025, and as determined by the shareholders' meeting; c) Preference in payment of dividends.

Series "L" shares are shares without par value with limited voting rights, that represent the variable share capital of Total Play and have the following characteristics: a) Shares are only entitled to the payment of dividends when the preferred dividend to Series "A" and "AA" has been paid in full; b) Limited Voting Rights.

At the end of the third quarter of 2023, Corporación RBS, S.A. of C.V. had carried out the contribution, as settlor and trustee in the first place of the shares it owned to a certain administration trust contract identified with number F/1402, with Banco Azteca, S.A. Institución de Banca Múltiple, Dirección Fiduciaria as trustee (the Administration Trust F/1402). In turn, the Administration Trust F/1402 contributed the mentioned shares to a certain irrevocable guaranteed trust contract identified with number F/1410 with Banco Azteca, S.A. Institución de Banca Múltiple, Dirección Fiduciaria in its capacity as trustee.

On August 1, 2022, in a unanimous resolution outside the assembly, it was resolved to increase the variable capital portion for $122,267.

On December 31, 2022, it was agreed to reclassify the inflation update amount of $10,700 to retained earnings.

After the described movements, the outstanding shares and capital stock and are comprised as follows:

	December 31, 2023	2022
Number of outstanding shares:		
Series "A" Common Shares - Fixed capital stock	88,815	88,815
Series "AA" Common Shares - Variable capital stock	21,037,407	21,037,407
Series "L" Shares – Variable capital stock	19,138,875	19,138,875
Fully paid and subscribed shares	40,265,097	40,265,097
Capital stock amount:		
Series "A" Common Shares - Fixed capital stock	$ 10 000	$ 10 000
Series "AA" Common Shares - Variable capital stock	2,368,664	2,368,664
Series "L" Shares – Variable capital stock	5,122,269	5,122,269
Fully paid and subscribed capital stock	$ 7,500,933	$ 7,500,933

b. Legal reserve:

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

c. Distribution of earnings:

As of December 31, 2023, the balance of "Net Tax Income Account" (CUFIN for its acronym in Spanish) was $3,542,245 and the "Net Fiscal Profit Account" (CUFIN for its acronym in Spanish) of subsidiaries amounted to $284,098. Starting from 2014 earnings generated and distributed to the stockholders are subject to a 10% income tax withholding, provided they do not come from CUFIN. Dividends paid that come from income previously taxed by Income Tax, will not be subject to any withholding or additional tax payment prior to December 31, 2013.

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

d. Capital stock reduction:

As of December 31, 2023, the inflation-restated balance of the "restated contributed capital account" (CUCA for its acronym in Spanish) amounted to $10,853,829. In case of a reimbursement or capital decreases in favor of the stockholders, the excess of that reimbursement over this amount will be treated as distributed earnings for tax purposes.

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

NOTE 21 – EQUITY MANAGEMENT:

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

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

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

a. Adjusted equity to debt ratio:

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

The adjusted equity to debt ratio as of December 31, 2023 and 2022 was determined as follows:

	December 31,	
	2023	2022
Financial debt with cots:		
Short-term	$ 4,572,768	$ 6,972,730
Long-term	47,626,337	42,559,766
Lease liabilities:		
Short-term	2,338,278	2,107,670
Long-term	3,326,757	4,965,183
	57,864,140	56,605,349
Cash and cash equivalents	(2,376,975)	(1,889,549)
Net debt	$ 55,487,165	$ 54,715,800
Total equity	$ 3,234,825	$ 5,855,529
Ratios (Net debt / Total equity)	17.15x	9.34x
Target ratio	3.00x – 4.00x	3.00x – 4.00x

The change in the 2023 financial ratio was mainly due to: (i) the new loans contracted; (ii) the contracting of new leases and (iii) the effect of the net comprehensive loss for the year ended December 31, 2023.

b. Consolidated net debt ratio:

	December 31, 2023	2022
Net debt	$ 55,487,165	$ 54,715,800
EBITDA for the last two quarters	9,550,142	8,434,794
EBITDA for the last two quarters multiplied by two (EBITDA * 2)	19,100,284	16,869,588
Ratio (Net debt / EBITDA *2)	2.91	3.24
Maximum ratio	4.50	4.50

c. Interest coverage ratio:

	December 31, 2023	2022
Operating profit	$ 2,316,032	$ 3,096,723
Plus:		
Depreciation and amortization	16,045,434	12,871,442
Profit before Comprehensive Financing Result, Depreciation and Amortization and Taxes (EBITDA)	$ 18,361,466	$ 15,968,165
Accrued interest:		
Charged to income	$ 5,528,319	$ 4,228,462
Capitalized	396,406	303,485
Total accrued interests	$ 5,924,725	$ 4,531,947
Interest coverage ratio (EBITDA / Total accrued interest)	3.10	3.52
Minimum ratio	2.50	2.50

NOTE 22 – REVENUES BY NATURE:

	Years ended December 31, 2023	2022
Revenue from services with third parties:		
Restricted television /audio services, fixed telephony and internet	$ 33,215,826	$ 29,226,117
Business-oriented services	5,313,910	5,233,612
Advertising	570,990	451,057
Activation and installation fees	416,122	513,198
Commissions	35,396	58,149
Interest	17,558	31,735
Interconnection and long-distance fees	16,880	18,328
Others	304,554	196,257
Total revenues from services provided to third parties	$ 39,891,236	$ 35,728,453
Revenue from services with related parties:		
Business-oriented services	$ 603,201	$ 566,953
Commissions	4,754	3,829
Restricted television /audio services, fixed telephony and internet	3,098	2,767
Advertising	1,200	50,000
Total revenue from services provided to related parties	$ 612,253	$ 623,549
Total revenue	$ 40,503,489	$ 36,352,002

NOTE 23 – COSTS AND EXPENSES BY NATURE:

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

For years ended December 31, 2023 and 2022 consolidated costs and expenses according to their nature are as follows:

	Years ended December 31,	
	2023	2022
Costs of services with third parties:		
Content	($ 4,033,445)	($ 4,036,451)
Cost of equipment sold	(1,031,194)	(970,568)
Allowance for expected credit losses	(851,831)	(724,112)
Rent of dedicated links	(692,040)	(614,528)
Licenses and software	(346,630)	(484,154)
Interconnection and long-distance fees	(46,438)	(61,297)
Maintenance	(34,960)	-
Monitoring	(29,889)	(152,116)
Advertising	(18,625)	(21,658)
Commissions	(420)	(3,330)
Others	(564,132)	(473,451)
Total costs of services with third parties	($ 7,649,604)	($ 7,541,665)
Costs of services with related parties:		
Monitoring	($ 108,393)	($ 7,746)
Content	(42,600)	(38,400)
Other	(296)	-
Total costs of services with related parties	($ 151,289)	($ 46,146)
Total costs	($ 7,800,893)	($ 7,587,811)

	Years ended December 31,	
	2023	2022
Network expenses with third parties:		
Maintenance	($ 2,135,018)	($ 1,732,711)
Personnel and administrative services	(1,718,796)	(1,363,591)
Permits, duties and other taxes	(306,158)	(224,920)
Leases	(272,994)	(319,074)
Professional fees	(239,088)	(154,439)
Energy	(157,968)	(130,776)
Surveillance	(53,634)	(54,435)
Travel expenses	(47,853)	(27,002)
Fuel	(33,141)	(8,735)
Cleaning	(28,127)	(26,737)
Insurances and deposit bonds	(16,985)	(17,228)
Telephony and internet	(11,235)	(22,237)
Other	(50,942)	(25,940)
Total network expenses with third parties	($ 5,071,939)	($ 4,107,825)

	Years ended December 31,	
	2023	2022
General expenses with third parties:		
Personnel and administrative services	($ 2,584,946)	($ 2,645,287)
Advertising	(1,908,736)	(2,118,248)
Professional services fees	(1,373,148)	(707,793)
Call Center	(860,136)	(867,508)
Collection services	(748,695)	(418,904)
Maintenance of offices, warehouses and premises	(231,352)	(213,285)
Lease	(205,077)	(233,245)
Freight	(101,068)	(121,138)
Warehouse management	(43,988)	(42,959)
Others	(57,935)	(251,699)
Total general expenses with third parties	($ 8,115,081)	($ 7,620,066)
General expenses with related parties:		
Advertising	($ 361,576)	($ 351,283)
Professional services fees	(193,348)	(464,646)
Maintenance	(54,864)	(28,069)
Lease	(4,715)	(11,884)
Personnel and administrative services	-	(206)
Others	(340,045)	(68,006)
Total general expenses with related parties	($ 954,548)	($ 924,094)
Total general expenses	($ 9,069,629)	($ 8,544,160)
Depreciation and amortization:		
Of the subscriber acquisition cost - own assets	($ 10,039,721)	($ 7,595,928)
Of the subscriber acquisition cost - leased assets	(1,435,885)	(1,224,716)
Of the rest of property plant and equipment	(3,762,134)	(3,225,259)
Of the rest of lease right-of-use	(807,694)	(825,539)
Total depreciation and amortization	($ 16,045,434)	($ 12,871,442)

NOTE 24 – SEGMENT INFORMATION:

Management of TPG identifies two major service lines as operating segments (see Note 3d). These operating segments are supervised by those making strategic decisions, which are made taking as a basis the adjusted operating results of the segment:

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

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

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

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

The table below presents the information by segments for years ended December 31, 2023 and 2022.

	TotalPlay Residential	TotalPlay Empresarial	Consolidated
Year ended December 31, 2023:			
Revenue from services	$ 34,586,378	$ 5,917,111	$ 40,503,489
Cost of services	(5,920,321)	(1,880,572)	(7,800,893)
Operating expenses	(12,327,674)	(1,813,894)	(14,141,568)
Depreciation and amortization, financial cost and other	(20,680,018)	(1,028,022)	(21,708,040)
Net (loss) income	($ 4,341,635)	$ 1,194,623	($ 3,147,012)
Year ended December 31, 2022:			
Revenue from services	$ 30,551,437	$ 5,800,565	$ 36,352,002
Cost of services	(5,850,845)	(1,736,966)	(7,587,811)
Operating expenses	(11,044,312)	(1,607,673)	(12,651,985
Depreciation and amortization, financial cost and other	(17,562,941)	(800,677)	(18,363,618)
Net (loss) income	($ 3,906,661)	$ 1,655,249	($ 2,251,412)

	TotalPlay Residential	TotalPlay Empresarial	Consolidated
Year ended December 31, 2023: Customers	3,777,429	648,162	4,425,591
Property, plant and equipment – Net	52,873,390	9,072,447	61,945,837
Right-of-use assets – Net	4,080,269	700,126	4,780,395
Year ended December 31, 2022: Customers	4,626,303	879,357	5,505,660
Property, plant and equipment – Net	48,875,087	9,290,069	58,165,156
Right-of-use assets – Net	5,632,427	1,070,599	6,703,026

NOTE 25 – SUBSEQUENT EVENTS:

a) Private exchange:

On February 20, 2024, TPG carried out a private exchange with a group of investors for an amount of US$213,486 of its US$575,000 7.500% Unsecured Senior Notes. The new notes resulting from the exchange are secured by designated receivables, bear an annual interest of 10.5% and have an increasing amortization schedule, with 20% in 2026, 30% in 2027 and 50% in 2028, respectively.

Out of the total principal amount of the original US$575,000 7.500% Unsecured Senior Notes, the new US$213,486 notes represent 37%. The remaining balance of the original notes is US$361,514 - 63% of the original amount, and such notes remain subject to their original terms, TPG expects to refinance them under conditions similar to the new notes in the near future.

b) Tax credit:

With regards to the tax credit imposed by the tax authority and subsequent 'amparo' trial filed by TPG, as mentioned in Note 19, the matter was listed for resolution in the session of January 10, 2024, however the project was withdrawn due to a request, to determine if the Rapporteur Minister is legally prevented from participating in the resolution of the trial, which was resolved in session held on March 6, 2024, in the sense that said request for impediment is not legal. Also, on March 6, 2024, the amparo trial was listed again to be resolved in a session on March 13, 2024, on which date, by a majority of 3 votes it was determined to grant such amparo in favor of the TPG.

Also, the amount challenged by the tax authority, calculated as of December 31, 2023, as mentioned in Note 19, is duly guaranteed through the administrative seizure of several assets of the Company (the guaranty was expressly accepted by the tax authority on March 7,2024).

As the notification of the ruling issued on March 13, 2024 is still to be formalized (the final approved text of the sentence must be completed within a legal period of 15 days), at the date of the Auditors' opinion it is not possible to precisely quantify the current economic contingency. Likewise, since the Superior Chamber of the Federal Court of Administrative Justice is responsible for declaring the nullity of the liquidation made in charge of the TPG, through the ruling that would be issued at the time, in compliance with the protection granted, it cannot be considered at this time that the tax credit has been extinguished or modified.

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

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

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

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

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

(figures expressed in thousands of Mexican pesos)

Opinion

We have audited the accompanying consolidated financial statements of Total Play Telecomunicaciones, S.A.P.I. de C.V., and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of comprehensive (loss) income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Total Play Telecomunicaciones, S.A.P.I. de C.V., and its subsidiaries as at December 31, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *"Auditors' responsibilities for the audit of the consolidated financial statements"* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audits of the financial statements in Mexico, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters consist of those matters which, in accordance with our professional judgment, are of the greater significance in our audit of the consolidated financial statements for year 2022. Such matters have been treated within the context of our audit of the consolidated financial statements as a whole and forming our opinion on them, and we do not express a separate opinion on such matters.

1. Revenue recognition from contracts with customers (see Notes 2.x and 20 to the consolidated financial statements)

The Group's revenue mainly stem from the provision of several telecommunication services which include internet connection revenue, restricted television, fixed telephony, advertising interconnection, long distance and other services. Services generating such revenue may be separately commercialized or also jointly through commercial packages at different terms and conditions: recognition during the year depends on the appropriate evaluation of each contract. Commercial agreements may be complex, and a significant judgment is applied when selecting the accounting basis in each case.

Some services provision contracts for determined projects within the industry in which the Group operates include, generally, contracts with multiple elements; for example, sales transactions that simultaneously combine the delivery of products and provision of services. This situation may imply a risk of error in revenue recognition given the complexity of contracts with multiple elements. In like manner, in the telecommunications industry, revenue recognition is considered a significant inherent risk given the complexity of the information systems involved, the high volume of annual sales, changes in tariffs and commercial actions on the different services provided.

How the key matter was addressed in our audit:

We designed our audit procedures jointly with the participation of our specialists on information technology systems on revenue recognition process, including among other:

- Having obtained an understanding of the services and procedures and criteria used by the Group in the determination, calculation, accounting and billing of services to Group´s customers, as well as the internal control environment.
- Understanding the accounting policies used by Management in the determination, calculation and accounting of revenue recognized in the period.
- Detailed analysis of revenue and the timing of recognition based on Group's policies.
- We obtained, compared and validated the existence of revenue reconciliation between the billing systems and accounting records.
- Controls testing, assisted by our own IT specialists including, among other, those of the input of terms and prices.
- We assessed all revenue accounted for checking that revenue correspond to transactions and events effectively carried out during the period and have been determined fairly and consistently.
- Applying sampling techniques and data analysis, tests were carried out on revenue measurement.
- Lastly, we also evaluated that disclosure regarding revenue recognition included under Note 2.x and 20 was appropriate.

The results of our audit procedures described above did not result in particular adjustments to the audited consolidated financial statements.

2. Impairment of long-lived assets

As described in Note 2.q to the consolidated financial statements, Group performs impairment tests at least once a year, or when events or circumstances exist indicating that value of its property, plant and equipment may not be recovered at the value at which they are registered.

We have identified the review of long-lived assets as a key audit matter, mainly since impairment tests involve the application of judgment and significant estimates by Group´s Management on determining measurement assumptions and financial projections, cash flows, revenue and profits budgets, selection of discount rates used to determine the recoverable value of the cash generating units (¨CGUs¨), besides the relevance of the balance of this account in the consolidated financial statements of the Group, which is made up of property, plant and equipment for $58,165,156 and trade marks for $1,189,727. This requires a high level of judgement, a significant degree increase in the audit effort and the incorporation of our expert specialists in valuation.

How the key matter was addressed in our audit:

We performed the following audit procedures on the significant assumptions that Group considered to estimate future projections for assessing the recoverable value of long-lived assets, among them: revenue and disbursements budget, expected gross profit and operating margin, discount rate, industry growth rate, revenue projections, projected cash flows, as follows:

- We tested the design and implementation and operating effectiveness of controls on financial information serving as the basis for determining the recoverable value and assumptions used.
- We analyzed the projection assumptions used in the impairment model, specifically including cash flow projections, operating margins, profit margin before financial result, taxes, depreciation and amortization (EBITDA), and long-term growth. We tested the mathematical accuracy and integrity of the impairment model.
- Our valuation specialists, for the purpose of validating the review of the hypotheses and methodology used by Group, performed a sensitivity analysis for all CGUs, independent calculations of recoverable value to assess if assumptions used would need modification and the likelihood that such modifications present themselves.
- Likewise, we independently assessed applicable discount rates, cross-checking against discount rates used by Group´s Management.
- We assessed factors and variables used to determine CGUs, among which we considered the analysis of operating cash flows and debt policies, analysis of the legal structure, production allocation and understanding of commercial and sales functioning.

The results of our audit procedures described above did not result in particular adjustments to the audited consolidated financial statements.

3. Financial debt

As mentioned in Note 11 of the Consolidated Financial Statements, the Group has important financing agreements with third parties with maturities from 2023 and up to 2033.

We have identified the debt as key audit matter, due to the level of indebtedness that the Group have been obtaining with the main purpose of boosting its expansion projects, which require an important investment on infrastructure to continue rendering current and future telecommunication services, whose short and long-term balances at December 31, 2022 and 2021 are $ 6,972,730 and $42,559,766, respectively.

How the key matter was addressed in our audit:

We performed the following audit procedures over the existing debt agreements:

- We reviewed the debt agreements of the Group, cross-referencing them with the amortization tables of capital and interest calculations.
- We reviewed the amortization tables and interest calculations, which we compared to accountancy records, bank statements and their respective maturity dates.
- We sent confirmation letters and obtained about 85% of the responses from the creditors without noting any differences between balances confirmed and accounting records.
- We carried on a deep detailed analysis on the compliance of covenants related to the financial information and the responses to the confirmation letters sent to creditors.
- We have applied sampling techniques on specific items to validate supporting documentation and correct input in the general ledger.
- Finally, we ensured that the disclosures related to the financial debt included in Note 11 were adequate.

The results of our audit procedures described above did not result in particular adjustments to the consolidated financial statements.

Other information

Other information comprises information included in the Annual Report presented to the National Banking and Securities Commission ("CNBV" for its acronym in Spanish) and the annual report presented to the stockholders, but not including the consolidated financial statements nor our corresponding audit report. We expect to have the other information after the date of this audit report. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of conclusion that provides a degree of security on such information.

Regarding our audit of the consolidated financial statements, our responsibility is to read the other information when available and, upon doing so, consider if the other information is materially inconsistent with the consolidated financial statements or with our knowledge obtained during the audit, or if it is perceived as materially incorrect.

As we read and consider the Annual Report presented to the CNBV and the annual report presented to the stockholders, if we conclude that it contains a material deviation, we are obligated to inform the matter to those charged with Group´s governance and issue a statement on the Annual Report required by the CNBV, in which the matter should be described.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users, taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in manner that achieves fair presentation.

- Obtain sufficient and adequate evidence as regards the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group´s audit. We are solely responsible for our audit opinion.

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

We also provide those charged with governance of the entity with a statement that we have complied with relevant ethical requirements regarding Independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our Independence and where applicable, related safeguards.

From the matters communicated with those charged for governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Jorge Villanueva Salas, CPA
Partner

Mexico City,
April 28, 2023

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Notes 1 and 2)

Figures expressed in thousands of Mexican pesos

	Notes	December 31, 2022	December 31, 2021
Assets			
CURRENT ASSETS:			
Cash and cash equivalents	2.i and 3	$ 1,889,549	$ 4,166,004
Restricted cash	4.d	1,987,879	886,875
Accounts receivable:			
Customers – Net	2.k and 4	5,505,660	3,749,441
Other receivables	2.k	235,808	144,829
Recoverable taxes		3,810,435	4,054,621
Related parties	5	310,267	35,988
Inventories	2.l and 6	2,342,096	1,880,175
Prepaid expenses	2.m and 7	908,299	466,730
Derivative financial instruments	2.j and 15.b	-	227,665
Total current assets		**16,989,993**	**15,612,328**
NON- CURRENT ASSETS			
Related Parties	5	154,284	197,681
Property, plant and equipment - Net	2.n and 8	58,165,156	45,850,606
Right-of-use assets - Net	2.r and 9.a	6,703,026	4,997,406
Trademarks and other assets	2.p and 10	1,367,251	1,449,383
Total non-current assets		**66,389,717**	**52,495,076**
Total Assets		**$ 83,379,710**	**$ 68,107,404**

	Notes	December 31, 2022	December 31, 2021
Liabilities and Equity			
SHORT-TERM - LIABILITIES:			
Short-term portion of long-term debt	2.s and 11	$ 6,972,730	$ 2,614,592
Derivative financial instruments	2.j and 15.b	125,789	6,170
Lease liabilities	2.r and 9	2,107,670	1,651,145
Trade payables		10,750,589	7,497,885
Reverse factoring	12	2,691,084	1,269,304
Other payables and payable taxes	2.v	2,446,355	2,002,966
Related parties	5	365,387	225,299
Liabilities from contracts with customers	2.x	986,456	364,524
Interest payable		385,173	374,668
Total short-term liabilities		**26,831,233**	**16,006,553**
LONG-TERM LIABILITIES:			
Long-term debt	2.s and 11	42,559,766	38,880,529
Lease liabilities	2.r and 9d	4,965,183	3,757,954
Trade payables		- -	4,138
Derivative financial instruments	2.j and 15.b	764,009	-
Other payables	2.v	59	56
Employee benefits	2.u and 13	48,820	49,892
Deferred income tax	2.t y 14.c	2,355,111	381,113
Total long-term liabilities		**50,692,948**	**43,073,682**
Total liabilities		**77,524,181**	**59,080,235**
Commitments and contingencies	2.v and 17	-	-
EQUITY:	2.w, 18 and 19		
Capital stock		7,500,933	7,389,366
Paid-in capital		1,539,398	1,539,398
Retained earnings (losses):			
Legal reserve		183,368	183,368
Prior years		(4,079,222)	(2,595,530)
Of the year		(2,251,412)	(1,494,392)
Other comprehensive income		2,962,464	4,004,959
Total equity		**5,855,529**	**9,027,169**
Total liabilities and equity		**$ -83,379,710**	**$ 68,107,404**

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

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

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

Figures expressed in thousands of Mexican pesos

	Notes	Years ended December 31, 2022	2021
Revenue from services	2.x and 20	**$ 36,352,002**	**$ 28,088,838**
Cost of services	2.y and 21	(7,587,811)	(6,480,511)
Gross profit		28,764,191	21,608,327
General expenses:			
Network-related	2.y and 21	(4,107,825)	(2,948,454)
Sales and administration	2.y and 21	(8,544,160)	(6,590,528)
Depreciation and amortization	2.n, 2.z, 8, 9 and 21	(12,871,442)	(8,902,307)
Other expenses – Net		(144,041)	(49,055)
		(25,667,468)	(18,490,344)
Operating profit		**3,096,723**	**3,117,983**
Financial cost:			
Accrued interest income	2.x	97,905	54,139
Accrued interest expense:			
Financing debt	11	(3,617,055)	(2,532,426)
Leases	9	(611,407)	(479,526)
Other financial expenses		(611,845)	(230,468)
Foreign exchange gain (loss) – Net	2.aa	1,337,584	(577,890)
		(3,404,818)	(3,766,171)
Equity interest in net results of non-controlling entities		(607)	-
Loss before income tax provisions		**(308,702)**	**(648,188)**
Income tax provisions	2.t and 14.a	(1,970,207)	(846,204)
Net loss before non-controlling interest		**(2,278,909)**	**(1,494,392)**
Non-controlling interest		27,497	-
Net Loss		**(2,251,412)**	**(1,494,392)**
Other comprehensive income (loss) items:			
Fair value of intangibles	2p	-	2,018,403
Hedge fair value changes	15.b	(1,066,685)	231,143
Actuarial gains	2.u and 13	27,968	34,966
Result from foreign subsidiary translation	2.aa	(3,778)	5,640
		(1,042,495)	2,290,152
Net comprehensive (loss) income for the year	**2.cc**	**($ 3,293,907)**	**$ 795,760**

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

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Notes 1 and 2)

Figures expressed in thousands of Mexican pesos

	Notes	Capital Stock	Paid in capital	Contributions for future capital stock increases	Retained earnings (losses)			Other comprehen-sive income	Total equity
					Legal reserve	Prior years	Of the year		
Balances as of January 1, 2021		**$ 2,336,992**	**$ 1,539,398**	**$ 5,000,000**	**$ 183,368**	**($ 2,048,507)**	**($ 547,023)**	**$ 1,714,807**	**$ 8,179,035**
Application of prior year net loss		-	-	-	-	(547,023)	547,023	-	-
Capitalization of contributions		- 5,052,374	-	(5,000,000)	-	-	-	-	52,374
Net / Comprehensive loss	2.cc	-	-	-	-	-	(1,494,392)	2,290,152	795,760
Balances as of December 31, 2021		**$ 7,389,366**	**$ 1,539,398**	**$ -**	**$ 183,368**	**($ 2,595,530)**	**($ 1,494,392)**	**$ 4,004,959**	**$ 9,027,169**
Application of prior year net loss		-	-	-	-	(1,494,392)	1,494,392	-	-
Capital stock increase		122,267	-	-	-	-	-	-	122,267
Capital stock update recycling		(10,700)	-	-	-	10,700	-	-	-
Net / Comprehensive loss	2.cc	-	-	-	-	-	(2,251,412)	(1,042,495)	(3,293,907)
Balances as of December 31, 2022		$ 7,500,933	**$ 1,539,398**	**$ -**	**$ 183,368**	**($ 4,079,222)**	**($ 2,251,412)**	**$ 2,962,464**	**$ 5,855,529**

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

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

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

Figures expressed in thousands of Mexican pesos

	Years ended December 31, 2022	2021
Operating activities:		
Loss before income tax provision	($ 308,701)	($ 648,188)
Items not requiring the use of resources:		
Depreciation and amortization	12,871,442	8,902,307
Employee benefits	26,896	18,674
Items related to investing or financing activities:		
Accrued interest income	(97,905)	(54,139)
Accrued interest expense and other financial expenses	4,840,306	3,241,906
Unrealized foreign exchange (gain) loss – Net	(1,299,197)	534,377
Derivative financial instruments' valuation	44,608	(204,572)
Non-Controlling Participation	27,497	-
	16,104,946	11,790,365
Resources (used in) generated by operating activities:		
Customers and liabilities from customers' contracts	(1,134,287)	(1,278,010)
Other receivables	(90,979)	(103,399)
Related parties - Net	(90,794)	(206,761)
Recoverable taxes	244,186	(744,145)
Inventories	(461,921)	(258,834)
Prepaid expenses	(441,569)	(59,475)
Trade payables	3,251,248	773,892
Other payables	443,392	811,274
Income taxes paid	-	(26,538)
Others	(3,778)	5,640
Cash flows generated by operating activities	**17,820,444**	**10,704,009**
Investing activities:		
Acquisition of property, plant and equipment	(22,460,595)	(17,959,460)
Other assets	82,132	(131,907)
Collected interest	97,905	54,139
Cash flows used in investing activities	**(22,280,558)**	**(18,037,228)**
Financing activities:		
Equity contributions	122,267	5,052,374
Contributions for future capital stock increases	-	(5,000,000)
Loans received	8,725,836	14,538,198
Lease cash flows	(3,075,185)	(2,150,819)
Restricted cash	(1,101,004)	385,035
Reverse factoring	1,421,780	(352,411)
Interest payment	(3,910,035)	(2,760,006)
Net cash flows generated by financing activities	**2,183,659**	**9,712,371**
Net (decrease) increase in cash and cash equivalents	(2,276,455)	2,379,152
Cash and cash equivalents at the beginning of the year	4,166,004	1,786,852
Cash and cash equivalents at the end of the year	**$ 1,889,549**	**$ 4,166,004**

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

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

a. Entity and corporate purpose:

Total Play Telecomunicaciones, S.A.P.I. de C.V. ("the Company") was incorporated on May 10, 1989 under Mexican laws. As at December 31, 2022, the Company is a direct subsidiary of Corporación RBS, S.A. de C.V at 52% (parent at the last level of consolidation).

On October 25, 2021, through unanimous resolution off, the meeting, it was approved the transformation of the Company from a *Sociedad Anónima de Capital Variable* (S.A. de C.V. – Corporation of Variable Capital) into a *Sociedad Anónima Promotora de Inversión de Captial Variable* (S.A.P.I de C.V – Investment Promotion Corporation).

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

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 for 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 telephone 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 (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 perimeter:

The Company is the controlling shareholder of the following entities:

Company	Country of incorporation	Functional currency	Year of Incorporation	% direct or indirect interest 2022	% direct or indirect interest 2021	Activity
Iusatel USA, Inc. (Iusatel USA)	United States of America	US dollar	2001	100%	100%	Long distance service
Tendai, S.A. de C.V.	México	Mexican peso	2013	100%	100%	Dormant
Total Box, S.A. de C.V.	México	Mexican peso	2014	100%	100%	Lease of decoders.
Gesalm Consultores, S.A. de C.V.	México	Mexican peso	2014	100%	100%	Dormant
Gesalm Asesores, S.A. de C.V.	México	Mexican peso	2014	100%	100%	Dormant
Gesalm Servicios, S.A. de C.V.	México	Mexican peso	2015	100%	100%	Dormant
Total Telecom Play, S.A. de C.V.	México	Mexican peso	2015	100%	100%	Dormant
Total Play Comunicaciones Colombia, S.A.S. [1]	Colombia	Colombian peso	2019	0%	100%	Liquidated in 2022
Total Play Comunicaciones Colombia, S.A.S. (Formerly TPE Comunicaciones Colombia, SAS)[2]	Colombia	Colombian peso	2019	47%	100%	Paid TV services
Hogar Seguro TP, S.A. de C.V.	México	Mexican peso	2020	100%	100%	Surveillance services
TP Go, S. A. de C. V.	México	Mexican peso	2022	100%	0%	Financial Services

[1] Through the minutes of November 17, 2022, the Company carried out the liquidation of its subsidiary.
[2] Through the minutes of November 17, 2022, the Company changed the corporate name of its subsidiary TPE Comunicaciones Colombia S.A.S to Total Play Comunicaciones Colombia S.A.S.

The Company and its consolidated subsidiaries are denominated as TPG.

d. Labor reform

On April 23, 2021, a decree was published amending several federal laws regarding the outsourcing of personnel services, prohibiting such outsourcing and allowing the operation only of those entities qualifying as specialized personnel services or execution of specialized work; such amendments contemplates a maximum limit for the payment of Employee Profit-Sharing (PTU for the acronym in Spanish), corresponding to the higher amount between three-month salary of the employee or the average paid for the concept of PTU during the last three years. To comply with the new provisions, TPG carried out the necessary actions to comply with this reform.

Until prior to the reform, the labor outsourcing, TPG had subscribed contracts with different specialized suppliers having the capability of settling credits resulting from the outsourcing services obligations contracted, with its own personnel. Such companies offered such services to TPG and had the capability of providing the service to any other third party. They were indeed established companies, with their own domicile, relying on their own resources and sufficient to take charge of their obligations with the individuals they contracted to provide their services. Likewise, TPG did not set nor supervised the works of the individuals contracted by its suppliers for carrying out the service. This was done directly by the services suppliers with their own personnel.

As result of the mentioned reform, from that point forward TPG only hires services with entities that are in the authorized register list of the Labor and Social Welfare Agency (STPS for its Spanish acronym) to provide specialized services.

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 International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

IFRS include 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 IFRS requires the use of certain critical accounting estimates. It also requires TPG's 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 2.f.

TPG 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) due to the issuance of securitized certificates (*Certificados Bursátiles* or CEBURES); as well as to the Singapore Stock Exchange (SGX) due to the Senior Notes issuance described in Note 11.

TPG consolidated financial statements as of December 31, 2022 were approved by Mr. Alejandro Enrique Rodríguez Sánchez (Chief Financial Officer, TPG) and by Mr. Gildardo Lara Bayón (Corporate Controlling Director, Grupo Salinas) on April 28, 2023. Said consolidated financial statements will be subject to the Board of Directors' and Stockholders approval at their upcoming meetings. The Stockholders can modify the financial statements after their issuance in accordance with the Mexican General Corporate Law.

b. Consolidated financial statements

Consolidation rules

TPG's consolidated financial statements include the Company and all of its subsidiaries as of December 31, 2022 and 2021 (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 TPG's subsidiaries present their financial information for consolidation purposes as of December 31, 2022 and 2021, 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, the related asset is also tested for impairment from a consolidated perspective. The reported amounts in the TPG'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. Acquired or disposed 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 significant 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 items 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 separately within the related information to such discontinued operations.

c. Functional and reporting 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 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 1.c).

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

Below are the standards and improvements that could have an effect on the financial information of the TP Group, which are in force as of the date of these financial statements and which will come into force after December 31, 2022, with their potential current and expected effects on the TPG;

New standards, Interpretations and amendments to existing Standards that became effective from January 1, 2022

The Company adopted the following amendments and improvements to IFRS, which are mandatory and became effective as of January 1, 2022:

Amendments to IFRS 3, *Business combinations* – Reference to the conceptual framework
Amendments to IAS 16, *Property, plant and equipment* – Income before intended use
Amendments to IAS 37, *Provisions, contingent liabilities and contingent Assets* – Onerous contracts (Cost of fulfilling a contract)

Annual improvements to IFRS 2018-2020 cycle. The annual improvements include amendments to four standards: IFRS 1, *First-time adoption of IFRS*; IFRS 9, *Financial instruments*; IFRS 16, *Leases*; IAS 41, *Agriculture*.

None of these improvements or amendments to existing Standards have had any significant effect on the consolidated financial position, nor the results or consolidated cash flows of the TPG.

New IFRS and amendments to existing standards effective after December 31, 2022

At the date of authorization of these consolidated financial statements, the following new IFRS and amendments to existing standards have been published by the IASB, which will be effective after December 31, 2022:

Standards / Amendments to existing standards	Mandatory application for fiscal years started on or after
IFRS 17, *Insurance contracts*, and amendments	January 1, 2023
Amendments to IFRS 10 and IAS 28 – Sale or contribution of assets between an investor and its associate or joint venture	No date yet
Amendments to IAS 1 – Classification of liabilities as current or not-current	January 1, 2023
Amendments to IAS 1 and IFRS Practice Statement 2	January 1, 2023
Amendments to IAS 8 – Definition of accounting estimates	January 1, 2023
Amendments to IAS 12 – Deferred taxes related to assets and liabilities arising from a single transaction	January 1, 2023

Based on the analyzes carried out at the date of the consolidated financial statements, the Management of TPG estimates that the adoption of the standards and amendments published, but not yet effective, will not have a significant impact on the consolidated financial statements in the period of initial application And, therefore; no disclosure has been made.

e. Business segments

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

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

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

f. Critical accounting estimates and judgments

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

(i) Inventory and receivables allowances. TPG uses estimates to determine the inventory and receivables impairment allowances. Some of the factors considered by TPG for calculating the inventory allowance are the installations volume and demand trends for certain products. The factors considered by TPG in order to determine impairment allowance of receivables include customer's risk related to its financial situation,

unsecured accounts and the portfolio aging in accordance with the credit terms and conditions set down (see Notes 4 and 6 for more detail).

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

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

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

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

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

(vii) Deferred taxes. TPG has tax loss carry forwards and certain temporary differences, which are susceptible to be used in the following years. Based on projected revenue and taxable profit TPG is expected to generate in future years, it is determined if an asset or a liability exists.

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

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

Restricted cash represents the amount of resources deposited in trusts and serve as guarantee to meet the payment of principal, interest, fees and other expenses related to the securitization of the rights described under Note 4.d. Once such commitments have been covered, the cash surplus are delivered to the Company.

j. Financial instruments

Recognition, initial measurement and de-recognition of financial instruments

Financial assets and liabilities are recognized when TPG 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, *Revenue from contracts with customers*, 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 expenses, 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, related parties, and most of other accounts receivable are recognized under this financial instrument category.

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

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

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

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

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

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

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

As of December 31, 2022, TPG held financial liabilities measured at FVOCI amounting $806,918.

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, *Financial Instruments*. 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'.

As of December 31, 2022 GTP held liabilities valued at FVTPL amounting $82,880.

Derivative financial instruments and hedge accounting

As at December 31, 2022 and 2021, TPG had financial instruments qualified as hedges.

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

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

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

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

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

Fair value coverage

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

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

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

Classification and measurement of equity instruments

In accordance with IAS 32, *Financial Instruments: Presentation* 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:

- 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.
- 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 income (loss).

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 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 uses the revaluation model for the fiber optic and decoders, since it is considered, it reflects their value in a better way.

In 2021 TPG's Management carried out a revaluation of the value of property, plant and equipment determined by independent expert, thus, as at December 2021 they are shown in the consolidated statement of financial position, and in other comprehensive results under equity, an increase for an amount of $1,758,676.

The average annual depreciation rates used by TPG for years 2022 and 2021 are the following:

	2022 (%)	2021 (%)
Communication equipment	10.0	10.0
Fiber optic	4.0	4.0
Decoders and installation expenses	12.5-20.0	12.5-20.0
Computers	33.0	33.0
Vehicles	25.0	25.0
Constructions	5.0	5.0
Furniture and fixtures	10.0	10.0

o. Borrowing costs

Costs from borrowings directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during period necessary to complete and prepare the asset to its intended use or sale. Other borrowing costs are charged to income when accrued and are reported under caption "interest expense" (see Notes 9 and 11). For the years ended December 31, 2022 and 2021, TPG capitalized borrowing costs which amounted to $ 303,485 and $483,202, respectively.

p. Intangible assets

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

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

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

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

Trademarks

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

During year ended December 31, 2021, the Company carried out a revaluation for the Trademark, in accordance with IAS 28, *Intangibles*, generating an increase in non-current assets and equity for $259,727.

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, 2022 and 2021, 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 the 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 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, 2022 and 2021, TPG does not present impairment in its assets with finite and indefinite 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, 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 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 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 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, TPG may increase or reduce the capacity of physical spaces or may renegotiate the amounts to be paid under the respective leases, therefore, 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. Conversely, 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 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.

TPG as a lessor

As a lessor, TPG 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, *Employee benefits*, such benefit obligations 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 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, 2022 and 2021, 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 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, 2022 and 2021, 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.

TPG's 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 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 related to the shares issuance 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, 2022 and 2021, 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 2.p and 10).
- Remeasurements of the defined benefit liability - which includes actuarial losses due to changes in demographic and financial assumptions (see Notes 2.u and 13).
- The translation effect - includes the currency translation effect of TPG's foreign entities to Mexican pesos (see Notes 1.c and 2.aa)
- The cash flow hedging reserve - comprises gains and losses related to this type of financial instruments (see Note 15.b).

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 profile 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 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 TPG's network and are recognized when the service is provided. Interconnection rates are regulated by the Federal Telecommunications Institute (IFT for its Spanish acronym).

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 TPG to its customers (e.g., Netflix, Prime Video, Disney +, HBO, among others).

Custom solutions

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 from contracts with customers.

Revenue already collected for services not yet provided to the customer is deferred until such services are provided. As at December 31, 2022 and 2021, liabilities from contracts with customers amounted to $986,456 and $364,524, respectively, and are presented in the statement of financial position under the caption “liabilities from contracts with customers”.

Revenue is integrated as shown in Note 20.

y. Costs and expenses

Costs and operating expenses are recognized as accrued, immediately under the assumption of disbursements which will not generate future economic benefits or when they do not fulfill the necessary requirements to register them accounting-wise as an asset,
and are comprised as shown in Note 21.

z. Subscriber acquisition cost

Subscriber acquisition cost represents depreciation of disbursements necessary to install the infrastructure to provide 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 (external 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 (five years) 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 TPG's financial statements, all assets, liabilities and operations carried out with a functional currency other than the Mexican peso (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 in other capital accounts. Upon disposing of a foreign operation, the accumulated translation effects recognized in equity are reclassified to income and recognized as part of the gain or loss on disposal.

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

bb. Fair value calculation

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

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

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

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

Fair value measurement of an asset or liability is determined by using those hypotheses 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 (loss) income

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

NOTE 3 – CASH AND CASH EQUIVALENTS:

Cash and cash equivalents are comprised as follows:

	December 31, 2022	2021
Petty cash funds	$ 804	$ 818
Checking accounts	1,132,342	3,580,643
Short-term investments	756,403	584,543
Total cash and cash equivalents	$ 1,889,549	$ 4,166,004

NOTE 4 – ACCOUNTS RECEIVABLE FROM CUSTOMERS:

a. Balance integration:

Accounts receivable are comprised as follows:

	December 31, 2022	2021
Business-oriented	$ 5,163,950	$ 3,587,208
Advertising	805,181	357,564
Telecommunications carriers	64,646	104,242
Other	109,852	79,499
Gross balance	6,143,629	4,128,513
Expected credit loss allowance	(637,969)	(379,072)
Total accounts receivable from customers – net	$ 5,505,660	$ 3,749,441

b. Receivables gross balance ageing:

	December 31, 2022	2021
Up to 30 days	$ 3,215,555	$ 2,199,935
From 31 to 60 days	228,333	194,285
From 61 to 90 days	326,615	177,766
From 91 to 120 days	111,071	148,349
More than 120 days	2,262,055	1,408,178
Gross balance	$ 6,143,629	$ 4,128,513

c. Movements of the expected credit loss allowance:

	Years ended December 31, 2022	2021
Opening balance	$ 379,072	$ 173,033
Increases	723,600	568,947
Write-offs	(464,690)	(362,908)
Deconsolidation of subsidiary	(13)	-
Closing balance	$ 637,969	$ 379,072

d. Portfolio securitization:

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

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

The Master Trust serves as a centralized vehicle of receivables collection, as well as a vehicle for the administration and payment source for liabilities of the Company and Total Box. As part of the Master Trust, specific portfolios of collection resulting from such rights are allocated to serve as payments under specific financings of the Company having the support of the Master Trust, including the securitization program of the portfolio (see Note 11).

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

The Company and Total Box (as Trustors of the Master Trust) irrevocably contributed to the patrimony of the Master Trust all Collection Rights present and future generated during the normal course of business covered by the services provision contracts with its customers (Collection Rights). Pursuant to such universal contribution of Collection Rights, present and future, and in accordance to the terms of the Master Trust agreement, the Trustors should not be able to maintain Collection Rights or Services Provision Contracts off the patrimony of the Master Trust.

Likewise, in terms of the Master Trust, the Company and Total Box (as Trustors of the Master Trust), have been appointed as Trustees of the trust to receive, on behalf of the Fiduciary, the cash flows resulting from the Collection Rights and deliver then to the Fiduciary of the Master Trust within the following two business days.

All issuances of CEBURES carried out under the cover of the securitization program shall be made under the cover of the Issuing Trust. The equity of the Issuing Trust is comprised mainly by the Collection Rights contributed by the Master Trust itself and the collections resulting from the Collection Rights. The CEBURES issued by the Issuing Trust shall be supported by a specific portfolio of Collection Rights allocated to each issue if stock certificates and the collections resulting from such Collection Rights.

As of December 31, 2022 and 2021, Collection Rights contributed by TPG to the Master Trust amounted to $39,820,233 and $30,409,977, respectively.

NOTE 5 – RELATED PARTIES:

a. Balances:

Accounts receivable and payable to related parties are shown below:

	December 31, 2022	2021
Short term account receivables		
Operadora Biper S.A. de C.V.[2]	$ 198,534	$ 3,254
Total Play Comunicaciones Colombia S.A.S.	171,092	-
Tiendas Super Precio S.A. de C.V.	3,574	582
TV Azteca, S.A.B. de C.V. y subsidiarias (GTVA)	272	20,557
Azteca Comunicación Colombia S.A.S.	-	9,683
Grupo Elektra, S.A.B. de C.V. y subsidiarias (GEKT)	-	215
Others	1,436	1,697
Allowance for expected credit loss	(64,641)	-
Total short-term accounts receivable from related parties	$ 310,267	$ 35,988

	December 31, 2022	2021
Long-terms accounts receivable:		
Azteca Comunicación Colombia S.A.S. [1]	$ 78,371	$ 9,383
Total Play Comunicaciones Colombia S.A.S.	75,913	-
Operadora Biper S.A. de C.V. [2]	-	188,298
Total long-term accounts receivable from related parties	$ 154,284	$ 197,681

[1] Corresponds to a lease contract entered into on January 2, 2021, validity to December 2, 2025.
[2] Loan extended at a rate of 8.25%, with a validity from October 27, 2021 to October 27, 2023.

	December 31, 2022	2021
Short term accounts payable:		
TV Azteca, S.A.B. de C.V. y subsidiarias (GTVA)	$ 184,656	$ 65,729
Selabe Diseños, S.A. de C.V. (Selabe)	60,414	59,580
Totalsec, S.A. de C.V. (Totalsec)	39,682	27,831
UPAX GS, S.A. de C.V. (UPAX)	6,824	25,304
Grupo Elektra, S.A.B. de C.V. y subsidiarias (GEKT)	49,126	23,489
Servicios de Asesoría en Medios de Comunicación GS, S.A. de C.V.	13,177	12,681
Others	11,508	10,685
Total short-term accounts payable to related parties	$ 365,387	$ 225,299

b. Transactions:

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

	Years ended December 31, 2022	2021
Revenue	$ 623,548	$ 593,983
Costs	46,146	95,658
Operating expenses	941,903	1,012,435
Other income	505	6,902
Interest revenue	23,800	12,026
Interest expense	-	5,596
Fixed assets acquisitions	420,818	388,717
Borrowing	193,902	185,776
Prepaid expenses	198,030	-
Liabilities from contracts with customers	-	6,242

Transactions with Grupo Salinas companies

TPG provides fixed telephony services, Internet and link rent to GEKT and GTVA.

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

- GEKT – leasing, fees and maintenance.
- GTVA – advertising and leasing.
- CRBS – fees.
- Adamantium Private Security Services, S. de R.L. de C.V – surveillance and security.
- BOFF, S. de R.L. de C.V. – fees.
- Totalsec – fixed assets, inventory, maintenance and fees.
- UPAX – fees and advertising.
- Selabe – fees.

NOTE 6 – INVENTORIES:

a. Balance integration:

Inventories are comprised as follows:

	December 31, 2022	2021
Equipment	$ 1,014,329	$ 1,102,405
Installation materials warehouse	1,343,696	824,594
Gross balance	2,358,025	1,926,999
Allowance for obsolescence	(15,929)	(46,824)
Total inventories – net	$ 2,342,096	$ 1,880,175

b. Allowance for obsolescence roll forward:

	Years ended December 31	
	2022	2021
Opening balance	$ 46,824	$ 38,095
Increases	16,503	9,000
Write-offs	(47,398)	(271)
Closing balance	$ 15,929	$ 46,824

NOTE 7 – Advance Payments:

	December 31	
	2022	2021
Air taxi services	$ 193,615	$ -
Maintenance	133,982	72,701
Insurance	115,385	12,149
Compensations	107,247	144,343
Fees	90,451	20,730
Monitoring	79,708	22,370
Right-of-way and other contributions	59,673	28,212
Advertising	55,089	32,020
Security deposits	32,461	28,115
Telephony services	10,974	19,566
Others	29,714	86,524
Total advance payments	$ 908,299	$ 466,730

NOTE 8 – PROPERTY, PLANT AND EQUIPMENT - NET:

a. Breakdown by type of asset:

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

	December 31,	
	2022	2021
Decoders and installation expenses	$ 42,064,698	$ 30,009,457
Fiber optic	19,461,196	16,142,914
Communication equipment	11,716,663	9,840,582
Licenses and software	2,242,261	1,649,989
Laboratory machinery and equipment	1,468,357	1,262,369
Computers	1,130,551	1,341,107
Leasehold improvements	533,056	465,961
Vehicles	108,012	107,190
Furniture and fixtures	243,601	180,372
Gross depreciable balance	78,968,395	60,999,941
Accumulated depreciation	(22,334,134)	(16,134,259)
Net depreciable balance	56,634,261	44,865,682
Projects in progress	1,495,487	963,516
Land	35,408	21,408
Total property, plant and equipment, net	$ 58,165,156	$ 45,850,606

TPG has guaranteed the tax credit mentioned in Note 17.b with certain of these assets up to an amount of $987,342.

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

b. Balance reconciliation:

The reconciliation of balances for the periods ended December 31, 2022 and 2021 is as follows:

	Net balances as of December 31, 2021	Purchases[1]	Disposals	Transfers	Others	Depreciation of the year	Net balances as of December 31, 2022
Decoders and installation expenses	$ 21,708,965	$ 15,621,532	($ 233,172)	$ -	$ 1,218	($ 7,595,925)	$ 29,502,618
Fiber optic	14,126,686	3,200,504	(5,300)	123,836	-	(709,342)	16,736,384
Communication equipment	6,190,838	1,835,122	(76,419)	302,627	1,048	(1,084,560)	7,168,656
Licenses and software	946,733	934,272	(52,054)	57,359	914	(598,599)	1,288,625
Laboratory machinery and equipment	879,239	207,533	(219)	17,199	(11,379)	(133,355)	959,018
Computers	518,162	165,471	(9,024)	48,986	(66,720)	(238,769)	418,106
Leasehold improvements	345,132	74,175	(8,575)	2,137	-	(55,673)	357,196
Furniture and fixtures	111,805	76,859	-	-	311	(19,217)	169,758
Vehicles	38,122	7,526	(962)	3,304	-	(14,090)	33,900
Land	21,408	14,000	-	-	-	-	35,408
Projects in progress	963,516	1,088,020	-	(555,448)	(601)	-	1,495,487
Totals	$ 45,850,606	$ 23,225,014	($ 385,725)	$ -	$ (75,209)	($ 10,449,530)	$ 58,165,156

[1] Includes capitalized debt costs amounting $303,485 and $483,202 for the years ended December 31, 2022 and 2021, respectively.

c. Depreciation expense detail:

Depreciation expense is integrated as follows:

	Years ended December 31, 2022	2021
Subscribers acquisition cost depreciation	$ 7,595,928	$ 4,914,428
Depreciation of the rest of the assets	2,853,602	2,192,314
	$ 10,449,530	$ 7,106,742

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

a. Type of underlying asset integration:

The right of use assets balance was comprised as follows:

	Years ended December 31 2022	2021
Decoding equipment	$ 5,988,486	$ 3,449,120
Property	4,421,724	3,419,651
Vehicles	647,848	488,793
Furniture and fixtures	199,541	256,794
Communication equipment	257,859	218,911
Computers	210,505	210,510
Other	-	20,149
Gross balance	11,725,963	8,063,928
Accumulated depreciation	(5,022,937)	(3,066,522)
Net balance	$ 6,703,026	$ 4,997,406

b. Balance reconciliation:

	Net balances as of December 31, 2021	Additions	Disposals	Depreciation of the year	Net balances as of December 31, 2022
Decoding equipment	$ 2,204,531	$ 3,144,057	($ 262,050)	($1,224,715)	$ 3,861,823
Property	2,162,232	1,033,693	(7,871)	(825,540)	2,362,514
Vehicles	323,195	185,099	(11,333)	(172,488)	324,473
Computers	120,671	-	(4)	(41,861)	78,806
Furniture and fixtures	118,956	-	(19,084)	(74,948)	24,924
Communication equipment	56,793	82,324	(15,391)	(73,240)	50,486
Others	9,120	-	-	(9,120	-
Inventories	1,908	-	(1,908)	-	-
Totals	$ 4,997,406	$ 4,445,173	($ 317,641)	($2,421,912)	$ 6,703,026

c. Disbursements related to leases:

	Years ended December 31, 2022	2021
Depreciation	$ 2,421,912	$ 1,795,566
Accrued interest expense	611,407	479,526
Lease payments recognized as expense (exceptions to IFRS 16);		
Costs	614,528	502,082
Operating expenses	1,186,582	472,255
Total	$ 4,834,429	$ 3,249,429

d. Long-term liabilities maturities:

Leases were classified as long-term liabilities as of December 31, 2022 with the following contractual maturities:

Year	Amount
2024	$ 1,693,553
2025	1,445,101
2026	835,135
2027	296,754
2028 onwards	694,640
	$ 4,965,183

NOTE 10 – TRADEMARKS AND OTHER ASSETS – NET:

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

	December 31, 2022	2021
Trademarks[1]	$ 1,189,727	$ 1,189,727
Prepaid expenses[2]	88,932	196,189
Guaranty deposits	69,630	63,467
Not controlled investments	18,962	-
Total trademarks and other assets – net	$ 1,367,251	$ 1,449,383

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

NOTE 11 – FINANCIAL DEBT:

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

	December 31, 2022		
	Short-term	Long-term	Total
a. Notas Senior No Garantizadas 6.375%	$ -	$ 11,616,900	$ 11,616,900
b. Notas Senior No Garantizadas 7.500%	-	11,132,863	11,132,863
c. The Import and Export Bank of China (Eximbank of China)	534,745	2,138,980	2,673,725
d. Universidad ICEL, S.C. (ICEL)	-	2,537,000	2,537,000
e. CEBURES TPLAYCB 20 Fideicomiso CIB/3370 (CIB/3370)	691,667	1,808,333	2,500,000
f. Barclays Bank PLC (BBPLC)	2,129,765	-	2,129,765
g. Postulando Ideas, S.A. de C.V. (PI)	400,000	1,446,695	1,846,695
h. Desarrollo JNG Coyoacán, S.A. de C.V. (DJC)	300,000	1,350,404	1,650,404
i. CEBURES TPLAY 22 (TPLAY 22)	-	1,593,347	1,593,347
j. QH Productos Estructurados S.A.P.I. de C.V. (QH)	-	1,475,000	1,475,000
k. Interpretaciones Económicas, S.A. de C.V. (IE)	140,000	1,272,761	1,412,761
l. Desarrollo JNG Azcapotzalco, S.A. de C.V. (DJA)	140,000	1,253,553	1,393,553
m. Inmobiliaria Ciudad del Sol Guadalajara, S.A. de C.V. (ICSG)	200,000	1,184,738	1,384,738
n. Negocios y Visión en Marcha, S.A. de C.V. (NVM)	130,000	954,849	1,084,849
ñ. Banco del Bajío, S.A. Institución de Banca Múltiple (Bajío)	206,364	863,636	1,070,000
o. CEBURES TPLAY 00122 (TPLAY 122)	1,000,000	-	1,000,000
p. FGS BRIDGE S.A. DE C.V. SOFOM ENR (FGS)	-	1,000,000	1,000,000
q. CEBURES TPLAY 00222 (TPLAY 222)	1,000,000	-	1,000,000
r. Invex S.A. I.B.M. (Invex)	200,000	600,000	800,000
s. Bank Julius Baer & CO AG (BJB)	-	290,423	290,423
t. Credit Suisse AG, Cayman Island Branch (CS)	-	290,423	290,423
u. Global Bank Coroporation (GBC)	-	193,615	193,615
v. Metrobank S.A. (Metrobank)	-	96,808	96,808
w. Cisco Capital de México S. de R.L. de C.V. (Cisco)	7,015	22,080	29,095
Transaction costs	(106,826)	(562,642)	(669,468)
Total debt recognized at amortized cost	$ 6,972,730	$ 42,559,766	$ 49,532,496

	December 31, 2021		
	Short-term	Long term	Total
a. Notas Senior No Garantizadas 6.375%	$ -	$ 12,280,320	$ 12,280,320
b. Notas Senior No Garantizadas 7.500%	-	11,768,640	11,768,640
c. The Import and Export Bank of China (Eximbank de China)	151,179	3,050,270	3,201,449
d. Universidad ICEL, S.C. (ICEL)	-	2,537,000	2,537,000
e. Fideicomiso CIB/3370	-	2,500,000	2,500,000
x. Fideicomiso 1135 (F/1135)	1,102,778	390,972	1,493,750
g. Postulando Ideas, S.A. de C.V. (PI)	-	1,313,331	1,313,331
h. Desarrollo JNG Coyoacán, S.A. de C.V. (DJC)	-	1,054,642	1,054,642
y. Emisión de Certificados Bursátiles	1,000,000	-	1,000,000
k. Interpretaciones Económicas, S.A. de C.V. (IE)	-	990,093	990,093
l. Desarrollo JNG Azcapotzalco, S.A. de C.V. (DJA)	-	974,158	974,158
n. Negocios y Visión en Marcha, S.A. de C.V. (NVM)	-	954,849	954,849
m. Inmobiliaria Ciudad del Sol Guadalajara, S.A. de C.V. (ICSG)	-	916,926	916,926
ñ. Banco del Bajío, S.A. Institución de Banca Múltiple (Bajío)	102,500	770,000	872,500
z. Banco Monex, S.A. Institución de Banca Múltiple (Monex)	300,000	-	300,000
Transaction costs	(41,865)	(620,672)	(662,537)
Total debt recognized at amortized cost	$ 2,614,592	$ 38,880,529	$ 41,495,121

Maturities of long-term portions as of December 31, 2022 are the following:

Year	Face Value	Transaction costs	Amortized cost
2024	$ 4,033,825	($ 91,796)	$ 3,942,029
2025	15,360,525	(41,011)	15,319,514
2026	1,118,078	(185,516)	932,562
2027	784,745	(912)	783,833
Onwards	21,825,235	(243,407)	21,581,828
	$ 43,122,408	($ 562,642)	$ 42,559,766

The following table summarizes features of the principal loans as of December 31, 2022:

Type of credit / Creditor	Currency	Annual interest rate	Dates of Initial	Maturity	Comments
a. Notas Senior No Garantizadas 6.375	EU$	6.375%	13/09/2021	20/09/2028	Sets out covenants, which were in fully compliance as of December 31, 2022
b. Notas Senior No Garantizadas 7.500	EU$	7.500%	09/11/2020	12/11/2025	Sets out covenants, which were in fully compliance as of December 31, 2022
c. Eximbank de China	CYN	5.50%	23/12/2020	23/12/2027	
d. Universidad ICEL, S.C. (ICEL)	MXN	10.00%	13/09/2019	31/03/2033	
e. CIB/3370	MXP	TIIE[1] + 240 pbs[3]	24/02/2020	28/02/2025	
f. BBPLC	EU$	SOFR[2] +750 pbs[3]	22/06/2022	22/12/2023	
g. PI	MXP	10.00%	13/09/2019	31/03/2033	
g. PI	MXP	13.15%	13/09/2019	31/03/2033	
h. DJC	MXP	10.00%	13/09/2019	31/03/2033	
h. DJC	MXP	12.65%	13/09/2019	31/03/2033	
h. DJC	MXP	13.15%	13/09/2019	31/03/2033	
i. TPLAY 22	MXP	TIIE[1] +260 pbs[3]	14/09/2022	10/09/2025	
j. QH	MXP	TIIE[1] +425 pbs[3]	08/11/2022	31/05/2026	
k. IE	MXP	10%	13/09/2019	31/03/2033	
k. IE	MXP	12.65%	13/09/2019	31/03/2033	
k. IE	MXP	13.15%	13/09/2019	31/03/2033	
l. DJA	MXP	10.00%	13/09/2019	31/03/2033	
l. DJA	MXP	12.65%	13/09/2019	31/03/2033	
l. DJA	MXP	13.15%	13/09/2019	31/03/2033	
m. ICSG	MXP	10.00%	13/09/2019	31/03/2033	
m. ICSG	MXP	12.65%	13/09/2019	31/03/2033	
m. ICSG	MXP	13.15%	13/09/2019	31/03/2033	
n. NVM	MXP	10.00%	13/09/2019	31/03/2033	
n. NVM	MXP	13.15%	13/09/2019	31/03/2033	
ñ. Bajío	MXP	TIIE[1] +225 pbs[3]	21/07/2019	21/07/2024	
ñ. Bajío	MXP	TIIE[1] +961 pbs[3]	21/07/2019	21/05/2025	
o. TPLAY 122	MXP	TIIE[1] +148 pbs[3]	27/04/2022	26/04/2023	
p. FGS	MXP	TIIE[1] +425 pbs[3]	24/10/2022	30/09/2028	
q. TPLAY 222	MXP	TIIE[1] +150 pbs[3]	21/12/2022	20/12/2023	
r. Invex	MXP	TIIE[1] +440 pbs[3]	29/03/2022	27/03/2026	
r. Invex	MXP	TIIE[1] +430 pbs[3]	29/03/2022	27/03/2026	
s. BJB	EU$	SOFR[2] +837 pbs[3]	30/08/2022	12/05/2025	
t. CS	EU$	SOFR[2] +837 pbs[3]	30/08/2022	12/05/2025	
u. GBC	EU$	SOFR[2] +837 pbs[3]	30/08/2022	12/05/2025	
v. Metrobank	EU$	SOFR[2] +837 pbs[3]	30/08/2022	12/05/2025	
w. Cisco	MXP	10.18%	23/11/2022	04/11/2026	

[1] TIIE: Inter-bank equilibrium interest rate
[2] SOFR: Secured Overnight Financing Rate Data
[3] pbs: Basis points

The following table summarizes features of the principal loans as of December 31, 2021:

Type of credit / Creditor	Currency	Annual interest rate	Dates of Initial	Maturity	Comments
a. Unsecured Senior Notes 6.375	EU$	6.375%	13/09/2021	20/09/2028	Sets out covenants, which were in fully compliance as of December 31, 2021
b. Unsecured Senior Notes – 7.500	EU$	7.500%	09/11/2020	12/11/2025	Sets out covenants, which were in fully compliance as of December 31, 2021
c. Eximbank of China	CYN	5.50%	23/12/2020	23/12/2027	
d. Universidad ICEL, S.C. (ICEL)	MXN	10.00%	13/09/2019	31/03/2033	In March 2021, an amendment agreement was signed, through which term was extended.
e. CIB/3370	MXP	TIIE[1] +240 pbs[2]	24/02/2020	28/02/2025	
x. F/1135	MXP	TIIE[1] +550 pbs[2]	10/05/2021	26/09/2022	
x. F/1135	MXP	10.00%	14/10/2020	19/07/2023	
x. F/1135	MXP	TIIE[1] + 300 pbs[2]	21/11/2019	27/07/2023	
g. PI	MXP	10.00%	13/09/2019	31/03/2033	In March 2021, an amendment agreement was signed, through which term was extended.
h. DJC	MXP	10.00%	13/09/2019	31/03/2033	In March 2021, an amendment agreement was signed, through which term was extended.
y. CEBURES	MXP	TIIE[1] +164 pbs[2]	22/12/2021	21/12/2022	
k. IE	MXP	10.00%	13/09/2019	31/03/2033	In March 2021, an amendment agreement was signed, through which term was extended.
l. DJA	MXP	10.00%	13/09/2019	31/03/2033	In March 2021, an amendment agreement was signed, through which term was extended.
n. NVM	MXP	10.00%	13/09/2019	31/03/2033	In March 2021, an amendment agreement was signed, through which term was extended.
m. ICSG	MXP	10.00%	13/09/2019	31/03/2033	In March 2021, an amendment agreement was signed, through which term was extended.
ñ. Bajío	MXP	TIIE[1] +225 pbs[2]	21/07/2019	21/06/2024	
z. Monex	MXP	TIIE[1] +200 pbs[2]	23/12/2019	18/03/2022	

[1] TIIE: Inter-bank equilibrium interest rate
[2] pbs: Base points

The reconciliation of debt balances is shown below:

	December 31, 2022	2021
Opening balance	$ 41,495,121	$ 26,192,592
New loans	11,878,154	16,775,248
Settlements	2,891,422	534,377
Foreign exchange loss unrealized	(962,181)	(1,842,664)
New transaction costs	(190,212)	(394,386)
Transaction costs amortization of the period	203,036	229,954
Closing balance	$ 49,532,496	$ 41,495,121

NOTE 12 – REVERSE FACTORING:

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

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

	December 31, 2022	2021
a. FGS Bridge, S.A.P.I. de C.V. (FGS)	$ 1,379,736	$ 1,221,450
b. Jefferies LLC	769,431	-
c. Bank of China Shenzen Branch	465,362	-
d. Arrendadora Internacional Azteca, S.A. de C.V. (AIA)	53,698	39,764
e. Cintercap, S.A. de C.V. SOFOM E.N.R.	22,857	8,090
	$ 2,691,084	$ 1,269,304

a. FGS:

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

b. Jefferies:

- On January 20, 2022, TPG was informed of the recurring factoring operations agreement between Jefferies and Huawei Technologies de México, S.A. de C.V. through which the later seeks to sell the accounts receivables it had with TPG and assign to the buyer all rights and proceeds under such receivables.
- The expiration date for TPG extends up to six months from each notice received by Huawei.
- TPG undertakes to pay the credit rights at nominal value.
- Jefferies will only acquire receivables whose maturity date does not exceed 30 calendar days from the date of issuance of such Receivables.

c. Bank of China Shenzen Branch:

- In July 2022, TPG was informed about the factoring operations agreement between Huawei Technologies de México S. A. de C. V. and Bank of China Shenzen Branch, where the latter partially acquires the accounts receivable that Huawei had with TPG.
- The expiration date for TPG is extended for a six months period from each notice received by Huawei.
- Bank of China Shenzen Branch will only acquire receivables whose maturity date does not exceed 90 calendar days from the date of issuance of such receivables.

d. AIA:

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

e. Cintercap:

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

NOTE 13 – EMPLOYEE BENEFITS:

a. Liability for employee benefits:

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

	December 31, 2022		
	Seniority premium	Legal compensation	Total
Defined benefits obligation (DBO)	$ 11,083	$ 37,737	$ 48,820
Plan assets	-	-	-
Unamortized items	-	-	-
Net projected liability	$ 11,083	$ 37,737	$ 48,820

	December 31, 2021		
	Seniority premium	Legal compensation	Total
Defined benefits obligation (DBO)	$ 9,809	$ 40,083	$ 49,892
Plan assets	-	-	-
Unamortized items	-	- -	-
Net projected liability	$ 9,809	$ 40,083	$ 49,892

b. Adjusted net cost for the period:

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

	Year-ended December 31, 2022		
	Seniority premium	Legal compensation	Total
Current services labor cost	$ 4,528	$ 25,781	$ 30,309
Financial cost	816	3,361	4,177
Labor cost of past services	-	-	-
Seniority recognition	491	2,270	2,761
Immediate actuarial recognition	-	-	-
Reductions and early settlements	2,664	(6,858)	(4,194)
Differences in balance of OCI	(2,089)	(25,878)	(27,967)
Total	$ 6,410	($ 1,324)	$ 5,086

	Year-ended December 31, 2021		
	Seniority premium	Legal compensation	Total
Current services labor cost	$ 2,437	$ 12,890	$ 15,327
Financial cost	303	1,055	1,358
Labor cost of past services	7,866	27,264	35,130
Seniority recognition	-	-	-
Immediate actuarial recognition	-	-	-
Differences in balance of OCI	(797)	(1,126)	(1,923)
Total	$ 9,809	$ 40,083	$ 49,892

c. DBO reconciliation:

	Year-ended December 31,	
	2022	2021
DBO opening balance	$ 49,892	$ 66,184
Current services labor cost	30,309	(50,857)
Financial cost	4,177	1,358
Labor cost of past services	-	35,130
Seniority recognition	2,761	-
Actuarial (losses) gains for the period	(27,968)	(1,923)
Reductions and early settlements	(4,194)	-
Benefits paid against provision	(6,157	-
DBO closing balance	$ 48,820	$ 49,892

d. Main assumptions:

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

Nominal annual rates:	2022	2021
Minimum salary	5.00%	5.00%
Career salary	5.80%	5.80%
Discount	8.40%	7.00%
Long term inflation	4.00%	4.00%
Average working life expectancy	12 years	12 years

e. Sensitivity analysis:

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

	10.10%	11.10%	12.10%
Seniority premium	$ 12,526	$ 11,082	$ 9,805
Legal severance compensation	43,156	37,738	33,008
	$ 55,682	$ 48,820	$ 42,813

NOTE 14 – INCOME TAXES:

a. Income tax provision:

The provision for taxes on income (income tax or IT) for years ended December 31, 2022 and 2021, is as follows:

	Year ended December 31, 2022	2021
Income tax provision:		
Incurred	$ -	($ 26,538)
Deferred	(1,970,207)	(819,666)
	($ 1,970,207)	($ 846,204)

b. Incurred income tax:

The income tax rate was 30% for years ended December 31, 2022 and 2021, years in which the Company reported a tax profit of $1,979,927 and $2,586,366, respectively, which were offset with tax loss carryforwards.

For the year ended December 31, 2022, TPG's subsidiaries reported tax profits of $2 and tax losses of $133,107. For the year ended December 31, 2021, they reported tax profits of $88,462 and tax losses of $1,152,140.

c. Deferred income tax:

The temporary differences that TPG recognized in the calculation of deferred income tax were the following:

	December 31, 2022	2021
Tax loss carryforwards	$ 6,779,591	$ 6,496,556
Non-deductible interest due to thin capitalization rule	1,085,863	3,011,598
Other temporary items	1,737,126	2,597,835
Leases	367,650	2,246,159
Credit loss allowance and inventories	653,898	425,882
Employee benefits	48,820	49,892
Advance payments	(908,269)	(466,730)
Property, plant and equipment	(17,608,247)	(15,631,569)
Tax loss carryforwards and temporary differences	(7,843,568)	(1,270,377)
Income tax rate	30%	30%
Deferred tax liability	($ 2,353,070)	($ 381,113)
Less: Valuation reserve	(2,041)	-
Net deferred income tax liability	($ 2,355,111)	$ (381,113)

d. Reconciliation of nominal and effective IT rates:

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

	Years ended December 31, 2022	2021
	%	%
IT nominal rate	30	30
Effect on IT incurred:		
Credit loss allowance and inventories	32	10
Other items	(309)	(15)
Annual inflation adjustment	(456)	(156)
Effective IT rate	(702)	(131)

e. Tax loss carryforwards:

Inflation-restated tax loss carry forwards as of December 31, 2022 are as follows:

Taxes losses Year of origin		Tax loss carry forwards	Year of expiration
2011[1]	$	1,200,035	
2013		38	2023
2014		1	2024
2015		1	2025
2016		239,872	2026
2017		2	2027
2018		457,611	2028
2019		448,990	2029
2020		3,003,976	2030
2021		1,292,137	2031
2022		136,928	2032
	$	6,779,591	

[1] Regarding the tax loss for the year 2011, the Company's Management and external lawyers consider that there are probative elements and legal arguments, which provide reasonable grounds for obtaining a successful final result, for this reason said tax loss was considered within of the calculation of the deferred tax, since once the process is concluded it will be amortized against the profits

NOTE 15 – FINANCIAL INSTRUMENTS:

a. Fair value

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

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

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

As of December 31, 2022 and 2021, financial assets and liabilities are classified as follows:

	Amortized cost	FVTPL	FVOCI	Total
As of December 31, 2022				
Financial Assets:				
Cash and cash equivalents	$ 1,889,549	$ -	$ -	$ 1,889,549
Restricted cash	1,987,879	-	-	1,987,879
Customers	5,505,660	-	-	5,505,660
Other receivables	235,808	-	-	235,808
Related parties	310,267	-	-	310,267
	$ 9,929,163	$ -	$ -	$ 9,929,163

	Amortized cost	FVTPL	FVOCI	Total
As of December 31, 2022				
Financial Liabilities:				
Total financial debt (short and long-term)	$49,532,496	$ -	$ -	$49,532,496
Short and long-term lease liabilities	7,072,853	-	-	7,072,853
Interest payable	385,173	-	-	385,173
Trade payables	10,750,589	-	-	10,750,589
Reverse factoring	2,691,084	-	-	2,691,084
Other payables	2,446,414	-	-	2,446,414
Related parties	365,387	-	-	365,387
Derivative financial instruments designated as hedges	-	82,880	806,918	889,798
	$73,243,996	$ 82,880	$ 806,918	$74,133,794

	Amortized cost	FVTPL	FVOCI	Total
As of December 31, 2021				
Financial Assets:				
Cash and cash equivalents	$ 4,166,004	$ -	$ -	$ 4,166,004
Restricted cash	886,875	-	-	886,875
Customers	3,749,441	-	-	3,749,441
Other receivables	144,829	-	-	144,829
Related parties	35,988	- -	-	35,988
Derivative financial instruments designated as hedges	-	(38,273)	265,938	227,665
	$ 8,983,137	($ 38,273)	$ 265,938	$ 9,210,802

	Amortized cost	FVTPL	FVOCI	Total
As of December 31, 2021				
Financial Liabilities:				
Total financial debt (short and long-term)	$41,495,121	$ -	$ -	$41,495,121
Short and long-term lease liabilities	5,409,099	-	-	5,409,099
Interest payable	374,668	-	-	374,668
Trade payables	7,502,023	-	-	7,502,023
Reverse factoring	1,269,304	-	-	1,269,304
Other payables	2,003,022	-	-	2,003,022
Related parties	225,299	-	-	225,299
Derivative financial instruments designated as hedges	-	-	6,170	6,170
	$ 58,278,536	$ -	$ 6,170	$ 58,284,706

As of December 31, 2022 the fair value of Unsecured Senior Notes was as follows:

Unsecured Senior Notes 6.375	U.S.$	$
Promissory note market value	99,748	99,748
Face value	600,000	11,616,900
Fair value	598,488	11,587,625

Unsecured Senior Notes 7.500	U.S.$	$
Promissory note market value	99,748	99,748
Face value	575,000	11,132,863
Fair value	573,551	11,104,808

b. Hedging activities and derivatives

(i) Derivatives not designated as hedges

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

(ii) Cash flow hedges

Non-dominant credit risk-

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

Company	Rating	Agency
Grupo Financiero Monex, Institución de Banca Múltiple	BB+	Fitch Ratings
Grupo Financiero Actinver, Institución de Banca Múltiple	AA	Fitch Ratings
CIBanco, S.A., Institución de Banca Múltiple	A	Fitch Ratings
Credit Suisse México S.A. de C.V.	BBB	S&P
Barclays Bank México S.A., Institución de Banca Múltiple	AAA	Fitch Ratings
Morgan Stanley México, Casa de Bolsa, S.A. de C.V.	AAA	Fitch Ratings
Total Play Comunicaciones, S.A.P.I. de C.V.	AA	HR Ratings

Foreign exchange risk-

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

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

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

Derivative financial instrument:	December 31, 2022 Asset	Liability	Net
Currency swaps	$ -	$ 442,017	$ (442,017)
Currency options	-	24,576	(24,576)
Call spreads structure	-	245,635	(245,635)
Currency forwards	-	177,570	(177,570)
Mark-to market at the closing period	$ -	$ 889,798	$ (889,798)

Derivative financial instrument:	December 31, 2021 Asset	Liability	Net
Currency swaps	$ 24,774	$ -	$ 24,774
Currency options	-	(6,170)	(6,170)
Call spreads structure	135,559	-	135,559
Currency forwards	67,332	-	67,332
Mark-to market at the closing period	$ 227,665	$ (6,170)	$ 221,495

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

Cash flow hedges of expected future purchases in 2022 and 2021, were assessed as highly effective and an unrealized net loss (gain) of ($806,918) and ($259,768) respectively was recorded in OCI.

The amount transferred during the years 2022 and 2021 from OCI to the carrying amount of the hedged elements was ($82,880) and ($38,673), respectively and are shown in Note 15a. It is expected that some of the amounts included in OCI as of December 31, 2022 become due and affect the income statement as of December 31, 2023.

c. Fair value measurement

Fair value hierarchy of TPG's liabilities as at December 31, 2022 is as follows:

	Total	Fair value measurement used Quotation value in active markets (Level 1)	Significant observable data (Level 2)	Non-observable significant data Level 3)
Assets measured at fair value:				
Property, plant and equipment revalued	$ 58,165,156	$ -	$ -	$ 45,850,606
Trade marks	1,189,727	-	-	1,189,727
Liabilities measured at fair value:				
Loans and credits accruing interests	$ 49,532,496	$ -	$ 49,532,496	$ -
Reverse factoring	2,691,084	-	2,691,084	-
Currency swaps	442,017	-	442,017	-
Currency options	24,576	-	24,576	-
Call spreads structure	245,635	-	245,635	-
Currency forwards	177,570	-	177,570	-

Fair value hierarchy of TPG's liabilities as at December 31, 2021 is as follows:

	Total	Fair value measurement used Quotation value in active markets (Level 1)	Significant observable data (Level 2)	Non-observable significant data Level 3)
Assets measured at fair value:				
Property, plant and equipment revalued	$ 45,850,606	$ -	$ -	$ 45,850,606
Trade marks	1,189,727	-	-	1,189,727
Call spreads structure	135,559	-	135,559	-
Currency forwards	67,332	-	67,332	-
Currency swaps	24,774	-	24,774	-
Liabilities measured at fair value:				
Loans and credits accruing interests	$ 41,495,121	$ -	$ 41,495,121	$ -
Reverse factoring	1,269,304	-	1,269,304	-
Currency options	6,170	-	6,170	-

NOTE 16 – FINANCIAL RISK MANAGEMENT:

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

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

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

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

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

a. Credit risk management

it is mainly caused on liquid funds and trade accounts receivable for providing telecommunication services.

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

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

As at December 31, 2022 and 2021, the amount of receivables with an ageing higher than 120 days amounted to $2,262,055 and $1,408,178, respectively. The aforementioned amounts include receivables due from government institutions, which recurrently present delays in their payments, without representing this a loss for TPG and consequently, Management considered that the impairment allowance does not need to be increased.

b. Market risk management

i. Interest rate risk - As described in Note 11, TPG has obtained loans bearing interest at variable rates (28-day TIIE), therefore it is exposed to fluctuations of such rates. As at December 31, 2022 and 2021, TPG had partial hedges to cover said fluctuations. Consequently, if the variable interest rates had strengthened/weakened by 10% maintaining the remaining variables unchanged, the net loss for the 2021 year would have decreased/increased by $38,415 as a result of a lower/higher interest expense.

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

As at December 31, 2022 and 2021 and April 28, 2023 (date of release of the independent auditors' report), the exchange rates for the U.S. dollar were $19.3615, $20.4672 and $18.1030, respectively. As at December 31, 2022 and 2021, TPG had the following U.S. dollar denominated assets and liabilities:

	December 31,	
	2022	2021
Monetary assets	E.U.$ 184,736	E.U.$ 255,084
Monetary liabilities	(1,618,745)	(1,308,292)
Net monetary short position in U.S. dollars	(E.U. 1,434,009)	(E.U. 1,053,208)
Equivalent in Mexican pesos	($ 27,764,565)	($ 21,556,219)

Even though TPG has contracted some exchange rate hedges, it does not cover 100% of the liabilities in foreign currency, so exchange losses have been incurred from January 1 to April 28, 2023.

As of December 31, 2022, TPG also had liabilities denominated in Chinese yuan (CYN) for CYN 947,260, which were equivalent to $ 2,673,724, the exchange rate being $ 2.8226 per CYN.

As at December 31, 2022, TPG has a net short position in U.S. dollars and Chinese yuan, consequently if the Mexican peso had been strengthened/weakened 10% against the U.S. dollar and Chinese yuan and the rest of the variables had remained unchanged, the net loss for the current year would have increased (decreased) by $3,043,829 as a result of the gain/(loss) in the translation of monetary assets and liabilities denominated in U.S. dollars and yuan not hedged.

c. Liquidity risk

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

NOTE 17 – COMMITMENTS AND CONTINGENCIES:

As of December 31, 2022, TPG had the following commitments:

a. Commitments derived from financial debt.

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

b. Tax credit

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

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

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

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

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

Currently the issuance of the judgment is pending. The Company´s Management and attorneys consider having the elements provided and formulated legal arguments which provide the reasonable basis to expect a successful end result.

The challenged amount calculated as of June 8, 2021 aggregates to $987,342 and is duly guaranteed through the administrative seizure of several assets of the Company.

c. Labor contingencies

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

d. Related party transactions

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

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

NOTE 18 – EQUITY:

a. Contributed capital

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

During years ended December 31 2022 and 2021, the outstanding shares and capital stock showed the following movements, and are comprised as follows:

	December 31, 2022	2021
Number of outstanding shares:		
Fixed capital stock	88,815	88,815
Variable capital stock	40,176,282	39,775,407
Fully paid and subscribed shares	40,265,097	39,864,222

	December 31, 2022	2021
Capital stock amount:		
Fixed capital stock	$ 10 000	$ 10,000
Variable capital stock	7,490,933	7,368,666
Inflation restatement	-	10,700
Fully paid and subscribed capital stock	$ 7,500,933	$ 7,389,366

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

On October 27, 2021, on a unanimous resolution off the meeting, it is confirmed the payment of the pending shares to the stockholders for an amount of $52,372.

TPG decided on November 4, 2021, under unanimous resolution off the meeting, to approve the return of contributions for future equity increases for $5,000,000 realized in 2019.

On December 6, 2021, at a unanimous resolution off the meeting, it was resolved to increase the variable capital portion for $5,000,000.

On August 1, 2022, in a unanimous resolution outside the assembly, it was resolved to increase the variable capital portion for $122,267.

On December 31, 2022, it was agreed to reclassify the inflation update amount of $10,700 to retained earnings.

b. Legal reserve

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

c. Distribution of earnings

As of December 31, 2022, the balance of "Net Tax Income Account" (CUFIN for its acronym in Spanish) was $3,402,114 and the "Net Fiscal Profit Account" (CUFIN for its acronym in Spanish) of subsidiaries amounted to $273,737. Starting from 2014 earnings generated and distributed to the stockholders are subject to a 10% income tax withholding, provided they do not come from CUFIN. Dividends paid that come from income previously taxed by Income Tax, will not be subject to any withholding or additional tax payment prior to December 31, 2013.

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

d. Capital stock reduction

As of December 31, 2022, the inflation-restated balance of the "restated contributed capital account" (CUCA for its acronym in Spanish) amounted to $10,370,561. In case of a reimbursement or capital decreases in favor of the stockholders, the excess of that reimbursement over this amount will be treated as distributed earnings for tax purposes.

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

NOTE 19 – EQUITY MANAGEMENT:

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

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

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

a. Adjusted equity to debt ratio:

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

The adjusted equity to debt ratio as of December 31, 2022 and 2021 was determined as follows:

	December 31, 2022	2021
Financial debt with cots:		
Short-term	$ 6,972,730	$ 2,614,592
Long-term	42,559,766	38,880,529
Interest payable	385,173	374,668
Lease liabilities:		
Short-term	2,107,670	1,651,145
Long-term	4,965,183	3,757,954
	56,990,522	47,278,888
Cash and cash equivalents	(1,889,549)	(4,166,004)
Net debt	$ 55,100,973	$ 43,112,884
Total equity	$ 5,855,529	$ 9,027,169
Ratios (Net debt / Total equity)	9.41x	4.78x
Target ratio	3.00x – 4.00x	3.00x – 4.00x

The change in the 2022 financial ratio was mainly due to: (i) the new loans contracted abroad; (ii) the contracting of new leases and (iii) the effect of the net comprehensive loss for the year ended December 31, 2022.

b. Consolidated net debt ratio:

	December 31, 2022	2021
Net debt	$ 55,100,973	$ 43,112,884
EBITDA for the last two quarters	8,434,794	6,400,968
EBITDA for the last two quarters multiplied by two (EBITDA * 2)	16,869,588	12,801,936
Ratio (Net debt / EBITDA *2)	3.27	3.37
Maximum ratio	4.50	4.50

c. Interest coverage ratio:

	December 31, 2022	2021
Operating profit	$ 3,096,723	$ 3,117,983
Plus:		
Depreciation and amortization	12,871,442	8,902,307
Profit before Comprehensive Financing Result, Depreciation and Amortization and Taxes (EBITDA)	$ 15,968,165	$ 12,020,290
Accrued interest:		
Charged to income	$ 4,228,462	$ 3,011,952
Capitalized	303,485	483,202
Total accrued interests	$ 4,531,947	$ 3,495,154
Interest coverage ratio (EBITDA / Total accrued interest)	3.52	3.44
Minimum ratio	2.50	2.50

NOTE 20 – REVENUES BY NATURE:

	Years ended December 31, 2022	2021
Revenue from services with third parties:		
Pay television and audio, fixed telephony and internet access	$ 33,493,267	$ 23,262,578
Business-oriented services	934,046	3,355,577
Activation and installation fees	513,198	433,236
Advertising	451,057	267,364
Commissions	58,149	55,486
Interconnection and long-distance fees	22,758	30,555
Interests	31,735	3,739
Others	224,243	86,321
Total revenues from services provided to third parties	35,728,453	27,494,856
Revenue from services with related parties:		
Business-oriented services	566,953	490,999
Advertising	50,000	78,448
Equipment leasing	-	21,670
Restricted television /audio services, fixed telephony and internet	2,767	2,236
Commissions	3,829	629
Total revenue from services provided to related parties	623,549	593,982
Total revenue	$ 36,352,002	$ 28,088,838

NOTE 21 –COTS AND EXPENSES BY NATURE:

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

For years ended December 31, 2022 and 2021, consolidated costs and expenses according to their nature are as follows:

	Years ended December 31,	
	2022	2021
Costs of services with third parties:		
Content	($ 4,036,451)	($ 2,912,531)
Cost of equipment sold	(970,568)	(924,408)
Allowance for expected credit losses	(724,112)	(565,342)
Commissions	(3,330)	(553,494)
Rent of dedicated links	(614,528)	(502,082)
Licenses and software	(484,154)	(431,269)
Monitoring	(152,116)	(93,782)
Long distance interconnection	(61,297)	(59,545)
Advertising	(21,658)	(13,032)
Others	(473,451)	(329,368)
Total costs of services with third parties	(7,541,665)	(6,384,853)
Costs of services with related parties:		
Monitoring	(7,746)	(58,958)
Content	(38,400)	(36,700)
Total costs of services with related parties	(46,146)	(95,658)
Total costs	($ 7,587,811)	($ 6,480,511)

	Years ended December 31,	
	2022	2021
Network expenses with third parties:		
Personnel	($ 1,363,591)	($ 1,154,412)
Maintenance	(1,732,711)	(1,047,486)
Leases	(319,074)	(295,825)
Permits, rights and uses	(224,920)	(119,466)
Energy	(130,776)	(100,200)
Surveillance	(54,435)	(75,688)
Fuel	(8,735)	(28,992)
Fees	(154,439)	(24,467)
Cleaning	(26,737)	(27,556)
Insurances and sureties	(17,228)	(22,656)
Travel expenses	(27,002)	(15,574)
Telephony and data	(22,237)	(16,833)
Others	(25,940)	(19,299)
Total network expenses with third parties	($ 4,107,825)	($ 2,948,454)

	Years ended December 31,	
	2022	2021
General expenses with third parties:		
Personnel and administrative services	($ 2,645,287)	($ 2,185,446)
Advertising	(2,118,248)	(1,465,196)
Professional services fees	(707,793)	(510,381)
Call Center	(867,508)	(491,625)
Maintenance of offices, warehouses and premises	(213,285)	(291,667)
Collection services	(418,904)	(231,943)
Lease	(233,245)	(176,430)
Freight	(121,138)	(102,250)
Warehouse management	(42,959)	(33,286)
Others	(251,699)	(102,519)
Total general expenses with third parties	($ 7,620,066)	($ 5,590,743)

	Years ended December 31,	
	2022	2021
General expenses with related parties:		
Personnel and administrative services	($ 206)	($ 356,446)
Advertising	(351,283)	(314,230)
Professional services fees	(464,646)	(184,198)
Maintenance	(28,069)	(41,700)
Lease	(11,884)	(4,291)
Others	(68,006)	(98,920)
Total general expenses with related parties	(924,094)	(999,785)
Total general expenses	($ 8,544,160)	($ 6,590,528)
Depreciation and amortization:		
Of the subscriber acquisition cost - own assets	($ 7,595,928)	($ 4,914,427)
Of the subscriber acquisition cost - leased assets	(1,224,716)	(826,369)
Of the rest of property plant and equipment	(3,225,259)	(2,606,493)
Of the rest of lease right-of-use	(825,539)	(555,018)
Total depreciation and amortization	($ 12,871,442)	($ 8,902,307)

NOTE 22 – INFORMATION BY SEGMENTS:

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

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

- Linear Television. The customer is provided with a decoder of state-of-the-art technology and a Wi-fi Extender. Among the additional services at no cost: VOD (Video on Demand), parental control and Anytime (up to seven days' deferral of certain channels).
- Internet. Provided by a FTTH network (Fiber to-the home) of fiber optic unique in Mexico (backbone of 200 gigabits), which allows having high speed and quality.
- Apps contents. The Company has internally developed a TV interface for its users, allowing the integration of popular apps, offering its subscribers all services under the same platform.

- Telephony. In addition to the traditional service, from a mobile app, customers may have worldwide coverage as if they were calling or receiving calls on their fixed line.

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

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

The table below presents the information by segments for years ended December 31, 2022 and 2021:

	Year ended December 31, 2022		
	TotalPlay Residential	TotalPlay Empresarial	Consolidated
Revenue from services	$ 30,551,437	$ 5,800,565	$ 36,352,002
Cost of services	(5,850,845)	(1,736,966)	(7,587,811)
Operating expenses	(11,044,312)	(1,607,673)	(12,651,985
Depreciation and amortization, financial cost and other	(17,562,941)	(800,677)	(18,363,618)
Net income (loss)	($ 3,906,661)	$ 1,655,249	($ 2,251,412)

	Year ended December 31, 2021		
	TotalPlay Residential	TotalPlay Empresarial	Consolidated
Revenue from services	$ 21,763,225	$ 6,325,613	$ 28,088,838
Cost of services	(4,747,122)	(1,733,389)	(6,480,511)
Operating expenses	(8,066,742)	(1,472,240)	(9,538,982)
Depreciation and amortization, financial cost and other	(13,167,844)	(395,893)	(13,563,737)
Net income (loss)	($ 4,218,483)	$ 2,724,091	($ 1,494,392)

	As of December 31, 2022		
	TotalPlay Residential	TotalPlay Empresarial	Consolidated
Customers	$ 4,626,303	$ 879,357	$ 5,505,660
Property, plant and equipment – Net	48,875,087	9,290,069	58,165,156
Right-of-use assets – Net	5,632,427	1,070,599	6,703,026

	As of December 31, 2021		
	TotalPlay Residential	TotalPlay Empresarial	Consolidated
Customers	$ 1,589,413	$ 2,160,028	$ 3,749,441
Property, plant and equipment – Net	33,044,183	12,806,423	45,850,606
Right-of-use assets – Net	3,601,462	1,395,944	4,997,406

NOTE 23 – SUBSEQUENT EVENTS:

On March 30, 2023, a simple credit opening contract was entered into with FGS BRIDGE S. A. de C. V. SOFOM ENR, for the amount of $750,000. at a 28-day TIIE rate + 4.25 points. The duration of this contract will be up to 72 months from the disposal date.

On April 14, 2023, a simple credit opening contract was celebrated with FGS BRIDGE S.A. de C.V. SOFOM ENR, for the amount of $750,000. at a 28-day TIIE rate + 4.25 points, with a 24-month grace period. The duration of this contract will be up to 72 months from the disposal date.

On April 26, 2023, the Company sent to BIVA an offer for the issuance of Cebures for up to $1,000,000, under the ticket "TPLAY 00123". The Cebures object of the offer are issued under the Program registered with the CNBV through official letter number 153/10027135/2021 dated December 6, 2021. The maturity date is April 24, 2024 at TIIE 28 days + 150 basis points.

On April 27, 2023, the Company's Management manifested, through the first quarter report, that they are looking for stabilizing the subscribers base from the second quarter of 2023, mainly to reduce their operating expenses and also decrease the level of investment on infrastructure, which in turn, will contribute to improve the liquidity of the TPG and repay an important portion of the debt maturities. The above, combined with the recent debt issuances, will help the TPG to fulfill its program to reduce its liabilities from the second quarter of 2023 and up to 2025, to boost and strengthen its capital structure.

* * * * *

EXHIBIT A

ELIGIBILITY LETTER

Total Play Telecomunicaciones, S.A.P.I. de C.V.

January 7, 2025

To the beneficial owners, or representatives acting on behalf of beneficial owners, of the securities listed herein:

CUSIP / ISIN	Title of Security
144A: CUSIP No.: 89157F AC4 ISIN No.: US89157FAC41 *Regulation S:* CUSIP No.: P9190N AC7 ISIN No.: USP9190NAC76	6.375% Senior Notes due 2028

* * *

Total Play Telecomunicaciones, S.A.P.I. de C.V. (the "Company") is considering undertaking a transaction to exchange the above-listed notes (the "Existing Notes") for newly issued 11.125% Senior Secured Notes due 2032 and a cash payment (the "Offer and Solicitation"). If you are a beneficial owner, or a representative acting on behalf of a beneficial owner, of Existing Notes that is an "Eligible Holder" (as described below), please complete the attached Eligibility Certification and either submit it electronically or return it to the Information and Exchange Agent at the address set forth in the Eligibility Certification. If you are a beneficial owner of Existing Notes that is not an Eligible Holder, you may not participate in the Offer and Solicitation, and you should not complete the attached Eligibility Certification.

An "Eligible Holder" is a beneficial owner of Notes that certifies that it is: (a) a "qualified institutional buyer," as defined in Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); or (b) a person outside the United States who is (i) not a "U.S. person" (as defined in Rule 902 under the Securities Act), (ii) not acting for the account or benefit of a U.S. person and (iii) a "Non-U.S. qualified offeree" (as defined below), other than an "Eligible Canadian Holder" (as defined below); or (c) an Eligible Canadian Holder. The definitions of "qualified institutional buyer," "U.S. person," "Non-U.S. qualified offeree" and "Eligible Canadian Holder" are set forth in Annex A.

In addition, if you are a beneficial owner of the Existing Notes who is resident in Canada, or an authorized representative acting on behalf of such beneficial owner, that is an Eligible Canadian Holder (as defined in Annex A), please complete the additional section of the Eligibility Certification, which comprises the Additional Certification for Canadian Beneficial Holders, by checking the applicable box under 2(b)(i)-(xvi). For this purpose, a "beneficial holder" of Existing Notes is considered to be a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a non-Canadian jurisdiction. If you are an Eligible Holder resident in Canada that is not an Eligible Canadian Holder, you may not participate in the Offer and Solicitation.

Please submit your responses as soon as possible in order to participate in the Offer and Solicitation.

This letter is not an offer nor a solicitation of an offer with respect to the Existing Notes nor does it create any obligations whatsoever on the part of the Company to make any offer or on the part of the recipient to participate if an offer is made.

You may direct any questions to Ipreo LLC email: ipreo-exchangeoffer@ihsmarkit.com; Confirmation: (212) 849-3880; Toll Free: (888) 593-9546.

Very truly yours,

TOTAL PLAY TELECOMUNICACIONES, S.A.P.I. DE C.V.

ANNEX A

"Qualified Institutional Buyer" means:

(1) Any of the following entities, acting for its own account or the accounts of other qualified institutional buyers, that in the aggregate owns and invests on a discretionary basis at least U.S.$100 million in securities of issuers that are not affiliated with the entity:

(a) Any insurance company as defined in Section 2(a)(13) of the U.S. Securities Act of 1933, as amended (the "Securities Act");

(b) Any investment company registered under the U.S. Investment Company Act of 1940, as amended (the "Investment Company Act"), or any business development company as defined in Section 2(a)(48) of the Investment Company Act;

(c) Any small business investment company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958 or any rural business investment company as defined in Section 384A of the Consolidated Farm and Rural Development Act;

(d) Any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees;

(e) Any employee benefit plan within the meaning of Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended;

(f) Any trust fund whose trustee is a bank or trust company and whose participants are exclusively plans of the types identified in subparagraph (1)(d) or (e) above, except trust funds that include as participants individual retirement accounts or H.R. 10 plans;

(g) Any business development company as defined in Section 202(a)(22) of the U.S. Investment Advisers Act of 1940, as amended (the "Investment Advisers Act");

(h) Any organization described in Section 501(c)(3) of the U.S. Internal Revenue Code, corporation (other than a bank as defined in Section 3(a)(2) of the Securities Act or a savings and loan association or other institution referenced in Section 3(a)(5)(A) of the Securities Act or a foreign bank or savings and loan association or equivalent institution), partnership, limited liability company, or Massachusetts or similar business trust;

(i) Any investment adviser registered under the Investment Advisers Act; and

(j) Any institutional accredited investor, as defined in Rule 501(a) under the Securities Act, of a type not listed in paragraphs (1)(a) through (i) above or paragraphs (2) through (6) below.

(2) Any dealer registered pursuant to Section 15 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), acting for its own account or the accounts of other qualified institutional buyers, that in the aggregate owns and invests on a discretionary basis at least U.S.$10 million of securities of issuers that are not affiliated with the dealer, *provided* that securities constituting the whole or a part of an unsold allotment to or subscription by a dealer as a participant in a public offering shall not be deemed to be owned by such dealer;

(3) Any dealer registered pursuant to Section 15 of the Exchange Act acting in a riskless principal transaction on behalf of a qualified institutional buyer;

(4) Any investment company registered under the Investment Company Act, acting for its own account or for the accounts of other qualified institutional buyers, that is part of a family of investment companies

which own in the aggregate at least U.S.$100 million in securities of issuers, other than issuers that are affiliated with the investment company or are part of such family of investment companies. "Family of investment companies" means any two or more investment companies registered under the Investment Company Act, except for a unit investment trust whose assets consist solely of shares of one or more registered investment companies, that have the same investment adviser (or, in the case of unit investment trusts, the same depositor), *provided that*, for purposes of this subparagraph:

(a) Each series of a series company (as defined in Rule 18f-2 under the Investment Company Act) shall be deemed to be a separate investment company; and

(b) Investment companies shall be deemed to have the same adviser (or depositor) if their advisers (or depositors) are majority-owned subsidiaries of the same parent, or if one investment company's adviser (or depositor) is a majority-owned subsidiary of the other investment company's adviser (or depositor);

(5) Any entity, all of the equity owners of which are qualified institutional buyers, acting for its own account or the accounts of other qualified institutional buyers; and

(6) Any bank as defined in Section 3(a)(2) of the Securities Act, any savings and loan association or other institution as referenced in Section 3(a)(5)(A) of the Securities Act, or any foreign bank or savings and loan association or equivalent institution, acting for its own account or the accounts of other qualified institutional buyers, that in the aggregate owns and invests on a discretionary basis at least U.S.$100 million in securities of issuers that are not affiliated with it and that has an audited net worth of at least U.S.$25 million as demonstrated in its latest annual financial statements, as of a date not more than 16 months preceding the date of sale under the rule in the case of a U.S. bank or savings and loan association, and not more than 18 months preceding such date of sale for a foreign bank or savings and loan association or equivalent institution.

For purposes of the foregoing definition of "qualified institutional buyer":

(1) In determining the aggregate amount of securities owned and invested on a discretionary basis by an entity, the following instruments and interests shall be excluded: bank deposit notes and certificates of deposit; loan participations; repurchase agreements; securities owned but subject to a repurchase agreement; and currency, interest rate and commodity swaps.

(2) The aggregate value of securities owned and invested on a discretionary basis by an entity shall be the cost of such securities, except where the entity reports its securities holdings in its financial statements on the basis of their market value, and no current information with respect to the cost of those securities has been published. In the latter event, the securities may be valued at market for purposes of the foregoing definition.

(3) In determining the aggregate amount of securities owned by an entity and invested on a discretionary basis, securities owned by subsidiaries of the entity that are consolidated with the entity in its financial statements prepared in accordance with generally accepted accounting principles may be included if the investments of such subsidiaries are managed under the direction of the entity, except that, unless the entity is a reporting company under Section 13 or 15(d) of the Exchange Act, securities owned by such subsidiaries may not be included if the entity itself is a majority-owned subsidiary that would be included in the consolidated financial statements of another enterprise.

(4) "Riskless principal transaction" means a transaction in which a dealer buys a security from any person and makes a simultaneous offsetting sale of such security to a qualified institutional buyer, including another dealer acting as riskless principal for a qualified institutional buyer.

* * * * * *

"U.S. person" means:

(1) Any natural person resident in the United States;

(2) Any partnership or corporation organized or incorporated under the laws of the United States;

(3) Any estate of which any executor or administrator is a U.S. person;

(4) Any trust of which any trustee is a U.S. person;

(5) Any agency or branch of a foreign entity located in the United States;

(6) Any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person;

(7) Any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and

(8) Any partnership or corporation if:

(a) Organized or incorporated under the laws of any foreign jurisdiction; and

(b) Formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organized or incorporated, and owned, by accredited investors (as defined in Rule 501(a) under the Securities Act) who are not natural persons, estates or trusts.

* * * * * *

"Non-U.S. qualified offeree" means:

(1) In relation to each Member State of the European Economic Area (the "EEA"), a person that is not a retail investor. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "Prospectus Regulation").

(2) In relation to the United Kingdom, a person that is not a retail investor and that is a relevant person. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "EUWA"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the "FSMA") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the "UK Prospectus Regulation") and a relevant person means a person who is a "qualified investor" (as defined in the UK Prospectus Regulation) who is (i) a person having professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Order"), or (ii) a high net worth entity falling within Article 49(2)(a) to (d) of the Order, (iii) a person falling within Article 43 of the Order or (iv) a person to whom it would otherwise be lawful to distribute any documents or materials relating to the Offer and Solicitation in accordance with the Order.

(3) Any entity outside the United States, the EEA and the UK to whom the offers related to any securities that may be the subject of the Offer and Solicitation may be made in compliance with all other applicable laws and regulations of any applicable jurisdiction.

* * * * * *

"Eligible Canadian Holder" means an Eligible Holder resident in Canada who is both an "accredited investor," as that term is defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and a "permitted client," as that term is defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations.

* * * * * *

Eligibility Certification

To: Total Play Telecomunicaciones, S.A.P.I. de C.V.
Av. San Jerónimo 252
Colonia La Otra Banda
04519 Mexico City
México

c/o Ipreo LLC
55 Water Street, 39th Floor
New York, New York 10041
Email: ipreo-exchangeoffer@ihsmarkit.com
To Confirm: (888) 593-9546 (toll-free) or (212) 849-3880
Attn: Aaron Dougherty

Ladies and Gentlemen:

The undersigned acknowledges receipt of your letter dated January 7, 2025 (the "Letter"). Capitalized terms used, but not defined, in this letter shall have the meanings set forth in the Letter.

The undersigned hereby represents and warrants to Total Play Telecomunicaciones, S.A.P.I. de C.V. (the "Company") as follows and as set forth in box 2(a), 2(b) or 2(c) (please check one).

In addition, if the undersigned is an Eligible Canadian Holder, the undersigned hereby represents and warrants to the Company that it is (a) an "accredited investor" as defined in section 73.3(1) of the Securities Act (Ontario), in the case of a person resident in Ontario, or National Instrument 45-106 – Prospectus Exemptions, in the case of a person resident in any other jurisdiction in Canada, that either would acquire any securities that may be the subject of the Offer and Solicitation for its own account or would be deemed to be acquiring any securities that may be the subject of the Offer and Solicitation as principal pursuant to applicable law; and (b) a "permitted client" as defined in National Instrument 31-103 – Registration Requirements, Exemptions and Ongoing Registrant Obligations. The definitions of "accredited investor" and "permitted client" are reproduced in Schedule A.

(1) It is the beneficial owner, or is acting on behalf of a beneficial owner, of the Existing Notes in the amount set forth below; **and**

(2) it is

☐ (a) a "**qualified institutional buyer**," as defined in the Letter, that is acting for either (i) its own account or (ii) the accounts of other qualified institutional buyers, for which certification as qualified institutional buyers can be validated by a written certification received within the last six months, and as to which it exercises sole investment discretion and has the authority to make the statements in this letter; **or**

☐ (b) a person outside the United States who is (i) not a "**U.S. person**" (as that term is defined in Rule 902 under the Securities Act), (ii) not acting for the account or benefit of a U.S. person and (iii) a "**Non-U.S. qualified offeree**" (such person, a "**Reg S Person**," other than an "**Eligible Canadian Holder**" as defined in the Letter); **or**

☐ (c) a Reg S Person who is an Eligible Canadian Holder who is one of the following:

❑ (i) a "Canadian financial institution," or a Schedule III bank (a "**Canadian financial institution**" is (i) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit, society for which an order has been made under section 473(1) of that Act, or (ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union,

caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada),

- ❑ (ii) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada),
- ❑ (iii) a subsidiary of any person referred to in paragraphs (a) or (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary,
- ❑ (iv) a person registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer, other than a scholarship plan dealer or a restricted dealer,
- ❑ (v) the Government of Canada or a jurisdiction of Canada, or any crown corporation, agency or wholly owned entity of the Government of Canada or a jurisdiction of Canada,
- ❑ (vi) a municipality, public board or commission in Canada and a metropolitan community, school board, the *Comité de gestion de la taxe scolaire de l'île de Montréal* or an intermunicipal management board in Québec,
- ❑ (vii) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government,
- ❑ (viii) a pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a pension commission or similar regulatory authority of a jurisdiction of Canada,
- ❑ (ix) an individual who beneficially owns "financial assets" having an aggregate realizable value that, before taxes, but net of any "related liabilities," exceeds C$5,000,000 ("**financial assets**" means cash, securities, or any contract of insurance or deposit or evidence thereof that is not a security for the purposes of securities legislation, and "**related liabilities**" means liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets and liabilities that are secured by financial assets),
- ❑ (x) a person or company that is entirely owned by an individual or individuals referred to in paragraph (i), who holds the beneficial ownership interest in the person or company directly or through a trust, the trustee of which is a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, and therefore is a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors,
- ❑ (xi) a person or company, other than an individual or investment fund, that has net assets of at least C$25,000,000 as shown on its most recently prepared financial statements,
- ❑ (xii) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a "fully managed account" managed by the trust company or trust corporation, as the case may be (a "**fully managed account**" means an account of a client for which a person makes the investment decisions if that person has full discretion to trade securities for the account without requiring the client's express consent to a transaction),
- ❑ (xiii) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the

equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction,

- ❑ (xiv) a registered charity under the *Income Tax Act* (Canada) that, in regard to the trade, has obtained advice on the securities to be traded from an "eligibility adviser" or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded (an "**eligibility adviser**" means a person that is registered as an investment dealer and authorized to give advice with respect to the type of security being distributed),
- ❑ (xv) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (d) or paragraph (h) in form and function, or
- ❑ (xvi) an investment fund that is advised by a person or company authorized to act as an adviser under the securities legislation of a jurisdiction of Canada.

The undersigned understands that it is providing the information contained herein to the Company solely for purposes of the Company's consideration of transactions with respect to the Existing Notes. This letter is not an offer or a solicitation of an offer with respect to the Existing Notes and does not create any obligation whatsoever on the part of the Company to make any offer or on the part of the undersigned to participate if an offer is made.

The undersigned agrees (1) not to copy or reproduce any part of any materials (except as permitted therein) received in connection with any transaction that the Company may undertake or has undertaken, (2) not to distribute or disclose any part of such materials or any of their contents (except as permitted therein) to anyone other than, if applicable, the aforementioned beneficial owners on whose behalf the undersigned is acting and (3) to notify the Company if any of the representations the undersigned makes in this letter cease to be correct. The undersigned acknowledges that the Company reserves the right to request any additional information it deems necessary for purposes of determining the undersigned's eligibility to participate in the Offer and Solicitation.

Dated: _____, 2025

Very truly yours,

By: _____
(Signature)

_____
(Name and Title)

_____
(Institution)

_____
(Address)

_____
(City/State/Zip Code)

_____
(Phone)

_____
(E-Mail Address)

DTC Participant Number: _____

Aggregate Principal Amount of Existing Notes: _____

CUSIP / ISIN / Common Code Number	**Principal Amount of Existing Notes Held (U.S.$)**

ISSUER
Total Play Telecomunicaciones, S.A.P.I. de C.V.
Av. San Jerónimo 252
Colonia La Otra Banda
Mexico City 04519
Mexico

GUARANTOR
Total Box, S.A. de C.V.
c/o Total Play Telecomunicaciones, S.A.P.I. de C.V.
Av. San Jerónimo 252
Colonia La Otra Banda
Mexico City 04519
Mexico

INDEPENDENT AUDITORS
Mazars Auditores, S. de R.L. de C.V.
Av. Paseo de la Reforma 295 – Piso 8
Col. Cuauhtémoc, Del. Cuauhtémoc, C.P.
Mexico City 06500
Mexico

EXCHANGE AND INFORMATION AGENT
Ipreo LLC
55 Water Street, 39th Floor
New York, New York 10041
United States of America
Attn: Aaron Dougherty
Banks and Brokers call: +1 (212) 849-3880
U.S. Toll free: +1 (888) 593-9546
Email: ipreo-exchangeoffer@ihsmarkit.com

JOINT DEALER MANAGERS AND SOLICITATION AGENTS

Barclays Capital Inc.
745 Seventh Avenue, 5th floor
New York, New York 10019
United States of America
Attention: Liability Management Group
Collect: +1 (212) 528-7581
Toll free: +1 (800) 438-3242
Email: TotalPlayExchange@barclays.com

Jefferies LLC
520 Madison Avenue
New York, New York 10022
United States of America
Attention: Robert White
+1 (212) 284-2542
Email: TotalPlayExchange@jefferies.com

ESCROW AGENT
Barclays Bank PLC, New York Branch
745 Seventh Avenue
New York, New York 10019
United States of America
Attention: Escrow Agent

NEW NOTES TRUSTEE, PAYING AGENT, REGISTRAR, TRANSFER AGENT, OFFSHORE COLLATERAL AGENT AND DEBT REPRESENTATIVE

The Bank of New York Mellon
240 Greenwich Street, Foor 7 East
New York, New York 10286
United States of America

SINGAPORE LISTING AGENT

Allen & Gledhill LLP
One Marina Boulevard #28-00
Singapore, 018989

LEGAL ADVISERS

To the Issuer and the Initial Guarantor as to U.S. law

Winston & Strawn LLP
200 Park Avenue
New York, New York 10166
United States of America

To the Issuer and the Initial Guarantor as to Mexican law

Nader, Hayaux y Goebel, S.C.
Paseo de los Tamarindos No. 400-B, Floor 7
Bosques de las Lomas
Mexico City 05120
Mexico

To the Dealer Managers and Solicitation Agents as to U.S. law

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
United States of America

To the Dealer Managers and Solicitation Agents as to Mexican law

Jones Day México, S.C.
Paseo de la Reforma No. 342, Floor 30
Colonia Juárez
Mexico City 06600
Mexico