CONNECTING WITH YOU!

2023

INTEGRATED ANNUAL REPORT

Content

2023 Highlights

Revenues
Ps. $29,871 million

Net income
Ps. $3,009 million

Corporate Telecom Segment revenues
Ps. $5,035 million

31,338
employees

Homes passed
15'437,907

Kilometers of network
93,665 km

Unique subscribers
4'945,826

Revenue Generating Units (RGUs)
12'717,697

Telephony subscribers
4'082,055

Video subscribers
3'914,090

Internet subscribers
4'721,552

At year's end, we achieved significant results from our Network Expansion and Evolution projects:

63% of our subscriber's base enjoy their services through fiber technology.

Since the announcement of the expansion project, we have added more than **6.1** million homes passed and more than **28.5** thousand new kilometers.

At the end of 2023, the Company has presence in **32** states in the country and in more than 550 locations.

Since 2020, more than **35** thousand kilometers of network have been migrated from HFC[1] technology to fiber.

In the last two years, we added more than **845** thousand new unique subscribers, driven by demand for our services in new territories.

[1] Hybrid of Fiber and Coaxial.

Message from the Chairman of the Board of Directors

GRI 2-22

Dear shareholders,

It is with great satisfaction that I share with you the results and achievements reached by MEGA during 2023.

Starting with the expansion project, which, since its announcement in 2021 and until the end of 2023, has allowed us to reach over 6 million additional homes passed through the construction of 28 thousand new kilometers of fiber network.

At the beginning of the year, we had a very clear goal of what we wanted to achieve in terms of infrastructure. However, given the market conditions such as foreign exchange rate levels, we achieved significant agreements that allowed us to accelerate our construction pace and successfully exceed our initial target.

We can proudly state that we are a company with national coverage, present in the 32 states of Mexico and in more than 550 municipalities. This important achievement is the result of the strong investments made in recent years and reflects the dedication and discipline of the Company in executing its projects.

Additionally, we have successfully continued the migration of our subscribers from HFC (Hybrid of Fiber-Coaxial) technology to fiber optic technology, and during these three years, we have already migrated 35 thousand kilometers of network. This process allows us to offer the highest quality services, with the best bandwidths and the latest technology, at a competitive price, at the forefront of the industry.

AS A RESULT OF OUR NETWORK EXPANSION AND EVOLUTION PROJECTS, BY THE END OF THE YEAR, **63%** OF OUR SUBSCRIBERS **RECEIVE THEIR SERVICE THROUGH FIBER.**

We will maintain the strategy of gradually migrating subscribers as required, according to market conditions, with the aim of improving our position in the telecommunications sector.

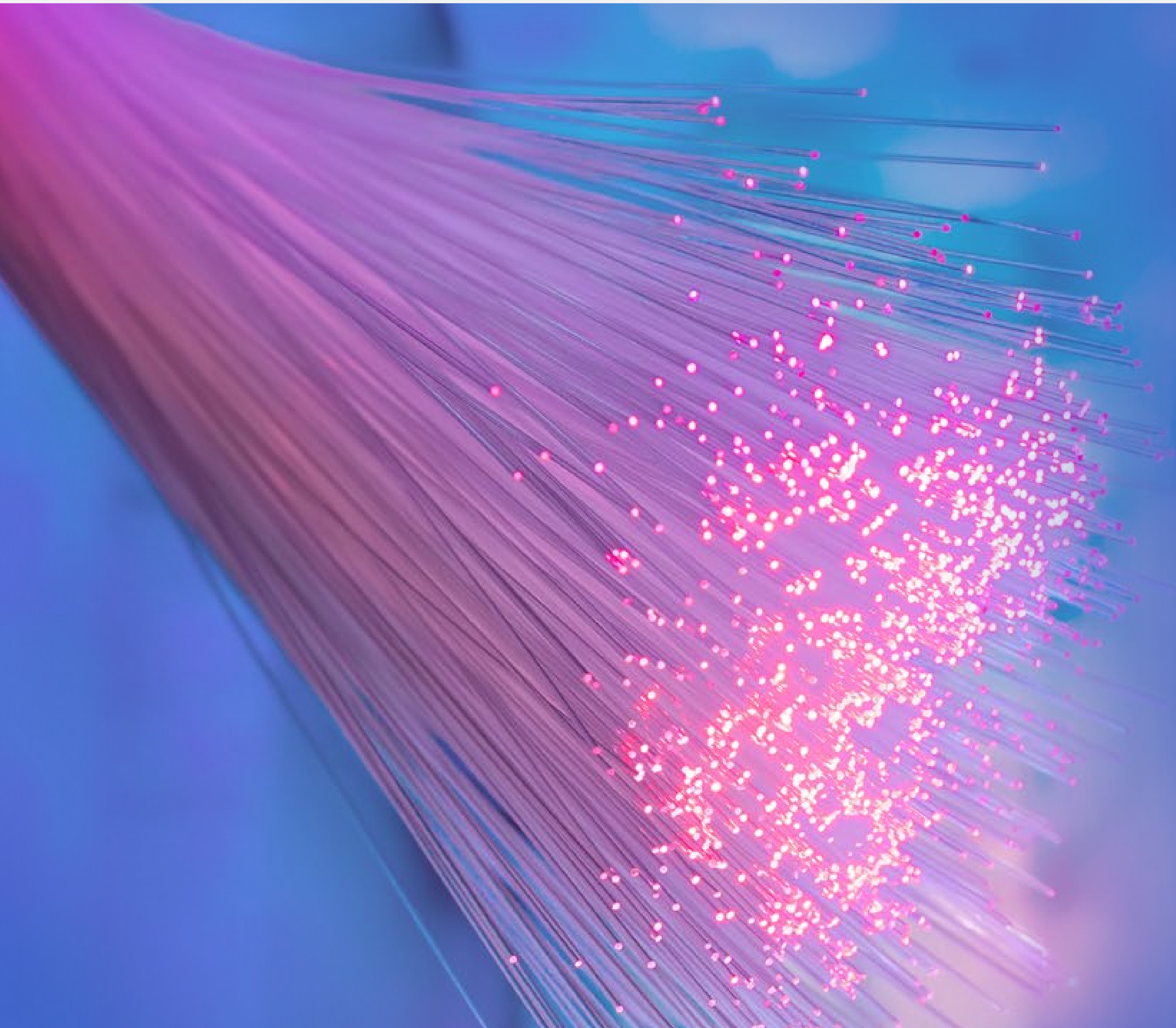
Both the projects of entering new territories and the network's evolution are steering our Company towards becoming full fiber in the future and maintaining our status as a leading company in the telecommunications sector.

In terms of financial results, we had a significant 10% growth in revenues, primarily from the residential segment, due to the strong addition of subscribers. In these twelve months alone, we managed to increase more than 550 thousand new unique subscribers; the highest annual growth in the Company's history. On the other hand, the corporate segment registered moderate results, mainly affected by the completion of ho1a's special projects in 2022. Nevertheless, we are confident that we will regain our momentum in the corporate sector next year.

OUR PROGRESS IN THE NETWORK EVOLUTION AND EXPANSION PROJECTS IS FUNDAMENTAL TO OUR LONG-TERM GROWTH, AND WE ARE COMMITTED TO CONTINUING TO ADVANCE AND **OFFER THE BEST TELECOMMUNICATIONS SERVICE IN THE MARKET.**

During the year, we saw a recovery in margin due to operational efficiency shown both in existing territories, where the margin was maintained at the highest levels in the industry, and also in new cities, where the maturation level of some of the territories we opened during 2022 allowed us to have a positive margin starting from September 2023.

Likewise, during this period we remained as one of the companies with the lowest leverage in the industry, with a net debt to EBITDA financial ratio of 1.5 times, despite the high investment levels. It is noteworthy that at the end of 2023, we began the process of a new issuance of sustainability-labeled local notes, which will provide the necessary financing for the final stage of our expansion project.



IN THE LAST TWO YEARS, WE HAVE GENERATED
MORE THAN 7 THOUSAND NEW POSITIONS.

This goes together with our sustainability strategy, in which we have set specific goals and deadlines to reduce our energy consumption, adopt cleaner and more efficient technologies, and contribute to the sustainable development of our operations and the communities in which we operate.

We are aware that the adoption and integration of ESG practices into our business model is not an easy path. Nonetheless, we are committed to strengthening our regulatory framework and reinforcing our strategy with policies and processes aimed at sustainability, in line with the industry's best practices, ensuring the Company's long-term success and meeting high ethical and governance standards.

Finally, we thank the extraordinary work of the members of our Board of Directors and management team, who, with great commitment and efficiency, have made the correct decisions for the Company and adapted to market demands to provide the innovative services that subscribers demand.

The year 2023 represented a turning point for MEGA, in which we faced challenges and adjusted to accelerate our expansion. Thanks to all the people who are part of this Company for their unwavering commitment; especially to our more than 31 thousand employees, who are responsible for the daily operation of this great Company.

We are optimistic about the future and will continue to meet our goals and generate value for our shareholders and key stakeholders; maintaining our strong financial position, customer service, and cutting-edge technology, which will allow us to face future challenges.

Sincerely,
Francisco Javier R. Bours Castelo
Chairman of the Board of Directors
Manuel Urquijo Beltrán
Secretary of the Board of Directors

Message from the CEO

GRI 2-22

OUR FOCUS ON TECHNOLOGICAL INNOVATION WITH THE ADOPTION OF FIBER TECHNOLOGY HAS BEEN FUNDAMENTAL IN KEEPING US AT THE FOREFRONT.

550 THOUSAND NEW UNIQUE SUBSCRIBERS IN 2023; WE ARE THE FASTEST-GROWING COMPANY IN THE INDUSTRY.

Dear shareholders,

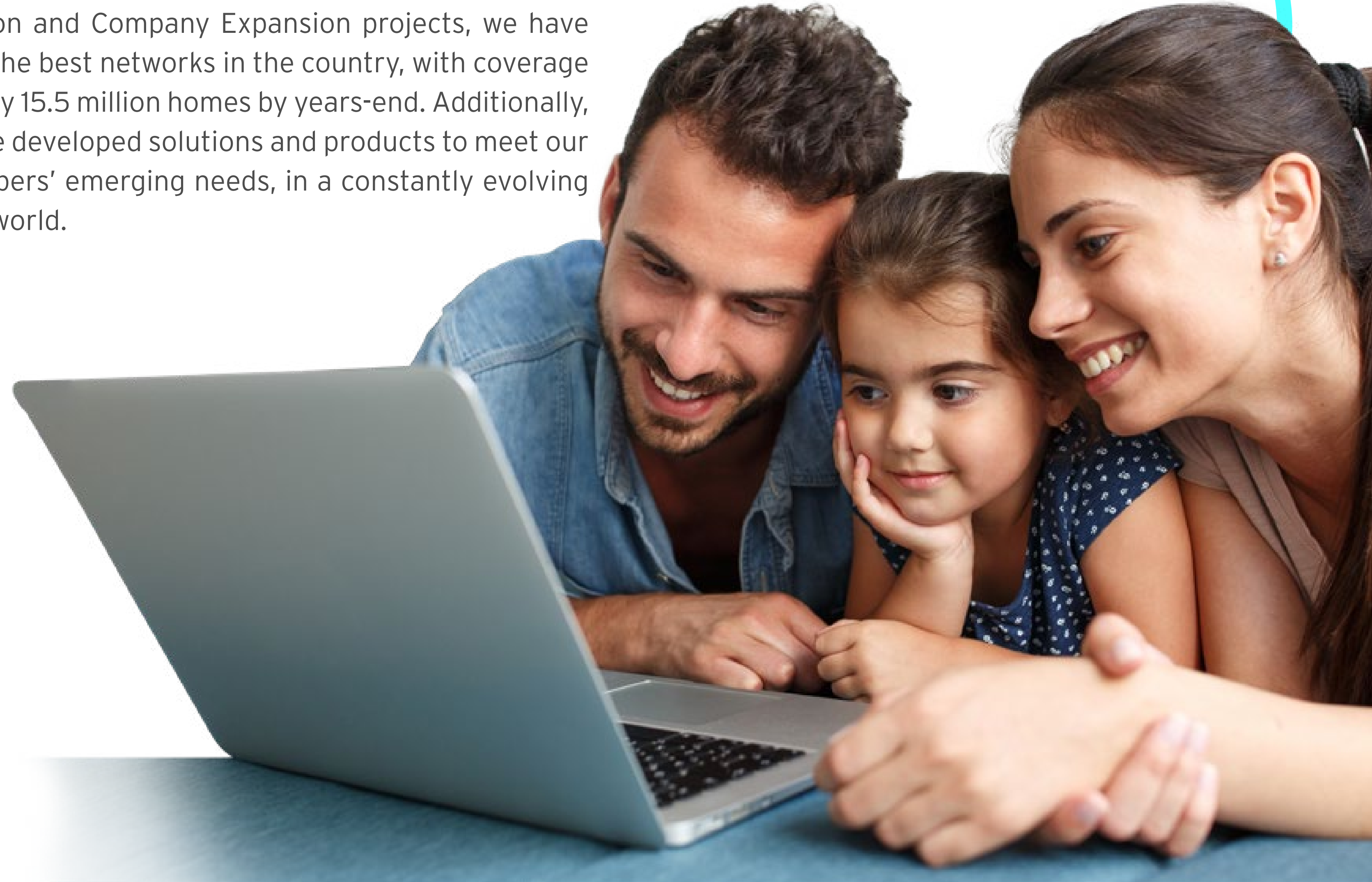
I am pleased to present the 2023 Annual Report of MEGA, detailing the most relevant achievements, challenges, and results of this period.

This has been a year of transformation and growth for the Company, marked by a continuous commitment to excellence and innovation, positioning us as a leading company in the telecommunications sector.

It is important to note the economic environment in Mexico, which shows positive indicators such as GDP growth, lower inflation, an increase in minimum wages (mainly at the lower end of the pyramid), and a favorable exchange rate. These factors allowed us to seize new opportunities and accelerate our investment pace, delivering solid results.

From an operational standpoint, we recorded an increase of approximately 550 thousand net additions in unique subscribers, the highest annual figure in the Company's history, closing at 4’945,826. Meanwhile, RGUs[2] increased 1.5 million new services, reaching 12’717,697. Both saw annual growth rates of 12.1% and 12.3%, respectively.

This year, we made significant investments in infrastructure and technology to expand our coverage and improve the quality of our services. With our Network Evolution and Company Expansion projects, we have one of the best networks in the country, with coverage of nearly 15.5 million homes by years-end. Additionally, we have developed solutions and products to meet our subscribers’ emerging needs, in a constantly evolving digital world.



[2] Revenue Generating Units

Since the announcement of the project to enter new territories at the end of 2021 until the close of 2023, we have launched operations in 55 new cities, including Aguascalientes, Cancún, Saltillo, Tijuana, Monterrey, and Mexico City, among others. This expansion has allowed us to offer our services in all 32 states of the Mexican Republic and in over 550 municipalities, significantly expanding our coverage and establishing us as a company with national presence.

Furthermore, we have built over six million homes passed and 28 thousand new kilometers of network, representing a considerable advancement in the project's construction phase, even surpassing our expectations. We remain on track to double the Company's size in terms of infrastructure by the end of 2024 or early 2025, and in terms of revenue and EBITDA by 2027, demonstrating our commitment to long-term growth and business strength.

Regarding the network evolution project, we have decided to continue gradually migrating part of our territories from HFC technology to fiber. In the last three years, we have migrated 35 thousand kilometers, resulting in 63% of our subscribers receiving their service through fiber technology by the end of the period.

Financially, total revenues for 2023 reached Ps. 29,871 million, 10% higher than in 2022. This success is largely due to the growth of our subscriber base and a higher ARPU. During the same period, consolidated EBITDA increased by 4%, with a margin of 44.4%. It is noteworthy that the decrease in the consolidated margin compared to previous years is due to the execution of the expansion project. This indicator will improve significantly in the coming periods as we increase penetration in these territories.

It is important to highlight that despite the high investment cycle the Company has undergone in recent years, leverage remains one of the lowest in the industry in Mexico and globally. This reflects financial strength, efficient resource management, and a focus on value-generating investments.

IN 2023 ALONE, WE BUILT NEARLY **4 MILLION HOMES PASSED AND MORE THAN 17 THOUSAND NEW KILOMETERS OF NETWORK.**

Results by Business Segment

INTERNET AND TELEPHONY SERVICES REACHED **RECORD FIGURES IN NET ADDITIONS** DURING THIS PERIOD

Internet

We offer high-quality internet service with speeds ranging from 50 MB to 1 GB and no device limit. We have the most innovative infrastructure on the market with both GPON and DOCSIS technology. Additionally, we cater to both residential and corporate markets.

4'721,552 SUBSCRIBERS; +14.1% VS 2022

REVENUE: PS. 10,317 MILLION; +14.7% VS 2022

Video

We offer several packages to meet all our clients' needs, including paid TV, premium HD channels, and integrated streaming platforms.

Additionally, XView+, our Next Generation Video platform, offers subscribers a personalized, interactive, and unique experience by bringing together all content and streaming applications in one place through a digital device based on the Android TV platform.

3'914,090 SUBSCRIBERS; +6.5% VS 2022

REVENUE: PS. 10,792 MILLION; +9.4% VS 2022

XVIEW+ → 2'909,262 SUBSCRIBERS IN 2023; 22% GROWTH VS 2022

Telephony

Our fixed telephony service adapts to each subscriber's needs, offering unlimited local, national, and long-distance calls to the United States and Canada for both the residential and corporate sectors. The growth of this service is mainly driven by the Company's bundling strategy.

4'082,055 SUBSCRIBERS;
+19.9% VS 2022

REVENUE: PS. 2,572 MILLION;
+4.5% VS 2022

Mobile Services

As an added value for our subscribers, we offer attractive mobile telephony packages focused on post-paid services, recording the highest ARPU in the market.

433,388 LINES → +22.3% VS 2022

REVENUE: PS. 734.4 MILLION;
+22.4% VS 2022

Corporate Segment

We have made significant investments to expand into new markets and infrastructure in the business segment, primarily for ho1a, MetroCarrier, and MCM, which provide telecommunications services to the corporate and public sectors nationwide through a fiber optic and coaxial network of over 149,000 kilometers.

CORPORATE SEGMENT REVENUE REACHED **PS. 5,403 MILLION,** A 4.3% INCREASE COMPARED TO 2022

METROCARRIER REGISTERED A **10% GROWTH** COMPARED TO 2022

In terms of sustainability, this has been one of the most enriching years for the Company, with significant progress in formalizing our sustainability strategy and integrating it into our operations.

We recognize that the path is long and there is still much to do. However, our commitment to reducing our environmental footprint, alongside the investments we have made in fiber technology in recent periods, has resulted in decreased energy consumption. Additionally, we have implemented photovoltaic projects in Guanajuato, Estado de México, Chiapas, Puebla, and Sinaloa as part of our adoption of renewable energy.

I would like to highlight our focus on strengthening our regulatory framework on sustainability and reinforcing our corporate governance. We have created, updated, and/or published the following documents:

- Code of Ethics
- ESCALA (whistleblowing line)
- Sustainability Declaration
- Sustainability Manual
- Operation of the Sustainable Financing Committee
- Sustainable Financing Framework
- Sustainability Policy

This has laid the foundation for our first sustainable debt issuance, scheduled for early 2024.

In a highly competitive environment, our operational efficiency, strong financial position, continuous innovation, adoption of new technologies, and highly trained staff have allowed us to differentiate ourselves from our competitors and continue creating value for our shareholders, as we have done for over 40 years.

I want to express my sincere gratitude to all who have contributed to our Company's success this year: our shareholders, employees, investors, subscribers, customers, and commercial and technological partners. Your dedication and support are essential to our continuous growth, and I am confident that together we will achieve all our future goals.

On behalf of the Board of Directors and the executive team of MEGA, I thank you for your trust and commitment. We will continue to work on implementing our initiatives with our characteristic efficiency, aiming to maximize value generation for all our stakeholders.

Sincerely,
Enrique Yamuni Robles
Chief Executive Officer

MEGA®

CONNECTING MEXICO

WE ARE ONE OF THE LEADING TELECOMMUNICATION COMPANIES IN MEXICO, PRESENT NATIONALLY IN OVER 550 LOCALITIES THROUGHOUT THE MEXICAN REPUBLIC.

GRI 2-6

Since the beginning of the Company, one of our main commitments has been to contribute to the development and digitalization of the country: first offering entertainment services of the highest quality, and at present, providing connectivity with cutting-edge technology at competitive prices. We currently have a wide range of packages and services, which are aimed at both mass market and corporate customers. Our advanced business solutions include managed services, cybersecurity, information technology consulting and technological innovation, among others.

This 2023 has been a historic year for the Company, marked by the successful execution of our Network Expansion and Evolution projects. We have consolidated ourselves as a national company with presence in the 32 states of the country and with a network of 93,665 kilometers, including FTTh and HFC technologies, covering more than 15.4 million Mexican homes and positioning ourselves as the operator with the highest growth in infrastructure and subscribers in the industry. At year's end, 63% of our subscribers received their service through fiber technology.

Mission

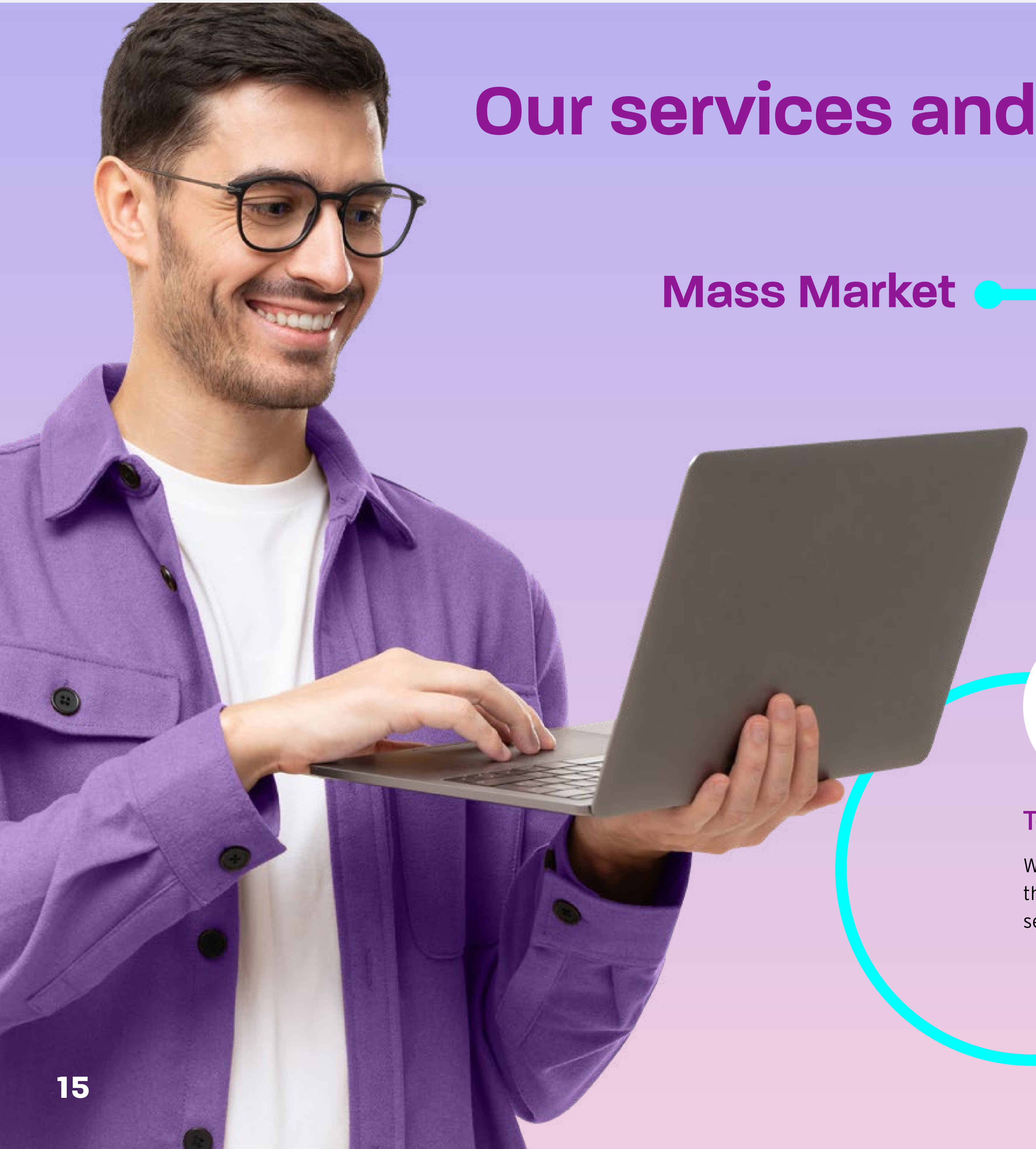
To provide entertainment and telecommunication services as well as technological, business and residential solutions that exceed the expectations of our customers.

Values

- Honesty
- Work commitment
- Service attitude
- Respect for individuals
- Efficient resource use
- Loyalty

Vision

To be the best telecommunications company in Mexico.



Our services and products

Mass Market

Internet

We provide Internet service of the highest quality through our fiber and HFC network, offering packages from 50 MB to 1GB.

Video

We have a variety of packages that meet the entertainment needs of subscribers, with a wide range of content and the option of integrating streaming platforms into a single service through our innovative platform Xview+.

Telephony

We offer tailored fixed telephony services that adapt to the needs of each market segment.

Mobile services

As an added value for our subscribers, we provide mobile telephony with an attractive offer of prepayments and post payment plans.

Corporate Segment

MCM Telecom

We develop and combine technological platforms in hybrid multi-cloud environments to ensure our customers' business continuity. We provide solutions such as SD-WAN, data protection, disaster recovery services and Cloud solutions, among others.

MetroCarrier

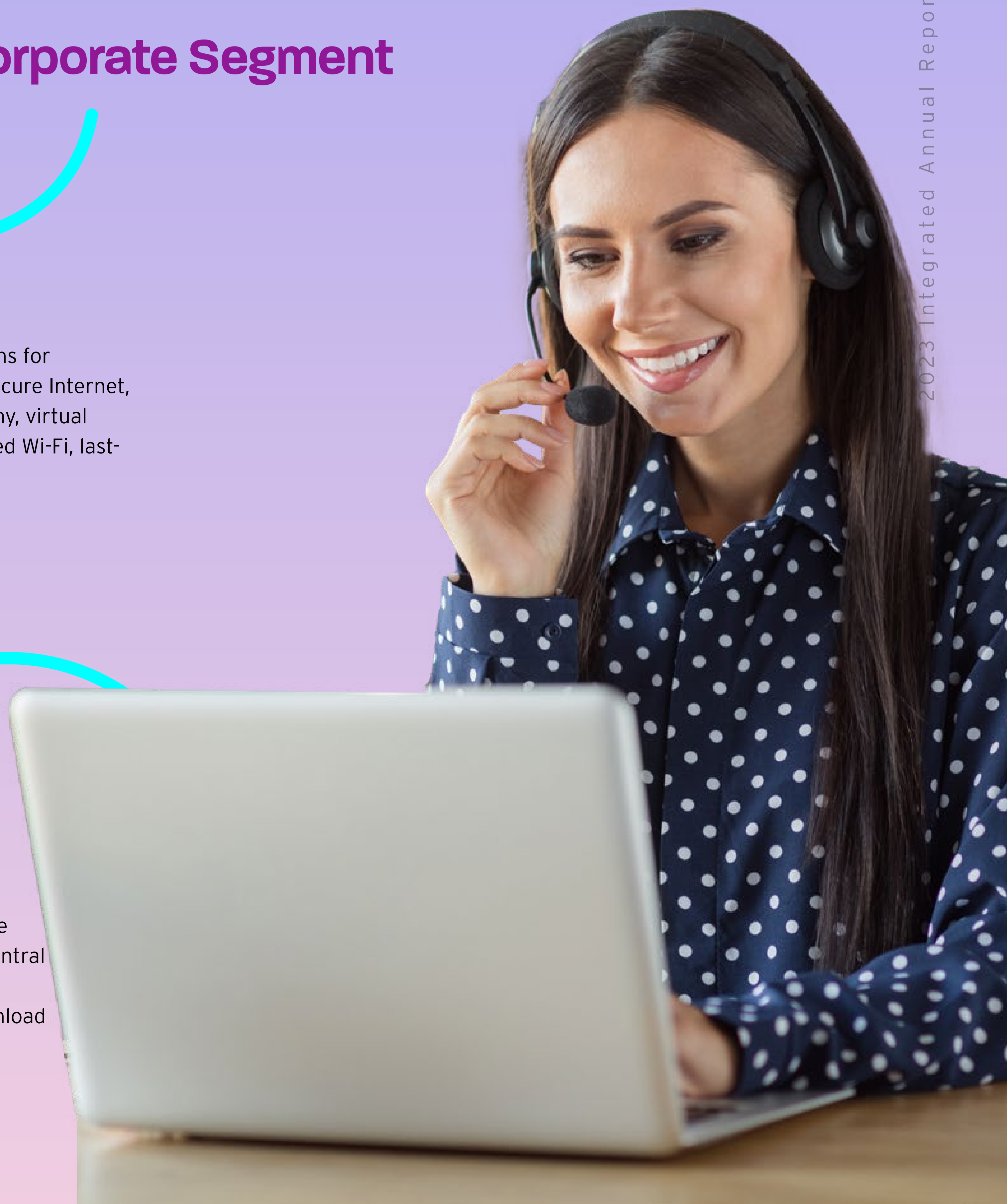
We provide services and solutions for businesses, such as managed secure Internet, cybersecurity, business telephony, virtual private networks (VPN), managed Wi-Fi, last-mile links, among others.

Hola Innovación

We provide information technology services and implement technical solutions that help solve critical business problems. Some of the solutions we offer are Data Centers, Cloud services, cybersecurity and IT managed services.

Productora y Comercializadora de Televisión (PCTV)

PCTV produces five paid television channels: MeganoticiasMX, TVC Deportes, Pánico, Platino and Cine Mexicano, distributed in the cable systems of Mexico, Central America and the United States (only MeganoticiasMX). Likewise, we offer teleport services for the upload, download and transportation of television signals and production services.



2023 PERFORMANCE

Outstanding Results

GRI 201: 3-3
GRI 201-1

FINANCIAL RESULTS				
CONCEPT	2021 (billion Ps.)	2022 (billion Ps.)	2023 (billion Ps.)	% Δ 2023 vs 2022
Service revenue[3]	$24.634	$27.156	$29.871	10.0%
Service cost	$6.461	$7.403	$8.644	16.8%
OPEX	$11.366	$13.238	$15.187	14.7%
Consolidated EBITDA	$12.081	$12.734	$13.256	4.1%
Consolidated EBITDA margin	49.0%	46.9%	44.4%	
Adjusted EBITDA for cable operations	$11.444	$12.040	$12.549	4.2%
Adjusted EBITDA margin for cable operations	50.8%	49.0%	46.0%	
Net profit (controlling interest)[4]	$3.469	$3.585	$2.842	-20.7%
Cash and cash equivalents	$3.696	$1.384	$1.539	11.2%
Total assets	$53.785	$60.608	$68.484	13.0%
Total liabilities	$18.777	$24.427	$32.629	33.6%
Stockholders' equity	$35.008	$ 36.182	$35.855	-0.9%

OPERATING RESULTS				
CONCEPT	2021	2022	2023	2023 vs 2022
Homes passed	9'568,600	11'560,218	15'437,907	33.5%
Network kilometers	66,674	76,236	93,665	22.9%
Internet subscribers	3'833,893	4'137,860	4'721,552	14.1%
Internet penetration rate / homes passed	40.1%	35.8%	30.6%	
Video subscribers	3'539,822	3'675,615	3'914,090	6.5%
Video penetration rate / homes passed	37.0%	31.8%	25.4%	
Telephony subscribers	3'031,119	3'404,125	4'082,055	19.9%
Telephony penetration rate / homes passed	31.7%	29.4%	26.4%	
Unique subscribers	4'153,047	4'397,994	4'945,826	12.5%
Revenue Generating Units	10'404,834	11,217,600	12'717,697	13.4%
RGUs per unique subscriber	2.51	2.55	2.57	

[3] Direct economic value
[4] Retained economic value

Supply Chain

GRI 2-6, 204-1

Relationships with our suppliers are a fundamental part of MEGA's operations. The Company strives to create synergies with highly ethical and competitive companies. The Company's most relevant suppliers are third parties that provide programming and Internet access. Additionally, there are important relationships with equipment suppliers, with whom we do not have long-term contracts.

MEGA has a Code of Conduct for Suppliers, which aims to establish the guidelines expected of them in the following topics: prohibition of discrimination and harassment, money laundering, forced labor and child labor, occupational health and safety, resource efficiency, waste management, anti-corruption and conflict of interest.

Year	Total number of suppliers	Total number of local suppliers	Total amount paid to local suppliers (%)
2022	43,209	42,865	59.22%
2023	47,502	47,135	44.42%

Climate Change

Risks and Opportunities

GRI 201-2

Our Company, like all Mexican companies, is exposed to natural phenomena and climate change impacts, which could adversely affect our infrastructure and therefore, our ability to provide our services.

To read more about all risks impacting our operations, please visit the Company's 2023 Annual Report, available in the following link:

2023 Annual Report

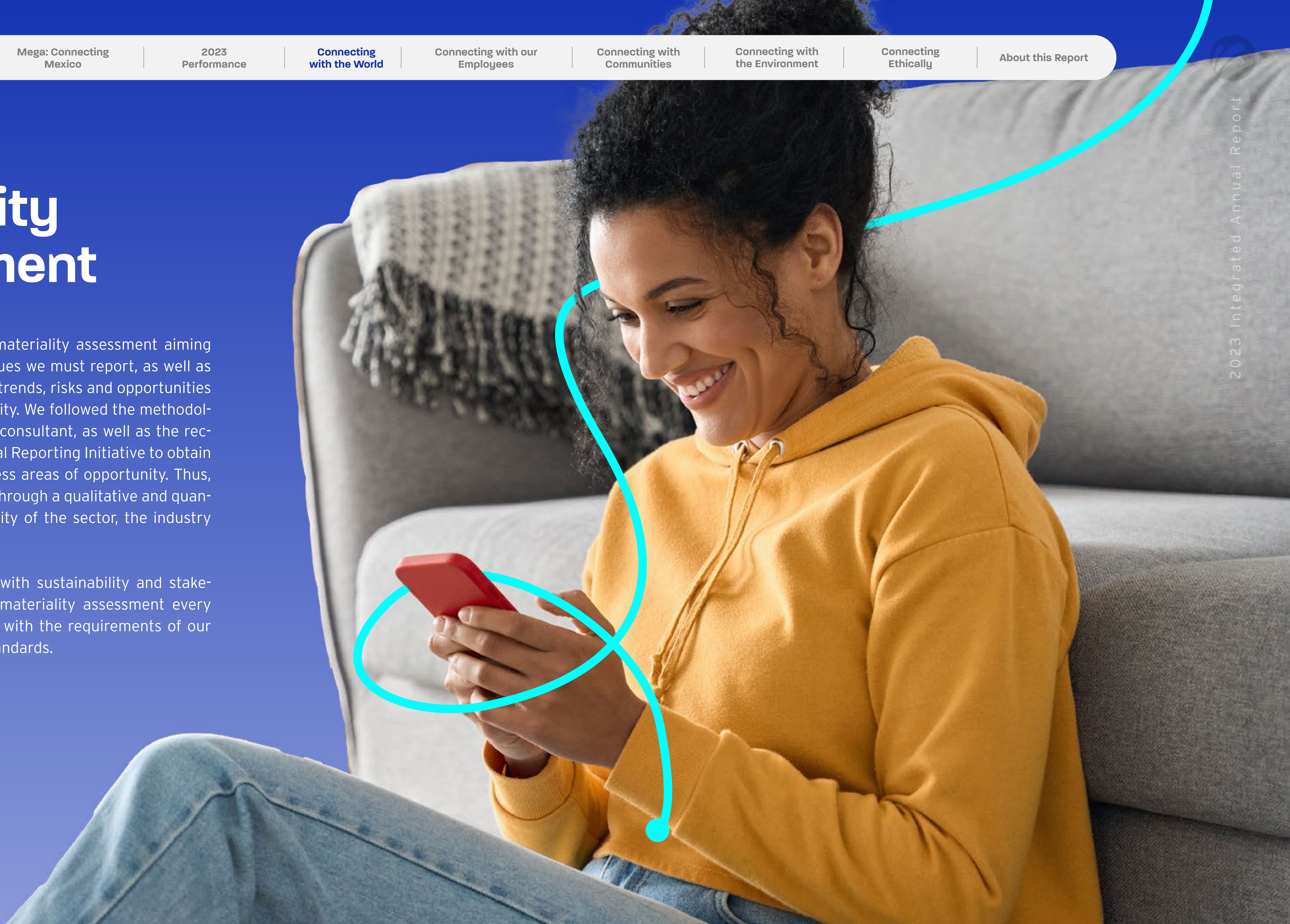
CONNECTING WITH THE WORLD

Materiality Assessment

GRI 3-1, 3-2, 3-3

In 2021, we began our first materiality assessment aiming to determine the material issues we must report, as well as identifying the most relevant trends, risks and opportunities for our Company's sustainability. We followed the methodology of a specialized external consultant, as well as the recommendations from the Global Reporting Initiative to obtain comparable results and address areas of opportunity. Thus, we identified relevant issues through a qualitative and quantitative analysis of the maturity of the sector, the industry and the social risk.

As part of our commitment with sustainability and stakeholders, we will update our materiality assessment every three years or in accordance with the requirements of our business and international standards.

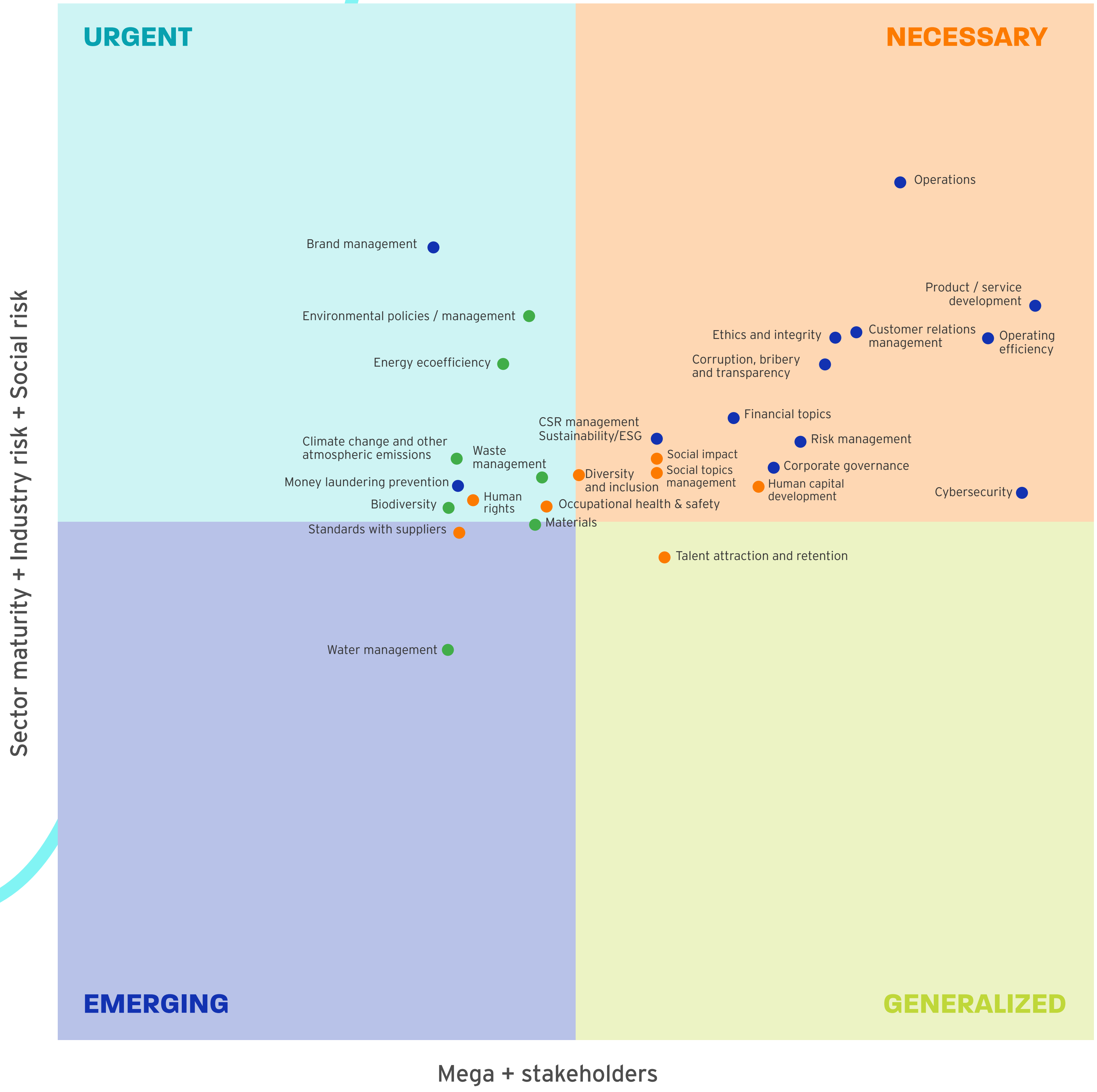


Stakeholders

GRI 2-29

Afterwards, in 2022 we held an engagement with our stakeholders in order to obtain their feedback and validate the relevant aspects obtained in the initial materiality matrix, ensuring they are applicable for not only for MEGA, but for stakeholders with whom we interact and are part of the Company's operations.

Therefore, through surveys to our stakeholders, we confirmed the risks, opportunities, performance indicators and strategic goals which are important for them as well as for us, thus resulting in our materiality matrix, which is shown on the right.



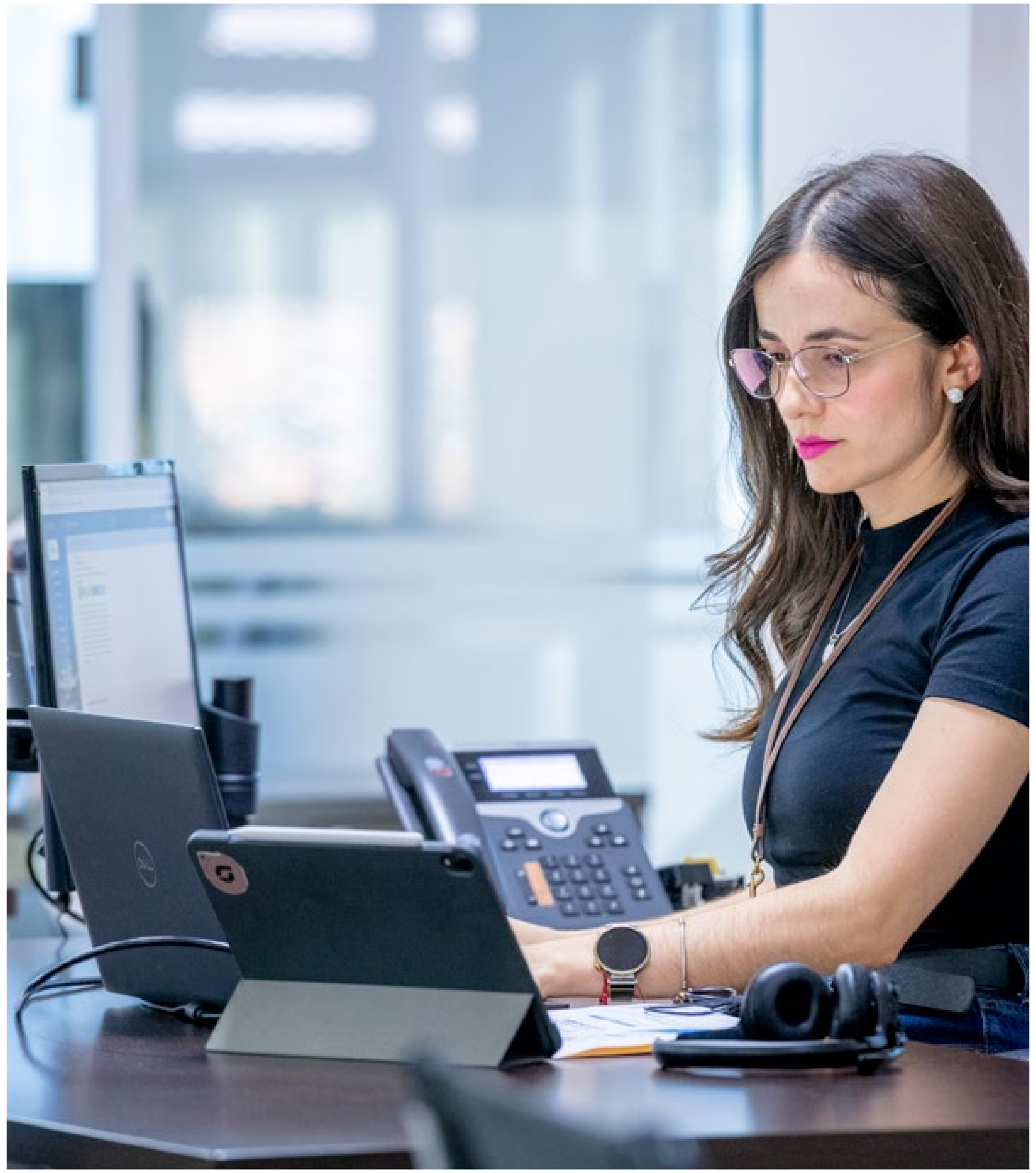
● Economic dimension ● Environmental dimension ● Social dimension

Communication Channels

Within the Company we have several communication channels to maintain constant and objective interaction with our stakeholders.

	Stakeholder			
	Shareholders	Subscribers and Customers	Employees	Investors
Internal communication			Constant	
Email	Constant	Constant	Constant	Constant
Surveys	Recurring	Constant	Annual	
Interviews	Constant			Constant
Events	Constant		Recurring	Recurring
Whistleblowing line	Constant	Constant	Constant	Constant
Media (newspaper, radio and magazines)	Recurring		Recurring	
Website	Constant	Constant	Constant	Constant
Volunteering program			Recurring	
Social networks	Constant	Constant	Constant	
Annual reports	Annual		Annual	Annual
Quarterly reports	Recurring			Recurring
Annual meetings	Annual			
Quarterly meetings	Recurring			
Monthly meetings			Recurring	
Weekly meetings			Constant	
Workshops			Recurring	
Phone calls	Constant	Constant	Constant	Constant

Annual | Recurring (monthly, quarterly) | Constant



Sustainability Model

Aware of the influence that the Company's actions have on the environment, we have chosen to incorporate best practices and ESG indicators into the Company's business strategy, thus aligning our Sustainability Strategy with the Sustainable Development Goals of the United Nations.

To meet these Goals, we have developed our Sustainability Model, which classifies our material topics into three key pillars: **Environmental Culture, Corporate Ethics and Quality, and Operating and Financial Evolution.**

MODEL'S PILLARS

ENVIRONMENTAL CULTURE

The development of a sustainable operation is of vital importance for MEGA. As part of the telecommunications industry, an important topic that our strategy considers is energy consumption and the way in which we can migrate operations and activities of the Company towards energy sources with a lower environmental impact.

- Energy ecoefficiency
- Waste management
- Environmental policies

OPERATING AND FINANCIAL EVOLUTION

This pillar recognizes the Company's commitment with our stakeholders to generate economic value, and, since we are a public company, to adopt best practices to ensure that all information is transparent and reasonably represents MEGA's operations.

- Operations
- Financial topics
- Supplier standards
- Brand management

CORPORATE ETHICS AND QUALITY

For MEGA, it is important to be actively involved in the development of the communities where we operate, including our own staff of employees, the most important asset. We are committed to keep generating and implementing the necessary mechanisms to ensure the integrity of employees and equal opportunities, as well as guaranteeing respect for human rights in all our work centers. Additionally, we have implemented and will continue to develop tools to avoid unethical practices within the Organization.

- Human Rights
- Diversity
- Money laundering prevention
- Corruption
- Social topics management
- Social impact
- CSR management
- Health and safety

Sustainability Strategy[5]

GRI 2-23, 2-24

Our Sustainability Strategy revolves around essential actions to integrate sustainability into MEGA's business model. Each pillar of the Model merges within this Strategy, addressing the identified material issues comprehensively and aligning with the Sustainable Development Goals (SDGs).

This approach has allowed us to establish specific action lines to address the Company's material issues, organized as follows:

Criteria	Material Issues	Action Lines	SDGs	Pillar
Environmental	• Energy ecoefficiency • Waste management • Environmental policies	**Policies and Environmental Management:** • Update the "Environment, Health, and Safety Policy." • Update the "Sustainability Policy." • Establish a waste management policy. **Indicators and Management System:** • Define environmental performance indicators. • Implement an environmental management system. **Telecommunications Network:** • Incorporate technologies that optimize energy efficiency, increase the average lifespan of infrastructure, and minimize operations' environmental impact.	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION	Environmental Culture
Social	• Human Rights • Diversity • Anti-money laundering • Corruption • Social issues management • Social impact • CSR management • Health and safety	**Policies and Processes:** • Update the "Environment, Health, and Safety Policy." • Develop policies and processes related to the social impact of the Company's operations. • Establish a Corporate Social Responsibility work plan, including procedures, policies, and formats. **Training and Implementation:** • Establish an action plan on human rights. • Establish a policy for "Anti-Money Laundering." • Implement training for employees on social issues.	3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 5 GENDER EQUALITY 10 REDUCED INEQUALITIES 17 PARTNERSHIPS FOR THE GOALS	Ethics and Organizational Quality

[5] To read more information about the Company's sustainable management and its legal framework, please visit: **https://inversionistas.megacable.com.mx/politicas**

Criteria	Material Issues	Action Lines	SDGs	Pillar
Governance	• Operations • Financial issues • Supplier standards • Brand management	**Supplier Policies and Standards:** • Define standards for suppliers and train them in the Supplier Code of Conduct. **Quality and Continuous Improvement:** • Define and implement strategies to increase customer and subscriber satisfaction. **Recognition and Certifications:** • Publish the Company's distinctions, awards, and certifications. **Commercial Image and Regulations:** • Unify the Company's commercial image according to applicable regulations. **Sustainable Financing:** • Seek sources of sustainable financing to achieve the sustainability goals and commitments undertaken by the Company.		Operative and Financial Evolution

ESG Evolution

In recent years, the Company has intensified its efforts to integrate sustainability into its operations. These activities include updates to our regulatory framework, initiatives to reduce our environmental footprint, and the formalization of our Sustainability Strategy to access several sources of sustainable financing.

These actions reflect the Company's commitment to environmental protection and its responsibility towards future generations.

PATH TO INTEGRATING SUSTAINABILITY INTO OUR OPERATIONS

2021

Materiality
Start of MEGA's first materiality study

2022

Stakeholders
Definition and participation of the Company's stakeholders

2022

Evolution
- Code of Ethics update
- Launch of the ESCALA reporting channel

2023

Planning
Formalization of MEGA's Sustainability Strategy

2023

Sustainability
Publication of MEGA's Sustainability Model in the 2022 Annual Report

2023

Commitment
Creation of a sustainable regulatory framework

2023

Disclosure
Information disclosure through several national and international questionnaires (AMAFORE, S&P Global CSA, among others)

2023

Sustainable Financing
- Publication of the Sustainable Financing Committee Operating Policy
- Creation and publication of the Sustainable Financing Framework
- SPO rating

2024

Placement
Issuance of the Company's first sustainable bond

2024

Reporting
Publication of the Company's first integrated report

CONNECTING WITH OUR EMPLOYEES

Workforce

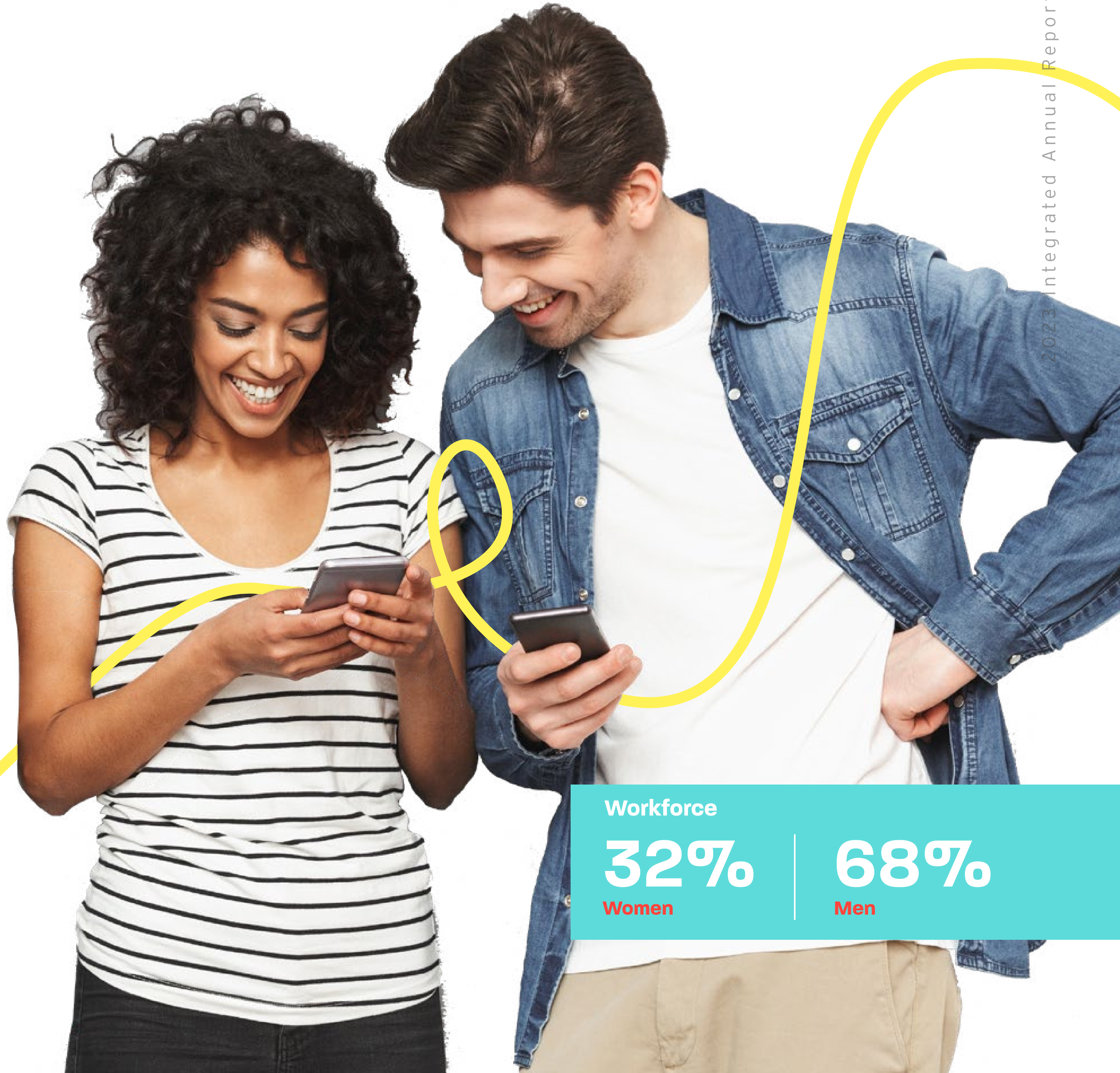
GRI 2-7, 2-30, 405-1

MEGA's success is attributed to our strong team of employees. The achievement of our operational goals depends on a talented and committed community, especially in a sector as competitive as ours. As part of our commitment to our employees, we strive to ensure a safe, inclusive work environment with equitable job opportunities. We make sure that every employee feels valued and aligned with the mission and vision of our Company.

As part of our business strategy, we seek to add outstanding professional talents to our community, driven by efficiency and productivity. The guidelines we follow in the Company to achieve our goals are:

- Attract the best talent
- Increase talent retention
- Achieve a more efficient organization
- Train employees towards a service culture

This year marked a milestone in our recruitment strategy, as we experienced notable growth in our workforce due to the Company's expansion. We ended the year with a total of **31,338 employees,** the highest number in the history of MEGA. This significant achievement reflects our commitment to providing dignified employment opportunities to Mexican families.



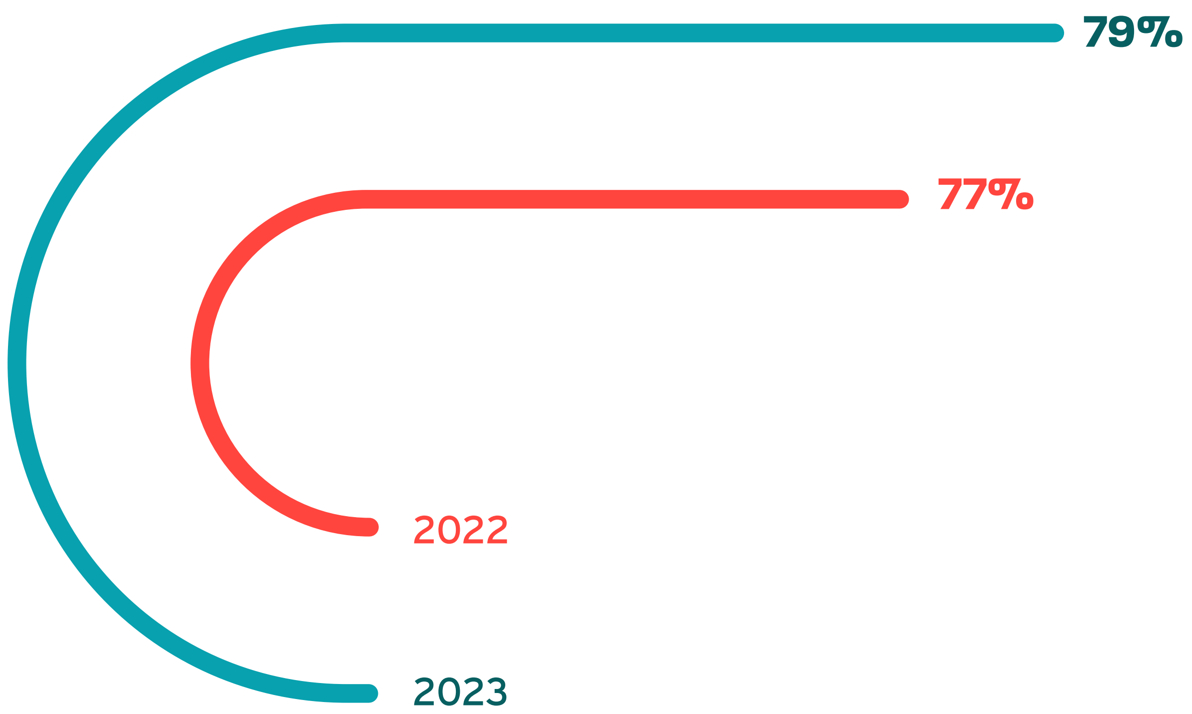
Workforce

32%	68%
Women	Men

Workforce by gender			
Gender	2022	2023	%2023 vs 2022
Women	8,747	10,044	14.8%
Men	18,586	21,294	14.6%
TOTAL	27,333	31,338	14.7%

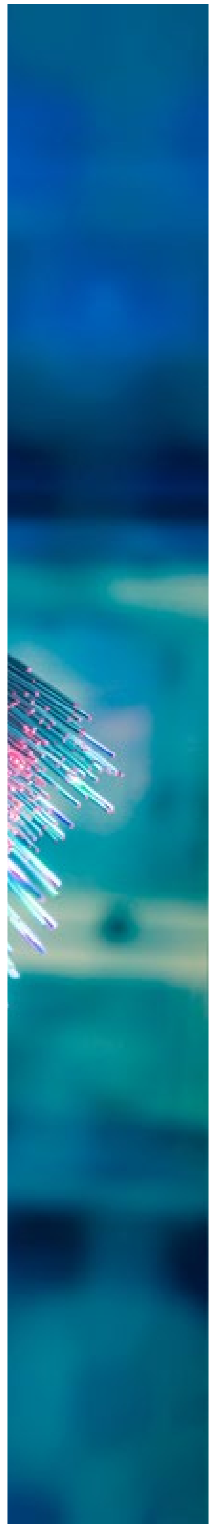
Workforce by gender and type of contract						
Type	2022		2023		%2023 vs 2022	
	Women	Men	Women	Men	Women	Men
Temporary	150	176	201	474	34.0%	169.3%
Permanent	8,597	18,410	9,843	20,820	14.5%	13.1%
TOTAL	8,747	18,586	10,044	21,294	14.8%	14.6%

TOTAL NUMBER OF UNIONIZED EMPLOYEES

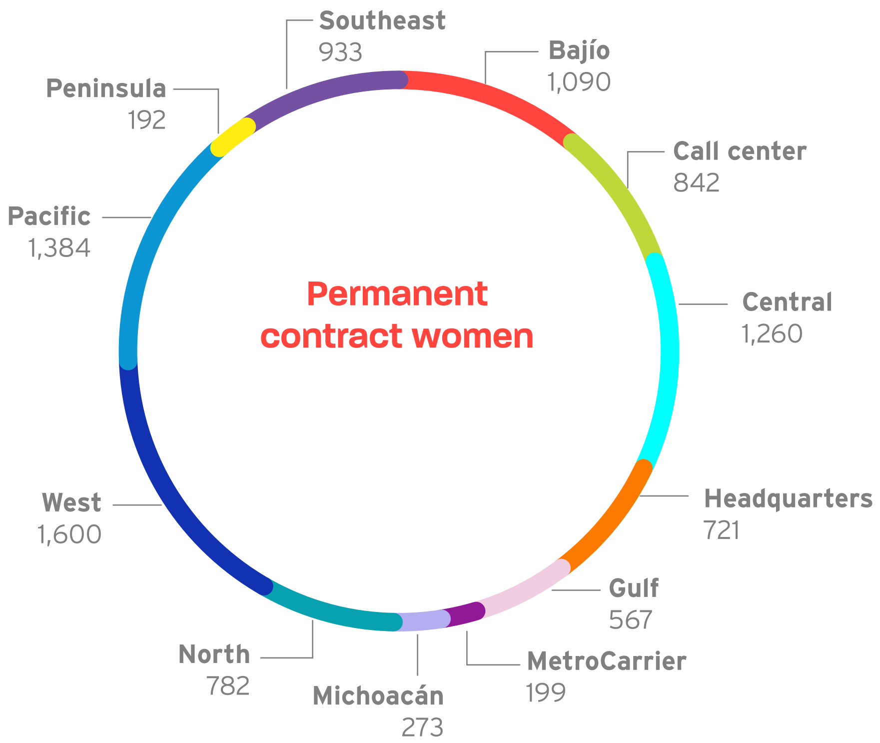


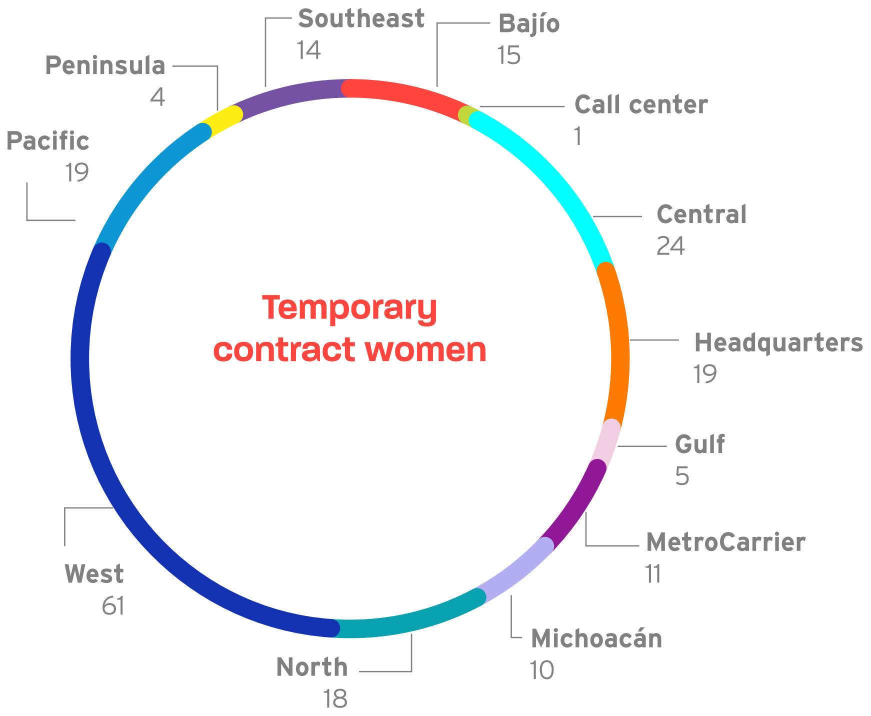
At the end of 2023, 79% of our workforce was affiliated with the three largest unions in the country. MEGA maintains contracts with each union, which are reviewed annually in terms of wages and every two years in terms of clauses.

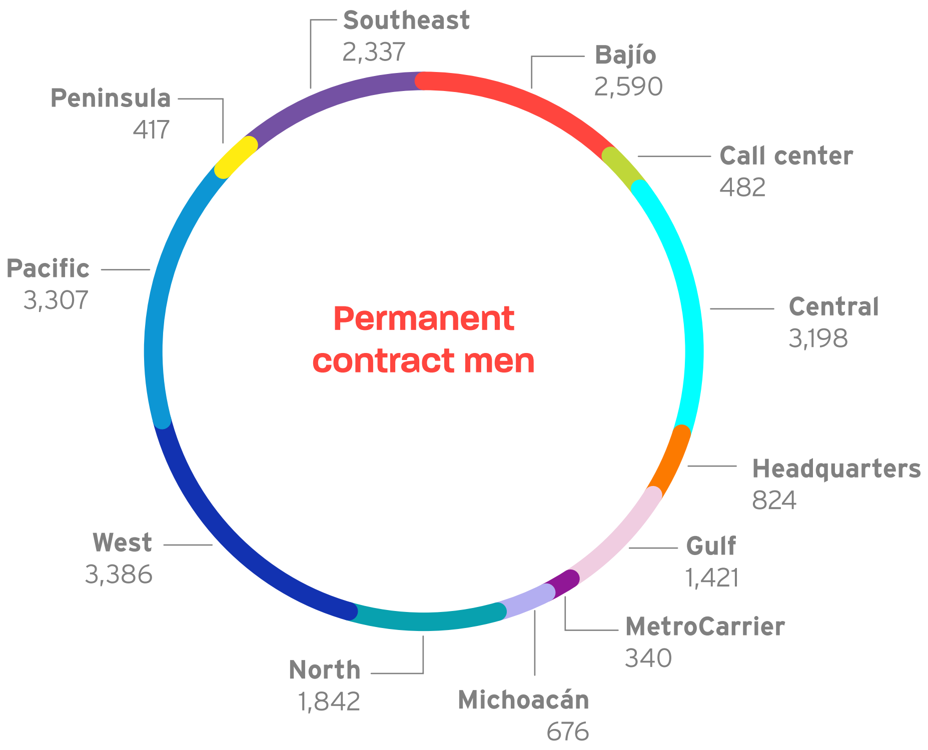
Workforce by position						
Type	2022		2023		%2023 vs 2022	
Positions	Women	Men	Women	Men	Women	Men
Operator	6,358	14,122	7,483	16,196	17.7%	14.7%
Administrative	1,177	1,850	1,303	2,107	10.7%	13.9%
Supervision	696	1,493	696	1,785	0.0%	19.6%
Management	183	500	202	584	10.4%	16.8%
General Management	106	323	126	371	18.9%	14.9%
Coordination	134	172	165	200	23.1%	16.3%
Support	92	112	68	38	-26.1%	-66.1%
Executive Management	1	14	1	13	0.0%	-7.1%
TOTAL	8,747	18,586	10,044	21,294	14.8%	14.6%

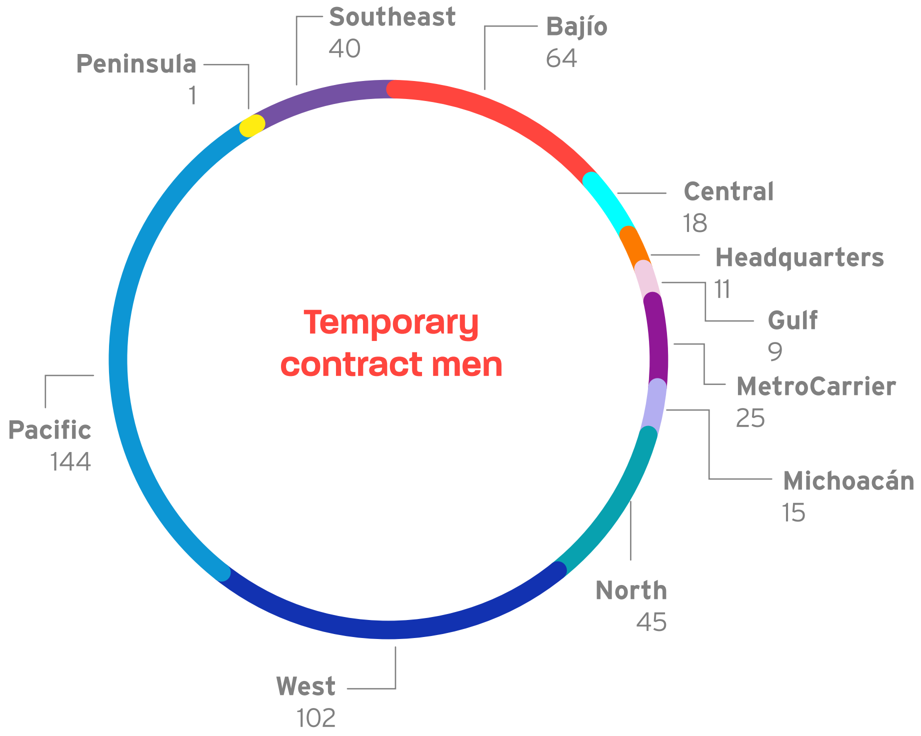


2023 BREAKDOWN OF WORKFORCE BY TYPE OF CONTRACT, LOCATION AND GENDER









Total employees

10,044 Women | **21,294** Men

Talent Attraction and Retention

GRI 201-3, 401-1, 401-2, 401-3

Year by year, we reaffirm our commitment to fostering professional development and talent retention among our employees. Through our internal portal, we provide a space for employees to review the available vacancies within the Company. Additionally, we annually organize the Virtual Job Fair, where we publish the job opportunities available nationwide. With these initiatives, we offer our employees the chance to take on new professional challenges. Throughout 2023, a total of 37,223 vacancies were opened all over the country, and thanks to these efforts, we managed to fill 29,363 of them; 2,630 were occupied by internal candidates.

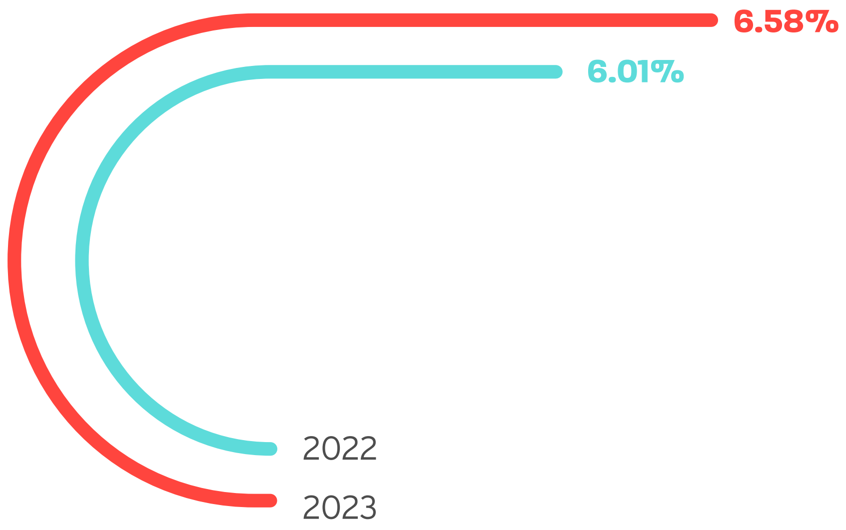
WE OFFER A **DAILY BASE SALARY** THAT EXCEEDS THE NATIONAL MINIMUM WAGE BY 87%.

	Number of new hires	Rate
Women		
< 30 years old	4,416	43.6%
30-50 years old	4,900	48.4%
> 50 years old	813	8.0%
Men		
< 30 years old	9,372	48.7%
30-50 years old	8,520	44.3%
> 50 years old	1,342	7.0%
TOTAL	29,363	

During 2023, we registered an average monthly turnover rate of 6.58%. We continue implementing several programs and initiatives to attract and retain the best talent and provide outstanding services.

	Number of departures	Rate
Women		
< 30 years old	3,672	41.6%
30-50 years old	5,160	58.4%
> 50 years old	-	-
Men		
< 30 years old	7,584	45.9%
30-50 years old	6,516	39.4%
> 50 years old	2,426	14.7%

MONTHLY TURNOVER RATE



We offer all employees benefits superior to those established by the Federal Labor Law. Furthermore, we have special benefits and programs focused on improving job satisfaction.

Benefits	Temporary staff	Permanent staff
33 days of Christmas bonus	X	X
Vacations	X	X
Vacation bonus	X	X
Social security	X	X
Life insurance	X	X
Savings account	X	X
Groceries' coupons	X	X
Support for transportation		X
Marriage	X	X
Maternity	X	X
Paternity	X	X
Support for death	X	X
Parking		X
Performance bonus		X
Major medical expenses insurance*		X
Retirement plans		X
Professional growth opportunities	X	X
Mentorship and training courses	X	X
Programs to reinforce managerial and leadership skills		X
Education scholarships		X

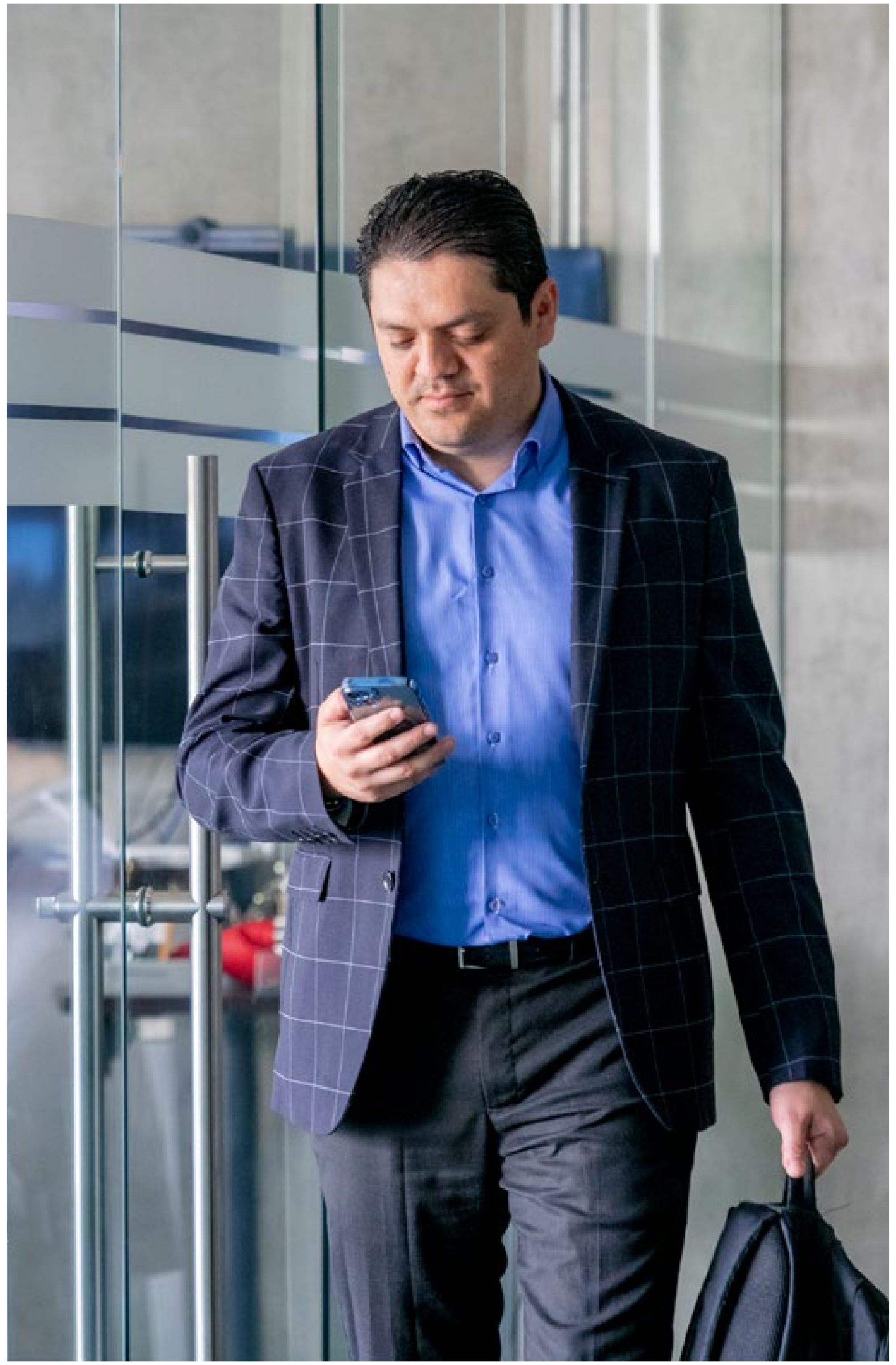
*Only for managers and directors

EVERY YEAR, WE ASSOCIATE WITH COMPANIES TO UPDATE AND **IMPROVE OUR BENEFIT CATALOGUE FOR OUR EMPLOYEES.**

We recognize the importance of balancing work and personal life, and we are committed to supporting our employees during critical periods of family life. Parental leave is a right available to our entire workforce.

100% OF OUR WORKFORCE IS ENTITLED TO PARENTAL LEAVE.

IN 2023, 282 WOMEN AND 3,383 MEN TOOK ADVANTAGE OF THIS BENEFIT.



The return-to-work rate after parental leave was 88% for women and 100% for men, demonstrating a high level of workforce reintegration. All women and 78% of men who returned to work remained with the Company 12 months after their return, highlighting the importance of this benefit for our employees. We understand that providing adequate support during parental leave not only benefits our staff but also strengthens the long-term employment relationship, promoting a culture of support and belonging within MEGA.

Moreover, we have a pension plan designed to support employees in their retirement. Employees can choose to contribute from 1% to 5% of their nominal base salary, and MEGA matches these contributions based on established criteria, depending on the years of pensionable service:

- **0 to 4.99 years:** Contribute 20% of the employee's contribution.
- **5.00 to 9.99 years:** Contribute 40% of the employee's contribution.
- **10.00 years or 40 years of age and older:** Contribute 100% of the employee's contribution.

This contribution structure is designed to encourage long-term commitment and loyalty, rewarding employees with greater benefits as their years of service within MEGA increase.

Training

GRI 404: 3-3
GRI 404-1, 404-2, 404-3

We constantly provide our employees with the necessary resources to develop skills and competencies that allow them to perform their duties effectively, fostering their growth and professional development. We firmly believe that continuous training not only ensures efficient and safe performance but also drives innovation and quality in our services.

	2021	2022	2023	%2023 vs 2022
Trained employees	23,473	27,250	38,137	+40.0%
Training hours	244,409	598,802	786,639	+31.1%

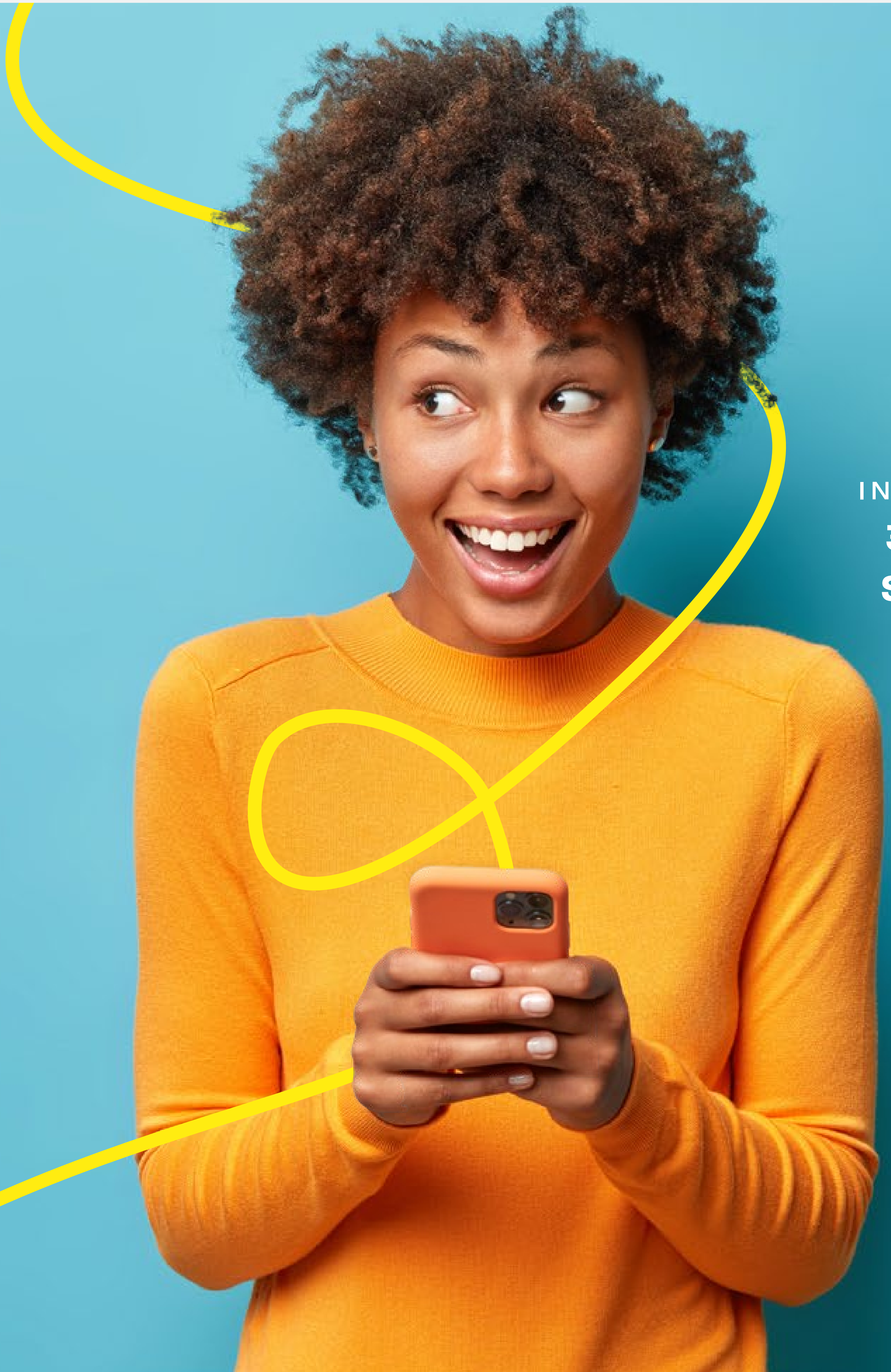
2023 trained employees

38,137
Trained employees

786,639
Training hours

20.63
Average training hours / employee

141
Total taught courses



IN 2023, WE GRANTED **381 EDUCATIONAL SCHOLARSHIPS** TO OUR EMPLOYEES.

TRAINED STAFF DURING 2023

	Men	Women
Executive Management	11	1
General Management	307	106
Coordination	153	136
Management	519	185
Supervision	2,048	813
Administrative	1,666	1,268
Support	93	37
Operators	20,481	10,313
Total	**25,278**	**12,859**

Our course catalog covers essential topics for the daily activities of our Company. In the commercial area, we offer trainings such as Sales Digitization, Dimme Update[6], Mega Mobile Management and Support, and Recategorization Program, among others. In customer service, we provide courses such as Xview+ Certification, Income Process, and Use and Safeguarding of Payment Terminals. We also offer fundamental institutional courses, such as Code of Ethics, Personal Data Protection, Facility Access Control, and Information Security.

Regarding development programs, we continue offering our workforce the following:

- Individualized coaching
- Educational scholarships: courses, certifications, workshops, master's degrees, and specialties

[6] For its Spanish acronym, MEGA's Mobile Intelligent Device.

Performance Reviews

Every year, we evaluate our workforce as part of the performance measurement process. Only those employees who meet the minimum required seniority of one year and who are not union members are subject this assessment.

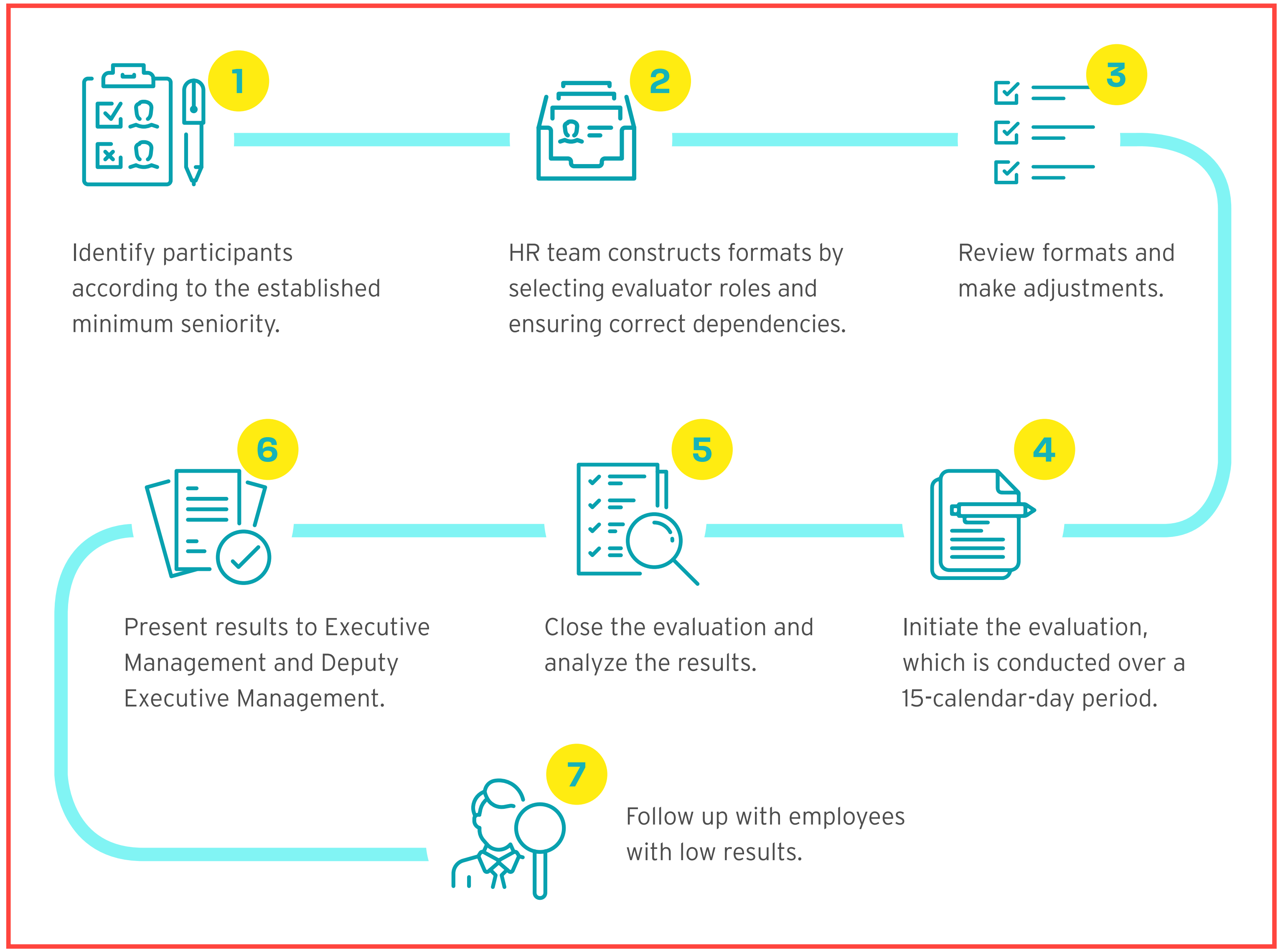
5,676 Employees evaluated

Position	Number of employees that received performance and professional development reviews	
	Women	Men
Executive Management	1	14
General Management	85	288
Coordination	99	128
Management	167	454
Supervision	583	1,274
Administrative	508	913
Operators	591	571
Total by gender	2,034	3,642
Grand total	5,676[7]	

[7] 2022 Performance review. The 2023 assessment period starts in April, 2024 and its results will be available after this report's publication date.

Our performance review process ensures a comprehensive measurement of our employees, as they are assessed not only by their direct supervisor but also by subordinates, peers, and internal clients. This process identifies areas for improvement and follows up on potential candidates for promotions. The process is divided into the following stages:

Evaluation Process



Work Environment

We are interested in understanding our employees' opinions about their daily experiences within the Company. Therefore, we conduct an annual organizational climate survey to identify areas of opportunity at all levels of the Company.

Our employment satisfaction survey evaluates five key dimensions of each employee's work experience:

- **Rational:** This dimension evaluates aspects related to logic and coherence in decisions and processes within the Company. It includes the clarity of objectives, the effectiveness of systems and procedures, and the adequacy of available resources to carry out assigned tasks.
- **Relational:** This dimension refers to the quality of interpersonal relationships in the work environment. It includes communication between colleagues and superiors, teamwork, mutual support, and a sense of belonging to the Organization.
- **Structural:** This dimension evaluates the organization and management of the Company, including the distribution of responsibilities and authorities, clarity in hierarchical structures, and the efficiency of decision-making processes.
- **Political:** This dimension refers to the perceived degree of fairness, transparency, and justice in the Company's human resources policies and practices. It includes aspects such as equal opportunities, fairness in performance review, and the adequacy of reward and recognition systems.
- **Symbolic:** This dimension evaluates the cultural and symbolic aspects of the Organization, such as shared values, corporate identity, and sense of purpose. It also includes the perception of the Company's reputation both internally and externally.

The results of the 2023 edition of our satisfaction survey were as follows:

- Rational: **3.3**
- Relational: **3.1**
- Structural: **3.1**
- Political: **3.2**
- Symbolic: **3.5**

Overall score: 3.2 out of 4

Occupational Health and Safety Management System

GRI 403: 3-3
GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-8, 403-9, 403-10

WE HAVE A COMPREHENSIVE AND EFFICIENT OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM DESIGNED TO ENSURE A SAFE AND HEALTHY WORK ENVIRONMENT FOR ALL OUR EMPLOYEES AND SUPPLIERS.

Within MEGA, one of our main objectives is to guarantee a safe and healthy workplace. Our occupational health and safety management system is implemented nationwide and covers 100% of our employees, both temporary and permanent, as well as those from external companies working on the Company's premises.

Our system complies with NOM-030-STPS-2009 and is also aligned with the regulations established by the Ministry of Labor and Social Security (STPS), the Mexican Institute of Social Security (IMSS) and Civil Protection.

Within the management system, the following is included:

System components

- Internal Civil Protection Programs
- Periodic health and safety training
- Safety and Hygiene Commission inspections
- Workplace risk assessments
- Health campaigns and fairs
- Vaccination programs
- Medical evaluations
- Incident prevention program, use of personal protective equipment, and an accident investigation procedure

Workplace Risks

We have an established procedure for identifying and evaluating workplace risks within our operational activities. This allows us to prevent potential work-related accidents that could compromise the integrity of our employees within our work centers.

Our process for identifying and evaluating workplace risks considers the following aspects:

Processes for identifying and evaluating workplace risks

The Safety and Hygiene Committee, composed of the Safety and Hygiene Coordinator and the Occupational Doctor, is responsible for overseeing our Company's Occupational Health and Safety Management System. Their main functions include identifying hazards, risks, and unsafe acts in the workplace, making recommendations to prevent accidents and improve safety conditions, reporting any obstruction of emergency equipment, ensuring compliance with applicable regulations, and developing institutional safety and health policies, guidelines, and standards.

As part of the structure to ensure the integrity of our operations, multifunctional brigades are a vital component in workplace safety and emergency prevention. Composed of employees from several regions and systems, these brigades are trained to intervene in crisis situations such as fires, evacuations, and first aid. Their specialized training allows them to act as first responders, providing support in emergency mitigation and management, contributing to maintaining a safe and protected work environment for everyone.

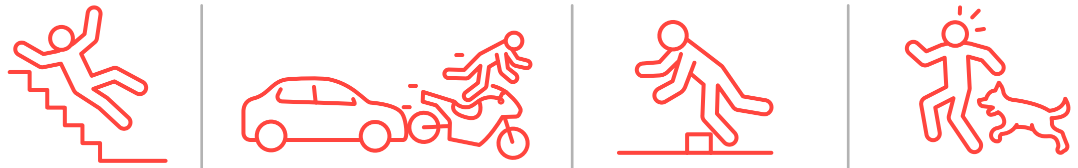
Workplace Accidents

Our Accident Investigation Procedure aims to ensure that any work-related accident and/or illness, damage to property or equipment is investigated and reported to the Ministry of Labor and Social Security (STPS), if necessary. Subsequently, corrective and/or preventive actions are implemented to prevent recurrence. In 2023, there were 3,787 work-related accidents recorded.

HEALTH AND SAFETY INDICATORS

Metric	Men	Women
Work-related accident rate	12.30%	12.18%
Number of recorded accidents	2,602 (68%)	1,224 (32%)
Number of work-related deaths	2	0
Work-related death rate	0.90%	0%
Number of accidents with serious consequences	3	0
Rate of accidents with serious consequences	1.40%	0%
Number of lost days	44,800	11,200
Lost days rate	0.07%	0.35%
Total hours worked	53,189,361	25,030,287
Absenteeism rate	22%	22%

Given the nature of our activities, the main types of accidents recorded are:



Falls from heights | Automobile collisions | Ankle sprains | Animal bites

IDENTIFIED HAZARDS AND PREVENTIVE MEASURES

Hazard	How it was determined	How it caused/contributed to the accident	Actions taken by the Organization
Irregular floors	Maintenance inspections	Instability of work material	Repair by the maintenance department
Electrocution	Safety and hygiene area inspections	Installation/maintenance of networks	Induction courses, appropriate PPE*
Fall from heights	Observations during work at heights	Improper use of safety equipment	Training and supervision
Run-over incidents	Risk assessment in traffic areas	Lack of signs	Signs and safety barriers
Muscle overload	Repetitive task analysis	Repetitive movements without rest	Ergonomics and scheduled breaks
Heatstroke	Outdoor work area inspections	Prolonged exposure to the sun	Hydration and breaks in shaded areas
Cuts	Evaluation of tool and material use	Incorrect use of tools	Training and use of PPE
Vehicle colliions	Route and transport condition analysis	Driving in unsafe conditions	Safe driving training and vehicle maintenance
Contusions	Work area inspections	Impact with objects	Space organization and signs
Animal attacks	Observations in areas with wildlife	Unexpected encounters with animals	Protective equipment and training in animal handling

*Personal Protective Equipment

Well-being and Quality of Life

In 2023, we conducted PrevenIMSS Health campaigns in collaboration with the Mexican Social Security Institute. These campaigns included:

- Blood pressure monitoring
- Weight control
- Blood glucose detection
- Vaccination
- Nutrition
- Oral health
- Sexual health

IN 2023, **54 CAMPAIGNS WERE HELD NATIONWIDE,** BENEFITING 4,589 EMPLOYEES.

We offer agreements with health specialists to our employees at affordable prices as a measure to promote their well-being. Additionally, we have medical offices in several of our work centers.

We guarantee the confidentiality of our employees' medical records. These are only shared with the patient and are safeguarded by the Company's medical staff. We comply with applicable regulations, such as NOM-04-SSA3 and the General Data Protection Law

Health and Safety Participation and Communication

To ensure that our employees are informed and trained on occupational health and safety topics, we use the following communication channels:

- **Continuous digital training**
  We use our UNIMEGA training platform to offer courses related to workplace safety. These courses allow employees to acquire and update their knowledge in a convenient and accessible way.
- **Organizational communications**
  We send periodic announcements via email to inform our employees about relevant occupational health and safety topics, providing updates, reminders, and important tips.
- **Communication boards**
  We install communication boards at strategic points in our work centers, displaying important information related to occupational health and safety, such as emergency procedures and safety tips.
- **Field training**
  We conduct field training sessions aimed at technical teams and other key employees, focusing on the proper performance of job functions and incident prevention.

Collective labor contracts include provisions related to occupational health and safety to ensure workers' well-being and protection. Some of the topics considered in these contracts are:

- Duration of the workday
- Working conditions
- Use of safety equipment
- First aid
- Accident reporting
- Participation in safety and hygiene committees

These topics are fundamental to protect the physical and mental integrity of workers, promote a safe and healthy work environment, and ensure compliance with occupational health and safety regulations and standards.

Health and Safety Training

Throughout the year, we continued to provide training to mitigate safety risks and ensure the well-being of our employees. Some of the topics addressed included job induction, use of fire extinguishers, disabilities, Property Safety Policy, road safety, working at heights, emergency brigades, among others.

WE PROVIDED **160,895 HOURS OF SAFETY TRAINING** TO EMPLOYEES.

+223% COMPARED TO 2022

CONNECTING WITH COMMUNITIES

At MEGA, we strive not only to offer the best services, but also to make a positive impact on the communities where we operate. As a Socially Responsible Company, we are committed to partnering with these communities to improve their quality of life.

As part of our social responsibility initiatives, we offer free or reduced-cost connectivity to civil associations, schools, and non-profit organizations.

WE SUPPORTED 147 FOUNDATIONS AND ASSOCIATIONS, SUCH AS ORPHANAGES AND HOMES FOR THE ELDERLY, AMONG OTHERS, WITH FREE INTERNET SERVICES.

Community Participation

GRI 413: 3-3, 413-1

We focus on ensuring that our contributions support socially relevant causes for our communities, such as quality education, health, municipal infrastructure, and nutrition.

IN 2023, WE ALLOCATED **PS. $7'302,486 FOR CHARITABLE CAUSES.**

During the year, we coordinated several social responsibility initiatives that contribute to social welfare in the communities where we operate. An example is the blood donation campaign, in which 200 employees from the Central, Gulf, and West regions participated, donating a total of 80 units of blood to the State Blood Transfusion Center. This initiative benefited 240 people and helped ensure blood supply for those in need in our regions.

Additionally, we organized volunteer activities in the West and Southeast regions to support the *Riendo Somos Conciencia*, A.C. Association by providing equipment and therapeutic toys for therapies related to the autism spectrum.

Furthermore, we made several financial and in-kind donations to support the *Ministerio de Amor* Association, along with donations of supplies for their facilities' maintenance, to help protect children's rights.

In response to Hurricane OTIS, which affected Acapulco, we allocated nearly one million pesos as humanitarian aid. Additionally, we offered free connectivity to the affected population, facilitating communication and coordination of relief efforts during the crisis.

CONNECTING WITH THE ENVIRONMENT

Energy

GRI 302: 3-3
GRI 302-1, 302-3, 302-4

At MEGA, we are committed with energy efficiency and environmental sustainability as a fundamental part of our operations. During 2023, we made significant progress in managing our energy consumption, prioritizing resource optimization and reducing our environmental impact, while promoting the use of renewable energy in our workplaces.

ENERGY SOURCES

GASOLINE
2022: 483,340.45 GJ
2023: 622,380.15 GJ

NATURAL GAS
1.31 GJ IN 2023

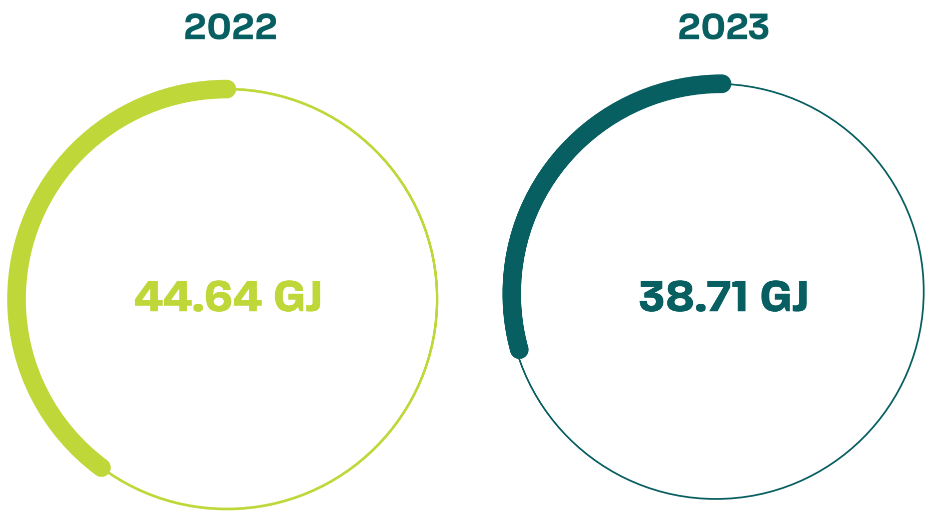
DIESEL
2022: 7,762.85 GJ
2023: 13,035.62 GJ

ELECTRICITY
2022: 728,990.09 GJ
2023: 577,691.82 GJ

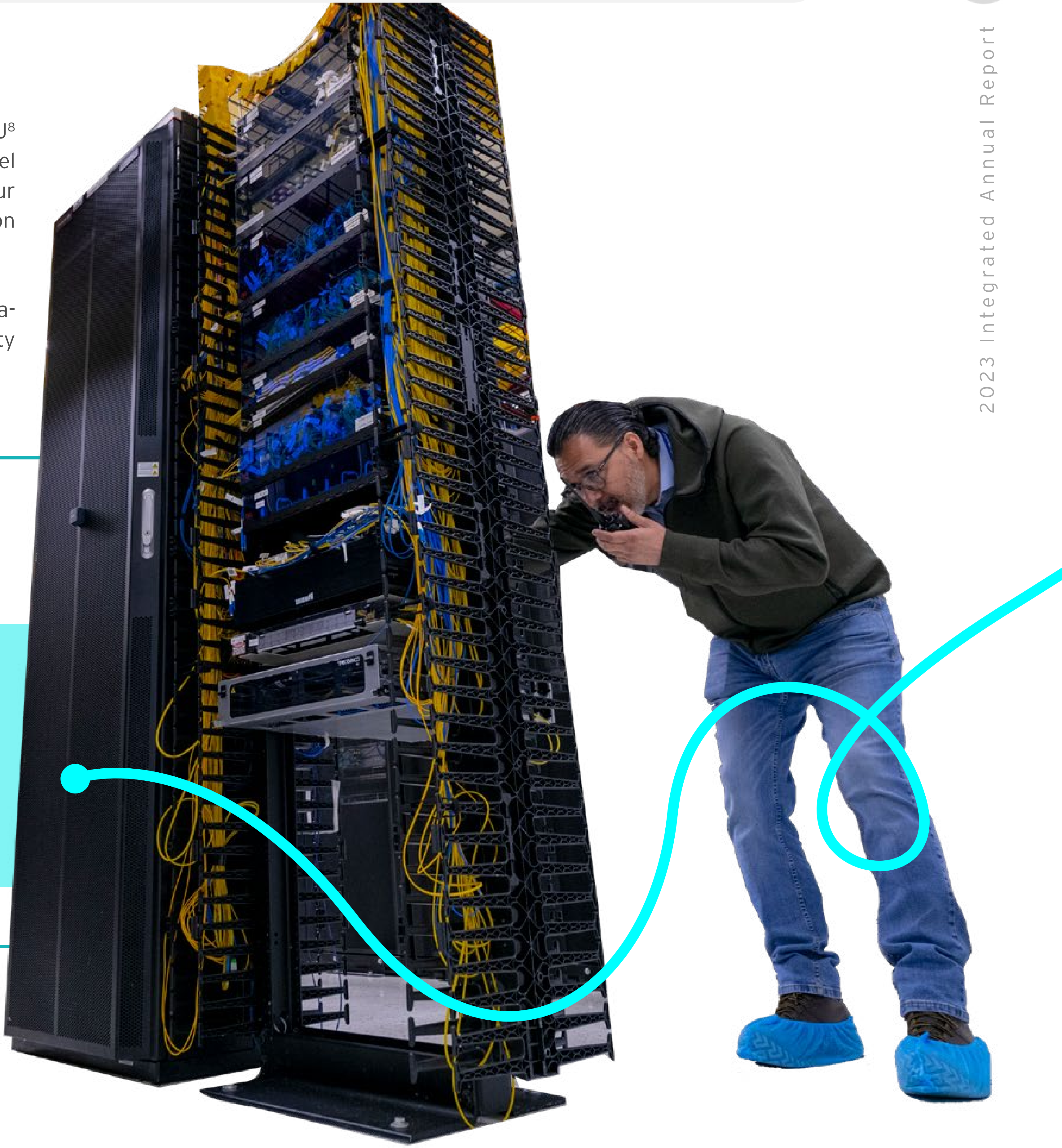
During this year, our total energy consumption reached 1,213,108.90 gigajoules (GJ), of which 577,691.828 GJ[8] corresponds to electricity consumption in our distribution network and workplaces, and 635,417.08 GJ to fuel consumption by our vehicle fleet (including gasoline, natural gas and diesel). These fuels are essential for our mobile operations, including vehicles necessary for network maintenance. The increase in fuel consumption was due to the expansion of our operations.

As part of our sustainability strategy, we monitor the energy intensity of our Organization. This indicator measures the efficiency of energy use in relation to our social capital, allowing us to identify areas of opportunity in energy consumption.

ENERGY INTENSITY (GJ / EMPLOYEE)



13%
decrease
compared to the previous year



[8] Information obtained from receipts of the Federal Electricity Commission (CFE).

Energy intensity is a key indicator that allows us to measure energy efficiency in relation to our operational activity. This parameter helps us better understand how our energy management positively impacts the Company's overall performance and reduces our environmental footprint.

This is largely due to the progress we have made in our Network Expansion and Evolution projects. These strategies have allowed us not only to expand our network coverage but also to migrate part of our infrastructure to more energy-efficient technologies.

At MEGA, we have implemented significant initiatives to substantially reduce our energy consumption. These include:

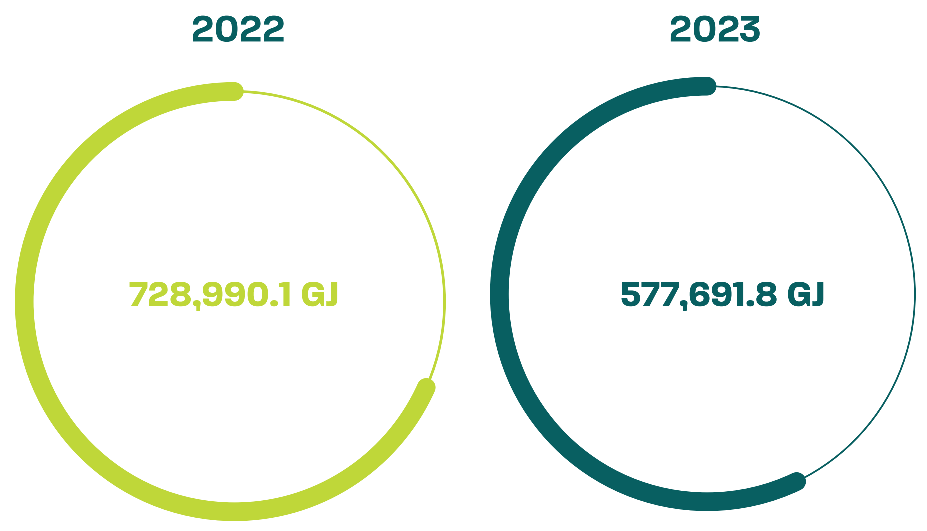
1. Network Evolution Project
Since 2020, we have migrated more than 35,000 kilometers of network from HFC[9] technology to FTTh[10]. The latter, being a passive technology, eliminates the need for constant energy supply, thereby reducing the Company's carbon footprint.

2. Renewable energies
In 2023, we began installing photovoltaic cells in cities such as Toluca, Guasave, Puebla, León, and San Cristóbal de las Casas. Currently, the project is in the implementation stage, and we expect to see positive results by 2024.

3. Qualified User
We have started the process to transition several of our workplaces to the Qualified User mode. This change aims to supply our electricity consumption from providers with a lower emission factor compared to the Federal Electricity Commission. The cities where this initiative will be implemented are León, Puebla, Hermosillo, Mazatlán, Querétaro, and Guadalajara.

4. Vehicle fleet
We have migrated part of our vehicle fleet in the Pacific region, which operated with gasoline and diesel, to one powered by natural gas. This is the beginning of a measure that allows us not only to reduce energy consumption but also to significantly decrease greenhouse gas emissions associated with our fleet's operation.

These initiatives have enabled us to reduce our energy consumption:



WE ACHIEVED A 20.75% REDUCTION IN ELECTRICITY CONSUMPTION COMPARED TO THE PREVIOUS YEAR.

[9] Hybrid of Fiber and Coaxial.
[10] Fiber to the home.

Water

GRI 303-1, 303-3, 303-4, 303-5

At MEGA, we recognize the importance of water as a vital and shared resource, especially in the context of water stress that Mexico faces. Our interaction with water includes its extraction, consumption, and discharge, activities that we carry out with a conscious and responsible approach.

Our main source of water supply is the municipal network, which represents the majority of our consumption.

2023

Water extracted from all sources
548.65
megaliters

Water extracted in water-stressed areas
293.70
megaliters

2022

Water extracted from all sources
472.45
megaliters

Water extracted in water-stressed areas
326.89
megaliters

We are aware of the environmental challenge that Mexico faces regarding the drought affecting our country. In response, we carry out initiatives that allow us to be more resilient in our water resource management:

- **Continuous monitoring:** Water consumption is consistently monitored across all workplaces. This helps us to identify consumption patterns and areas for improvement, enabling reductions where possible.
- **Water-saving technologies:** Water-saving devices, such as low-flow toilets, have been installed in our facilities to decrease the volume of water extracted and consumed.
- **Water storage systems:** Storage systems are in place at our facilities to ensure continuous water availability, particularly during municipal supply cuts or shortages.

WATER DISCHARGE

We recognize that water discharge could have significant effects on aquatic ecosystems and the quality of water for other uses. Therefore, we promote the reuse of treated water for non-potable uses, such as irrigation and cooling our servers, thus reducing the amount of water that needs to be discharged into the municipal drainage network.

2023

Total water discharged	Water discharged in water-stressed areas
493.78 megaliters	264.33 megaliters

2022

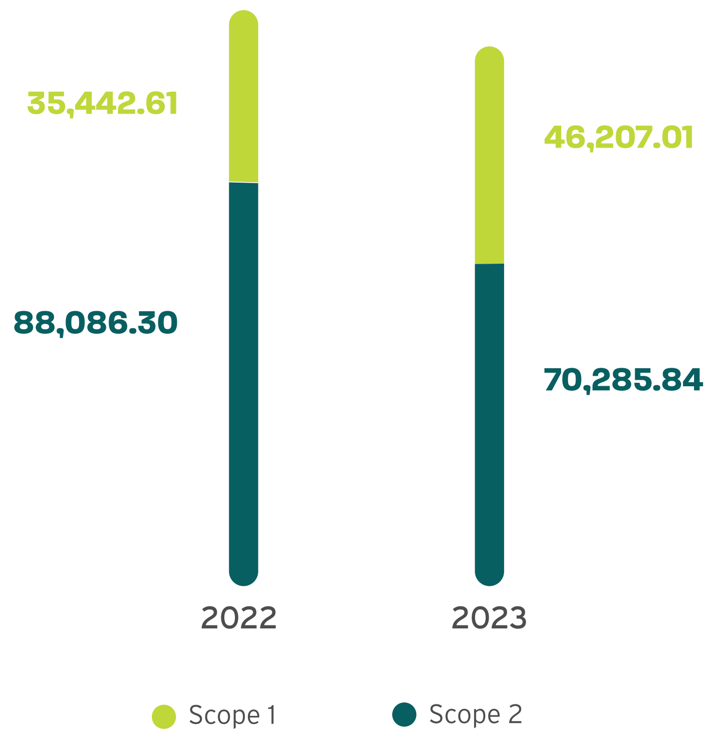
Total water discharged	Water discharged in water-stressed areas
425.20 megaliters	294.20 megaliters

Emissions

GRI 305: 3-3
GRI 305-1, 305-2, 305-4, 305-5

As part of the Company's commitment to reducing our environmental footprint, we have established the foundations of our climate change strategy. In 2022, we measured our carbon footprint for the first time, establishing a baseline for future projects aimed at improving energy efficiency and reducing greenhouse gas emissions.

CARBON FOOTPRINT - Tons of CO_2 equivalent



Our Scope 1 emissions include the following sources of emission:

Fuels in mobile sources

For 2023: Includes gasoline, diesel, and natural gas used in our vehicle fleet.

For 2022: Includes gasoline and diesel used in our vehicle fleet.

Refrigerant gases

Only for 2023: The gases included in the calculation are refrigerant gases R-22 and R-410A, used in our air conditioning and refrigeration systems.

Our Scope 2 emissions are generated from electricity consumption in our operations, for which our main supplier is the Federal Electricity Commission.

Currently, our carbon footprint does not include Scope 3 emissions, as we are in the process of evaluating the boundaries that our operations will cover. However, we are committed to provide accurate and detailed information about the Company's operations. We hope to expand our measurement in future periods to offer a global perspective.

We are interested in ensuring that our climate disclosure adequately reflects our constant growth, both in operations and in the number of employees. Therefore, we measure the intensity of our carbon emissions annually. This calculation is based on the total number of employees during the operational years, thus providing a perspective that fits our current situation.

	Total GHG emissions	Emission intensity ratio
2022	123,528.91 t CO_2e	4.52 t CO_2e/employee
2023	116,492.85 t CO_2e	3.72 t CO_2e/employee

BETWEEN 2022 AND 2023, **WE ACHIEVED A REDUCTION OF OUR GREENHOUSE GAS EMISSIONS BY A TOTAL OF 7,036.06 TONS OF CO_2 EQUIVALENT,** REPRESENTING A 5.7% DECREASE.

Despite the growth of our telecommunications network, the emission intensity per employee has decreased. These reductions are directly attributable to our Network Expansion and Evolution projects.

To ensure accuracy and integrity in reporting our emissions, we have applied the methodologies suggested by the Greenhouse Gas Protocol (GHG Protocol) and the ISO 14064 standard. The emission factors used come from the National Emissions Registry of SEMARNAT, which includes the calorific values of fuels, the national electricity emission factor, and the global warming potentials of refrigerants.

For the emissions' calculation, the following greenhouse gases have been included:

- Carbon dioxide (CO_2)
- Methane (CH_4)
- Nitrous oxide (N_2O)

This year, MEGA advanced its network optimization by transitioning from HFC to FTTh technology. This shift to more energy-efficient infrastructure has significantly reduced our Scope 2 emissions and contributed to a notable decrease in our total GHG emissions.

Waste Management

GRI 306: 3-3
GRI 306-1, 306-2, 306-3, 306-4

We have established an internal documentation framework that serves as a guide for the proper waste handling generated by our daily operations. Additionally, we have internal mechanisms designed to ensure that our suppliers' practices align with sustainability principles.

Types of waste generated and their potential impacts

Electronic waste

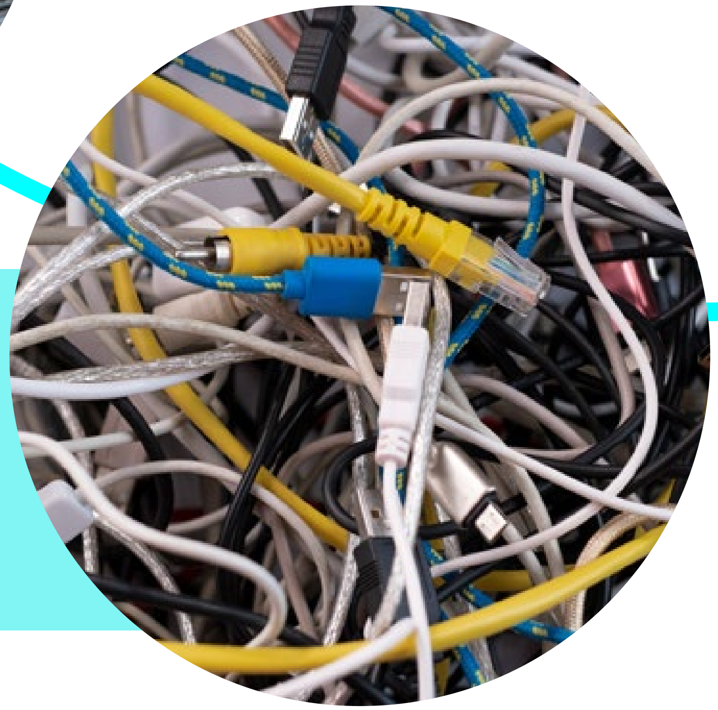
Includes set-top boxes and other electronic equipment that are essential parts of the services we offer. These devices contain components that can be harmful to the environment, making their responsible handling crucial.

Office waste

Includes paper and batteries used in our daily operations. We are working to reduce the use of these materials and improve their recycling.

Cable waste

During the year, we have progressed in our Network Evolution project, which involved dismantling HFC network cabling, improving the environment, and reducing the possibility of accidents caused by this material.



As part of our sustainability strategy, we implemented practices to reduce our environmental impact. We focused on recycling materials from outdated or end-of-life subscriber equipment through authorized companies. This process enables us to recover valuable minerals like gold, copper, and aluminum, ensuring the reuse of these resources.

IN 2023, **WE RECYCLED 22.28 TONS OF ELECTRONIC WASTE** FROM SUBSCRIBER'S EQUIPMENT.

For 2023, the Company generated and recycled a total of **1,834.42** tons of waste (including electronic waste), distributed as follows according to its composition:

1.68
tons of paper

0.08
tons of alkaline batteries

905.19
tons of coaxial cable*

905.19
tons of steel*

*Derived from the dismantling of the HFC network.

It is important to highlight that, in line with the investments made through the network evolution project, we have dismantled thousands of kilometers of HFC network at several sites across the country. This process is not only part of our commitment to reusing disused materials but also contributes to physical safety and visual cleanliness in communities.

Our Company takes a comprehensive approach to waste management, implementing several key initiatives to promote both recycling and resource consumption reduction. This year, we continued our **"Life Without Plastic"** campaign in our workplaces, encouraging the reduction of single-use plastics and promoting the use of sustainable alternatives among our employees. We also manage the recovery and recycling of obsolete electronic equipment through carefully selected third parties to ensure responsible recycling in compliance with environmental regulations.

Within MEGA, our Administration, and Environment, Safety and Health departments work closely together to oversee waste generation and management. This synergy allows not only for record-keeping but also for evaluating and adjusting our waste management practices to continually improve our efficiency and compliance. Moreover, we reinforce the importance of responsible waste management through employee training programs and constant communication about our waste policies and procedures.

DURING THIS PERIOD, A TOTAL OF **8,420 KILOMETERS OF NETWORK WERE DISMANTLED[11] NATIONWIDE,** WITH NOTABLE WORK DONE IN THE CITY OF PUEBLA, WHERE 1,468 KILOMETERS OF CABLE WERE REMOVED.

[11] The term "dismantled kilometer" refers to the number of kilometers of cable that has been removed, as part of infrastructure upgrade or maintenance.

CONNECTING ETHICALLY

MEGA maintains a robust and effective governance structure designed to facilitate responsible decision-making and align the Company's management with the long-term interests of shareholders and other stakeholders.

Board of Directors

GRI 2-9, 2-10, 2-11, 2-12, 2-13, 2-16, 2-17, 2-24, 405-1

The Board of Directors plays a crucial role in overseeing and directing the Company, particularly regarding the approval and updating of its purpose, values, and mission, as well as the strategies, policies, and goals related to sustainable development. This body is responsible for ensuring that the proposed strategies align with corporate objectives and long-term viability.

MEGA's Board of Directors is composed of twelve members, elected and ratified at the General Shareholders' Meeting. Of these, four are independent directors selected for their experience, capability, and reputation, subject to the approval of the National Banking and Securities Commission (CNBV).

Any shareholder holding at least 10% of the share capital has the right to appoint a Board member, and the votes associated with this right are excluded when appointing the remaining members. Additionally, the bylaws and current regulations require directors to inform the Board of any situation that might represent a conflict of interest.

The Company also has Audit and Corporate Practices Committees, each composed of four Board members, including three independent directors.

Chairman of the Board
Francisco Javier R. Bours Castelo
2005

Director and Secretary of the Board
Manuel Urquijo Beltrán
2005

CEO and Director
Enrique Yamuni Robles
2005

Director
Sergio Jesús Mazón Rubio
2005

Director
Jesús Enrique Robinson Bours Muñoz
2006

Director
Juan Bours Martínez
2006

Director
Arturo Bours Griffith
2006

Director
José Gerardo Robinson Bours Castelo
2007

Independent Director
Mario Laborín Gómez
2007

Independent Director
Nicolás Olea Osuna
2007

Independent Director
Claudia Margarita Félix Sandoval
2021

Independent Director
Enrique Ramón Coppel Luken
2021

Original year of appointment

The Board of Directors meets quarterly to evaluate and discuss operational results, the progress and oversight of special projects, financial performance, risk management, regulatory compliance, and the Company's direction. In 2023, four meetings were held with an average attendance of 90%.

These sessions are fundamental to ensuring the Company’s proper governance and maintaining a clear perspective on its progress and alignment with the interests of shareholders and other stakeholders.

OUR BOARD OF DIRECTORS AND MANAGEMENT TEAM ARE
RESPONSIBLE FOR OVERSEEING THE IMPLEMENTATION OF THE COMPANY'S SUSTAINABILITY STRATEGY.

To ensure the execution of the sustainability strategy, the Board has delegated responsibility for addressing environmental, social, and governance (ESG) aspects to the executive management and several departments, which are essential to its operation.

For effective communication between the Board and stakeholders, the Investor Relations area acts as an intermediary. This team is responsible for collecting, analyzing, and managing stakeholders' concerns, ensuring a smooth and transparent process that addresses information requests.

Committees

Strategic Committee

Responsible for optimally managing our corporate social responsibility. To ensure MEGA meets the highest ESG standards, we have established various internal committees focused on these critical issues. Our management team comprises experienced leaders who oversee the strategic management of our business and the achievement of our objectives.

Enrique Yamuni Robles
Chief Executive Officer

Raymundo Fernández Pendones
Deputy CEO

Luis Antonio Zetter Zermeño
Chief Financial Officer

José Antonio Valverde
Director of Human Resources

Jesús Rivera
Quality Manager

Theojary Pacheco
Technical Director

Luis Campos
Customer Service Director

Ramón Olivares
General Counsel

Gerardo Seiffert
Marketing Director

Audit Committee

Oversees external auditors, informs the Board about existing internal controls, supervises related party transactions, requests reports from officials when necessary, reports any irregularities, and supervises officials' activities, among other functions.

Mario Laborín Gómez
Chairman

Sergio Jesús Mazón Rubio
Director

Nicolás Olea Osuna
Director

Enrique Ramón Coppel Luken
Director

Corporate Practices Committee

Provides opinions to the Board, requests and obtains opinions from independent third-party experts, calls shareholders' meetings when necessary, supports the Board in preparing annual reports, and provides periodic reports to the Board.

Nicolás Olea Osuna
Chairman

Mario Laborín Gómez
Director

Claudia Margarita Félix Sandoval
Director

José Gerardo Robinson Bours Castelo
Director

Ethics Committee

The primary responsibility of the Ethics Committee is to manage and respond to complaints received through our ESCALA whistleblowing channel. This process involves an impartial assessment of each situation, ensuring that complaints are addressed fairly and effectively. The Committee's functions include conducting detailed investigations of the reported cases, implementing necessary corrective measures, and performing continuous follow-ups to ensure compliance with the Company's ethical standards.

- CEO
- Deputy CEO
- Director of Human Resources
- CFO
- Director of Regional Operations
- Corporate Internal Audit Manager
- General Counsel
- Cultural Transformation Leader

Sustainable Financing Committee

This Committee is responsible for properly managing the Company's sustainable financial instruments. It ensures that the Company complies with the principles established for sustainable financing by ICMA, LMA, LSTA, and APLMA, included within our Sustainable Financing Framework.

Strategic Committee:
- CEO
- Deputy CEO
- CFO
- Director of Human Resources
- Customer Service Director
- Marketing Director
- Technical Director
- Legal Manager

Operational Committee:
- Investor Relations and Financial Planning Manager
- Administration Manager
- Finance Manager
- Safety, Hygiene, and Environmental Coordinator

Compliance Committee:
- Project and Quality Management Manager
- Internal Auditor

Sustainability Report's Supervision

GRI 2-14

At MEGA, we are dedicated to providing relevant and accurate information to our stakeholders. Senior management is actively involved in preparing this report to ensure the transparency and accuracy of the information presented.

The Board reviews the annual report and may request additional updates or revisions as needed, depending on emerging needs or significant changes in the Company's operations or environment.

The Board's active participation in this process not only strengthens the integrity of the published reports but also promotes a culture of corporate responsibility within MEGA. By directly supervising the preparation and presentation of this report, the Board ensures that the Company's management remains aligned with sustainability principles.

Code of Ethics

GRI 206, 415: 3-3

GRI 2-23, 2-24

At MEGA, we actively promote respect for human rights and business ethics, which are the foundation to maintaining the Company's trust and credibility with the market and our stakeholders. Furthermore, we are committed to fostering an environment of integrity, transparency, and responsibility, both within and beyond our facilities, by upholding the highest ethical standards in alignment with our principles and values.

This document, updated in 2022, not only reflects the essence of our workforce but also focuses on elevating business conduct standards in relation to our stakeholders.

The Code includes the following aspects:

- Institutional values
- Relationship with stakeholders
- Diversity
- Anticorruption
- Money laundering
- Asset protection
- Information management
- Whistleblowing line

Whistleblowing line

GRI 2-26

The Company has a zero-tolerance policy toward discrimination and harassment, ensuring an equitable work environment free from retaliation. To support this commitment, we have established the ESCALA whistleblowing line, a confidential and anonymous resource available on all official Company pages. This channel allows employees to report any behavior that violates our Code of Ethics, including conflicts of interest, ensuring all matters are handled fairly and in line with our corporate values.

IN 2023, A TOTAL OF **474 REPORTS WERE ADDRESSED** THROUGH ESCALA.

The Ethics Committee is responsible for:

- Establishing ethical and conduct policies and guidelines.
- Ensuring compliance with this Code and the related policies.
- Taking appropriate action in response to violations of these provisions, as outlined in the internal work regulations.
- Periodically reviewing and updating this Code, or adding new sections as necessary.

Diversity Policy

GRI 405, 406: 3-3

At MEGA, we are committed to strengthening the institutionalization of diversity and gender equality to ensure a healthy, non-discriminatory work environment. Our Diversity Policy aims to guarantee equal opportunities and fair treatment for every employee in areas such as employment, working conditions, professional development, training, and participation in decision-making processes, in line with their respective responsibilities.

Conflict of Interest Policy

GRI 2-15

We are committed to maintaining ethical business relationships with suppliers and customers, avoiding situations that could lead to financial crimes. To support this, we have established a Conflict of Interest Policy, which provides guidelines for identifying, disclosing, and managing situations that could compromise the objectivity or impartiality of decisions made by all Company employees. This policy requires all organization members to declare any personal or professional situations that might be perceived as conflicting with the Company's interests.

Anticorruption Policy

GRI 205: 3-3
GRI 205-1, 205-2

In 2023, we updated our Anticorruption Policy and provided training to our workforce to ensure they understand and adhere to the guidelines designed to promote a culture of integrity within MEGA.

THROUGHOUT THE YEAR, A TOTAL OF **47,392 TRAINING HOURS WERE PROVIDED ON THE CODE OF ETHICS,** CONFLICT OF INTEREST, ESCALA, AND ANTICORRUPTION.

As every year, we reaffirm our commitment to integrity and honesty in all our operations and continue to work on effectively implementing measures to prevent and address any corruption that may arise.

2023 TRAININGS ON POLICIES AND PROCEDURES

Stakeholder	Total Number	Percentage informed
Board of Directors	12	100%
Employees	19,581	83%
Executives	3	100%
Managers	316	100%
Operators and Administrative	19,265	100%

POLICIES AND COMMITMENTS ARE COMMUNICATED THROUGH **TRAINING ON THE INTERNAL UNIMEGA PLATFORM.**

Responsible Advertising

GRI 417: 3-3
GRI 417-1

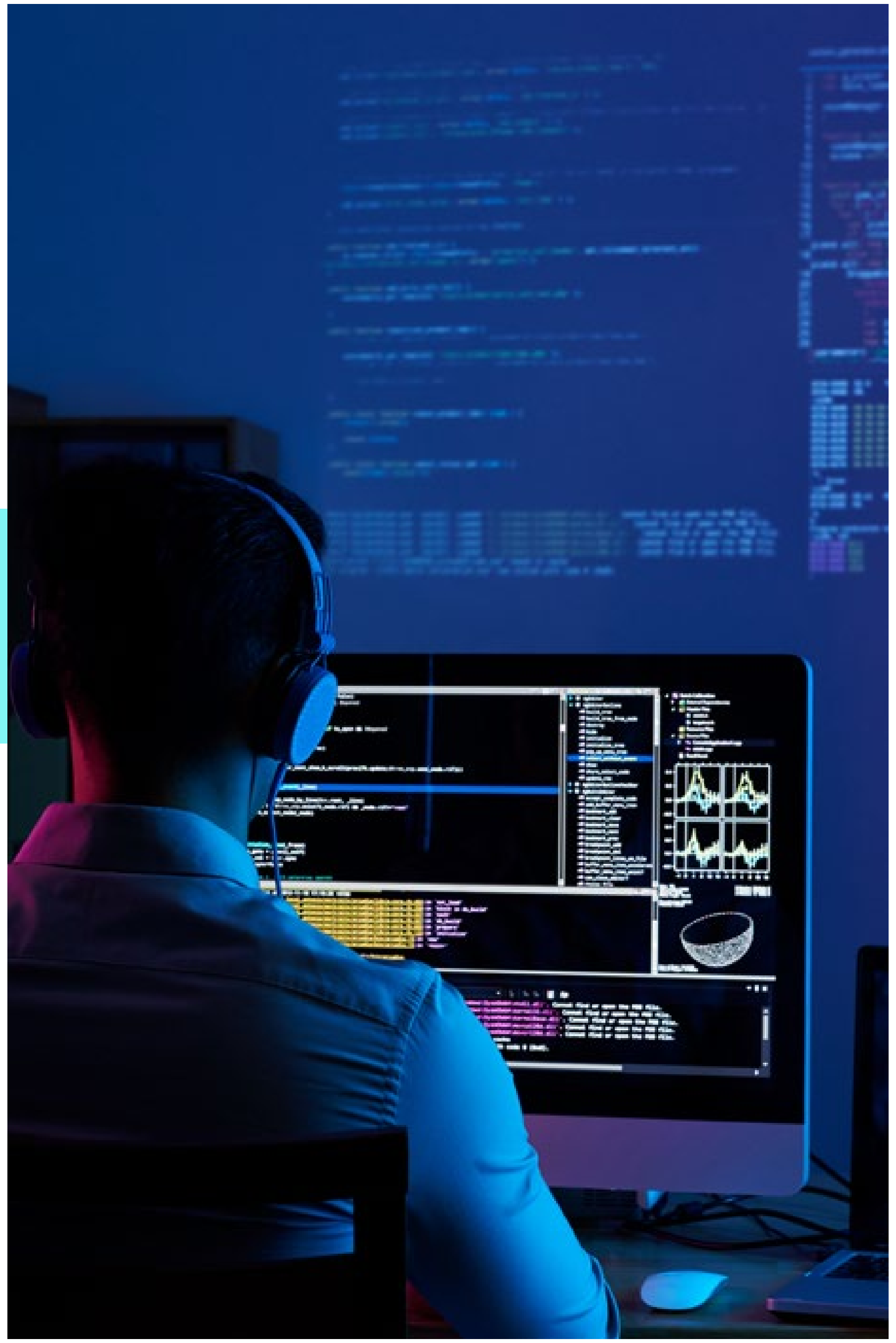
We are committed to managing our advertising campaigns responsibly, ensuring that our customers and subscribers receive adequate information about our products and services. Therefore, we comply with the Deceptive Advertising Policy, as established by PROFECO and the Federal Consumer Protection Law, as well as with the guide for procedures on deceptive advertising, which aims to monitor, investigate, and analyze the disseminated advertising.

Cybersecurity

Cybersecurity is a crucial issue for telecommunications companies due to the increasing number of incidents and cybercrimes that threaten the integrity of the services provided by companies in the sector. At MEGA, we recognize this need and have established policies, procedures, certifications, and a specialized cybersecurity team to develop a robust information defense framework. This team is responsible for protecting our critical infrastructures and ensuring compliance with security standards and guidelines in all the Organization's areas.

OUR INFORMATION SECURITY MANAGEMENT SYSTEM (ISMS) IS BASED ON THE **ISO 27001 STANDARD.**

Protecting our customers' data privacy is a top priority. We adhere to all relevant federal laws governing data privacy. While collecting personal data is essential for delivering our services, our cybersecurity team works diligently to safeguard the integrity of our computational infrastructure and the information stored within it. They also establish policies and processes to ensure the secure use of devices across the Company.



We have an Information Security Policy that sets precise guidelines for all employees in this area. To ensure compliance with all data privacy and information security policies, we train our team through the internal portal and conduct periodic assessments to stay updated with the latest developments.

In our ongoing effort to strengthen our cybersecurity strategy and mitigate potential risks, we have implemented several projects and processes throughout the year, including:

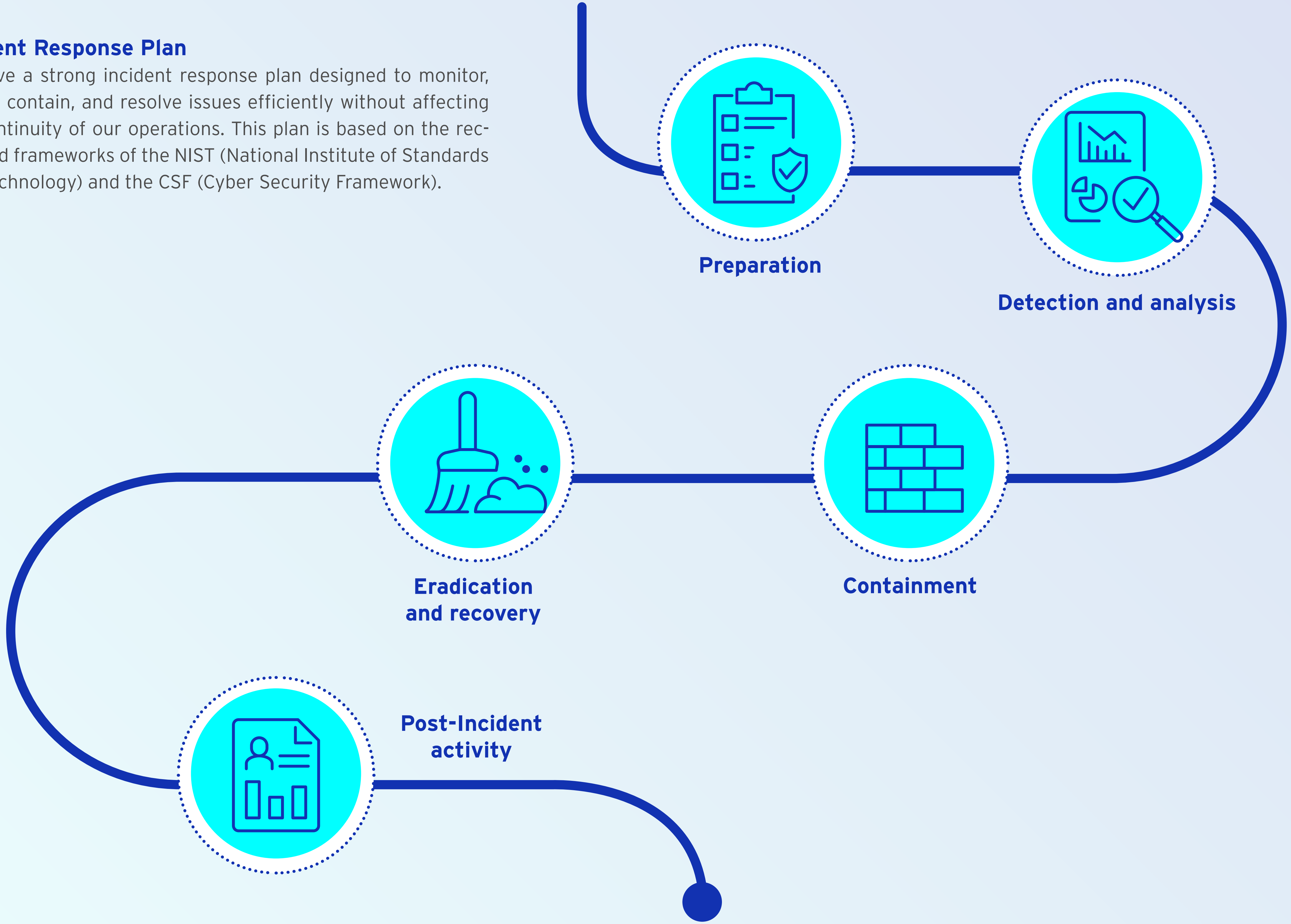
- **Risk analysis:** We conducted semi-annual assessments to identify potential threats and their impacts on both our existing infrastructure and new projects. This allowed us to establish appropriate preventive and protective measures.

- **Application shielding:** We have implemented an encryption tool in all our applications, both internal and those intended for our customers, ensuring that no information about the connections made can be accessed, thus strengthening our infrastructure.

- **Application firewall:** We implemented protection at the application level for our internet-exposed infrastructure. This measure includes detecting bots attempting to infiltrate, ensuring our operations' continuity, and protecting our systems from potential attacks.

Incident Response Plan

We have a strong incident response plan designed to monitor, detect, contain, and resolve issues efficiently without affecting the continuity of our operations. This plan is based on the recognized frameworks of the NIST (National Institute of Standards and Technology) and the CSF (Cyber Security Framework).



As part of our comprehensive security strategy, we conduct quarterly vulnerability tests on our applications and the infrastructure designated for customer service. These tests aim to identify potential weaknesses in operating systems and security risks.

The periodic vulnerability scans allow us to identify and immediately address any weaknesses in our systems, significantly reducing the Company's risk of exposure to potential threats.

IN 2023, **33,295 TRAINING HOURS WERE PROVIDED TO EMPLOYEES** ON PERSONAL DATA PROTECTION POLICIES AND PROCEDURES.

Addressing Stakeholder Concerns

GRI 418: 3-3
GRI 418-1

Concerns, comments, and complaints are initially directed to the Investor Relations area, which is responsible for receiving, recording, and evaluating them. These issues are then escalated to Executive Management and Deputy Executive Management for consideration and are scheduled for discussion during the quarterly Board meetings.

Data Privacy

Within the Company, we have policies and procedures to ensure the treatment and care of the personal data of our customers, suppliers, and employees. Additionally, we ensure that our processes comply with applicable regulations, updating our documentation framework to align with industry standards.

In 2023, we received claims related to violations of customer privacy, none of which resulted in any consequences for the Company. These were promptly addressed, involving senior management in the decision-making process to analyze areas of opportunity and mitigate associated risks. The necessary actions were implemented to continue ensuring the privacy of our customers' data.

The documents related to this topic include:

- **Privacy Notice:** Available on our websites.
- **ARCO Rights:** Procedure for exercising the rights of Access, Rectification, Cancellation, and Opposition (ARCO).
- **Personal Data Protection Policy:** Ensures the proper treatment and protection of users' personal data.
- **Procedure for Data Subject Requests:** Establishes the process for addressing requests related to users' personal data.

Additionally, we conduct training on our policies and procedures to ensure compliance among our workforce.

Association Memberships

GRI 2-28

MEGA is dedicated to providing quality services and driving transformation in the telecommunications industry. To stay at the forefront of regulatory, technological, and market advancements, we have formed strategic alliances with leading organizations in the sector. These partnerships ensure that we remain aligned with the latest developments applicable to our operations.

	CANIETI (National Chamber of the Electronics, Telecommunications, and Information Technology Industry)	CableLabs
Position held	President of the Organization and Vice President of Digital Strategy	None
Voting right	No	No
Participation in projects or committees	Active participation in boosting the removal of DSL or HFC cable in key cities such as Mexico City, Guadalajara, Puebla, among others	Yes
Funding beyond membership fee	No	No

About this Report

GRI 2-3

In line with our commitment to sustainability, we publish our first Integrated Annual Report, which describes our performance on economic, environmental, social, and governance (ESG) issues for the period from January 1st to December 31, 2023, for all MEGA operations.

This report has been prepared in accordance with GRI Standards. All content was defined based on our materiality assessment conducted in 2021 and 2022. We collected the reported information based on the data analyzed from our operations in the regions where we are present.

We strive to improve the way we manage ESG issues; therefore, in addition to GRI content and our contributions to the Sustainable Development Goals, we included information to comply with the standards of the Sustainability Accounting Standards Board (SASB) applicable to the Telecommunications Services sector.

The Sustainability Accounting Standards Board (SASB) is an independent organization that develops industry-specific standards, and its mission is to inform companies and investors about the financial impacts of sustainability by promoting the reporting of material ESG issues.

GRI Content Index

Declaration of use

Megacable Holdings, S.A. de C.V. presents the information listed in this GRI content index for the period from January 1st to December 31, 2023, in accordance with the GRI Standards.

GRI 1 used

GRI 1: Foundation 2021

GRI standard	Disclosure		Location	Omission		
				Requirement(s) omitted	Reason	Explanation
General disclosures						
GRI 2: General Disclosures 2021	2-1	Organizational details	158			
	2-2	Entities included in the organization's sustainability reporting	Look into the financial statements included in this report.			
	2-3	Reporting period, frequency and contact point	76			
	2-4	Restatements of information	There are no restatements of information.			
	2-5	External assurance	This report has no external assurance.			
	2-6	Activities, value chain and other business relationships	13, 19			
	2-7	Employees	30			

GRI standard	Disclosure		Location	Omission		
				Requirement(s) omitted	Reason	Explanation
GRI 2: General Disclosures 2021	2-8	Workers who are not employees	We have 3,398 supplier and contractor workers who are engaged in various functions, including credit and collections, service installation, telephone services, and network construction and maintenance.			
	2-9	Governance structure and composition	62			
	2-10	Nomination and selection of the highest governance body	62			
	2-11	Chair of the highest governance body	62			
	2-12	Role of the highest governance body in overseeing the management of impacts	62			
	2-13	Delegation of responsibility for managing impacts	62			
	2-14	Role of the highest governance body in sustainability reporting	66			
	2-15	Conflicts of interest	69			
	2-16	Communication of critical concerns	62			
	2-17	Collective knowledge of the highest governance body	62			

GRI standard	Disclosure		Location	Omission		
				Requirement(s) omitted	Reason	Explanation
GRI 2: General Disclosures 2021	2-19	Remuneration policies	The General Shareholders' Meeting agrees not to pay emoluments to the members of the Board of Directors, as well as to the Secretary and members of the Audit and Corporate Practices Committees. The management team is compensated based on compliance with financial and operative objectives.			
	2-22	Statement on sustainable development strategy	4, 7			
	2-23	Policy commitments	26, 67			
	2-24	Embedding policy commitments	26, 62, 67			
	2-26	Mechanisms for seeking advice and raising concerns	68			
	2-27	Compliance with laws and regulations	During 2023, we did not have any significant fines that interfered with the Company's operations.			
	2-28	Membership associations	75			
	2-29	Approach to stakeholder engagement	22			
	2-30	Collective bargaining agreements	30			

GRI standard	Disclosure		Location	Omission		
				Requirement(s) omitted	Reason	Explanation
Material topics						
GRI 3: Material Topics 2021	3-1	Process to determine material topics	21			
	3-2	List of material topics	21			
Economic performance						
GRI 3: Material Topics 2021	3-3	Management of material topics	18			
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	18			
	201-2	Financial implications and other risks and opportunities due to climate change	19			
	201-3	Defined benefit plan obligations and other retirement plans	33			
	201-4	Financial assistance received from government	During 2023, our operating activities did not activate any mechanism that could represent an opportunity to receive financial assistance from the government.			
Procurement practices						
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	19			

GRI standard	Disclosure		Location	Omission		
				Requirement(s) omitted	Reason	Explanation
Anti-corruption						
GRI 3: Material Topics 2021	3-3	Management of material topics	70			
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	70			
	205-2	Communication and training about anti-corruption policies and procedures	70			
	205-3	Confirmed incidents of corruption and actions taken	During the year, there were no incidents of corruption.			
Anti-competitive behavior						
GRI 3: Material Topics 2021	3-3	Management of material topics	67			
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	For 2023, MEGA had no material monetary losses related to litigation or regulatory appeal decisions involving unfair competition.			

<table>
<tr><th rowspan="2">GRI standard</th><th rowspan="2" colspan="2">Disclosure</th><th rowspan="2">Location</th><th colspan="3">Omission</th></tr>
<tr><th>Requirement(s) omitted</th><th>Reason</th><th>Explanation</th></tr>
<tr><td colspan="7">Tax</td></tr>
<tr><td>GRI 3: Material Topics 2021</td><td>3-3</td><td>Management of material topics</td><td rowspan="5">At MEGA, we comply with applicable tax regulatory frameworks. Our approach is based on guaranteeing transparency in the reporting of tax obligations derived from our operations. We carry out constant reviews of our fiscal indicators, highlighting the compliance opinions issued by the Tax Administration Service (SAT), the Mexican Social Security Institute (IMSS) and the Institute of the National Housing Fund for Workers (INFONAVIT).
We address the governance of the tax strategy in a comprehensive manner, involving several relevant areas. The Administration and Finance Department, with the support of the Audit Committee, supervises the transparency of our Company's financial statements through the participation of an independent external auditor. In addition, we have consultancies specialized in tax issues to anticipate and prevent any change in applicable regulations that may present a risk to the Company.
We care about properly managing the tax concerns of our stakeholders. Through the Investor Relations area, our stakeholders can express their concerns, which are channeled to the Comptroller's Office, where solutions are proposed for the situations presented.</td><td></td><td></td><td></td></tr>
<tr><td rowspan="4">GRI 207: Tax 2019</td><td>207-1</td><td>Approach to tax</td><td></td><td></td><td></td></tr>
<tr><td>207-2</td><td>Tax governance, control, and risk management</td><td></td><td></td><td></td></tr>
<tr><td>207-3</td><td>Stakeholder engagement and management of concerns related to tax</td><td></td><td></td><td></td></tr>
<tr><td>207-4</td><td>Country-by-country reporting</td><td></td><td></td><td></td></tr>
</table>

GRI standard	Disclosure		Location	Omission		
				Requirement(s) omitted	Reason	Explanation
Energy						
GRI 3: Material Topics 2021	3-3	Management of material topics	51			
GRI 302: Energy 2016	302-1	Energy consumption within the organization	51			
	302-3	Energy intensity	51			
	302-4	Reduction of energy consumption	51			
Water and effluents						
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	54			
	303-3	Water withdrawal	54			
	303-4	Water discharge	54			
	303-5	Water consumption	54			
Emissions						
GRI 3: Material Topics 2021	3-3	Management of material topics	56			
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	56			
	305-2	Energy indirect (Scope 2) GHG emissions	56			
	305-4	GHG emissions intensity	56			
	305-5	Reduction of GHG emissions	56			

GRI standard	Disclosure		Location	Omission		
				Requirement(s) omitted	Reason	Explanation
Waste						
GRI 3: Material Topics 2021	3-3	Management of material topics	58			
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	58			
	306-2	Management of significant waste-related impacts	58			
	306-3	Waste generated	58			
	306-4	Waste diverted from disposal	58			
Employment						
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	33			
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	33			
	401-3	Parental leave	33			

GRI standard	Disclosure		Location	Omission		
				Requirement(s) omitted	Reason	Explanation
Occupational health and safety						
GRI 3: Material Topics 2021	3-3	Management of material topics	41			
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	41			
	403-2	Hazard identification, risk assessment, and incident investigation	41			
	403-3	Occupational health services	41			
	403-4	Worker participation, consultation, and communication on occupational health and safety	41			
	403-5	Worker training on occupational health and safety	41			
	403-6	Promotion of worker health	41			
	403-8	Workers covered by an occupational health and safety management system	41			
	403-9	Work-related injuries	41			
	403-10	Work-related ill health	41			

GRI standard	Disclosure		Location	Omission		
				Requirement(s) omitted	Reason	Explanation
Training and education						
GRI 3: Material Topics 2021	3-3	Management of material topics	37			
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	37			
	404-2	Programs for upgrading employee skills and transition assistance programs	37			
	404-3	Percentage of employees receiving regular performance and career development reviews	37			
Diversity and equal opportunity						
GRI 3: Material Topics 2021	3-3	Management of material topics	69			
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	30, 62			

GRI standard		Disclosure	Location	Omission		
				Requirement(s) omitted	Reason	Explanation
Non-discrimination						
GRI 3: Material Topics 2021	3-3	Management of material topics	69			
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Within our Company, we have the Ethics Committee, whose main responsibility is to address any case of discrimination and take the necessary measures to address and correct any complaint filed. Given the confidentiality of these matters, MEGA reserves the right to disclose specific details about the cases. We are committed to maintaining a healthy and safe work environment for all our employees; therefore, we have a series of measures, policies and mechanisms designed to prevent and address any incidents of discrimination or inappropriate conduct. For more information, please visit the policies section on our Investor Relations page: https://inversionistas.megacable.com.mx/politicas			
Local communities						
GRI 3: Material Topics 2021	3-3	Management of material topics	49			
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	49			

GRI standard	Disclosure		Location	Omission		
				Requirement(s) omitted	Reason	Explanation
Public policy						
GRI 3: Material Topics 2021	3-3	Management of material topics	67			
GRI 415: Public Policy 2016	415-1	Political contributions	We do not make any contributions to political parties or representatives.			
Marketing and labeling						
GRI 3: Material Topics 2021	3-3	Management of material topics	71			
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	71			
	417-2	Incidents of non-compliance concerning product and service information and labeling	In 2023, we had a notice about an advertising notice, which is pending resolution.			

GRI standard		Disclosure	Location	Omission		
				Requirement(s) omitted	Reason	Explanation
Marketing and labeling						
GRI 417: Marketing and Labeling 2016	417-3	Incidents of non-compliance concerning marketing communications	To ensure that our marketing communications are ethical and responsible, we adhere to the regulatory frameworks established by PROFECO and the Federal Consumer Law, as well as the guide of deceptive advertising procedures, whose purpose is the monitoring, investigation and analysis of broadcast advertising. Our marketing staff receives constant training to ensure ethical advertising practices through courses, conferences and certifications offered in the sector.			
Customer privacy						
GRI 3: Material Topics 2021	3-3	Management of material topics	74			
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	MEGA is committed to protecting the data of its customers and other interested parties. For confidentiality reasons, the Company reserves the right to disclose this indicator.			

SASB Index
Telecommunication services

Sustainability disclosure topics and metrics

Topic	Code	Metric	Answer
Environmental footprint of operations	TC-TL-130a.1	Total energy consumed, percentage grid electricity and percentage renewable	Total energy consumption 1,213,108.90 GJ National grid electricity 577,691.82 GJ Fuel energy (diesel, gasoline and natural gas) 635,417.08 GJ
Data privacy	TC-TL-220a.1	Description of policies and practices relating to targeted advertising and customer privacy	At MEGA we seek to safeguard the privacy of our customers by protecting their personal data, which is treated in accordance with the Federal Law on Protection of Personal Data Held by Private Parties and its related regulations. Likewise, MEGA has adopted the necessary measures to ensure the protection of the personal data collected and avoid alteration, loss or unauthorized processing. All information collected will be treated in accordance with the principles of legality, quality, purpose, loyalty and responsibility. Data processing will be limited to compliance with the objectives set forth in the Privacy Notice, which can be consulted at: **https://www.megacable.com.mx/aviso-de-privacidad** Additionally, the Company has a Personal Data Protection Policy, which establishes the obligations, procedures and standards for the protection and processing of personal data. Finally, a mechanism is available for individuals to manage ARCO Rights (Access, Rectification, Cancellation and Opposition) relating to their personal information. The Form for the Exercise of ARCO Rights, Revocation of Consent or Limiting the Use or Disclosure of Personal Data is available at **https://www.megacable.com.mx/aviso-de-privacidad**

Topic	Code	Metric	Answer
Data privacy	TC-TL-220a.2	Number of customers whose information is used for secondary purposes	MEGA is committed to protecting the data of its customers and other interested parties. For confidentiality reasons, the Company reserves the right to disclose the indicator.
	TC-TL-220a.3	Total amount of monetary losses as a result of legal proceedings associated with customer privacy	The total amount of monetary losses as a result of these procedures is not material to the Company.
	TC-TL-220a.4	Number of law enforcement requests for customer information, number of customers whose information was requested, percentage resulting in disclosure	MEGA is committed to protecting the data of its customers and other interested parties. During 2023, there were no legal resolutions that gave rise to monetary losses or any other type of sanction that had any consequence on the Company's operations.
Data security	TC-TL-230a.1	Number of data breaches, percentage that are personal data breaches, number of customers affected	Given the coverage of the Company's operations, MEGA is a target of cyberattacks. Therefore, we have an incident response plan that allows us to monitor and detect problems, contain and solve them without affecting the operations. The procedures are based on the NIST (National Institute of Standards and Technology) framework and the CSF (Cyber Security Framework). During 2023, there were no implications that put the integrity of the operations or their sensitive information at risk.
	TC-TL-230a.2	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	
Product end-of-life-management	TC-TL-440a.1	Materials recovered through take-back programs, percentage of recovered materials that were reused, recycled, and landfilled	Recycled materials -Paper: 1.68 t -Batteries: 0.08 t -Steel: 905.19 t -Coaxial cable: 905.19 t -Electronic waste: 22.28 t

Topic	Code	Metric	Answer
Competitive behavior and open internet	TC-TL-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	For fiscal year 2023, MEGA had no material monetary losses related to litigation or regulatory appeal decisions involving unfair competition.
	TC-TL-520a.2	Average actual sustained download speed of owned and commercially associated content and non-associated content	See table below

Speed	Mbps
10 Megas	10.469
20 Megas	20.439
30 Megas	29.558
40 Megas	40.467
50 Megas	50.476
60 Megas	59.841
80 Megas	79.979
90 Megas	88.596
100 Megas	100.491
110 Megas	110.943
150 Megas	150.529
200 Megas	197.96
220 Megas	220.032
350 Megas	347.382
370 Megas	367.678
500 Megas	496.488
520 Megas	519.446
1,000 Megas	937.191
1,020 Megas	952.978

Average download speed for the month of December 2023, determined in accordance with and in compliance with the IFT guidelines.

Topic	Code	Metric	Answer
Competitive behavior and open internet	TC-TL-520a.3	Description of risks and opportunities associated with net neutrality, paid peering, zero-rating, and related practices	The Internet access service will be provided in accordance with article 145 of the Federal Telecommunications and Broadcasting Law, as well as the provisions of the guidelines for traffic management and network administration. Consequently, the internet access service is subject to the principles: I. Free choice. Subscribers of Internet access services may access any content, application or service offered by MEGA, within the applicable legal framework, without limiting, degrading, restricting or discriminating against access to them. They may not limit subscribers' right of Internet access service to incorporate or use any type of instruments, devices or apparatus that connect to their network, as long as they are approved. II. Nondiscrimination. MEGA will refrain from obstructing, interfering, inspecting, filtering or discriminating against content, applications or services. III. Privacy. MEGA will preserve the privacy of subscribers and the security of the network. IV. Transparency and information. MEGA makes available to subscribers on its internet portal information related to the characteristics of the service offered, including traffic management and network administration policies, as well as speed and quality. V. Traffic management. MEGA also takes the necessary measures or actions for traffic management and administration of the network, in accordance with current provisions to guarantee the quality or speed of the service contracted by the subscriber. VI. Quality. MEGA preserves the minimum quality levels established by current provisions for this purpose. VII. Sustained development of infrastructure. MEGA promotes the sustained growth of telecommunications infrastructure. MEGA's goal is to maintain the permanence of our services, ensure the free choice of subscribers, non-discriminatory treatment, privacy and inviolability of communications, as well as maintain the quality, capacity and speed of the contracted services based on international standards, good practices in the telecommunications industry and applicable regulations. However, our services may be affected by: I. Technically verifiable risk to the integrity and security of the network, to the privacy of subscribers or to the inviolability of their private communications; II. Exceptional and temporary network congestion, subject to there being no discrimination between similar types of traffic; and III. Emergency situations or disasters that put the operation of the network at risk. The selection of service priority considers the tolerance to errors in the communication protocol, so the highest is voice, followed by video and then data. On the other hand, MEGA recommends keeping terminal equipment (Laptop, PC, smartphones, among others) in optimal condition and with technical characteristics according to the needs of use (approved equipment), with the latest updates available from the manufacturer or operating system developer, have antivirus and preferably contain security tools for Internet browsing, as well as have legal software. With the above, the vulnerability of sensitive information on the Internet will be significantly reduced, maintaining the experience of the contracted service.

Topic	Code	Metric	Answer
Managing systemic risks from technology disruptions	TC-TL-550a.1	System average interruption duration, system average interruption frequency and customer average interruption duration	During 2023, we had an average customer complaint response time of 1.93 days. Additionally, we keep track of the number of customer complaints per month, having a complaints average of 4.0% annually of our total subscriber base.
	TC-TL-550a.2	Discussion of systems to provide unimpeded service during service disruptions	- There are managers dedicated to monitoring where millions of data are collected and processed in real time, correlating and guaranteeing the stability of the services provided to customers. - There are trained staff at different attention levels within the network monitoring center that operates 24/7, 365 days a year. - There are continuous network assurance routines and processes documented in the quality processes, which guide and help understand the executions that prevent critical and/or significant business interruptions. - There are alignments with industry standards in relation to service availability, which must be above 99.4%. - In the event of a natural disaster or other emergency, network recovery procedures and service functionality have been implemented, mobilizing critical resources in the affected sites, seeking to address customers' needs and return or restore service in the communities affected as soon as possible.

Activity metrics

Code	Activity metric	Answer
TC-TL-000.A	Number of wireless subscribers	Mobile services subscribers 433,388
TC-TL-000.B	Number of wireline subscribers	Fixed telephony subscribers 4,082,055
TC-TL-000.C	Number of broadband subscribers	Internet subscribers 4,721,552 Video subscribers 3,914,090
TC-TL-000.D	Network traffic	During 2023, there was a maximum consumption of 16.62 Tbps downstream traffic and 0.99 Tbps upstream traffic distributed among the different technologies and regions, which are not feasible to divide for privacy reasons.

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

CONSOLIDATED FINANCIAL STATEMENTS

December 31 2023 and 2022
With Independent Auditors' Report
(Translation from Spanish, the Original Language)

Independent Auditor's Report

(Translation from Spanish, the Original Language)

To the Board of Directors and Shareholders
Megacable Holdings, S.A.B. de C.V.

(In thousands of Mexican Pesos)

Opinion

We have audited the consolidated financial statements of Megacable Holdings, S.A.B. de C.V. and subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in stockholders´ equity and cash flows for the years then ended, and notes, comprising material accounting policies, and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Megacable Holdings, S.A.B. de C.V. and subsidiaries as at December 31, 2023 and 2022, and its consolidated results and its consolidated cash flows for the years then ended, in accordance with IFRS Accounting Standard issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the 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 audit of the consolidated financial statements in Mexico, and we have fulfilled our 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 (KAM) are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Evaluation of the goodwill impairment test

See note 11 to the consolidated financial statements.

The Key Audit Matter

The goodwill as at December 31, 2023 was $4,366,058, and represented 6.4% of the Group's total consolidated assets as at that date, of which $4,054,576 corresponded to the following Cash Generating Units (CGU): $1,242,205 to the Bajío CGU; $1,104,865 to the Central CGU, $693,805 to the Southeast CGU, $429,492 to the Pacific CGU, $318,640 to the Michoacán CGU and $265,569 to the Western CGU.

The Group analyzes the impairment of goodwill due to the occurrence of internal or external impairment indicators, or at least once a year.

We have identified the goodwill impairment test evaluation of these six CGUs as a key matter in our audit because the recovery value determination involves significant judgments. Specifically, the assumptions of the long-term growth rate, discount rate and reasonableness of cash flow projections used to calculate the recoverable value of CGUs are complex and any minor change to these assumptions would represent a significant impact.

How our matter was addressed in our audit

The main procedures we performed to address this key audit matter included the following:

We performed a sensitivity analysis on the longterm growth rate and discount rate assumptions to assess their impact on determining the recovery value of the CGUs mentioned above.

We evaluated the long-term growth rates projected by the Group for these CGUs, comparing the growth assumptions with publicly available information.

We compared the Group's historical cash flow projections with current results to assess the Group's ability to make projections. We also involved our valuation specialists, who assisted us with:

- Evaluating the discount rate used in the valuation, when comparing it with a range of discount rate that was estimated independently using public information available for comparable entities; and

- Calculating the recovery value of the CGUs mentioned above, using the Group's cash flow projections and previously evaluated and using the discount rate calculated independently, and compare the results with the estimates made by the Group.

Other information

Management is responsible for the other information. The other information comprises the information included in the Group's Annual Report for the year ended December 31, 2023, which must be submitted to the National Banking and Securities Commission and the Mexican Stock Exchange ("the Annual Report") but does not include the consolidated financial statements and our auditor's report thereon. We expect that the Annual Report will be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information as it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, when we read the Annual Report, we conclude that there is a material misstatement of this other information, we are required to report that fact to those responsible for the entity's governance.

Responsibilities of Management and those Charged with Governance of the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the accompanying consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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 it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, we conclude 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 auditors' 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 auditors' 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 a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding 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 audit. We remain 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 significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are, 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.

KPMG Cárdenas Dosal, S. C.

C. P. C. Jorge O. Pérez Zermeño

Guadalajara, Jalisco. April 24, 2024

MEGACABLE HOLDINGS, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated Statement of Financial Position

December 31, 2023 and 2022 | (Thousands of Mexican pesos)

These financial statements have been translated from Spanish, the original language and for the convenience of foreign/English-speaking readers.

ASSETS	Notes	2023	2022
Current assets:			
Cash and cash equivalents	5	$ 1,538,769	1,384,360
Accounts receivable, net	6	1,970,225	2,133,682
Value added tax and others		1,665,374	1,714,652
Inventories, net	7	768,373	652,581
Prepayments	8	1,110,639	680,006
Total current assets		7,053,380	6,565,281
Non-current assets:			
Prepayments	8	135,448	904,060
Accounts receivable, long-term	6	509,327	119,155
Property, networks and equipment, net	10	52,208,071	45,214,453
Right-of-use assets	18	2,045,428	1,941,439
Related parties	26	1,162,900	996,475
Goodwill, net	11	4,366,058	4,378,397
Other intangible assets, net	12	5,865	50,069
Other assets	27	997,798	438,962
Total non-current assets		61,430,895	54,043,010
Total assets		$ 68,484,275	60,608,291

LIABILITIES	Notes	2023	2022
Current liabilities:			
Banknotes payable and issuing debt securities	14 a) and 14 b)	$ 5,538,405	3,286,113
Financial instruments	13	62,355	-
Current portion of lease liabilities	18	195,733	120,830
Suppliers		3,340,798	4,166,996
Other accounts payable and accrued liabilities	15	1,238,784	713,454
Provisions	16	694,135	338,837
Deferred revenue	15	334,708	266,368
Related parties	18 y 26	69,198	165,020
Total current liabilities		11,474,116	9,057,618
Non-current liabilities:			
Banknotes payable, net of current portion	14 a)	8,331,859	3,448,524
Issuing debt securities	14 b)	7,000,000	7,000,000
Long-term lease liabilities, net of current portion	18	704,036	697,067
Related parties	18 and 26	718,927	592,458
Employee benefits	17	387,121	299,308
Deferred revenue	15	618,817	685,575
Deferred income tax	21	3,394,466	2,645,982
Total non-current liabilities		21,155,226	15,368,914
Total liabilities		32,629,342	24,426,532
EQUITY			
Controlling interest:	19		
Capital stock		910,244	910,244
Additional paid in capital		2,117,560	2,117,560
Reserve for the repurchase of shares		400,000	273,628
Retained earnings		31,096,364	30,930,210
Legal reserve		499,400	494,223
Other comprehensive income		(19,577)	(31,722)
Controlling interest		35,003,991	34,694,143
Non-controlling interest		850,942	1,487,616
Total equity		35,854,933	36,181,759
Total liabilities and equity		$ 68,484,275	60,608,291

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

Enrique Yamuni Robles
Chief Executive Officer

Luis Antonio Zetter Zermeño
Chief Administrative and Financial Officer

MEGACABLE HOLDINGS, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

Years ended December 31, 2023 and 2022 | (Thousands of Mexican pesos)

These financial statements have been translated from Spanish, the original language and for the convenience of foreign/English-speaking readers.

	Notes	2023	2022
Service revenues	26 and 29	$ 29,870,540	27,155,686
Cost of services	22 and 29	15,199,976	13,041,493
Gross profit		14,670,564	14,114,193
Selling expenses	22 and 29	7,974,833	6,778,550
Administrative expenses	22 and 29	616,474	770,506
Expected credit loss	6 and 22	39,533	50,773
Other income, net	23 and 29	151,666	60,112
Operating income		6,191,390	6,574,476
Finance income	24 and 26	349,481	370,908
Finance costs	24 and 26	(2,255,739)	(1,629,898)
Finance costs, net	29	(1,906,258)	(1,258,990)
Impairment of other permanent investment	27	-	(43,932)
Income before income tax		4,285,132	5,271,554
Income tax	21 and 29	(1,276,042)	(1,518,367)
Net profit		3,009,090	3,753,187

	Notes	2023	2022
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurement of post-employment benefit obligations		12,145	(35,496)
Comprehensive income, net		3,021,235	3,717,691
Net income attributable to:			
Company shareholders		2,841,835	3,584,776
Non-controlling interest		167,255	168,411
Net profit		3,009,090	3,753,187
Comprehensive income attributable to:			
Company shareholders		2,853,980	3,549,280
Non-controlling interest		167,255	168,411
Comprehensive income		$ 3,021,235	3,717,691
Basic and diluted earnings per share:			
Attributable earnings per common share of the controlling interest	20	1.65	2.08
Profit per Ordinary Share Certificate (CPO)	20	3.30	4.17

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

Enrique Yamuni Robles
Chief Executive Officer

Luis Antonio Zetter Zermeño
Chief Administrative and Financial Officer

MEGACABLE HOLDINGS, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated Statements of Changes in Stockholders´ Equity

Years ended December 31, 2023 and 2022 | (Thousands of Mexican pesos)

These financial statements have been translated from Spanish, the original language and for the convenience of foreign/English-speaking readers.

	Note 19	Share capital	Net premium on placement of shares	Provision for repurchase of shares	Retained earnings	Legal reserve	Other comprehensive income	Total controlling interest of share capital	Non-controlling interest	Total equity
Balance at January 1, 2022		$ 910,244	2,117,560	146,291	29,875,528	493,808	3,774	33,547,205	1,460,363	35,007,568
Application to legal reserve		-	-	-	(415)	415	-	-	-	-
Purchase and sale of own shares		-	-	127,337	(121,637)	-	-	5,700	-	5,700
Dividends		-	-	-	(2,418,083)	-	-	(2,418,083)	(141,158)	(2,559,241)
Ori effect of IAS 19		-	-	-	10,041	-	-	10,041		10,041
Effects on results of previous years		-	-	-		-	-			
Comprehensive income		-	-	-	3,584,776	-	(35,496)	3,549,280	168,411	3,717,691
Balance at December 31, 2022		910,244	2,117,560	273,628	30,930,210	494,223	(31,722)	34,694,143	1,487,616	36,181,759
Application to legal reserve		-	-	-	(5,177)	5,177	-	-	-	-
Increase provision for repurchase of shares		-	-	95,649	(95,649)	-	-	-	-	-
Purchase and sale of own shares		-	-	30,723		-	-	30,723	-	30,723
Dividends		-	-	-	(2,538,547)	-	-	(2,538,547)	-	(2,538,547)
Reimbursement to stockholders non-controlling interest		-	-	-	-	-	-	-	(637,000)	(637,000)
Restructuring effect on non-controlling interest		-	-	-	-	-	-	-	(166,929)	(166,929)
Ori effect of IAS 19		-	-	-	(36,308)	-	-	(36,308)	-	(36,308)
Comprehensive income		-	-	-	2,841,835	-	12,145	2,853,980	167,255	3,021,235
Balance at December 31, 2023		**$ 910,244**	**2,117,560**	**400,000**	**31,096,364**	**499,400**	**(19,577)**	**35,003,991**	**850,942**	**35,854,933**

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

Enrique Yamuni Robles
Chief Executive Officer

Luis Antonio Zetter Zermeño
Chief Administrative and Financial Officer

MEGACABLE HOLDINGS, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended December 31 2023 and 2022 | (Thousands of Mexican pesos)

These financial statements have been translated from Spanish, the original language and for the convenience of foreign/English-speaking readers.

	2023	2022
Operating activities:		
Net profit	$ 3,009,090	3,753,187
Items related to investment activities:		
Allowance for credit losses	39,533	50,773
Depreciation	6,696,602	5,813,497
Depreciation of leases	160,940	147,975
Amortization	346,197	258,540
Loss on sale of property, system, and equipment	266,267	(258,049)
Interest income	(299,145)	(268,271)
Allowance for obsolete inventories	7,286	6,183
Impairment of goodwill	12,339	-
Impairment of other permanent investment	-	43,932
Income tax	1,276,042	1,518,367
Items related to financing activities:		
Interest expense	2,217,733	1,415,431
Unrealized exchange rate fluctuations	245,680	2,634
Subtotal	13,978,564	12,484,199
Changes in working capital:		
Accounts receivable	111,318	(182,419)
Value added tax and others	49,278	(472,796)
Related parties, net	308,490	9,648
Inventories	(123,078)	(227,955)
Prepayments	(430,633)	(333,425)
Suppliers	(943,651)	(1,074,295)
Other accounts payable	1,053,501	1,539,161
Deferred revenue	1,582	(35,797)
Employee benefits	87,814	75,917
Net cash flows from operating activities	14,093,185	11,782,238
Paid employee profit-sharing	(172,874)	(218,895)
Income tax	(527,558)	(1,294,806)
Net cash from operating activities	13,392,753	10,268,537

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

	2023	2022
Investing activities:		
Prepayments	721,219	282,947
Accounts receivable, long-term	(390,172)	(119,155)
Amounts collected on loans to related parties	100,352	114,963
Proceeds from the sale of property, networks, and equipment	50,705	19,189
Acquisition of other investments	(1,800)	-
Acquisition of machinery, furniture, and equipment	(14,033,251)	(14,269,219)
Other non-current assets	(788,485)	(423,477)
Decrease in intangible assets	-	(201)
Investment in financial instruments	62,355	-
Acquisition of intangible	-	(3,534)
Interest income	259,612	284,786
Net cash flows from investing activities	(14,019,465)	(14,113,701)
Financing activities:		
Loans granted to related parties	(227,243)	(211,077)
Payment of bank loans	(3,250,071)	(2,927,133)
Payment of finance lease liabilities	(505,540)	(1,626,650)
Dividend payments	(2,538,547)	(2,559,241)
Minority shareholder redemptions	(637,000)	-
Restructuring effect on non-controlling interest	(166,929)	-
Other capital movements	(24,163)	(25,455)
Purchase and sale of own shares	30,723	5,700
Banknotes payable and debt securities	10,091,860	10,082,145
Interest expense	(1,923,895)	(1,211,463)
Net cash flows from financing activities	849,195	1,526,826
Net increase (net decrease) in cash and cash equivalents	222,483	(2,318,338)
Cash and cash equivalents:		
At the beginning of the year	1,384,360	3,696,307
Unrealized exchange fluctuation of cash and cash equivalents	(68,074)	6,391
At the end of the year	$ 1,538,769	1,384,360

Enrique Yamuni Robles
Chief Executive Officer

Luis Antonio Zetter Zermeño
Chief Administrative and Financial Officer

MEGACABLE HOLDINGS, S.A.B. DE C.V. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022 | (Thousands of Mexican Pesos)

These financial statements have been translated from Spanish, the original language and for the convenience of foreign/English-speaking readers.

(1) GROUP INFORMATION-

Megacable Holdings, S.A.B. de C.V. (the "Company" or "Group") is a public company with variable capital and incorporated under Mexican law, as well as its subsidiary Mega Cable, S.A. de C.V. (Mega Cable or MEGA CABLE). The Group is controlled indirectly by the Bours and Mazón Families and the Trust held with Mexican development bank Nacional Financiera, S.N.C. The subsidiary Mega Cable also controls a group of companies engaged in the installation, operation, maintenance, and use of Public Telecommunications networks that distribute cable television, internet and telephone signal systems, and business solutions provided for the business segment. The Group is listed on the Mexican Stock Exchange and has a presence in more than 26 states across Mexico. The Group has determined that its normal cycle of operations starts on January 1 and ends on December 31 of each year.

The Group's headquarters are located at Av. Lázaro Cárdenas 1694, Col. Del Fresno, Zip Code 44900 in Guadalajara, Jalisco, México.

The accompanying consolidated financial statements include the Group's figures, including joint ventures and associates, as at December 31, 2023 and 2022, in which the Group exercises significant influence and control, respectively. (See Note 2b)

Telecommunications Reform

On June 11, 2013, the Official Gazette of the Federation published the Decree reforming and adding various provisions to Articles 6, 7, 27, 28, 73, 78, 95, and 105 of the Mexican Constitution regarding "Telecommunications," which establishes the obligation for Congress to issue the single Legal Order on regulatory convergence for the use, operation, and exploitation of the radioelectric spectrum, telecommunications networks, as well as the provision of broadcasting and telecommunication services.

The Federal Telecommunications Institute (IFT or "Institute") was created on September 10, 2013, and the Decree issuing the Federal Telecommunications and Broadcasting Act (the "Law") was published in the Official Gazette of the Federation on July 14, 2014, along with the amendment and repeal of various Telecommunications and Broadcasting provisions. The Decree entered into force on August 13, 2014.

In compliance with the Eighth Transitory Article, Section III of the constitutional amendments decree, the IFT Plenary in its V Extraordinary Meeting approved the resolution on preponderance and established various measures for the Preponderant Economic Agents (PEA) in the telecommunications and broadcasting sectors, respectively, to keep from affecting free trade and competition, through Agreement P/IFT/EXT/060314/76, which affected the Group with the corresponding measure and asymmetric interconnection charges for calls ending in the network of the PEA in telecommunication services TELCEL/TELMEX/TELNOR.

Furthermore, said Resolution established, in Appendix 3, the measures that allow an effective unbundling of the local PEA network so that other telecommunication companies can access the physical, technical and logical means of connection between any terminal point of the public telecommunications network and the access point to the local network belonging to said agent. Thus, on February 27, 2018, through Agreement P/IFT/270218/130, the final plan for the implementation of functional separation of the PEA was approved, which, after changes approved by the Authority, had a September 30, 2019 deadline for migration of personnel, transfer of resources and transfer of network and infrastructure elements, thus giving rise to the functional separation of Telmex and Telnor.

Consequently, through the implementation of the final functional separation plan and the application of different measures imposed on the PEA, on March 4, 2020, the IFT approved the concession titles for Red Nacional Última Milla, S.A.P.I de C.V. and Red Ultima Milla del Noroeste, S.A.P.I de C.V, companies created to provide services for the PEA's telecommunications wholesale division. Thus, as at March 6 of said year, these companies began operations independently from Telmex and Telnor.

In accordance with the Preponderance Resolution and the Law, the Institute Plenary has adopted different general Administrative Provisions and resolutions, including the Minimal Technical Conditions and Cost Models used to determine the Interconnection rates annually since 2015, and the applicable rate for 2022 was published in 2023. Similarly, the reference offers of the Preponderant Economic Agent in the telecommunications sector, which include Wholesale Services of Dedicated Links, Infrastructure Sharing and Local Loop Unbundling, as well as the Measures imposed biannually to the PEA and the approval of different cost models, allow to determine the prices for the services of Dedicated Links, Unbundling and Sharing Infrastructure, which allow MEGA CABLE to request and/or dispute rates in the services offered, as well as the use of the available infrastructure of TELMEX and TELNOR and Red Nacional Última Milla, S.A.P.I de C.V. and Red Ultima Milla del Noroeste, S.A.P.I de C.V.

As for the Group, in January 2016, MEGA CABLE was granted a single concession title which considers national coverage within its content, valid of 30 years, which allows the provision of any type of technically-feasible telecommunications service, allowed by the infrastructure to be provided in any part of the Mexican territory (and only requesting, where appropriate, the necessary radio spectrum). This title establishes the obligations corresponding to the dealer, such as: registering the services that they intend to provide; information on passive and active infrastructure, transmission media and rights of way; coverage programs, investment, quality and coverage commitments; not engaging in discriminatory practices; establishing and publishing a Code of Business Practices; having parental control regarding programming directed at children and adolescents; providing information to the IFT and allowing verification at the facilities; filing the audited financial statements, and others.

Legal Framework - Regulatory Interconnection of Networks with Other Operators 2023 and 2022.
Since 2015, the dispute over interconnection rates has been performed mechanically and with prior knowledge of the terms of the resolution issued by the IFT, since in the last quarter of each year, the Institute publishes the interconnection rates to be applied the following year. Therefore, the established rates applicable in case of interconnection disagreements between operators during 2023 and 2022 were following:

Operators Other Than Preponderant Operators

Line item	2023 Rate	2022 Rate
For termination of local service to mobile users under the "caller pays" modality	$ 0.046104	0.068363
For termination of short messages by mobile users	0.013706	0.016256
For termination of local service used by fixed users	0.003553	0.003520
For termination of short messages by fixed users	0.011933	0.011844
For origination services for local service by fixed users	$ N/A	N/A
For transit services	N/A	N/A

In 2019, the obligation that TELCEL/TELMEX/TELNOR as part of the PEA should no longer charge the Group for the termination services on the network of said Preponderant Economic Agent was no longer in effect; however, the asymmetric rates continued to prevail.

Therefore, for the year 2023 in relation to 2022, the following Interconnection rates with the PEA applied:

Line item	2023 Rate	2022 Rate
For termination of local service to mobile users under the "caller pays" modality	$ 0.014294	0.017118
For termination of short messages by mobile users	0.008824	0.009419
For origination services for local service by fixed users	0.003126	0.003097
For transit services on mobile networks	0.002195	0.002194
For termination of local service used by fixed users	0.002885	0.002862
For fixed network transit services	0.003572	0.003561

The operators that asked the IFT to resolve disputes regarding interconnection rates for 2023 with MEGA CABLE were:

GRUPO TELEVISA, ROBOT COMUNICACIONES, TELCEL, TELMEX/ TELNOR, COMUNÍCALO DE MÉXICO, VINOC, MARCATEL COM, IENTC, CLEARCOM COMUNICACIONES.

These disputes related to obtaining the interconnection charges are based on Article 129 of the Law, which establishes that no later than by July 15 of each year, the concessionaires must file with the Institute, the dispute corresponding to the interconnection charges applicable to the following year. Should they fail to do so, they will not be able to apply the charges under the resolution the following year.

The Institute resolved the applicable rates for fiscal year 2023 based on the total cost model that a company could avoid in the long term if it stopped providing the relevant interconnection service but continued to provide the rest of the services, besides allowing the recovery of common costs through allocation of costs and for fiscal year 2023 based on cost models with a Long-Term Average Incremental Cost approach, used to determine the update, taking into account the service demand information, the prices of the inputs used, the weighted-average cost of capital, the exchange rate and the inflation based on the expected average for 2023, which resulted in an impact for the Group as a consequence of the financial increase or decrease regarding the considerations for interconnection services paid by MEGA CABLE, for the operators disputing such rates for that annuity, as indicated in the preceding paragraph, since, some of these ends with a greater number of minutes in the networks of other companies, due to the larger amount of subscribers it has. This impact will depend on the monthly number of minutes MEGA CABLE ends in the network of each company during 2023. Among the operators other than PEA for the marginal cost of the termination rates, no significant changes are represented regarding income or expenses.

MEGA CABLE asked the Telecommunications operators listed below to negotiate new interconnection conditions and also negotiated interconnection disagreements in 2022 with the IFT for this same list of operators and signed Interconnection Agreements in accordance with the resolutions issued by the Institute for the year 2023.

AXTEL, GRUPO TELEVISA, ROBOT COMUNICACIONES, TELCEL, TELMEX – TELNOR, MARCATEL COM, IENTC, PEGASO PCS, TOTAL PLAY TELECOMUNICACIONES, STARSATEL, MAXCOM TELECOMUNICACIONES, GRUPO AT&T, CELMAX MÓVI, CLEARCOM COMUNICACIONES, COMUNICALO DE MEXICO, INBTEL, SERVNET MEXICO, OPENIP COMUNICACIONES, VINOC, VALOR AGREGADO DIGITAL, UC TELECOMUNICACIONES, TELIGENTIA, TELECOMMERCE ACCES SERVICE, KIWI NETWORKS, COEFICIENTE COMUNICACIONES, DIRECTO TELECOM, DIALOGA GROUP TELECOM, CONVERGIA DE MEXICO, ALTATA COMUNICACIONES DE MEXICO, ALESTRA SERVICIOS MÓVILES.

In order to obtain access to the rates resolved by the Institute, the company must obtain a resolution by this authority to support the rate for the year in question, in the understanding that said resolution is subject to tax. In other words, it gives rise to the obligation for the corresponding concessionaires regarding its application and compliance. The legal grounds supporting the Interconnection disputes are found in Article 129 of the Law, which states the dispute process mechanisms and the deadlines pending resolution by the Institute. MEGA CABLE applies the rates established in the Interconnection Agreements as long as the operators do not request the application of the new rates in accordance with the Interconnection Agreements.

SIGNAL RETRANSMISSION

MEGA CABLE continues to be bound to the obligation to retransmit, free of charge, the open broadcast signal rights held by TELEVISA, IMAGEN, TV AZTECA and others local signals, on the network within its coverage areas, except for declared markets with substantial power, as well as Federal Public Institution signals.

In multiprogrammed signals, the obligation is limited to retransmit those with the highest-rated audiences, with the exception of Federal Public Institutions to which the obligation for retransmission does apply.

Regarding all the processes described in the preceding paragraphs of this note, the conclusion, at the date of issue of the consolidated financial statements, is that there is no material impact on the Group's financial position.

(2) SUMMARY OF MATERIAL ACCOUNTING POLICIES-

The Company has consistently applied the following material accounting policies to the consolidated financial statements and have been applied constantly by the Company, unless otherwise specified:

(a) Basis of preparation and authorization-

The Group's consolidated financial statements as at December 31, 2023 and 2022 and for the years then ended have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the Accounting Standards Board. IFRS Accounting Standards include: i) Accounting Standards ("IFRS"); ii) International Accounting Standards ("IAS"); iii) Interpretations by the International Accounting Standard Committee ("IASC"); and iv) Interpretations by the Standard Interpretations Committee ("SIC"). The consolidated financial statements have been prepared on a historical cost basis.

The preparation of the consolidated financial statements in accordance with Accounting Standards IFRS requires that certain critical accounting estimates be made. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Changes in assumptions could potentially have a material impact on the consolidated financial statements for the period. Management considers that the assumptions are appropriate. The areas that require a higher degree of judgment or complexity, or the areas in which the estimates and assumptions are important for the consolidated financial statements are disclosed in Note 4.

(b) Consolidation and investments in joint arrangements and shares-

a) Subsidiaries

Subsidiaries are all the entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When the Group's interest in subsidiaries is less than 100%, the interest attributed to external shareholders is reflected as non-controlling interest.

Subsidiaries are consolidated from the date they are controlled by the Group and cease to be consolidated when said control is lost. For the purposes of consolidation, the Group consolidates three subsidiaries over which it has control with a 51% share.

The Group uses the purchase method of accounting to recognize its business acquisitions. The consideration paid for the acquisition of a subsidiary is based on the fair value of the net assets transferred, the liabilities assumed, and the capital issued by the Group. The consideration for an acquisition also includes the fair value of those contingent amounts to be collected or paid as part of the agreement. Acquisition-related costs are recognized as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are generally initially recognized at their fair values at the acquisition date. The Group recognizes the non-controlling interest in the acquired entity either at fair value at the acquisition date or at the proportional value of the identifiable net assets of the acquired entity.

If the business combination is presented in stages, the book value of the acquirer's previous interest in the acquiree at the acquisition date is adjusted to the fair value at the acquisition date, and any differences are recognized in profit or loss.

The excess of the consideration transferred, the non-controlling interest in the acquired entity, and the fair value of any previous participation (if applicable) of the Group in the acquired entity (if applicable) over the fair value of the assets identifiable net of the acquired entity is recognized as goodwill. If such comparison gives rise to an advantageous purchase, such as a purchase at a bargain price, the difference is recognized directly in the consolidated statement of comprehensive income.

Any contingent consideration to be paid by the Group is recognized at its fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration recognized as an asset or liability are recognized in accordance with IAS 39 either in income or in comprehensive income. The contingent consideration that is classified as capital does not require adjustment, and its subsequent settlement is recorded in equity.

Transactions, balances, and unrealized profits or losses resulting from operations between Group companies have been eliminated. The accounting policies applied by the subsidiaries have been modified to ensure their consistency with the accounting policies adopted by the Group, where necessary.

The companies listed below are those over which the Group has control and that are included in the consolidated financial statements (all subsidiaries are variable capital companies, except for Liderazgo Empresarial en Tecnologías de la Información, Servicios Especiales Turandot, and Werther Administración Integral, which are equity firms):

	Shareholding		
Subsidiary	**2023**	2022	Corporate Purpose
Mega Cable	100	100	Holder and lessor of infrastructure to subsidiaries.
Telefonía por Cable	100	100	Operations in the cable systems of Sinaloa, Sonora, Occidente (West), Centro (Central Mexico), the Gulf (Golfo) region, Chiapas, the State of Mexico, León, and Los Cabos, among others.
MCM Holding (MCM)	100	100	Local telephone services in Mexico City, Guadalajara, and Monterrey.
Liderazgo Empresarial en Tecnologías de la Información (Ho1a)(*)	-	100	The holding company and its subsidiaries are engaged in the provision of installation services and the sale of communication services in Mexico City, Guadalajara, Monterrey, and Cancún, among others.
Ceys Networks (*)	100	-	The holding company and its subsidiaries are engaged in the provision of installation services and the sale of communication services in Mexico City, Guadalajara, Monterrey, and Cancún, among others.

	Shareholding		
Subsidiary	**2023**	2022	Corporate Purpose
Productora y Comercializadora de Televisión (PCTV)	84.12	82.52	Purchase and sale of national and international television signals, sale of television ads and advertising spaces, and the production and co-production of programs.
Myc Red	51.00	51.00	Operations in the cable systems primarily in Sahuayo and Jiquilpan, Michoacán.
TV Cable del Golfo	100	100	Technical staff services.
Servicios Técnicos de Visión por Cable	100	100	Technical staff services.
Mega Ventas	100	100	Sales staff services.
Servicios de Administración y Operación	100	100	Administrative staff services.
Tele Asesores	100	100	Administrative staff services.
Entretenimiento Satelital	95.00	95.00	Operation of the "video rola" channel.
Servicios Especiales Turandot	100	100	Leasing of equipment and infrastructure for the provision of telephone services.
Werther Administración Integral	100	100	Leasing of equipment and infrastructure for the provision of telephone services.
Servicio y Equipo en Telefonía, Internet y Televisión	51.00	51.00	Holder of the subscriber rights for the Michoacán and Zacatecas systems, among others.
Corporativo de Comunicación y Redes de GDL (**)	-	51.00	Leasing of equipment and infrastructure for the provision of cable, internet, and telephone services.
Construcciones TQR (***)	51.00	-	Leasing of equipment and infrastructure for the provision of cable, internet, and telephone services.

(*) Companies merged on Octuber 31, 2023 where the merging company is Ceys Networks, S.A. de C.V.
(**) Company belonging to the Group until May 2, 2023.
(***) Company included into the Group as May 2, 2023.

b) Changes in ownership interest in subsidiaries without loss of control

The Group recognizes transactions with non-controlling shareholders as transactions between Group shareholders. When acquiring non-controlling interest, the difference between the consideration paid and the interest acquired in the subsidiary measured at its book value is recorded in equity. Profits or losses on the disposal of an interest in a subsidiary that does not imply loss of control by the Group, are also recognized in equity.

c) Disposal of subsidiaries

When the Group loses control of an entity, any interest retained in said entity is measured at its fair value and the effect is recognized in profit or loss. Subsequently, said fair value is considered the initial book value for purposes of recognizing the retained interest in an associate, joint venture, or financial asset, as applicable. In like manner, the amounts previously recognized in other comprehensive income in relation to that entity are canceled as if the Group had directly disposed of the respective assets or liabilities. This means that the amounts previously recognized in other comprehensive income are reclassified to income for the year.

d) Joint venture

The Group applies Accounting Standards IFRS 11 to all of its joint arrangements. Under Accounting Standards IFRS 11, investments in joint arrangements are classified as joint operations or joint ventures depending on each investor's contractual rights and obligations. The Group has analyzed the nature of its joint arrangements and determined that they are joint ventures. Interest in joint ventures is recognized using the equity method.

Under the equity method, interest in joint ventures is initially recognized at cost and subsequently adjusted to recognize the Group's share of post-acquisition profits and losses, as well as movements in other comprehensive income. When the Group's interest in the loss of a joint venture equals or exceeds its interest in the joint venture (including any long-term interest that is substantially part of the Group's net investment in the joint venture), the Group does not recognize any additional losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealized gains on transactions between Group companies and their joint ventures are eliminated to the extent of the Group's interest in the joint venture. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies have been changed, where necessary, so as to ensure consistency with the policies adopted by the Group.

The Group, as well as investors Televisa and Telefónica jointly invested in Grupo de Telecomunicaciones de Alta Capacidad, S.A.P.I. de C. V. (GTAC). See Note 9.

(c) Adoption of new and revised International Financial Reporting Standards-

i) Application of the revised International Financial Reporting Standards ("IFRS" or "IAS") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for the current year.

In the current year, the Entity has applied the modifications and interpretations to IFRS mentioned below issued by the International Accounting Standards Board ("IASB") that are effective for the reporting period beginning on 1 January 2023. The adoption has not had any material impact on the disclosures or amounts in these consolidated financial statements.

IFRS 17 Insurance Contracts

The IFRS 17 establishes the principles for the recognition, measurement, presentation, and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

The IFRS 17 describes a general model, which is modified for insurance contracts with direct participation features, described as the Variable Fee Approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach.

The general model will use current assumptions to estimate the amount, timing and uncertainty of future cash flows and it will explicitly measure the cost of that uncertainty, it considers market interest rates and the impact of policyholders' options and guarantees.

Amendments IAS 1 Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current and non-current in the consolidated statement of financial position and not for the amount or time in which any asset, liability, income, or expense is recognized, or the information disclosed about of those figures.

The amendments clarify that the classification of liabilities as current and non-current is based on the rights of existence at the end of the reporting period, specifying that the classification is not affected by expectations about whether the entity will exercise the right to defer the cancellation of the liability, explain that there are rights if there are agreements that must be fulfilled at the end of the reporting period, and introduce a definition of the 'agreement' to make it clear that the agreement refers to the transfer of cash from the counterparty , equity instruments, other assets or services.

Modifications to IAS 1 – Disclosure of accounting policies

The Entity adopted "Accounting Policy Disclosures" (IAS 1 Improvements and IFRS 2 Accounting Standards Practice Statement) effective January 1, 2023. The respective improvements require disclosure of "material" accounting policies instead of "significant." The improvements did not result in any change in the policies used by the Entity by themselves and had no impact on the policies disclosed below.

Modifications to IAS 8 – Definition of accounting estimates

The IASB has issued Definition of Accounting Estimates (Amendments to IAS 8) to help entities distinguish between accounting policies and accounting estimates. The changes to IAS 8 focus entirely on accounting estimates and clarify the following:

- The definition of a change in accounting estimates is replaced by a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in the consolidated financial statements that are subject to measurement uncertainty."
- Entities develop accounting estimates if accounting policies require that items in the consolidated financial statements be measured in a manner that involves measurement uncertainty.
- The IASB clarifies that a change in accounting estimate resulting from new information or new developments is not the correction of an error. Additionally, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they are not the result of correction of prior period errors.
- A change in an accounting estimate may affect only the profit or loss of the current period, or the profit or loss of both the current period and future periods. The effect of the change related to the current period is recognized as income or expense in the current period. The effect, if any, on future periods is recognized as income or expense in those future periods.

International tax reform – Pillar Two Model Rules (Amendments to IAS 12)

The IASB published International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12) to respond the concerns of interested parties about the potential implications of the imminent application of the Organization for Economic Co-operation and Development's (OECD) Pillar Two guidelines in the accounting of the profit tax. In March 2022, the OECD published technical guidance on its 15% global minimum tax, agreed as the "Pillar Two" of a project to address the tax challenges arising from the digitalization of the economy. This guidance details the application and operation of the agreed Global Base Erosion (GloBE) Rules published in December 2021, which establish a coordinated system to ensure that multinational companies with revenues exceeding 750 million euros pay a tax of at least 15% on the profit generated in each of the jurisdictions in which they operate. The IASB decided to respond to the concerns of interested parties about the possible implications of the imminent application of these standards in the accounting of income tax by jurisdictions, since different situations are envisioned that would imply very complicated calculations of the deferred tax in a situation that it is very volatile due to the fact that jurisdictions apply OECD rules at different speeds and at different times. Due to the many unknown variables involved, the IASB decided to develop a mandatory exemption until the global tax system has been settled and restored and the IASB can fully assess the situation and offer an appropriate solution.

Therefore, the amendments to the International Tax Reform –Pillar Two Model Rules (IAS 12 Amendments) are:

- An exception to the requirements of IAS 12 for an entity not to recognize and disclose information on deferred tax assets and liabilities related to OECD Pillar Two income taxes. The entity must disclose that it has applied the exception.
- A reporting requirement that obliges the entity to separately disclose the income tax expense (benefit) incurred related to Pillar Two income taxes.
- A disclosure requirement that in years in which Pillar Two legislation is enacted or substantively enacted but not yet in force, the entity discloses known or reasonably estimable information that assists users of the financial statements to understand the entity's exposure to the Pillar Two income tax derived from said legislation.
- The requirement that an entity apply the exception and the requirement to disclose that it has applied the exception immediately after issuance of the amendments and retrospectively in accordance with IAS 8. The remaining disclosure requirements are mandatory for annual fiscal years beginning on or after January 1, 2023.
- The IASB will continue to monitor developments in the implementation of the Pillar Two model Rules. It plans to undertake further work to determine whether the temporary exception should be removed - or made permanent - once there is sufficient clarity on how jurisdictions apply the rules and the corresponding effects on entities. In the case of Mexico, there are still no guidelines for the application of this regulation.

ii) New accounting standards not yet in effect

At the date of authorization of these consolidated financial statements, the Entity has not applied the following new and modified Accounting Standards IFRS that have been issued but are not yet effective:

IFRS 10 and IAS 28 (amendments)	Sale or contribution of assets between an investor and its associate or joint venture
Modifications to IAS 1	*Classification of debt with agreements.*
Modifications to IFRS 16	*Lease liability in a sale and leaseback.*
Modifications to IAS 7 and IFRS 7	*Financing agreements with suppliers.*
Modifications to IAS 21	*Lack of ability to exchange currencies*
IFRS 18	*Presentation and disclosure in the financial statements*

Management does not expect that the adoption of the standards will have a material impact on the Entity's consolidated financial statements in future periods, as indicated below:

Modifications to IFRS 10 and IAS 28 - Sale or contribution of assets between an investor and its associate or joint venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments establish that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in profit or loss, of the parent company only to the extent of the participation of unrelated investors in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in profit. or loss of the previous parent company, only to the extent of the participation of unrelated investors in the new associate or joint venture.

The effective date of the amendments has not yet been set by the IASB; however, early application is permitted. The Entity's management anticipates that the application of these modifications may have a material impact on the Entity's consolidated financial statements in future periods should such transactions arise.

Modifications to IAS 1 - Classification of debts with agreements

The IASB has published Non-current Liabilities with Covenants (Amendments to IAS 1) to clarify how the conditions that an entity must meet within twelve months of the reporting period affect the classification of a liability.

This amendment modifies the requirements introduced by the amendment to IAS 1 Classification of Liabilities as Current and Non-Current on how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances. Only covenants that an entity must comply with on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity must disclose information in the notes that allows users of the consolidated financial statements to understand the risk that non-current liabilities under covenants could become due within twelve months.

The modifications are applied retrospectively for annual periods beginning on or after January 1, 2024, with early application permitted.

Modifications to IFRS 16 – Lease liability in a sale and leaseback

The IASB has published Lease Liability on a Sale and Leaseback (Amendments to IFRS 16) which clarifies how a seller-lessee subsequently measures sale and sale and leaseback transactions that satisfy the requirements of the IFRS 15 to be accounted for as a sale.

A seller-lessee is required to subsequently measure the lease liabilities arising from a sale-leaseback in a manner that does not recognize any amount of gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in the income statement any gain or loss related to the partial or complete termination of a lease.

The modifications are effective for annual periods beginning on January 1, 2024 with the option of early application.

Modifications to IAS 7 and IFRS 7 – Financing agreements with suppliers

The amendments add a disclosure objective to IAS 7, requiring an entity to disclose information about its financing arrangements with suppliers that allows users of the consolidated financial statements to evaluate the effects that such arrangements have on the liabilities and cash flows of the entity. In addition, IFRS 7 was amended to add financing arrangements with suppliers as an example within the disclosure requirements on an entity's exposure to concentration of liquidity risk.

The term “supplier financing arrangements” was not defined. Instead, the amendments describe the characteristics of an arrangement about which an entity must disclose information.

To comply with the disclosure requirement, an entity will be required to disclose in aggregate for its financing agreements with suppliers, the following:

- The terms and conditions of the agreements.
- The carrying amount, and the associated items presented in the Entity's statement of financial position, of the liabilities that form part of the agreements.
- The carrying amount and associated items for which suppliers have already received payment from financing providers.
- Payment due date ranges, both for financial liabilities that are part of a financing agreement with suppliers and comparable commercial debts that are not part of a financing agreement with suppliers.
- Information on liquidity risk.

The amendments, which contain specific transitional exemptions for the first reporting annual period in which an entity applies the amendments, are applicable to annual periods beginning on or after January 1, 2024, with early application permitted.

Lack of ability to exchange currencies (Amendments to IAS 21)
The IASB published lack of Interchangeability (Amendments to IAS 21), which contains guidance on specifying when a currency is interchangeable and how to determine the exchange rate when it is not.

The modifications consist of:

- Specify when one currency is interchangeable with another and when it is not - a currency is interchangeable when an entity can exchange that currency for the other through markets or exchange mechanisms that create enforceable rights and obligations without undue delay on the date of exchange valuation and with a specific purpose; one currency is not interchangeable with the other if an entity can only obtain a negligible amount of the other currency.

- Specify how an entity determines the exchange rate to apply when a currency is not exchangeable - when a currency is not exchangeable on the valuation date, an entity estimates the spot exchange rate as the rate that would have been applied to a currency in an orderly transaction between market participants on the valuation date and that would accurately reflect prevailing economic conditions.

- Require disclosure of additional information when a currency is not interchangeable - when a currency is not interchangeable, the entity shall disclose information that allows users of its financial statements to evaluate how the lack of interchangeability of a currency affects, or is expected to affect, to its financial performance, financial position, and cash flows.

The statement also includes a new appendix with application guidance on interchangeability and a new illustrative example. The amendments also extend to conformity amendments to IFRS 1, which previously referred to, but did not define, interchangeability.

The modifications are effective for annual periods beginning on the 1st. January 2025 with early application option. Entities will not apply the modifications retrospectively. Instead, the entity shall recognize any effect of the initial application of the amendments as an adjustment to the opening balance of retained earnings when the entity reports foreign currency transactions. When an entity uses a presentation currency other than its functional currency, it will recognize the accumulated amount of translation differences in consolidated stockholders' equity.

The Entity's management is evaluating whether these modifications will have any material impact on the consolidated financial statements.

IFRS 18 "Presentation and disclosure in financial statements
IFRS 18 "Presentation and disclosure in financial statements" is mandatory as of January 1, 2027. IFRS 18 will change the way in which the statement of comprehensive income is presented and will disclose additional information in the notes to the financial statements, this includes disclosure of management performance measures that could form part of the financial statements. The Company is in the process of evaluating the possible impacts derived from IFRS 18."

(d) **Financial information by segments-**
The financial information by operating segments is presented in a way that is consistent with the information included in the internal reports provided to the Group's highest operational decision-making authority. This highest authority is responsible for allocating resources and assessing the performance of the Group's operating segments and is exercised by the Board of Directors made up of the management team at the C-Suite level (based at the Guadalajara facilities).

These segments are managed independently (massive and business) since the services provided and the markets, they serve are different. The Group performs its activities through various subsidiary companies. See Note 29.

(e) **Foreign currency transactions and balances-**
Foreign currency transactions are translated into functional currency using the exchange rates in force on the date the transaction was carried out or the exchange rate in effect on the valuation date when the line items are revalued. Profits and losses from exchange rate fluctuations that result either from the liquidation of such transactions or from the conversion of monetary assets and liabilities denominated in foreign currency at the exchange rates at year-end, are recognized in the statement of comprehensive income. Profits and losses from exchange rate fluctuations are recognized in finance income/expenses.

Functional and presentation currency
Since the Company and its subsidiaries use the Mexican peso as both their functional and presentation currency, there was no need to apply a translation process.

(f) **Cash and cash equivalents-**
In the consolidated cash flow statement, cash and cash equivalents include cash on hand, bank deposits on demand, and other short-term highly liquid investments with an original maturity of three months or less. Short-term investments are made through banking institutions, which consist of government debt financial instruments such as low-risk Treasury Certificates (CETES) with moderate returns. As at December 31, 2023 and 2022, the respective maturities of these investments are 28 days. See Note 5.

(g) **Prepayments-**
Prepayments represent disbursements (fees) made by the Group where the benefits and risks inherent in the goods to be acquired or the services to be received have not been transferred. Prepayments are recorded at cost under the consolidated statement of financial position under the prepayments and other assets caption. See Note 8.

(h) Accounts receivable-

Accounts receivable represent collection rights owed by customers and are originated by services provided by the Group in the normal course of business. If accounts receivables are expected to be recovered in a year or less, they are classified as current assets; otherwise, they are presented as non-current assets.

Accounts receivable are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest method, less the estimate of credit losses, if applicable. The estimate of expected credit losses is determined considering the probability of default and the severity of the loss of accounts receivable based on historical experience, current conditions and reasonable forecasts that are observed in their behaviors. The amount of the estimate for credit losses is the difference between the carrying amount recognized and the estimated amount to be recovered. See Note 6.

(i) Financial assets and liabilities-

Financial assets-

In accordance with the adoption of Accounting Standard IFRS 9 Financial Instruments, the Company classifies and measures its financial assets based on the business model the Company uses to manage its financial assets, as well as the characteristics of the contractual cash flows of said assets. In this manner, financial assets can be measured at amortized cost, at fair value through other comprehensive income, and at fair value through profit or loss. Management decides on the initial classification of its financial assets at the time of initial recognition. The purchase and sale of financial assets are recognized on the settlement date.

Financial assets are derecognized when the right to receive the related cash flows has expired or is transferred and the Company has transferred substantially all the risks and benefits derived from its ownership, as well as control of the financial asset.

i. Financial assets at amortized cost

Financial assets at amortized costs are those that i) are kept within a business model whose objective is to hold said assets to collect the contractual cash flows and ii) the contractual terms of the financial asset give rise, on specified dates, to cash flows that represent only payments for principal and interest on the on the outstanding principal.

ii. Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (OCI) are those whose business model is based on obtaining contractual cash flows and selling financial assets, in addition to their contractual conditions giving rise, on specific dates, to contractual cash flows that represent only payments for principal and interest on outstanding principal. As at December 31, 2023 and 2022, the Company does not hold financial assets to be measured at their fair value through other comprehensive income.

iii. Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss, in addition to those described in paragraph i of this section, are those that do not meet the characteristics to be measured at amortized cost or at fair value through other comprehensive results, since they i) have a business model that differs from those that seek to obtain contractual cash flows, or obtain contractual cash flows and sell financial assets, or ii) the cash flows they generate are not limited to payments of principal and interest on the outstanding principal.

Despite the classifications above, the Company may make the following irrevocable choices on initial recognition of a financial asset:

a. Present subsequent changes in the fair value of a capital instrument in other comprehensive income, as long as said investment (over which it has no significant influence, joint control or control) is not retained for trading purposes, or is a consideration contingent recognized as the result of a business combination.

b. Designate a debt instrument that meets the criteria to be subsequently measured at amortized cost or fair value through other comprehensive income, to be measured at fair value through income, if doing so eliminates or significantly reduces an accounting asymmetry that would arise from the measurement of assets or liabilities or the recognition of gains and losses on them on different bases.

As at December 31, 2023 and 2022, the Company has not made any of the irrevocable appointments described above.

Financial liabilities-

i. Initial measurement and recognition

Financial liabilities—including accounts payable—are initially recognized when these liabilities are issued or assumed, both contractually.

Unless they are an account payable without a material financing component, financial liabilities are initially measured and recognized at their fair value plus, in the case of financial liabilities not measured at fair value with changes in it, carried through comprehensive income, the transaction costs directly attributable to its acquisition or issue, when they are subsequently measured at amortized cost.

Financial liabilities are initially recognized at fair value and subsequently measured at their amortized cost.

ii. Derecognition

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability is recognized at fair value based on the new terms and conditions.

At the time of derecognition of a financial liability, the difference between the carrying amount of the extinguished financial liability and the consideration paid (including non-cash assets transferred or liabilities assumed) is recognized in profit and loss.

(j) Offsetting of financial instruments-

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to set off the amounts and the intention to either to settle them on a net basis or to realize the asset and settle the liability simultaneously The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or counterparty.

(k) Impairment of financial assets measured at amortized cost-

The Company uses the impairment model based on expected credit losses, applicable to the financial assets subject to such evaluation. The expected credit losses on these financial assets are estimated from the origin of the asset on each reporting date, taking as a reference the historical experience of the Company's credit losses, adjusted for factors that are specific to the debtors or groups of debtors, the general economic conditions and an evaluation of both the current direction and the forecast of future conditions.

Evidence of impairment may include indications that debtors or a group of debtors are experiencing significant financial difficulties, failure to pay or late payment of interest, the likelihood of bankruptcy or financial reorganization, as well as when observable data indicates that there is a measurable decrease in estimated future cash flows, such as changes in economic conditions correlated to non-payments.

For the loans and receivables category, the amount of the loss is the difference between the book value of the assets and the present value of the estimated future cash flows (excluding future credit losses that have not yet been incurred) discounted at the original effective interest rate of the financial asset. The book value of the asset is decreased, and the amount of the loss is recognized in the consolidated income statement. If a loan or investment held to maturity has a variable interest rate, the discount rate to measure any impairment loss is the current effective interest rate defined by the contract. The Group can measure impairment on the basis of the fair value of a financial instrument using its observable market price.

If, in a later period, the amount of the impairment loss decreases and said decrease is objectively related to an event that occurred after the date on which the impairment was recognized (such as an improvement in the credit quality of the debtor), the reversal of the impairment loss previously recognized is recognized in the consolidated statement of comprehensive income.

(l) Inventories-

The inventory is basically made up of consumable operating material and some spare parts that are used to guarantee the adequate maintenance of the cable signal system (network) in the normal course of business. Important spare parts and permanent maintenance equipment, which the Group expects to use for more than one period, and that could only be used in connection with a fixed asset, are recognized as part of the property, networks, and equipment line item. Inventories are recorded at acquisition cost or at their net realizable value, whichever is less. The cost is determined using the average cost method. The net realization value is the estimated sale price in the normal course of business less the corresponding variable selling costs. See Note 7.

(m) Property, networks, and equipment-

Property, networks and equipment are expressed at historical costs, less depreciation. Historical cost includes the expenses that are directly attributable to the acquisition of said assets. See Note 10.

Costs related to a line item incurred subsequent to initial recognition are capitalized, as part of that item or a separate item, as appropriate, only when it is probable that future economic benefits will flow to the Group and that it is able to reliably measure the cost. It should be noted that the Group builds most of its cable system networks and facilities and the internal costs, such as labor costs in construction projects and directly associated redistribution and adaptation expenses so that the asset is in place and in the conditions necessary for that work are capitalized when they generate future economic benefits. Thus, new customer connections costs in the mass cable market are capitalized as part of fixed assets, considering as cost of connection the cost of materials and labor incurred while extending the network to the customer's home.

The book value of the components replaced is derecognized. Maintenance and repair expenses related to daily property, networks and equipment services are recognized in the consolidated statement of comprehensive income at the time they are incurred.

Land is not depreciated. Depreciation of the remaining properties, networks and equipment is systematically determined on the value of the assets, on a straight-line basis, which is applied to the cost of the assets without including their residual value and considering their useful lives expected by Management, which are as follows:

Asset Description	Depreciation rate **2023**	Depreciation rate 2022	Estimated useful life **2023**	Estimated useful life 2022
Land	N/A	N/A	-	-
Buildings	2.5%	2.5%	40	40
Network and technical equipment for signal distribution				
Networks	6.64%	6.64%	15	15
Converters	10.00%	10.00%	10	10
Equipment	6.65%	6.65%	15	15
Cable modems	10.00%	10.00%	10	10
Laboratory equipment	7.11%	7.11%	14	14
Furniture and office equipment	5.67%	5.67%	18	18
Computer equipment	12.50%	12.50%	8	8
Transportation equipment	11.11%	11.11%	9	9
Leasehold improvements	20%	20%	5	5
Telecommunications equipment	5.67%	5.67%	18	18
Other				
Tools and equipment	8.33%	8.33%	12	12

The value of property, networks and equipment is reviewed when there are indicators of impairment in the value of said assets. When the recovery value, which is the higher between the sale price and its use value (which is the present value of future cash flows) is less than the net book value, the difference is recognized as an impairment loss. For the years ended December 31, 2023 and 2022, there were no indicators of impairment. See Note 2 o).

(n) Goodwill and intangible assets-

a) Goodwill

Goodwill arises from the acquisition of subsidiaries and represents the consideration transferred in excess of the Group's interest in the net fair value of the acquired entity's net identifiable assets, liabilities and contingent liabilities of the acquired entity and the fair value of the non-controlling interest in the acquired entity.

Goodwill on acquisitions of subsidiaries is included in intangible assets and is recognized at cost deducting accumulated impairment losses, which are not reversed.

For impairment testing purposes, goodwill acquired in a business combination is allocated to each Cash Generating Unit (CGU) or groups of cash generating units, which are expected to benefit from the synergies of the combination. Each unit or group of units to which goodwill has been assigned represents the lowest level within the entity to which goodwill is controlled for internal management purposes. Goodwill is controlled at the operating segment level.

Goodwill impairment reviews are carried out annually or more frequently if events or changes in circumstances indicate possible impairment. The book value of goodwill is compared to the recoverable amount, which is the highest value between the value in use and the fair value less costs of sale. Any impairment is recognized immediately as an expense and is not subsequently reversed.

As of December 31, 2023, goodwill impairment losses of $12,339 were recognized. See Note 11.

b) Customer bases

Intangible assets acquired during 2022 that were not in a business combination were recorded at acquisition cost. Intangible assets acquired in a business combination are valued at their fair value at the date of purchase. The main intangible assets recognized by the acquisitions is the subscriber portfolio, which according to the study carried out has a useful life of approximately four years. They are amortized on a straight-line basis. See Note 12.

c) Trademarks and patents

Trademarks and patents acquired individually are recognized at historical cost. Trademarks and patents acquired through business combinations are recognized at their fair value at the date of acquisition. Trademarks and patents have a defined useful life and are recorded at cost less their accumulated impairment and amortization. Amortization is calculated on a straight-line basis to distribute the cost of trademarks and patents based on their expected useful lives of 20 years. See Note 12.

(o) Impairment of non-financial assets-

Assets that have an indefinite useful life, for example, goodwill, are not subject to amortization and are subject to annual impairment tests.

Assets subject to amortization are tested for impairment when events or circumstances occur that indicate that their book value may not be recovered.

Impairment losses correspond to the amount by which the book value of the asset exceeds its recovery value. The recovery value of the assets is the greater between the fair value of the asset less the estimated costs for its sale and its value in use. For the purposes of impairment tests, assets are grouped at the smallest levels at which they generate identifiable cash flows (cash-generating units).

(p) Suppliers and other accounts payable-

Accounts payable are payment obligations with suppliers for the purchase of goods or services acquired in the Group's normal course of business. When they are expected to be paid in a period of one year or less from the closing date, they are presented under current liabilities. If they do not comply with the aforementioned, they are presented under non-current liabilities.

Accounts payable are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest method.

(q) Bank loans-

Loans are initially recognized at their fair value, net of costs incurred in the transaction. These loans are subsequently recorded at amortized cost; any difference between the funds received (net of transaction costs) and the redemption value is recognized in the consolidated statement of comprehensive income during the loan period using the effective interest method.

Fees for maintaining current credit lines are capitalized as advance payments for services to obtain liquidity and are amortized over the term of the agreement.

(r) Provisions-

Provisions are recognized when the Group has a legal obligation, present or assumed, as a result of past events, when the use of cash flows will probably be required to settle the obligation and when the amount can be reliably estimated.

(s) Current and deferred income tax-

Income tax expenses include current and deferred taxes. Income tax is recognized in the consolidated statement of comprehensive income, except to the extent that it relates to items recognized directly under other comprehensive income lines items or in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively. Current-year income tax is recorded as a short-term liability net of prepayments made during the year.

Current-year income tax payable is calculated according to tax laws approved or substantially approved as of the date of the consolidated statement of financial position. Management periodically evaluates the position assumed in relation to its tax returns regarding situations in which the tax laws are subject to interpretation.

Deferred income tax is determined based on the asset and liability method, on temporary differences arising from tax bases of assets and liabilities and their respective carrying amounts. However, deferred income taxes arising from the initial recognition of an asset or a liability in a transaction that does not correspond to a business combination, which at the time of the transaction does not affect either the accounting or tax profit or loss is not recorded or recognized if they arise from the initial recognition of goodwill. Deferred income tax is determined using the tax rates and laws that have been enacted as of the date of the statement of financial position and that are expected to be applicable when the deferred tax asset is realized, or the tax liability is settled. See Note 21.

Deferred tax asset is only recognized to the extent that it is probable that future taxable profit will be available against which the temporary liabilities can be utilized.

Deferred income tax is generated on the basis of temporary differences in investments in joint ventures and subsidiaries, except when the possibility that temporary differences will be reversed is under the Group's control and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax balances related to assets and liabilities are offset when there is a legal right to offset current tax assets with current tax liabilities and when deferred income tax assets and liabilities are related to the same tax authority or the same tax entity or different tax entities where there is the intention to settle the balances on a net basis.

(t) Employee benefits-

a) Defined benefit plans:

A benefit plan is defined as an amount of pension benefit that an employee will receive in retirement, usually dependent on one or more factors such as age, years of service, and compensation.

The liability recognized in the consolidated statement of financial position with respect to established benefit plans is the present value of the established benefit obligation at the date of the consolidated statement of financial position. The established benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the established benefit obligations is determined by discounting the estimated future cash flows using the discount rates that are denominated in the currency in which the benefits will be paid, and which have maturities that approximate the terms of the liability for pensions.

Actuarial gains and losses generated by adjustments and changes in actuarial assumptions are recorded directly in equity under other comprehensive income in the year in which they occur.

The Group determines the net financial expense (income) by applying the discount rate to the net established benefit liability (asset).

Past service costs are immediately recognized in the income statement.

Seniority premiums

Group companies have established a plan as required by the Federal Labor Act (LFT, acronym in Spanish) with respect to which Group companies that have personnel are bound to pay their workers and they are entitled to receive seniority premiums at the end of the employment relationship after 15 years of service.

The liability or asset recognized in the consolidated statement of financial position with respect to seniority premiums is classified as established benefits and is the present value of the established benefit obligation as of the date of the consolidated statement of financial position. The established benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of established benefit obligations is determined by discounting the estimated cash flows using the interest rates of government bonds denominated in the same currency in which the benefits will be paid and which have maturity terms that approximate the terms of the pension obligation.

Remeasurements arising from adjustments based on experience and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past service costs are recognized immediately in profit or loss, unless changes in the pension plan are subject to the employee continuing to work for a specific period of time (the period granting the right).

b) Defined contribution plans:

Pension plans

The subsidiary Tele Asesores, S.A. de C.V., has an established contribution plan, through which the Company pays fixed contributions to an independent fund. The Company has no legal or assumed obligations to pay additional contributions if the fund does not maintain sufficient assets to pay all employee benefits related to current or past services. Contributions are recognized as employee benefit expenses on the date the contribution obligation is due.

c) Employee profit sharing

The Group recognizes a liability and an expense for bonuses and employee profit sharing based on a calculation that takes into account the tax profit after certain adjustments. The Group recognizes a provision when it is contractually bound to do so or when there is a past practice that generates an assumed obligation.

(u) Capital stock-

Capital stock, the net premium in the placement of shares, the legal reserve, and retained earnings are expressed at historical cost. Common shares are classified as capital.

Incremental costs directly attributable to the issuance of new shares or options are shown in equity as a deduction from the amount received, net of tax.

a) Net premium for placement of shares

The net premium for placement of shares represents the excess difference between the payment for the subscribed shares and the nominal value thereof.

b) Legal reserve

In accordance with the Mexican Corporations Act, the Company is required to appropriate at least 5% of the net income of each year to increase the legal reserve. This practice must be continued each year until the legal reserve reaches 20% of the value of the Company's share capital. The legal reserve may be capitalized but may not be distributed to the shareholders unless the Group is dissolved. Also, the legal reserve must be replenished if it is reduced for any reason.

c) Provision for repurchase of shares

When a Group entity purchases shares issued by the Company (repurchased shares), the consideration paid, including the costs directly attributable to said acquisition (net of taxes) is recognized as a decrease in the Group's equity until the shares are canceled or reissued. When such shares are reissued, the consideration received, including the incremental costs directly attributable to the transaction (net of taxes), are recognized in the Group's equity.

(v) Leases-

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

I. As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for lease payments made on or before the commencement date, plus initial direct costs incurred and an estimate of costs of dismantling and removing the underlying asset or restoring the underlying asset or the site in which it is located, less the lease incentives received.

Subsequently, the right-of-use asset is depreciated using the straight-line method from the commencement date and until the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group at the end of the lease term or that the cost of the right-of-use asset reflects that the Group is going to exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as that of property and equipment. In addition, the right-of-use asset is periodically reduced for impairment losses, if any, and adjusted for certain new measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that have not been paid on the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental rate for Group loans. In general, the Group uses its incremental loan rate as the discount rate.

The Group determines its incremental loan rate by obtaining interest rates from different external financing sources and makes certain adjustments to reflect the lease terms and the type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments including fixed payments in substance;
- variable lease payments, which depend on an index or a rate, initially measured using the index or rate on the commencement date;
- amounts the lessee expects to pay as residual value guarantees; and
- the exercise price of a call option that the Group is reasonably certain of exercising that option, the lease payments in an optional renewal period if the Group is reasonably certain of exercising an extension option, and the payments for penalties derived from early termination of the lease unless the Group is reasonably certain not to terminate the lease early.

The lease liability is measured at amortized cost using the effective interest method. A new measurement is made when there is a change in future lease payments as a result of a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be paid under a residual value guarantee, if the Group changes the assessment of whether or not a purchase, extension or termination option will be exercised, or whether there is a fixed lease payment in substance that has been modified.

When a new measurement of the lease liability is carried out in this manner, the corresponding adjustment is made to the carrying amount of the right-of-use asset, or it is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment properties in property, plant and equipment and lease liabilities in loans and obligations in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has chosen not to recognize right-of-use assets and lease liabilities for the leases of low-value assets and short-term leases, including some information technology (IT) equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis throughout the term of the lease.

At the beginning or at the time of modification of a contract that contains a lease component, the Group distributes the consideration in the contract to each lease component on the basis of their independent relative prices.

When the Group acts as lessor, it determines whether each lease is a financial or an operating lease at the beginning of the lease.

To classify each lease, the Group makes a general assessment of whether or not the lease transfers substantially all the risks and rewards inherent to the ownership of the underlying asset. If this is the case, the lease is a financial lease; if not, it is an operating lease.

As part of this evaluation, the Group considers certain indicators such as whether the lease covers most of the financial life of the asset.

Fair value measurement

"Fair value" is 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 measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

(w) Borrowing costs-

Borrowing costs for general and specific loans attributable to the acquisition, construction, or production of a qualifying asset that necessarily takes a substantial period of time (12 months) to get ready for its intended use or sale are capitalized as part of the cost of the asset Interest earned on temporary investments of the specific loan funds for the acquisition of qualifying assets is deducted from the eligible costs to be capitalized.

The rest of the costs derived from the loans are recognized when incurred or accrued in the income statement.

(x) Revenue recognition-

Revenue derived from the provision of services in the Group's normal course of business is recognized in amount of fair value of the consideration received or receivable. Revenue is presented net of bonuses and discounts and after eliminating intercompany sales. The Group recognizes revenue when the parties to the contract have approved the contract, the entity can identify the rights of each party with respect to the goods or services to be transferred, the contract has a commercial basis and can be measured reliably, it is probable that the economic benefits will flow to the entity in the future, and the specific criteria for each type of activity are met, which are described below.

Revenue is recognized based on the nature of the commitment, within the transactions recognized by the Group, when acting as a principal, since the Group can satisfy the performance obligation to provide the specified good or service to the customer on its own through the different Group companies and controls the specified good or service before it is transferred to the customer.

The services are provided in bundled packages and the transaction price is distributed using the independent relative selling price among the following performance obligations identified:

Cable television signal services

Cable television signal services are basically represented by monthly payments, as well as installation fees and other related charges. Monthly service payments are recognized as revenue over time as the services are provided and during the term of the contract. The services are deemed to have been provided when the Group transfers control over the service to a customer, which occurs when the cable television signal is transmitted. Other service revenues are recognized after the services are accepted by the customer.

Internet services

Internet signal service is basically represented by monthly payments, as well as installation fees and other related charges. Monthly service payments are recognized as revenue over time as the services are provided and during the term of the contract. The services are deemed to have been provided when the Group transfers control over the service to a customer, which occurs when the internet signal is transmitted. Installation and other related service charges are recognized as revenue as the customer uses the services received.

Telephone services

Telephone service revenue is represented by the monthly rent of said service. Monthly service payments for local calls are recognized as revenue over time as the services are provided and during the term of the contract. The services are deemed to have been provided when the Group transfers control over the service to a customer.

Revenue from the sale of communication systems is recognized in the income statement when control of the goods has been transferred to the buyer and the seller retains no significant control over the goods.

Discounts

The Group's cable television, internet, and telephone signal service revenues are reduced through discounts that are granted to subscribers who contract "packages (Triple Pack, Double Pack)", which the Group grants its customers to position itself in the market and to encourage the contracting of a larger number of services by subscribers as well as attracting new ones.

Discounts are recognized as a decrease in revenue when the services have been provided, which is over time during the term of the contract.

Installations for cable, internet, and telephone subscribers

The Group recognizes revenues from primary installations for cable, internet and/or telephone subscribers, through the average permanence of subscriptions, without considering this a separate performance obligation, which is determined by management based on the average age of subscribers.

Revenue from the sale of goods

The Group sells equipment and goods. The sale price of the goods is determined based on a fixed price agreed between the parties. The Group recognizes revenue from the sale of goods at the time control of the goods is transferred and there is no unfulfilled obligation that may affect the customer's acceptance of the product.

Advertising revenue

Advertising revenue is recognized when the services are provided, which is at a specific point in time. The services are deemed to have been provided when the Group transfers control over the service to a customer, which occurs when the TV spots are broadcast, or the printed media is published.

Significant terms of payment

Based on its activities, the Group has determined two terms of payment related to most of its operations.

Mass market

In the case of mass market (which refers to customers in the Cable TV, Internet, and Telephone segments) the payment period is within the first ten days after the monthly cut-off date established in each subscriber's contract.

Business market
In the case of the business market, Company receives the corresponding consideration on a monthly basis, in accordance with the amounts agreed to by both parties. The payment period for the services depends on the negotiations carried out between the Group and Customer, which in no case will be more than 36 months.

The Group recognizes a contract liability when it has an unconditional right to receive a consideration before transferring control over a good and/or customer service. When payment is received, the amount is recognized in trade advances, and it must be derecognized (and recognized as revenue) upon transferring control over the goods or services to the customer.

Receivable or payable amounts to customers related to long-term projects in process are recognized as current assets and liabilities, whichever the case may be, without offsetting the balances between these accounts. These accounts include collections made, costs incurred, and profits and losses recognized.

Interest
Interest income is recognized using the effective interest method. Interest income are earned mainly from loans granted to related parties and it is recognized in profit or loss using the effective interest method. When a loan or account receivable is impaired, its book value is adjusted to its recoverable amount, which is determined by discounting the estimated future cash flow at the original effective interest rate of the instrument. Interest income on impaired loans or accounts receivable is recognized using the original effective interest rate.

Based on the payment conditions that maintained with both mass market and business market customers, the Group expects that the period between time that control of the goods or service is transferred and the time the customer pays will be less than one year. Therefore, there was no need to adjust the transaction price due to the effects of a significant financing component.

(y) Pending performance obligations-
The following table shows the pending performance obligations resulting from long-term business market contracts that are partially or totally unmet and are determined based on the agreed price of the monthly payments for the number of months pending at the end of the year:

	2024	2025	2026
Metrocarrier	$ 3,475,035	3,859,873	4,340,226
Ho1a	1,255,612	1,264,880	1,383,833

The Group expects that 30%of the total amount of the transaction allocated of unpaid contracts as at December 31, 2023 will be recognized as revenue during 2024. The remaining 70% will be recognized in 2025 and 2026. The amount disclosed above does not include the variable consideration derived from the fact that they are immaterial. This revenue is recognized over time on a monthly basis.

The Group does not disclose the information regarding its outstanding obligations for the mass market since the contracts entered into by the Group in this segment establish compulsory terms of less than 12 months.

During 2023 and 2022, no revenue was recognized from performance obligations that were partially or totally satisfied in previous years.

(z) Customer contract costs (commissions)-
Management recognizes costs that are directly related to obtaining or fulfilling a contract as assets, since it considers that these may be recovered. The costs to obtain a contract (sales commissions paid to employees) are determined considering that they can be directly related to a specific contract, are recoverable, and can be reliably quantified. Amortization is recognized based on the useful life of each subscription (three years).

An impairment loss is recognized in net profit or loss for the period when the book value of the asset exceeds the unrecognized amount of the consideration the entity expects to receive in exchange for providing the associated goods or services, less the remaining costs that relate directly to providing those goods or services and that have not been recognized as expenses.

(aa) Earnings per share-
Net earnings per share are calculated by dividing the profit for the year attributable to controlling interest by the weighted average number of ordinary shares outstanding during the year. As at December 31, 2023 and 2022, there are no dilution components of earnings; therefore, diluted earnings per share are not calculated or disclosed since it is the same amount as the basic earnings per share. See Note 20.

(bb) Distribution of dividends-
Dividends distributed to the Group's shareholders are recognized in the consolidated financial statements as a liability in the period in which they are approved by the Group's shareholders.

(cc) Finance income and finance costs-

The Group's finance income and finance costs include the following:

- interest income;
- interest expense;
- the foreign currency gain or loss on financial assets and financial liabilities;
- interest income or expense recognized using the effective interest method;
- the amortized cost of the financial liability.

(dd) Other immaterial reformulations-

Subsequent to the issuance of the consolidated financial statements as at December 31, 2022, and for the year then ended, Group Management identified an immaterial a reformulation in the classification of other accounts payable and accrued liabilities, and provisions. The Company's Management evaluated the impact of this reclassification and concluded that it is not material for the consolidated financial statements for any of the periods presented in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. However, Group Management determined that it was appropriate to reclassify as at December 31, 2022 to present properly according to their maturities.

(3) FINANCIAL RISK MANAGEMENT:

a) Financial risk factors

The Group has exposure to a variety of financial risks, such as market risk (which includes exchange rate risk, interest rate risk and price risk), credit risk, and liquidity risk. The Group's risk management plan aims to minimize the potential negative effects resulting from the unpredictability of the markets on the Group's financial performance.

Both the Group's management and the Finance Department are responsible for managing the financial risk in accordance with the policies approved by the Board of Directors. The Group identifies, evaluates, and covers financial risks in close cooperation with its operating units. The Board of Directors has issued general policies related to the management of financial risks, as well as policies on specific risks, such as foreign currency risk, interest rate risk, the use of derivative and non-derivative financial instruments, and the investment of surplus funds.

i. Market risk

Market risk is exposure to an adverse change in the value of financial instruments caused by market factors, including changes in interest rates, foreign exchange rates, and inflation rates.

The Group is exposed to market risks derived from variations in the interest rate, exchange rate and inflation rate. Risk management activities are monitored by the Risk Management Committee and reported to the Executive Committee.

ii. Currency risk

Since all of the Group's income is obtained from the local market and the transactions are denominated in Mexican pesos, the Company's operating activities do not expose to the exchange risk derived from various foreign currencies. Foreign exchange risk arises from financing activities as a result of exposure of the Mexican peso against the U.S. dollar, due to operations with programmers and suppliers expressed in that currency.

Management has established a policy that requires Group companies to manage exchange rate risk with respect to their functional currency. Group companies must hedge their exchange rate risk exposure through the Group's Treasury. Currency rate risk arises when future commercial and financing transactions and recognized assets and liabilities are held in a currency other than the entity's functional currency.

As a risk management policy, the Group maintains an immediate realization investment account in U.S. dollars that seeks to cover its anticipated cash flows for the next 12 months (mainly due to bank and supplier liabilities) to reduce its exchange rate risk.

However, the Group is carrying out the following activities to reduce its exchange rate risk:

Negotiation with providers to convert consumable values to pesos (pesify). Three years ago, the Group began negotiating with its suppliers to translate the value of contracts to pesos to the extent possible. Consequently, certain programmers have changed their rates to pesos to ensure that everyone has greater certainty of business in terms of costs and that their channels continue to be included in the programming. The Group has also negotiated with technology suppliers so that maintenance involving labor is denominated in Mexican pesos. As a general result, since 2020 the Group lowered its exposition rates from 12% to 13% of operating expenses to 5% or 6%. In the same way, the three-year Maintenance contract with Cisco de México for 21 million dollars was transferred to pesos and valid from April 2020 to March 2023, as at that date, annual maintenance contract renewals have been made with quarterly payments, through commercial credits.

If as at December 31, 2023 and 2022 the Mexican peso had been devalued 10% in relation to the U.S. dollar, and the other variables had remained constant, the profit for the year after taxes would have dropped by $7,358 and $15,824, respectively, primarily as a result of the profits/losses in the translation of accounts payable to suppliers and foreign currency assets who perform their transactions in U.S. dollars.

As at December 31, 2023, and 2022, the Company had the following monetary assets and liabilities in thousands of U.S. dollars:

		2023	2022
		Thousands of U.S. dollars	
Assets	$	51,833	53,091
Liabilities		(47,478)	(61,264)
Net asset (net liability) position	$	4,355	(8,173)

The exchange rates used in the different translation processes in relation to the reporting currency as at December 31, 2023 and 2022 are as follows:

			Exchange rate	
	Currency		2023	2022
United States of America	U.S. dollar	$	16.8935	19.3615

iii. Price risk

The Group is not exposed to price risk for the costs of the services it provides, since they are not subject to market indices. In like manner, there were no relevant changes to the prices of the supplies acquired for the provision of the service during 2023 and 2022.

iv. Cash flow risk related to the interest rate

The interest rate risk for the Group arises from its loans. Variable rate loans expose the Group to interest rate risk on its cash flows, which is partially offset by government debt financial instruments such as low-risk Treasury Certificates (CETES) with moderate returns.

The Group analyzes its exposure to interest rate risk dynamically. Various situations are simulated taking into account the positions regarding refinancing, renewal of existing positions, alternative financing and coverage. Based on these scenarios, the Group calculates the impact on profit or loss of a defined movement in interest rates. In each simulation, the same movement defined in interest rates is used for all currencies. These simulations are only performed in the case of obligations that represent the main positions that generate interest.

Based on the simulations carried out at variable rates from notes payable to banks and issuance of debt securities, the impact on profit after taxes as at December 31, 2023, and 2022 due to a 1% movement would generate a maximum increase or a decrease of $126,195 and $47,659, respectively. Simulations are prepared quarterly to verify that the maximum potential loss is within the limit established by Management.

As at December 31, 2023 and 2022, the Group has fixed rate and variable rate loans and issuance of debt securities.

b) Credit risk

Credit risk is managed at the Group level, including the credit risk of receivables; however, each company is responsible for analyzing the credit risk of each customer before offering payments, delivery terms, and other conditions. Credit risk arises from cash and cash equivalents, and deposits in banks and financial institutions, as well as credit exposure to customers, which include outstanding balances of accounts receivable and agreed transactions.

Regarding banks and financial institutions, only institutions with a solid operating track record and that have an excellent reputation in the market are accepted. In the case of the portfolio, the credit risk is limited, since the amounts to be recovered basically refer to the monthly payments of the services provided and the fact that there is no significant concentration of the portfolio due to the large number of subscribers comprising it. Irrespective of the above, the portfolio department assesses the customers' creditworthiness, taking into account their financial position (personal bank statements, credit cards, and others) and past experience, among other factors. Credit limits are generally established in accordance with the limits set by the Board of Directors based on the historical information available on the behavior of the portfolio and, where appropriate, of certain internal and/or external ratings. The use of credit limits is monitored on a regular basis.

The credit limits were not exceeded during the reporting period and Management does not expect the Group to incur any losses due to its performance.

Lastly, the maximum exposure to credit risk is limited to the carrying amount of each of account receivable (see table below). Consequently, the Group does not have a significant concentration of credit risk.

Creditworthiness of financial assets Metrocarrier

	2023	2022
Accounts receivable:		
Group 1	$ 612,031	709,751
Group 2	886,634	585,459
Total of trade receivables	$ 1,498,665	1,295,210

Related parties

		2023	2022
Group 2	$	1,162,900	996,475
Total of trade receivables	$	1,162,900	996,475

Group 2 - Existing customers/related parties (more than 6 months).

		2023	2022
Cash in banks and bank deposits short-term	$	1,538,769	1,384,360
Maximum creditworthiness, with minimum credit risk (AAA)	$	1,538,769	1,384,360

c) **Liquidity risk**

The Group's cash flow projections are prepared by its operating entities, and the information is consolidated by the Group's Management and Finance teams. The Group's Management and Finance teams oversee the updating of the projections regarding liquidity requirements to ensure that there is sufficient cash to meet operational needs and permanently maintain sufficient margins on undrawn lines of credit, in such a way that the Group does not fail to comply with its credit limits or line of credit covenants. Said projections consider debt financing plans, compliance with covenants, compliance with financial reasons based on internal financial information and, where appropriate, applicable regulatory requirements.

The cash surplus held by the Group and the surplus balances that exceed the cash required to meet its obligations in the short and medium term are transferred to the Group Treasury, which invests the cash surplus in time deposits and negotiable securities, selecting instruments with appropriate maturities or with sufficient liquidity to provide sufficient margins. Cash surpluses may be invested in expanding the facilities generating cash flows, with prior authorization from the Board of Directors.

The table below shows the analysis of the Group's financial liabilities classified based on the period between the date of the consolidated statement of financial position and the date of maturity (including unearned interest). The following table has been prepared on the basis of undiscounted cash flows, from the first date that the Group will be required to pay.

As at December 31, 2023		Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Bank loans	$	5,538,405	55,000	8,276,859
Interest in banking institutions not accrued		1,190,486	1,987,280	1,448,255
Issuing debt securities		-	-	7,000,000
Interest in issuing debt securities not accrued		736,018	1,472,036	1,034,215
Lease liabilities		195,733	704,036	-
Suppliers		3,340,798	-	-
Related parties		69,198	208,562	510,365
Interest collected from related parties		16,567	20,510	28,709
Other accounts payable and deferred revenue		2,267,627	342,787	276,030
	$	13,354,832	4,790,211	18,574,433

As at December 31, 2022		Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Bank loans	$	3,286,113	3,448,524	-
Interest in banking institutions not accrued		384,145	160,205	-
Issuing debt securities		-	-	7,000,000
Interest in issuing debt securities not accrued		705,283	1,410,566	1,284,171
Lease liabilities		120,830	697,067	-
Suppliers		4,166,996	-	-
Related parties		165,020	199,625	392,833
Interest collected from related parties		13,009	18,223	34,090
Other accounts payable and deferred revenue		1,318,659	202,657	482,918
	$	10,160,055	6,136,867	9,194,012

The maturity analysis applies only to financial instruments and therefore, does not include the entity's non-financial liabilities, such as tax liabilities.

d) Capital risk management

The Group's objectives in relation to capital risk management are to safeguard its ability to continue as a going concern, provide shareholder returns and benefits to other stakeholders, and maintain an optimal capital structure to reduce costs.

In order to maintain or adjust the capital structure, the Group may vary the amount of dividends to be paid to shareholders, carry out a capital reduction, issue new shares or sell assets, and reduce debt.

Like other entities in the industry, the Group monitors its capital structure based on its leverage ratio. This financial ratio is calculated by dividing total liabilities by total capital according to the consolidated statement of financial position.

During 2023 and 2022, the Group's strategy was to maintain its leverage ratio within the range of 0 to 3.00.

The credit rating regarding the Group's overall ability to meet financial obligations has been maintained throughout the period. The leverage ratio as at December 31, 2023 and 2022 is as follows:

	2023	2022
Total liabilities	$ 32,629,342	24,426,532
Total equity	35,854,933	36,181,759
Leverage ratio	0.91	0.68

e) Fair value estimation

The different levels of financial instruments have been defined as follows:

- Unadjusted quoted prices in active markets for identical asset or liability (level 1).

  Assets and liabilities measured at fair value for disclosure purposes, within this hierarchy are related-party receivables and payables and bank loans (level 2). Information other than quoted prices included in level 1 that can be confirmed for the asset or liability, either directly (such as prices) or indirectly (that is, derived from prices) (level 2).

- Information about the asset or liability that is not based on data that can be confirmed in an active market (that is, unobservable data) (level 3).

The fair value of financial instruments traded in an active market is based on the market prices at the date of the consolidated statement of financial position. A market is understood as an asset with quoted prices that are normally available in an exchange, among negotiators, brokers, industry group, price services or a regulatory agency, and those prices represent real and recurring transactions in the market on the basis of free competition. The market price used in the financial assets held by the Group is the current offer price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market information when it is available and place the least possible confidence in the entity's specific estimates. If all the relevant variables to establish the fair value of a financial instrument are observable, the instrument is included in level 2.

If one or more relevant variables are not based on observable market information, the instrument is included in level 3.

Specific valuation techniques for financial instruments include:

- Market listing prices or trading prices of similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine the fair value of other financial instruments.

The book value of assets and liabilities measured at amortized cost as at December 31, 2023 and 2022 resembles the fair value, derived from the fact that their realization period is less than one year, except for those presented under the long-term that are described in Notes 13, 14, 18 and 26.

The book value of trade receivables, other accounts receivable, suppliers and other accounts payable is similar to fair value, since it would be the amount payable in the short term.

(4) CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS:

The estimates and judgments used are continuously evaluated and are based on historical experience and other factors, including the expectation of the occurrence of future events that are considered reasonable under current circumstances.

a) Critical accounting estimates and judgments

The Group makes estimates and judgments regarding the future. The resulting accounting estimates, by definition, will seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the book values of assets and liabilities during the following year are as follows:

Accounting judgments:

b) **Concessions granted by the government**

The provision of the aforementioned services is carried out through concessions granted free of charge by the competent authority in the regions indicated in Note 29 c) for a period of 30 years, which at the end of their validity will be renovate.

In January 2016, Mega Cable was granted a unique concession title for national coverage, with a 30-year validity, which allows the Group to provide any type of telecommunications services with the technical feasibility permitted by its infrastructure (limited only to having to request the radio spectrum required, as appropriate) anywhere in Mexico. Said model establishes the corresponding obligations such as, registering the services that it intends to provide; providing information on its passive and active infrastructure, rights of way and transmission media; coverage programs, and investment, quality and coverage commitments; refrain from engaging in discriminatory practices; establish and publish its Code of Business Practices; provide parental control for programming aimed at children and adolescents; provide information to the IFT allow it to inspect its premises; and present audited financial statements.

The concessions that expired before January 2016 were renewed in a unique concession. Subsequently, on March 24, 2022, the Federal Institute of Telecommunications authorized MegaCable the transition and, consequently, the consolidation of the 115 concession titles it had on that date, which were integrated into the unique concession for use that was granted on January 19, 2016, extinguishing the concession titles, the entities holding concession titles include: Mega Cable, Megacable Comunicaciones de México, Servicio y Equipos en Telefonía, Internet y TV, and Myc Red. For the purposes of its accounting treatment, the Group has evaluated that said titles do not fall within the scope of IFRIC 12, *Service concession agreements* since rates are registered with the government, but there is no residual value that must be returned to the government.

As at December 31, 2023 the Group has the following concessions in force:

Years		Number of concessions for:
Beginning	Expiration	30 years
2016	2046	2
2022	2052	1

The main characteristics of the unique concessions are as follows:

i. General
- Use of the Concession: The concession is granted for commercial use and confers the right to provide all types of public telecommunications and broadcasting services, through the infrastructure associated with a public telecommunications network.
- Programs and commitments for investment, quality, geographic, population or social coverage, connectivity in public places to contribute to universal coverage.
- Provision of services: The provision of services may be through economic agents of which the concessionaire is a part: prior authorization from the Institute, the concessionaire being responsible before the institute or any competent authority for non-compliance with the obligations and exercises of the rights contained in the title.
- Financial information: The concessionaire must make available to the Institute and deliver when it requires it, in the formats it determines, its annual financial statements broken down by services and by coverage area, as well as the annual financial statements corresponding to each person who make up the economic agent to which the concessionaire belongs.

ii. Provisions applicable to the services
- Quality of services: continuous and efficient provision of services.
- Registry of Services: The concessionaire must submit for registration in the public registry of concessions each service that it intends to provide and that is different from the services referred to in the concession of the title.
- Non-discrimination: In the provision of services, it is prohibited to establish privileges or distinctions that constitute any type of discrimination.

iii. Verification and information
- Information: the concessionaire must deliver the audited financial statements of its company within 150 calendar days following the closing of the corresponding year.
- Information on the network installation: the concessionaire must file quarterly progress reports on the installation of the network.
- Accounting information: the concessionaire must provide accounting information by service, region, function, and components of its Network.

iv. Commitments
- The concessionaire agrees to install with its own infrastructure, during the first three or five years, each of the stages of the coverage program indicated in the concession title.
- Term to start providing the service: the concessionaire must start to provide the service referred to in the concession no later than 365 calendar days after the date the concession is granted; however, an extension may be granted that is equal to half the term.
- As at December 31, 2023 and 2022, the Group has complied with all these disclosed commitments and the regulatory aspects to which it is subject.

v. Renewal

- The validity of the single concession is 30 years from June 4, 2015, which will be renewable, in accordance with the provisions of Article 113 of the Federal Telecommunications Broadcasting Act, which indicates concessions on public telecommunications networks, and which may be extended up to periods equal to those originally established. In order to obtain an extension, concessionaires must have complied with the conditions established in the concession that it wishes to have extended, and apply for the extension during the year in which the last fifth of the term of the concession begins, and accept the new conditions established by the authority in accordance with this Act and other applicable provisions. The IFT will issue its resolution within 180 calendar days.
- The withdrawal of any of the Group's concessions would have a significant adverse effect on its activities reported in the financial position and operating results, which would be directly reflected in operating income and costs, and possibly a reserve for impairment of its assets by ceasing to generate cash flows.

c) Consolidation of entities in which the Group holds than 51% of shares

Management considers that the Group has control with 51% of the voting rights. The Company is the majority shareholder with 51% of the shares, while the other shareholders individually do not own more than 40% of the equity. There is no record of shareholders who form a group to exercise their voting rights jointly. The net income attributable to non-controlling interest as at December 31, 2023 and 2022 is $167,255 and $168,411, respectively.

The determining factors that establish such control are related to the power that is exercised over the subsidiaries, the right to obtain variable returns and the combination of these two factors, which results in the ability to exercise said power to influence the returns from such investments. The Group has power over its subsidiaries since it has rights that allow it to direct the relevant activities; that is, activities that significantly affect the investee's returns.

Its power arises from the voting rights granted by the shares it holds in each investment, which in all cases represent 51% of the total shares. In all cases, the rest of the shares are divided among several shareholders and in this sense, it is important to mention that there are no contractual agreements in which strategic alliances of any kind are established between the rest of the shareholders with voting rights, nor is there any precedent of such agreements.

The Group's interest in each one of its subsidiaries in all cases expose it, and grant it the right to obtain variable returns from its involvement in such companies, where it also has decision-making rights that directly influence obtaining the aforementioned returns. There are no legal or any type of barriers that prevent the Group from exercising its rights, and on the contrary, there are established practical mechanisms that allow the exercise of such rights when so determined by Management.

In most cases, the Board of Directors is comprised of the same number of members of the Group and the rest of the shareholders, although one of the directors of the rest of the shareholders does not have a vote. The Group also appoints the chair and treasurer within the board, and in the shareholders' meeting–the supreme corporate body of the company–, it still has the majority of votes, which allows it to make decisions about the relevant activities of the subsidiaries without the need for consent from the rest of the parties. The resolutions adopted in the meeting are final and do not require additional or subsequent approval by the Board of Directors, as long as the same shareholding percentage is maintained.

Details on the relevant totals of assets, liabilities and consolidated results of these subsidiaries are provided in Note 9.

Accounting Estimates:

d) Goodwill impairment estimate

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy described in Note 2 o). The recoverable amounts of the Cash Generating Units (CGU) have been determined based on calculations of their values in use. These calculations require the use of estimates (See Note 11).

In 2023 and 2022, there were no impairment effects in any of the CGUs and the most sensitive variables in the calculations are the discount rate and the gross operating margin.

If the estimated cost of capital used to determine the discount rate before taxes applied to the Company's CGUs had been 10% higher than Management's estimate, it would not give rise to a goodwill impairment.

The discount rates in pesos and in nominal terms in Mexico used by the Company as at December 31, 2023 and 2022 are 9.81% and 10.60%, respectively, it is estimated through the Weighted Average Cost of Capital ("WACC"), and 5-year flows were discounted.

e) Income tax

ElThe Group is subject to the payment of income tax. Significant judgments are required to recognize current and deferred income tax. There are many transactions and calculations for which the tax computation is uncertain. In the event that a tax audit process is initiated, the Group would recognize a liability for those matters observed in the tax audits if it considers that it is probable that an additional tax to the original current tax will be determined. Should the final result of these processes produce a result other than the estimated liability, the differences would be recognized in the current and/or deferred income tax for the year.

Based on the simulations performed, the impact on the pretax income due to a 5% movement would give rise to a maximum increase or decrease of $63,802 in 2023 with $75,918 in 2022. Simulations are periodically prepared to verify that the maximum potential loss is within the limit established by Management.

The determination of the final tax calculation may be uncertain due to the complexity and judgments required to handle certain transactions. When the final result of this situation is different from the amounts that were initially recorded, the differences will impact the current and deferred income tax on assets and liabilities in the period in which it is determined. At the 2023 and 2022 year-end closing, the Group does not have uncertain tax positions.

f) Allowance for impairment of accounts receivable

The methodology the Group applied to determine the balance of this estimate is described in Note 2k).

If the allowance for bad debts as at December 31, 2023 and 2022 is modified by 10% above and/or below the estimates made by Management, the Group would have increased and/or decreased said estimate at December 31, 2023 and 2022 by $35,457 and $44,398 respectively, and the operating results would have been impaired and/or benefited by the same amount.

g) Allowance for obsolete inventories

The Group's Management has an allowance for inventories with different kinds of defects and for slow-moving inventories. The goods that cannot be used for its own operation include products that will expire in the next few months, that have a broken label or a label in bad condition, or products in poor conditions. This allowance is determined based on the age and monitoring reports prepared by Management regarding said products.

h) Estimated useful lives and residual values of property, networks and equipment

The Group prepares the estimated useful lives of its property, networks and equipment to determine the depreciation expense to be recognized in a reporting period. The useful life of these assets is calculated at the time the asset is acquired, based on past experience with similar assets and taking into account anticipated technological changes or changes of any other nature. If technological changes occur faster than foreseen or in a different way than anticipated, the useful lives assigned to these assets may need to be shortened. This would result in the recognition of a higher depreciation and amortization expense in future periods. Alternatively, these types of technological changes could result in the recognition of an impairment charge to reflect the reduction in the value of assets. The Group reviews the assets annually to see if they show signs of impairment, or when certain events or circumstances indicate that the book value may not be recovered throughout the remaining life of the assets. Should there be indicators of impairment, the Company conducts a study to determine the value in use of the assets. As at December 31, 2023 and 2022, there were no indicators of impairment.

i) Pension plan benefits

The present value of pension plan obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used to determine the net cost (income) for pensions include the discount rate. Any change in these assumptions will have an impact on the book value of the pension plan obligations.

As at December 31, 2023 and 2022, the Group used the zero coupon government bond curve of 9.25% for the discount rate.

If the discount rate used as at December 31, 2023 and 2022 had been different by 1%, from the estimates made by Management, the book value of the obligations for pension plans would have been lower by approximately $30,329 and $23,449, respectively.

Other premises used to estimate pension obligations are based on current market conditions. Additional information is disclosed in Note 17.

j) Fair value measurement

The Group applies the guidelines in Accounting Standard IFRS 13, *Fair value measurements* ("Accounting Standard IFRS 13") to measure the fair value of financial assets and liabilities recognized or disclosed at fair value. Accounting Standard IFRS 13 does not require additional fair values other than those already required or permitted by other Accounting Standard IFRS, and it does not intend to establish valuation standards or affect valuation practices outside of the financial report. Under Accounting Standard IFRS, the fair value represents the "Sale Price" that would be received to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the valuation date, considering the credit risk of the counterparty in the valuation.

The selling price concept is based on the assumption that there is a market and market participants for the specific asset or liability. When there is no market and/or participants to form the market, Accounting Standard IFRS 13 establishes a hierarchy of fair value for the input data of the valuation techniques used to determine the fair value. The highest priority hierarchy is that of unadjusted quoted prices in an active market for identical assets or liabilities (measurement level 1) and the lowest priority is that of calculations dealing with significant but unobservable input data (measurement level 3). The three hierarchy levels are as follows:

(1) Level 1 data are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group has the ability to trade at the measurement date.
(2) Level 2 are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
(3) Level 3 are inputs for the asset or liability that are not based on observable market data.

The fair value of assets for disposal, along with unobservable input data, are estimated by specialized independent firms hired for each asset.

k) **Fair value of derivative financial instruments**
The fair values of derivative instruments that are traded in recognized markets are determined based on the prices issued by these markets. In cases in which the instruments are traded on the over-the-counter market, the fair value of the financial instruments is estimated based on recognized technical valuation models in the financial field, mainly using that of expected future flows discounted at present value and based on market information available at the valuation date.

To measure the fair values the Group has used conditions and assumptions based primarily on TIIE 28 rate structures, Mexican Interbank Interest Rate (TIIE) levels, and exchange rates under the MXN/USD parity available at the valuation date.

The Company has performed the effectiveness tests required to comply with hedge accounting, which are in the ranges allowed by Accounting Standard IFRS.

l) **Revenue recognition**
Determination of whether service revenues are recognized over time or at a specific time.

m) **Leases**
Determining whether an arrangement contains a lease.

(5) CASH AND CASH EQUIVALENTS:

Cash and cash equivalents are described as follows:

		2023	2022
Cash and cash in banks	$	1,140,436	986,260
Readily marketable securities		398,333	398,100
Total	$	1,538,769	1,384,360

As at December 31, 2023 and 2022, the Company has no cash and cash equivalents subject to restrictions on their availability.

(6) ACCOUNTS RECEIVABLE, NET-

An analysis of this caption is as follows:

		2023	2022
Customers	$	2,704,780	2,399,906
Sundry debtors		129,346	296,909
Total accounts receivable		2,834,126	2,696,815
Less accounts receivable, long-term (*)		509,327	119,155
Accounts receivable, short-term		2,324,799	2,577,660
Allowance for credit losses		(354,574)	(443,978)
Total accounts receivable, net, short-term	$	1,970,225	2,133,682

(*) The long-term account receivable with Altán Redes, S.A.P.I. de C.V. (Altán) his other permanent investment, derives from the credit agreement entered into on June 9, 2022, in which Telefonía por Cable, S.A. de C.V., agrees to make capital contributions to Altán, through a program of overdue invoices, as of December 31, 2023, a long-term account receivable for $509,327 has been recognized, which the Group considers will be collected when the conditions are met stipulated in the contract.

As at December 31, 2023 and 2022, in general the amounts of accounts receivable fully comply with the contractual terms.

The following information related to customer contracts is as follows:

		Business market		Mass market	
		2023	2022	2023	2022
Opening balance	$	2,058,582	1,687,584	341,324	287,994
Closing balance	$	2,251,120	2,058,582	453,660	341,324

As at December 31, 2023 and 2022, the Company has liabilities for contracts with customers as follows:

	Business market			Mass market	
		2023	2022	2023	2022
Opening balance	$	731,860	767,373	220,083	220,367
Closing balance	$	775,831	731,860	177,695	220,083

The book value of the Group's accounts receivable and other accounts receivable are primarily denominated in Mexican pesos.

Current accounts receivable that are more than 180 days old are analyzed as follows:

		2023	2022
More than 180 days	$	377,307	585,459

The movement of the allowance for credit losses is as follows:

		2023	2022
Balance at the beginning of the year	$	443,978	404,269
Increase in operating expenses		39,533	50,773
Charges and other movements		(128,937)	(11,064)
Balance at the end of the year	$	354,574	443,978

The increase in the allowance for impaired accounts receivable is included in operating expenses in the statement of comprehensive income (see Note 22). Amounts charged to the provision are generally written off when there are no expectations of additional cash recovery. Other accounts receivable items and other accounts receivable are not impaired.

The maximum exposure to credit risk at the reporting date is the book value of each class of accounts receivable mentioned above. The Group does not request collateral in guarantee.

The book value of customers and other accounts receivable that are denominated in U.S. dollars are as follows:

		2023	2022
U.S. dollars (thousands)	$	5,096	5,381

(7) INVENTORIES-

An analysis of inventories is as follows:

		2023	2022
Materials and equipment for company operations	$	855,972	737,317
Allowance for obsolete inventories		(87,599)	(84,736)
Total	$	768,373	652,581

Movements in the obsolete inventory valuation are as follows:

		2023	2022
Balance at the beginning of the year	$	84,736	79,118
Increase		7,286	6,183
Charges or cancellations		(4,423)	(565)
Balance at the end of the year	$	87,599	84,736

(8) PREPAYMENTS-

Prepayments are comprised as follows:

		2023	2022
Property, networks and equipment	$	135,448	904,060
Services		228,561	179,534
Others prepayments to suppliers		882,078	500,472
Total prepayments		1,246,087	1,584,066
Less current prepayments		1,110,639	680,006
Long- term prepayments (*)	$	135,448	904,060

(*) The advance payments granted correspond mainly to the construction of fiber infrastructure with GPON technology, which consists mainly of an FTTH network (Fiber To The Home), which will be implemented in the main cities where the Group has a presence. See note 25.

(9) INVESTMENTS IN JOINT VENTURES-

Investment in joint ventures and other investments in which the company has control are comprised of the following entities:

(1) Joint ventures-

	Interest		
Subsidiary	2023	2022	Corporate Purpose
Grupo de Telecomunicaciones de Alta Capacidad, S. A. P. I. de C. V. (1)	33.33 %	33.33%	Concessionaire of the rights to operate the dark fiber owned by the Federal Electricity Commission.

The joint venture presented below has a share capital consisting solely of ordinary shares, which the Group directly owns. Grupo de Telecomunicaciones de Alta Capacidad, S.A.P.I. de C. V. (GTAC) obtained a 20-year lease (through a bidding process) for a pair of fiber optic wires maintained by the Federal Electricity Commission and a concession to operate a public telecommunications network in Mexico. The concession will expire in 2030.

Nature of joint venture investment as at December 31, 2023 and 2022.

Entity Name	Place of Business	Interest %	Nature of the Relationship	Measurement Method
Grupo de Telecomunicaciones de Alta Capacidad, S. A. P. I. de C. V.	Mexico City	33.33	Trunk capacity supplier	Equity method

Summarized Statement of Financial Position:

		Grupo de Telecomunicaciones de Alta Capacidad, S.A.P.I. de C.V.	
		2023	2022
Current			
Cash and cash equivalents	$	91,561	50,905
Other current assets		858,900	676,613
Total current assets		950,461	727,518
Other current liabilities (including accounts payable)		408,508	345,380
Total current liabilities		408,508	345,380
Long-term			
Assets		2,245,699	1,966,938
Other liabilities - Total long-term liabilities		3,096,287	2,667,000
Net liabilities	$	(308,635)	(317,923)

Summarized Statement of Comprehensive Income:

		Grupo de Telecomunicaciones de Alta Capacidad, S.A.P.I. de C.V.	
		2023	2022
Income	$	801,365	567,138
Depreciation and amortization		(3,569)	(5,989)
Expenses		(427,860)	(346,782)
Finance income		21,608	169,313
Finance expenses		(377,439)	(261,209)
Total comprehensive income	$	14,105	122,471

As at December 31, 2023 and 2022, the Group has an equity deficit so the investment in the joint venture was valued at zero. The unrecognized profits from its participation in GTAC amounted to $4,701 and $40,819, as at December 31, 2023 and 2022, respectively; and the unrecognized accumulated losses amount to $102,868 and $105,964 as at December 31, 2023 and 2022, respectively.

(2) Other subsidiaries in which it has control-

The Group has the following subsidiaries in which it participates with 51% and they are included in the consolidation (all are variable capital companies) as at December 31, 2023 and 2022 (except in * and **).

Entity Name	Place of Business	Nature of the Business	Portion of ordinary shares held by shareholders (%)	Portion of ordinary shares held by the Group (%)	Portion of ordinary shares held by non-controlling interest	Portion of preferred shares held by the Group (%)
Myc Red	Michoacán	Cable system operator	51	51	49	-
Servicio y Equipo en Telefonía Internet y Televisión	Michoacán	Cable system operator	51	51	49	-
Corporativo de Comunicación y Redes de GDL (*)	Michoacán	Fixed asset leasing	51	51	49	-
Construcciones TQR (**)	Michoacán	Fixed asset leasing	51	51	49	-

(*) Company belonging to the Group until May 2, 2023.
(**) Company included into the Group as May 2, 2023.

All subsidiary companies are included in the consolidation. The portion of voting rights in subsidiary companies held directly by the shareholder does not differ from the portion of ordinary shares held. Management considers that the Group has control with 51% of the voting rights. The Group is the majority shareholder with 51% of shares, while the other shareholders individually do not own more than 40% of the capital. There is no record of shareholders who form a group to exercise their vote jointly. The total non-controlling interest in 2023 and 2022 was $167,255 and $168,411, respectively and in stockholders' equity in 2023 and 2022 is $850,942 and $1,487,616, respectively. The summarized financial information for each subsidiary that has non-controlling interests that are material to the Group is as follows.

Summarized Statement of Financial Position as at December 31, 2023 and 2022 (all are variable capital companies):

	Myc Red		Servicio y Equipo en Telefonía Internet y Televisión (*)		Construcciones TQR	Corporativo de Comunicación y Redes de GDL
	2023	2022	**2023**	2022	**2023**	2022
Short-term						
Assets	$ 33,199	21,904	352,794	300,658	160,559	582,822
Liabilities	(65,783)	(22,512)	(753,571)	(1,084,099)	(936,574)	(158,679)
Total short-term assets (liabilities), net	(32,584)	(608)	(400,777)	(783,441)	(776,015)	424,143
Long-term						
Assets	133,868	84,151	1,777,136	1,649,891	2,048,876	1,014,995
Liabilities	(15,454)	(10,525)	(250,260)	(278,237)	(7,962)	(34,255)
Total long-term assets, net	118,414	73,626	1,526,876	1,371,654	2,040,914	980,740
Assets, net	$ 85,830	73,018	1,126,099	588,213	1,264,899	1,404,883

Summarized Income Statement for the period ended December 31, 2023 and 2022 (all are variable capital companies):

	Myc Red		Servicio y Equipo en Telefonía Internet y Televisión (*)		Construcciones TQR	Corporativo de Comunicación y Redes de GDL
	2023	2022	**2023**	2022	**2023**	2022
Income	$ 124,044	118,726	1,488,645	1,312,554	52,848	54,219
Pretax profit	18,894	13,968	420,254	304,015	1,088,265	310,633
Tax expense, net	(6,080)	(4,057)	(132,369)	(84,937)	(18,816)	(5,453)
Total comprehensive income	$ 12,814	9,911	287,885	219,078	1,069,449	305,180

The information above represents the amount before eliminations between related parties.

(*) Subsidiary company of Construcciones TQR as of May 2, 2023 and before this date subsidiary company of Corporativo de Comunicación y Redes de GDL.

As at December 31, 2023 and 2022, none of these subsidiaries has any commitments or contingent liabilities that could affect the figures.

(10) PROPERTY, NETWORKS AND EQUIPMENT-

An analysis of properties, networks and equipment is as follows:

		Land	Buildings	Network and technical signal and distribution equipment	Office furniture, equipment and computers	Transportation equipment	Leasehold improvements	Tele-communications equipment	Projects in process, tools and equipment	Total
As at December 31, 2023										
Initial net balance as at December 31, 2022	$	292,345	295,707	39,996,072	434,173	737,435	212,072	71,233	3,175,416	45,214,453
Additions		107,557	14,920	11,189,212	208,062	676,630	44,803	-	748,490	12,989,674
Reclassifications and/or project applications		36	(34)	1,461,882	(25,366)	(798)	-	(71,233)	(1,364,487)	-
Withdrawals		-	-	(291,536)	(465)	(24,575)	-	-	(396)	(316,972)
Depreciation charge		-	(9,126)	(5,238,933)	(125,708)	(138,993)	(76,540)	-	(89,784)	(5,679,084)
Net ending book balance		399,938	301,467	47,116,697	490,696	1,249,699	180,335	-	2,469,239	52,208,071
Cost		399,938	405,905	84,109,235	2,058,842	1,972,564	740,341	-	3,082,141	92,768,966
Accumulated depreciation		-	(104,438)	(36,992,538)	(1,568,146)	(722,865)	(560,006)	-	(612,902)	(40,560,895)
Net ending balance as at December 31, 2023	$	399,938	301,467	47,116,697	490,696	1,249,699	180,335	-	2,469,239	52,208,071
As at December 31, 2022										
Initial net balance as at December 31, 2021	$	167,085	290,794	32,286,459	304,064	589,210	160,863	81,543	2,639,853	36,519,871
Additions		125,260	14,569	12,956,856	210,662	251,302	108,267	734	601,569	14,269,219
Withdrawals		-	-	(269,644)	(388)	(17,024)	-	-	(325)	(287,381)
Depreciation charge		-	(9,656)	(4,977,599)	(80,165)	(86,053)	(57,058)	(11,044)	(65,681)	(5,287,256)
Net ending book balance		292,345	295,707	39,996,072	434,173	737,435	212,072	71,233	3,175,416	45,214,453
Cost		292,345	386,373	71,622,067	1,914,581	1,325,058	695,538	152,309	3,745,113	80,133,384
Accumulated depreciation		-	(90,666)	(31,625,995)	(1,480,408)	(587,623)	(483,466)	(81,076)	(569,697)	(34,918,931)
Net ending balance as at December 31, 2022	$	292,345	295,707	39,996,072	434,173	737,435	212,072	71,233	3,175,416	45,214,453

a) Depreciation expense for the years ended December 31, 2023 and 2022 totaled $6,696,602 and $5,813,497, respectively, of which an amount of $6,067,469 and $5,232,147, respectively, was recorded under the cost of services line item, and the complement of $629,133 and $581,350, respectively, was recorded in selling and administrative expenses.

b) Due to the increase in the frequency of new cable subscribers in 2023 and 2022, the Group capitalized connection costs in the network asset for $3,034,195 and $2,487,996 (materials and labor necessary to physically extend and connect the Network to the new customer homes), respectively. Capitalized connection costs are depreciated over a period of three years.

(11) GOODWILL-

An analysis of goodwill as at December 31, 2023 and 2022 is as follows:

Balances as at December 31, 2023 and 2022		Acotel	TCO	IMATEL	IRA	SIGETEL	Other	Total
Net opening balance as of December 31, 2022	$	2,296,815	381,098	331,811	240,378	54,893	1,073,402	4,378,397
Accumulated impairment		-	-	-	-	-	(12,339)	(12,339)
Net final balance as of December 31, 2023	$	2,296,815	381,098	331,811	240,378	54,893	1,061,063	4,366,058

Goodwill impairment tests:

Management reviews business performance based on geography and type of business. Geographical areas have been identified as the states in Mexico where the Group has a presence. In all geographic areas, the Group maintains cable, telephone, and internet services. Goodwill is analyzed by Management at the geographic area level for the mass (Cable, Telephone, and Internet) and business (Metrocarrier) markets. A summary of the goodwill allocation for each geographic area is as follows:

As at December 31, 2023 and 2022		Beginning balance	Impairment	Ending balance
North	$	134,645	-	134,645
West		265,569	-	265,569
Pacific		429,492	-	429,492
Southeast		693,805	-	693,805
TCO		318,640	-	318,640
Bajío		1,242,205	-	1,242,205
Center		1,104,865	-	1,104,865
Gulf		86,511	-	86,511
Metrocarrier		102,665	(12,339)	90,326
Total	$	4,378,397	(12,339)	4,366,058

The recoverable amount of all Cash Generating Units (CGU) is determined based on value in use calculations. These calculations use the projections of pretax cash flows based on financial budgets approved by Management that cover a five-year period. Cash flows that exceed the five-year period are extrapolated using the estimated growth rates mentioned below. Growth rates do not exceed the long-term average growth rate for the telecommunications business in which the CGU operates.

The recovery values of each of the CGUs as at December 31, 2023 and 2022 are as follows:

As at December 31,		2023	2022
North	$	5,069,508	6,002,202
West		14,164,723	11,845,224
Pacific		17,451,606	19,189,665
Southeast		9,494,806	10,020,870
TCO		3,748,813	4,695,068
Bajío		11,603,199	12,620,623
Center		7,801,468	7,270,308
Gulf		5,034,562	5,944,550
Metrocarrier		29,423,392	19,704,008
Expansion (*)		30,637,797	17,568,454

(*) During 2022 the Group determined a new CGU (Expansion), which began to operate in 2022, since the Group launched its services in cities where it had little or no presence, the main cities are: City of Mexico, Zapopan, Monterrey, Tijuana, Cancun, Mexicali, Manzanillo, Puerto Vallarta, Saltillo, Pachuca, Celaya, Cd. Juárez, Tapachula, Aguascalientes, Campeche, Chihuahua, Acapulco, Cuernavaca, Saltillo, Cd. Gúzman, San Luis Potosí, among other.

The key assumptions used in the 2023 and 2022 value in use calculations are as follows:

2023	% of gross margin	Growth rate	Discount rate
North	45.9%	6.4%	9.8%
West	44.1%	6.0%	9.8%
Pacific	48.6%	5.0%	9.8%
Southeast	44.8%	6.1%	9.8%
TCO	46.0%	4.6%	9.8%
Bajío	46.9%	6.0%	9.8%
Center	44.7%	6.3%	9.8%
Gulf	42.1%	5.3%	9.8%
Metrocarrier	97.7%	9.9%	9.8%
Expansion	39.7%	57.6%	9.8%

2022	% of gross margin	Growth rate	Discount rate
North	54.2%	8.5%	10.60%
West	43.5%	8.1%	10.60%
Pacific	53.7%	8.1%	10.60%
Southeast	49.0%	8.9%	10.60%
TCO	57.5%	6.0%	10.60%
Bajío	52.6%	8.2%	10.60%
Center	44.3%	8.2%	10.60%
Gulf	47.8%	8.9%	10.60%
Metrocarrier	60.6%	11.8%	10.60%
Expansion	39.1%	71.3%	10.60%

These assumptions have been used in the analysis of each CGU within the operating segment.

Management determined the budgeted gross margins based on past results and its expectations of market development. The weighted average growth rates used are consistent with the projections included in the industry reports. The discount rates used are pre-taxes and reflect the specific risks related to the relevant geographic areas.

Sales volume is the weighted average rate of annual growth over a five-year forecast period. It is based on past performance and Management's expectations of market development.

The sale price is the weighted average rate of annual growth over the five-year forecast. It is based on current industry trends and includes long-term inflation forecasts.

(12) OTHER INTANGIBLE ASSETS, NET-

The other intangible assets are comprised as follows:

		2023	2022
With defined life:			
Customer base (i)	$	2,095,020	2,095,020
Accumulated amortization		(2,089,357)	(2,045,101)
With defined life:		5,663	49,919
Trademarks and patents, net (ii)		202	150
Total	$	5,865	50,069

i) Corresponds to the cost of acquisitions of portfolio/subscribers with a useful life of four years. The movements in the net customer base is as follows:

Net customer base:		
As at January 1, 2022	$	49,867
Additions		3,534
Others		52,185
Amortization		(55,667)
As at December 31, 2022		49,919
Additions		-
Others		2,800
Amortization		(47,056)
As at December 31, 2023	$	5,663

Amortization of Customer base is calculated based on the straight-line method, considering the estimated life of the assets, which is four years. As at December 31, 2023 and 2022, it was recorded in the cost of services as $47,056 and $55,667, respectively.

ii) The brands and patents are integrated as follows.

Brands and patents:		
As at January 1, 2022	$	1
Purchases, net		149
As at December 31, 2022		150
Other movements		52
As at December 31, 2023	$	202

(13) FINANCIAL INSTRUMENTS BY CATEGORY-

The financial instruments by category are integrated as follows:

		Loans and accounts receivable	
		2023	2022
Assets according to the statement of financial position:			
Accounts receivable short-term, net	$	1,970,225	2,133,682
Accounts receivable, long-term		509,327	119,155
Related parties		1,162,900	996,475
Cash and cash equivalents		1,538,769	1,384,360
Total	$	5,181,221	4,633,672

		Financial liabilities at amortized cost	
		2023	2022
Liabilities according to statement of financial position:			
Bank loans and Issuing debt securities	$	20,870,264	13,734,637
Suppliers		3,340,798	4,166,996
Related parties		788,125	757,478
Other accounts payable, deferred revenue, excluding non-financial liabilities		2,886,444	2,004,234
Total	$	27,885,631	20,663,345

As of December 31, 2023, the Group has financial instruments for $62,355 hedging instruments for European options on the MXN/USD exchange rate, contracted with the financial counterparty Banco Intercam. These operations receive the accounting treatment of financial instruments classified for trading purposes.

(14) BANK LOANS AND ISSUING DEBT SECURITIES-

a) Bank loans are integrated as follows:

		2023	2022
Unsecured loan from Scotiabank Inverlat, S.A. a full-service banking institution, on July 25, 2019, for $3,000,000 (nominal), comprising two withdrawals, one for $2,000,000 with a fixed monthly interest rate of 7.88% due on July 29, 2024 and another for $1,000,000 with a monthly interest rate of at the TIIE plus 0.28 percentage points, and a July 29, 2022 maturity date, the latter paid on July 29, 2022 (1).	$	1,991,181	1,970,585
Unsecured loan from BBVA Bancomer, S.A., a full-service banking institution, on July 25, 2019, for $1,500,000 (nominal), with a monthly fixed interest rate of 7.89%, and a July 29, 2024 maturity date. (1)		1,493,386	1,477,939
Unsecured loan from Banco Nacional de México, S.A. integrant of Grupo Financiero Banamex, on April 26, 2023, for $500,000 (nominal), with a monthly interest rate of TIIE plus 0.45 percentage points and on April 26, 2028 maturity date (2).		498,511	-
Unsecured loan from Banco Santander México, S.A. a full-service banking institution, on April 26, 2023, for $1,100,000 (nominal), with a monthly interest rate of TIIE plus 0.50 percentage points and on April 26, 2028 maturity date (2).		1,096,725	-
Unsecured loan from BBVA Bancomer, S.A. a full-service banking institution, on April 27, 2023, for $500,000 (nominal), with a monthly interest rate of TIIE plus 0.28 percentage points and on April 27, 2028 maturity date (2).		498,669	-
Subtotal to next page	$	5,578,472	3,448,524

		2023	2022
Subtotal from previous page	$	5,578,472	3,448,524
Unsecured loan from BBVA Bancomer, S.A. a full-service banking institution, on April 27, 2023, for $2,500,000 (nominal), with a monthly interest rate of TIIE plus 0.28 percentage points and on April 27, 2028 maturity date (2).		2,493,343	-
Unsecured loan from BBVA Bancomer, S.A. a full-service banking institution, on April 27, 2023, for $2,000,000 (nominal), with a monthly interest rate of TIIE plus 0.48 percentage points and on April 27, 2028 maturity date (2)		1,994,674	-
Unsecured loan from BBVA Bancomer, S.A. a full-service banking institution, on July 12, 2023, for $55,000 (nominal), with a monthly interest rate of TIIE plus 0.95 percentage points and on July 10, 2026 maturity date (2)		55,000	-
Unsecured loan from Banco Nacional de Comercio Exterior, S.N.C. a promotion institution, on August 8, 2023, for $1,700,000 (nominal), with a monthly interest rate of TIIE plus 0.53 percentage points and on August 8, 2030 maturity date (2)		1,694,937	-
Unsecured loan from BBVA Bancomer, S.A. a full-service banking institution, on October 27, 2023, for $800,000 (nominal), with a monthly interest rate of TIIE plus 0.38 percentage points and on February 23, 2024 maturity date. A renewal was signed on February 23, 2024, expiring on May 24, 2024. (3)		800,000	-
Unsecured loan from BBVA Bancomer, S.A. a full-service banking institution, on November 22, 2023, for $250,000 (nominal), with a monthly interest rate of TIIE plus 0.28 percentage points and on February 28, 2024 maturity date. A renewal was signed on February 28, 2024, expiring on May 29, 2024. (3)		250,000	-
Subtotal to next column	$	12,866,426	3,448,524

		2023	2022
Subtotal from previous column	$	12,866,426	3,448,524
Unsecured loan from BBVA Bancomer, S.A. a full-service banking institution, on December 1, 2023, for $150,000 (nominal), with a monthly interest rate of TIIE plus 0.38 percentage points and a March 29, 2024 maturity date, Paid on April 1, 2024. (3)		150,000	-
Unsecured loan from BBVA Bancomer, S.A. a full-service banking institution, on December 1, 2023, for $60,000 (nominal), with a monthly interest rate of TIIE plus 0.38 percentage points and a March 29, 2024 maturity date, Paid on April 1, 2024. (3)		60,000	-
Unsecured loan from Banco Santander, S.A. a full-service banking institution, on December 21, 2023, for $500,000 (nominal), with a monthly interest rate of TIIE plus 0.50 percentage points and a March 20, 2024 maturity date, Paid on March 20, 2024. (3)		500,000	-
Unsecured loan from Banco Santander, S.A., a full-service banking institution, on October 6, 2022, for $1,100,000 (nominal), with a monthly interest rate of TIIE plus 0.35 percentage points, Paid on April 4, 2022. (4)		-	1,093,665
Unsecured loan from BBVA Bancomer, S.A., a full-service banking institution, on November 15, 2022, for $1,000,000 (nominal), with a monthly interest rate of TIIE plus 0.30 percentage points and a May 12, 2023 maturity date. (4)		-	994,240
Unsecured loan from Scotiabank Inverlat, S.A. a full-service banking institution, on November 15, 2022, for $1,000,000 (nominal), with a monthly interest rate of TIIE plus 0.30 percentage points and a May 12, 2023 maturity date. (4)		-	994,240
Subtotal	$	13,576,426	6,530,669

		2023	2022
Subtotal bank loans	$	13,576,426	6,530,669
Interest payable on bank loans		87,240	-
Interest payable on debt securities (see note 14 b))		206,598	203,968
Total bank loans	$	13,870,264	6,734,637
Minus - Short-term portion of long-term bank loans an debt securities		5,538,405	3,286,113
Bank loans with maturities greater than one year	$	8,331,859	3,448,524

1) On July 25, 2019, Mega Cable, S.A. de C.V. as an accredited subsidiary and Megacable Holdings, S.A.B. de C.V., Telefonía por Cable S.A. de C.V., Servicios Especiales Turandot, S.A.P.I de C.V., and Werther Administración Integral, S.A.P.I. de C.V., as joint and several obligors, took out loans with Scotiabank Inverlat, S. A. for $2,000,000 and $1,000,000, BBVA Bancomer, S.A. for $1,500,000, Banco Santander, S.A. for $500,000, and Banco Nacional de México, S. A. for $500,000. These contracts mature on July 29, 2022 and July 29, 2024.

   In relation to the loans indicated in the previous paragraph, the Group determined an effective interest rate in 2023 of 7.88% to first, and 7.89% second, respectively, on which the financial cost of said loan is recorded. In like manner, the fair value for two loans is $3,484,567, which was determined by using a fixed market discount rate and is within level 2 in the fair value hierarchies.

   During 2022, bank loan payments were made for $2,975,000, the Group determined effective interest rates of 7.88% and 6.91% for the different bank loans paid.

   The current loan agreements of point 1 establish different obligations to do and not do for Megacable Holdings and its subsidiaries, including limitations to: (a) merge or consolidate with third parties; (b) sell, transfer or lease some of its assets, except in the case of a cash transaction; (c) certain investments; (d) the amount of indebtedness; (e) certain dividend payments or distributions of the capital stock of Megacable Holdings or its subsidiaries, or the purchase, redemption or other acquisition of the capital stock of any of its subsidiaries; (f) enter into hedging contracts, unless they help mitigate certain risks or acquire benefits; and (g) changes in accounting, as well as requiring Megacable Holdings and subsidiaries to comply with certain financial ratios, including a consolidated leverage rate not greater than 3.00 and a consolidated interest coverage rate greater than 3.50.

2) On April 26, 2023, April 27, 2023, July 12, 2023 and August 8, 2023 Telefonía por Cable, S.A. de C.V. as an accredited subsidiary and Megacable Holdings, S.A.B. de C.V. and Mega Cable, S.A. de C.V. as joint and several obligors, took out loans with Banco Nacional de México, S.A. for $500,000, Banco Santander México, S.A. for $1,100,000, BBVA Bancomer, S.A. for $500,000, $2,500,000, $2,000,000, $55,000 and Banco Nacional de Comercio Exterior, S.N.C. for $1,700,000. These contracts mature on April 26, 2028, April 27, 2028, July 10, 2026, and August 8, 2030.

   In relation to the loans indicated in the previous paragraph, the Group determined an effective interest rate in 2023 of 8.14%, 8.97%, 8.19%, 8.19%, 8.33%, 5.92% y 4.04%, on which the financial cost of said loan is recorded. In like manner, the fair value for all loans is $8,497,950, which was determined by using the discount rate at fixed market value and TIIE plus 0.45, 0.50, 0.28, 0.28, 0.48, 0.95 and 0.53 percentage points and is within level 2 in the fair value hierarchies.

   The current loan agreements of point 2 establish different obligations to do and not do for Megacable Holdings and its subsidiaries, including limitations to: (a) merge or consolidate with third parties; (b) sell, transfer or lease some of its assets, except in the case of a cash transaction; (c) certain investments; (d) the amount of indebtedness; (e) certain dividend payments or distributions of the capital stock of Megacable Holdings or its subsidiaries, or the purchase, redemption or other acquisition of the capital stock of any of its subsidiaries; (f) enter into hedging contracts, unless they help mitigate certain risks or acquire benefits; and (g) changes in accounting, as well as requiring Megacable Holdings and subsidiaries to comply with certain financial ratios, including a consolidated leverage rate not greater than 3.00 and a consolidated interest coverage rate greater than 3.50.

3) On October 27, 2023, November 22, 2023, December 1, 2023 and December 21, 2023 Telefonía por Cable, S.A. de C.V. as an accredited subsidiary and Megacable Holdings, S.A.B. de C.V. and Mega Cable, S.A. de C.V. as joint and several obligors, took out loans with BBVA Bancomer, S.A. for $800,000, $250,000, $150,000, $60,000 and Banco Santander México, S.A. for$ 500,000. These contracts mature on May 24, 2024, May 29, 2024, March 29, 2024, and March 20, 2024.

   In relation to the loans indicated in the previous paragraph, the Group determined an effective interest rate in 2023 of 2.15%, 1.02%, 0.99% to last two, on which the financial cost of said loan is recorded. In like manner, the fair value for all loans is $1,760,000, which was determined by using the discount rate at fixed market value and TIIE plus 0.38, 0.28, 0.38, 0.38, and 0.50 percentage points and is within level 2 in the fair value hierarchies.

   The current loan agreements of point 3 establish different obligations to do and not do for Megacable Holdings and its subsidiaries, where the main ones are that comply with certain financial ratios, including a consolidated leverage rate not greater than 3.00 and a consolidated interest coverage rate greater than 3.50.

4) On October 6, 2022 and November 15, 2022, Telefonía por Cable, S.A. de C.V., as an accredited subsidiary, and Megacable Holdings, S.A.B. de C.V. and Mega Cable, S.A. de C.V., as joint and several obligors, contracted loans with Banco Santander, S.A. for $1,100,000, BBVA Bancomer, S.A. $1,000,000 and Scotiabank Inverlat, S.A. for $1,000,000, these contracts mature on April 4, 2023 and May 12, 2023, respectively.

   In relation to the loans indicated in the previous paragraph, the Group determined an effective interest rate in 2022 of 9.98% and 9.94% to last two, on which the financial cost of said loan is recorded. In like manner, the fair value for all loans is $3,082,145, which was determined by using the discount rate at fixed market value and TIIE plus 0.35 and 0.30 percentage points and is within level 2 in the fair value hierarchies.

   The current loan agreements of point 4 establish different obligations to do and not do for Megacable Holdings and its subsidiaries, where the main ones are complied with certain financial ratios, including a consolidated leverage rate not greater than 3.00 and a consolidated interest coverage rate greater than 3.50.

The exposure of the Group's loans to changes in interest rates and contractual dates is as follows:

	2023	2022
Less than 6 months	$ 2,053,838	3,286,113
From 6 to 12 months	3,484,567	-
More than 1 year up to 5 years	8,331,859	3,448,524
Less interest accrued	(293,838)	(203,968)
	$ 13,576,426	6,530,669

The book value and fair value of the short- term and long-term loans is as follows:

	Book value		Fair value	
	2023	2022	2023	2022
Loans	$ 13,576,426	6,530,669	13,742,517	6,429,834

Fair values are based on discounted cash flows using the discount rate calculated by Management and are within level 2 in the fair value hierarchies.

b) The issuing debt securities is integrated as follows:

	2023	2022
Debt securities with borrower's signature guarantee in pesos, issued in the Mexican market on July 15, 2022, for $2,527,600 under the code "MEGA 22", at a variable interest rate of 28-day TIIE plus 0.24 base points, with a term of 5 years, maturing on July 9, 2027. (5)	$ 2,527,600	2,527,600
Debt securities with borrower's signature guarantee in pesos, issued in the Mexican market on July 15, 2022, for $4,472,400 under the code "MEGA 22-2", at a fixed interest rate of 9.82%, with a term of 10 years, maturing on July 2, 2032. (5)	4,472,400	4,472,400
Interest payable from debt securities	206,598	203,968
Total debt securities	7,206,598	7,203,968
Minus: Portion of interest accrued from debt securities payable in the short-term (see note 14 a)	206,598	203,968
Debt securities payable with maturities of more than one year	$ 7,000,000	7,000,000

5) On July 15, 2022 Megacable Holdings, S.A.B. de C.V. as accredited, issued debt securities in the Mexican exchange market for $2,527,600 and $4,472,400. Said debt securities mature on July 9, 2027 and July 2, 2032, respectively.

In relation to the debt securities indicated in the previous paragraph, the Group determined an effective interest rate in 2023 of 11.97% and 9.82% respectively, on which the financial cost of said debt securities is recorded. In like manner, the fair value for debt securities is $7,032,884, which was determined by using the discount rate at market value and TIIE plus 24 percentage points and fixed rate and is within level 2 in the fair value hierarchies.

In relation to the debt securities indicated in the previous paragraph, the Group determined an effective interest rate in 2022 of 8.55% and 9.82% respectively, on which the financial cost of said debt securities is recorded. In like manner, the fair value for debt securities is $7,121,779, which was determined by using the discount rate at market value and TIIE plus 24 percentage points and fixed rate and is within level 2 in the fair value hierarchies.

The debt securities establish different obligations to do and not do for Megacable Holdings and its subsidiaries, including limitations to: (a) merge or consolidate with third parties; b) deliver quarterly (internal) and annual (audited) consolidated financial statements c) use the resources derived from the allocation of debt securities for the purposes stipulated in the corresponding title, d) maintain accounting, records and books in accordance with Accounting Standard IFRS as well as those of its subsidiaries e) have at least two valid credit quality opinions issued by rating agencies duly authorized to operate in Mexico, f) maintain the assets necessary to carry out its activities and the activities of its subsidiaries.

The exposure of the Group's debt securities payable at the contractual dates are as follows:

		2023 and 2022
Less than 1 year		-
From 1 to 5 years	$	2,527,600
More than 5 years		4,472,400
	$	7,000,000

The book value and fair value of debt securities is as follows:

	Book value		Fair value	
	2023	2022	2023	2022
Debt securities	$ 7,000,000	7,000,000	7,032,884	7,121,779

Fair values are based on discounted cash flows using the discount rate calculated by Management and are within level 2 in the fair value hierarchies.

In the period ended December 31, 2022, expenses for the issuance, placement and registration of issued debt securities were incurred for $18,500.

(15) OTHER ACCOUNTS PAYABLE AND ACCRUED LIABILITIES-

The other accounts payable and accumulated liabilities are integrated as follows:

		2023	2022
Benefits payable	$	201,239	158,387
Miscellaneous creditors and other accounts payable		935,268	472,339
Deferred revenue (1 and 2)		953,525	951,943
Employee participation in profits		102,277	82,728
Total other accounts payable and other liabilities and deferred revenue		2,192,309	1,665,397
Less current deferred revenue (1 and 2)		334,708	266,368
Less long-term deferred revenue (1)		618,817	685,575
Total other accounts payable and current other liabilities	$	1,238,784	713,454

(1) In the period from December 2019 to December 2020, the Company entered into several contracts whereby the irrevocable right to use fiber optics for the conduction of telecommunications signals is granted. These have terms ranging from 10 to 15 years, mainly with the companies Ener Telecom, S.A.P.I. de C.V. and AT&T Comunicaciones Digitales, S. de R.L de C.V. (AT&T) as well as the rental of data center space with AT&T for a term of 10 years. The sum of the consideration for said contracts amounts to approximately 800 million pesos distributed in the indicated periods.

(2) The Group mainly obtain revenue from the mass market collected in advance, which is recognized over time as the services are provided.

(16) PROVISIONS-

Provisions are integrated as follows:

		Provisions miscellaneous creditors	Provisions laboral Benefit	Total Provisions
As at January 1, de 2022	$	272,283	12,455	284,738
Net Increase (net decrease)		62,156	(8,057)	54,099
As at December 31, 2022		334,439	4,398	338,837
Net increase		252,261	103,037	355,298
Final balance at December 31, 2023	$	586,700	107,435	694,135

(17) EMPLOYEE BENEFITS-

The value of the obligations for acquired benefits is as follows:

		2023	2022
Seniority premiums	$	345,462	268,683
Retirement benefits		41,659	30,625
Total	$	387,121	299,308

The net cost for the period of the years ended December 31, 2023 and 2022, is as follows:

		2023	2022
Seniority premiums	$	76,780	62,005
Retirement benefits		11,034	13,912
	$	87,814	75,917

a) Seniority premium

The economic assumptions in nominal and real terms used were:

	2023	2022
Discount rate	9.25%	9.25%
Inflation rate	3.50%	3.50%
Salary increase, rate	4.50%	4.50%
Salary increase, rate from unit of measure and update (UMA acronym in Spanish)	3.50%	3.50%

The net cost of the period is integrated as follows:

		2023	2022
Labor cost	$	28,994	21,212
Finance cost		22,260	14,815
Actuarial losses		25,526	25,978
Net period cost	$	76,780	62,005

The amount included as a liability in the consolidated statements of financial position is integrated as follows:

		2023	2022
Defined benefit obligations	$	345,462	268,683
Liabilities in the consolidated statement of financial position	$	345,462	268,683

The movement of the established benefit obligation was as follows:

		2023	2022
Initial balance at January 1,	$	268,683	206,678
Labor cost		28,994	21,212
Finance cost		22,260	14,815
Remeasurement:			
Actuarial losses		25,525	25,978
Final balance at December 31	$	345,462	268,683

b) Retirement benefits

The economic assumptions in nominal and real terms used were:

	2023	2022
Discount rate	9.25%	9.25%
Inflation rate	3.50%	3.50%
Salary increase, rate	4.50%	4.50%
Salary increase, rate from unit of measure and update (UMA acronym in Spanish)acronym in Spanish)	3.50%	3.50%

The net cost of the period is integrated as follows:

		2023	2022
Labor cost	$	8,887	8,095
Plan improvements or modifications		(5,915)	5,000
Finance cost		8,062	817
Net period cost	$	11,034	13,912

The amount included as a liability in the consolidated statements of financial position is integrated as follows:

		2023	2022
Defined benefit obligations	$	41,659	30,625
Liabilities in the consolidated statement of financial position	$	41,659	30,625

The movement of the established benefit obligation was as follows:

		2023	2022
Initial balance at January 1,	$	30,625	16,713
Labor cost		8,887	8,095
Finance cost		8,062	817
Remeasurement:			
Losses from experience		(5,915)	5,000
Final balance at December 31	$	41,659	30,625

Within the subsidiary Tele Asesores, S.A. de C.V., there is a plan asset as of December 31, 2023 and 2022 for $90,206 and $86,650, respectively.

The sensitivity analysis of the main assumptions of established benefit obligations were as follows:

	Impact on established benefit obligations	
	Change of assumption	Change in obligation
Discount rate	+1%	Decreases by 3.56%
Discount rate	-1%	Increases by 3.91%

The weighted average duration of the established benefit obligation is 3.98 years.

c) Pension plan

Management has a ten-year pension plan based on annual contributions. These contributions are managed in the Sura Investment Management México account. As of December 31, 2023, there were no annual contributions payable and as of December 31, 2022, the annual contributions payable was $6,917.

Pursuant to the provisions of the plan, employees who meet the following are eligible to participate in the plan: be an employee with an indefinite-term individual employment contract, be an executive-level employee with three or more years of pensionable service at the date of implementation of the plan, stay in the company for a minimum period of five years after the date of implementation of the plan, determine the percentage of savings that will be allocated to the long-term savings vehicle, as well as the designation of its contingent beneficiaries for delivery of the benefits. The period of pensionable service will be considered in years and complete months of uninterrupted services from the time employees are hired and through their retirement, death or declaration of total or permanent disability dates. The retirement date will be the first day of the month immediately after the day they turn 65. The defined contribution must be a minimum equivalent to 1% of the salary established to this end. The company will match employee contributions. Employees may apply for early retirement (60 years), or continue working after they turn 65, as long as these exceptions are authorized by the Pension Plan Committee.

(18) LEASE ASSETS (RIGHT-OF-USE) AND LEASE LIABILITIES-

The Group has entered into various operating lease agreements for buildings in which it operates some of offices, customer service centers (CSC) and warehouses. The terms stipulated in these contracts fluctuate mainly between one and 10 years and most contain automatic renewal options. The minimum amounts to be paid are adjusted primarily according to the CPI and all are in pesos. The Group is subject to sublease agreement restrictions in certain cases

The Company leases minimum IT equipment under one- to three-year contracts. These leases are short-term and/or low-value item leases. The Group has decided not to recognize the right-of-use assets and liabilities for these leases.

Information on leases for which the Company is a lessee is presented below.

Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are comprised of the following:

		Network and technical signal distribution equipment	Buildings (Office, warehouse, and CIS)	Dark fiber network	Total
Balance at January 1, 2022	$	2,497,982	283,827	-	2,781,809
Additions		165,182	323,905	298,302	787,389
Annual depreciation		(1,479,783)	(130,114)	(17,862)	(1,627,759)
Balance at December 31, 2022		1,183,381	477,618	280,440	1,941,439
Additions		1,043,576	359,679	(120,808)	1,282,447
Annual depreciation		(1,017,518)	(146,677)	(14,263)	(1,178,458)
Balance at December 31, 2023	$	1,209,439	690,620	145,369	2,045,428

Short-term and long-term lease liabilities are as follows:

		2023		2022	
		Current	Noncurrent	Current	Noncurrent
Lease agreement for the exclusive and irrevocable right of use one to six pairs of Dark Fiber Optic with ATC Holding Fibra México, S. de R.L. de C.V., Canalizaciones y Accesos Profecionales, S.A. de C.V., México Tower Partners, S.A.P.I. de C.V., Neutral Networks, S. de R.L. de C.V. y Operador Quatrocomm, S.A. de C.V. will be valid from 3 to 20 forced years from the date of disposition of each segment.	$	27,561	150,037	4,725	288,840
Total leases with related parties		69,198	718,927	165,020	592,458
Total buildings and dark fiber network		168,172	553,999	116,105	408,227
Total lease liabilities		264,931	1,422,963	285,850	1,289,525
Less leases with related parties (1) (note 26)		69,198	718,927	165,020	592,458
Total lease liabilities per the statement of financial position	$	195,733	704,036	120,830	697,067

1) Network leasing and technical equipment for signal distribution (contracted before 2018)

On June 30, 2011, the subsidiary Mega Cable, S.A. de C.V. (MEGA), entered into a capacity provision agreement for high-capacity telecommunications services with Grupo de Telecomunicaciones de Alta Capacidad S.A.P.I. de C.V. (GTAC), which was granted a Concession Title by the Secretariat of Communications and Transportation (SCT) to install, operate and use a public telecommunications network, provide conveyance emission services, transmission of signals to concessionaires of public telecommunications networks, which is valid for 20 years and may be renewed in whole or in part.

These concessions cover the Pacific, Central and Gulf areas in Mexico, so MEGA will be making advance annual payments in the amount of $41,400 from July 2013 to 2029, for use of the trunk capacity until 2029; said payments are so that GTAC can maintain and repair the public network.

Following is a breakdown of the liability and payments, as well as the maturities of the financial lease, which liability is recorded in the Related parties Note (see Note 26).

Future minimum payments are summarized as follows:

		2023	2022
Up to 1 year	$	69,198	165,020
More than 1 year and up to 5 years		472,185	364,003
More than 5 years		246,742	228,455
	$	788,125	757,478

A breakdown of the payment reconciliation is as follows:

		2023	2022
Total financial lease:			
As at January 1	$	757,478	747,830
Increments		350,727	165,182
Payments		(320,080)	(155,534)
	$	788,125	757,478

Amounts recognized in the income statement from network and technical signal distribution equipment, buildings (offices, warehouses and CSC) and dark fiber network:

Leases under Accounting Standard IFRS 16	2023	2022
Interest on income from leases	85,829	124,968

Total cash outflows for lease of network and technical signal distribution equipment, buildings (offices, warehouses and CSC) and dark fiber network:

Total cash outflows for leasing of buildings (offices, warehouses and CSC) during 2023 and 2022 were of $227,696 and $186,459, respectively.

(19) EQUITY-

a) The exhibited share capital and the number of shares are as follows:

	Number of Series "A" Shares		
	Variable		Amount
Share capital as at December 31, 2023 and 2022	1,721,355,673	$	910,244

The shares representing the Group's capital stock issued and outstanding are fully paid, without par value.

As at December 31, 2023 and 2022, there were 1,721,355,673 shares outstanding.

Series "A" shares have the following characteristics: they grant voting rights only in ordinary shareholders' meetings and have the same preference in the distribution of Group profits.

The reconciliation of the outstanding shares at the beginning and end of the year is as follows:

	Common shares	
	2023	2022
As at January 1	1,715,234,843	1,714,952,191
Movement in the year, (purchases) net sales (i)	1,765,780	282,652
As at December 31	1,717,000,623	1,715,234,843
Treasury shares	4,355,050	6,120,830
Total subscribed shares	1,721,355,673	1,721,355,673

As at December 31, 2023 and 2022, the Group owned 4,355,050 and 6,120,830 series "A" shares (treasury shares), respectively.

Repurchase of shares

Ordinary Participation Certificates (CPO, acronym in Spanish) are registered securities representing the provisional right on the returns and other benefits of titles or assets integrated in an irrevocable trust issued by the Group to be listed on the Mexican Stock Exchange, one CPO is equivalent to two series "A" shares.

i. During the year ended December 31, 2023, the Group purchased 2,178,317 Ordinary Participation Certificates (CPOs), which are equivalent to 4,356,634 shares of the variable portion of series "A" shares. The amount for said purchase was $87,516.

During the year ended December 31, 2023, the Group sold 3,061,207 CPOs, equivalent to 6,122,414 shares of the variable portion of series "A" shares, for $120,066.

The result of the operations mentioned in the two paragraphs above generated an effect of net purchases of CPOs for 882,890, equal to 1,765,780 shares of the variable portion of series "A" shares, these operations represent 0.001% of the total shares, resulting in a net movement of $(32,550).

ii. During the year ended December 31, 2022, the Group purchased 3,060,415 CPOs, which are equivalent to 6,120,830 shares of the variable portion of series "A" shares. The amount for said purchase was $145,427.

During the year ended December 31, 2022, the Group sold 3,201,741 CPOs, equivalent to 6,403,482 shares of the variable portion of series "A" shares, for $151,127.

The result of the operations mentioned in the two paragraphs above generated an effect of net purchases of CPOs for 141,326, equal to 282,652 shares of the variable portion of series "A" shares, these operations represent 0.01% of the total shares, resulting in a net movement of $(5,700).

iii. At the Ordinary General Shareholders' Meeting held on April 27, 2023, it was agreed to have a share repurchase reserve of $400,000.

Dividends

At the Ordinary Shareholders' Meetings held in 2023, the Company's shareholders agreed to decree dividends by cash payment via bank transfer for a net amount of $2,547,606. As of December 31, 2023 have been paid $2,538,547. Said dividend represented a dividend per share of $1.48 per series "A" share and $2.96, per "CPO" equal to two series "A" shares.

At the Ordinary Shareholders' Meetings held in 2022, the Company's shareholders agreed to decree dividends by cash payment via bank transfer for a net amount of $2,427,111. As of December 31, 2022 have been paid $2,418,083. Said dividend represented a dividend per share of $1.41 per series "A" share and $2.82, per "CPO" equal to two series "A" shares.

Minority shareholders: Reimbursement, decreed dividends, cancellation of dividends and exit and entry of minority shareholders

At the Ordinary Shareholders' Meetings held on January 9, Corporativo de Comunicación y Redes de Gdl, S.A. de C.V. 2023, which was subsidiary until May 2, 2023, declared dividends for an amount of $783 which went to the non-controlling interest.

At the Ordinary Shareholders' Meeting of its subsidiary Construcciones TQR, S.A. de C.V., held on July 31, 2023, a share capital reimbursement of $1,300,000 was agreed, of which $637,000 was made to the non-controlling interest.

On May 2, 2023, Corporativo de Comunicación y Redes de Gdl, S.A. de C.V., left the Group and in turn on May 2, 2023, Construcciones TQR, S.A. of C.V. was included into the Group. Both companies were incorporated into the Group with a minority interest of 49%, resulting in a restructuring effect of the non-controlling interest of $166,929.

b) The balances of the fiscal accounts of the Company's equity (Megacable Holdings) are:

		2023	2022
Capital contribution account (CUCA acronym in Spanish)	$	6,167,650	5,893,034
Net taxed profits account (CUFIN acronym in Spanish)		279,955	265,404

c) Tax provisions related to equity:

The profit for the year is subject to the legal provision that requires that at least 5% of the profit for each year be used to increase the legal reserve until it is equal to one fifth of the amount of paid-in capital.

In October 2013, the Mexican Congress and Senate approved the issuance of a new Income Tax Act (LISR) that entered into force on January 1, 2014. Among other aspects, this Law establishes a 10% profits tax generated as of 2014 on dividends paid to residents abroad and individuals.

In the event of a capital reduction, the procedures established by the LISR provide that any surplus of equity over the balances of the contributed capital accounts be given the same tax treatment as that applicable to dividends.

(20) EARNINGS PER SHARE-

Net profit per share results from the division of net profit for the year by the weighted average of the Company's outstanding shares during the year, excluding the common shares acquired by the Company and held as treasury shares.

		2023	2022
Profit from the controlling interest	$	2,841,835	3,584,776
Weighted average shares		1,721,355,673	1,721,355,673
Ordinary earnings per share (pesos)	$	1.65	2.08
Earnings per CPO [1]	$	3.30	4.17

[1] It should be noted that a CPO corresponds to two series "A" shares.

(21) INCOME TAX (IT)-

Income Tax

The Income Tax Act that entered into force on January 1, 2014 establishes that the applicable income tax rate for 2014 and subsequent years is 30% on the taxable profit.

a) Profits tax are comprised as follows:

		2023	2022
Current income tax	$	(532,130)	(1,244,969)
Deferred income tax		(743,912)	(273,398)
Total	$	(1,276,042)	(1,518,367)

b) The reconciliation between the current and effective rates of the consolidated income tax are analyzed as follows:

	2023	2022
Earnings before profits tax	4,285,132	5,271,554
Current rate	30%	30%
Income tax at the current legal rate	1,285,540	1,581,466
More (less) effect on the income tax of the following items:		
Annual adjustment for inflation, net	(221,596)	(451,174)
Non-deductibles	173,417	148,025
Prior years taxes	-	431,222
Infrastructure tax deduction	-	(191,172)
Others	38,681	-
	1,276,042	1,518,367
Effective rate	30%	29%

During 2022 the Group, the tax authorities and the participation of the public organization Procuraduría de la Defensa del Contribuyente (PRODECON acronym in Spanish), it was agreed to conclude a direct review corresponding to fiscal years 2009 and 2014 of one of the subsidiaries, in which the existence of applied tax loss carry-forwards was questioned, as a result of such agreement, the Group made payments of $900,744 corresponding to $431,222 (which includes an accreditation of the IT on dividends for $91,692) of IT registered within the IT of the year, and $469,522 of actualizations and surcharges which were recorded within the finance cost.

c) The deferred income tax balance is integrated as follows:

		2023	2022
Deferred tax asset			
Tax loss carryforwards	$	327,209	279,703
Intangible assets		236,528	300,475
Estimate of credit losses		106,372	133,194
Inventory reserve		26,283	25,421
Labor obligations		61,552	57,064
Provisions		208,241	194,650
Others deferred assets		145,044	101,651
Trade advances		286,058	273,678
		1,397,287	1,365,836
Deferred income tax			
Property, networks and equipment, net		(4,197,262)	(3,430,617)
Advance payments		(250,793)	(244,139)
Leases, net		(343,698)	(337,062)
		(4,791,753)	(4,011,818)
Total of profits tax deferred, net	$	(3,394,466)	(2,645,982)

d) The movement of deferred tax assets and liabilities in the year is as follows:

Deferred tax asset:		Tax loss carryforwards	Intangible Assets	Estimate of credit losses	Labor obligations and others	Total
As at January 1, 2022	$	452,396	381,346	121,281	531,158	1,486,181
Credited (charged) to Statement of income		(172,693)	(80,871)	11,913	121,306	(120,345)
As at December 31, 2022		279,703	300,475	133,194	652,464	1,365,836
Credited (charged) to Statement of income		42,399	(63,947)	(26,822)	79,821	31,451
As at December 31, 2023	$	322,102	236,528	106,372	732,285	1,397,287

Deferred income tax liability:	Property, networks and equipment	Inventories and others	Total
As at January 1, 2022	(3,314,947)	(543,818)	(3,858,765)
(Charged) credited to the income statement	(115,670)	(37,383)	(153,053)
As at December 31, 2022	(3,430,617)	(581,201)	(4,011,818)
(Charged) credited to the income statement	(766,645)	(13,290)	(779,935)
As at December 31, 2023	(4,197,262)	(594,491)	(4,791,753)

The Group does not recognize deferred taxes for the purposes of deferred taxes on investments in subsidiaries and associates

e) As of December 31, 2023 and 2022, the Group maintains accumulated consolidated tax losses for a total of $1,073,674 and $932,344, respectively, which right to be amortized against future consolidated earnings expires as follows:

Year of loss		December 31, 2023 Restated amount	Year of expiration
2014	$	1,049	2024
2017		19,714	2027
2018		4	2028
2019		423,748	2029
2020		126	2030
2021		9,483	2031
2022		41,356	2032
2023		578,194	2033
	$	1,073,674	

As of December 31, 2023 and 2022, deferred tax assets related to other permanent investment have been not recognized (note 27), since it is not probable that there will be future earnings against which the Group can use the corresponding benefits, however, this asset was not recognized by the Group has no intention of selling it.

		Other permanent investment 2023 (Impairment to 100%)	Deferred tax asset not recognized 2023	Other permanent investment 2022 (Impairment to 100%)	Deferred tax asset not recognized 2022
Other permanent investment Altan Redes, S.A.P.I. de C.V.	$	624,762	187,429	624,762	187,429

(22) COSTS AND EXPENSES BY NATURE-

The cost of services, and selling and administrative expenses are integrated as follows:

		2023	2022
Cost of services:			
Depreciation	$	6,067,469	5,232,147
Programming and equipment		2,782,555	2,660,338
Technical staff labor		3,070,928	2,150,602
Connections		527,706	438,513
Publicity and promotion		757,833	628,863
Power sources		269,778	309,264
Amortization		346,197	258,540
Lease depreciation		160,940	147,975
External works		125,302	133,647
Other minor		10,232	11,934
Goodwill impairment		12,339	-
Material cost		590,247	699,661
Call traffic		478,450	370,009
Total cost of services	$	15,199,976	13,041,493

		2023	2022
Selling expenses			
Labor and benefits	$	3,150,692	2,846,974
Maintenance and conservation expenses		1,660,144	1,543,158
Depreciation		583,159	538,867
Leases		456,216	335,907
Sales commissions		594,669	242,959
Electric power		301,765	253,549
Insurance		254,525	217,540
Account statement preparation and courier services		2,661	2,850
Non-deductibles		111,842	89,297
Travel expenses		108,269	102,742
Transfer of securities		98,436	86,305
Stationery and office supplies		50,926	63,822
Freight		77,124	70,821
Safety and hygiene		94,205	83,833
Training and recruitment		74,193	37,869
Surveillance services		62,161	42,543
Telephones		76,263	86,228
Conventions		1,677	17,743
Equipment recovery		13,750	9,464
Fees and licenses		61,680	24,464
Labor cost		38,016	29,860
Other selling expenses		102,460	51,755
Total selling expenses	$	7,974,833	6,778,550
Administrative expenses			
Advisory services	$	212,634	324,062
Labor and benefits		248,391	224,447
Bank fees		81,579	157,834
Depreciation		45,974	42,483
Leases		20,469	15,071
Safety and hygiene		7,427	6,609
Total administration expenses	$	616,474	770,506

		2023	2022
Cost of services, selling and administrative expenses			
Labor and benefits (*)	$	6,470,011	5,222,023
Depreciation		6,696,602	5,813,497
Programming		2,782,555	2,660,338
Maintenance and conservation expenses		1,660,144	1,543,158
Links		527,706	438,513
Publicity and promotion		757,833	628,863
Sales commissions		594,669	242,959
Material cost		590,247	699,661
Leases		476,685	350,978
Lease depreciation		160,940	147,975
Power sources		269,778	309,264
Amortization		346,197	258,540
Advisory services		222,867	335,726
Electric power		301,765	253,549
Insurance		254,525	217,540
Account statement preparation and courier services		2,661	2,850
Non-deductibles		111,842	89,297
Bank commission		81,579	157,834
Travel expenses		108,269	102,742
Transfer of securities		98,436	86,305
Stationery and office supplies		50,926	63,822
Bad debt reserve		39,533	50,773
External works		125,302	133,647
Call traffic		478,450	370,009
Freight		77,124	70,821
Safety and hygiene		101,632	90,442
Training and recruitment		74,193	37,869
Surveillance services		62,161	42,543
Telephones		76,263	86,228
Conventions		1,677	17,743
Equipment recovery		13,750	9,464
Fees and licenses		61,680	24,464
Labor cost		38,016	29,860
Goodwill impairment		12,339	-
Other selling expenses		102,459	52,025
Total	$	23,830,816	20,641,322

(*) Employees benefits and compensation is as follows:

		2023	2022
Salaries, benefits and bonuses	$	4,388,411	3,334,901
Commissions		376,902	605,375
Taxes and fees		1,646,498	1,204,146
Employee profit sharing		58,200	77,601
	$	6,470,011	5,222,023

(23) ANALYSIS OF OTHER INCOME, NET-

The other income, net is comprised as follows:

		2023	2022
Other income			
Bonuses received	$	80,236	17,239
Exempt income		21,166	24,406
Tax restatement		9,648	5,622
Cash Surpluses		8,177	5,653
Equipment recoveries		7,178	5,434
Cancellation of provisions		-	726
Others		29,574	2,693
Total other income		155,979	61,773
Other expenses			
Loss on sale of fixed assets		(4,313)	(1,661)
Total other expenses		(4,313)	(1,661)
Total other income, net	$	151,666	60,112

(24) FINANCE INCOME AND COSTS-

Finance income and expense are comprised as follows:

	2023	2022
Finance costs:		
Interest on bank loans and issued debt securities	$ (2,090,938)	(1,230,068)
Actualizations and surcharges for payment of IT from prior years	-	(214,467)
Interest on loans with related parties (Note 26)	(40,966)	(60,395)
Interest on leases	(85,829)	(124,968)
Changes losses, net	(38,006)	-
Finance costs	(2,255,739)	(1,629,898)
Finance income:		
Interest income from short-term bank deposits	148,969	167,001
Interest income from loans to related parties (Note 26)	150,176	101,270
Income from derivative financial instruments	50,336	-
Changes incomes, net	-	102,637
Finance income	349,481	370,908
Total	$ (1,906,258)	(1,258,990)

(25) COMMITMENTS AND CONTINGENCIES-

a) Commitments

i. Concessions
Pursuant to the terms and conditions of the concessions, the subsidiary companies that hold concession titles granted by the SCT and/or IFT to operate the services, must comply with certain obligations.

Failure by the Group to comply with said obligations could imply penalties. In addition, the Group's concessions are subject to revocation only for serious causes, such as interruption of service, repeated failure to comply with the obligations or conditions established in the concession titles, the assignment or transfer of the rights conferred by the concessions in contravention of the provisions of the Law.

In any of these cases, the concession may be revoked without the government being bound to pay any compensation to Mega Cable, S.A. de C.V. If the IFT revokes any of the Group's concessions, it could not operate within the area of the revoked concession or obtain new concessions to operate in said or any other area for a five-year period.

The revocation of any of the Company's concessions would have a significant adverse effect on its activities, financial position and income statement.

ii. Contractual
The Group has contracts entered since 2019 to date, for the provision of implementation and supply services under the "turnkey" modality of the GPON network, which mainly consists of an FTTH network (Fiber To The Home), which will be implemented in the main cities where the Group is present.

The Group has obligations to do and not to do with financial institutions in relation to current loan contracts. Said contracts include clauses that prohibit the Group from carrying out activities such as the sale of fixed assets or the merger with a third party (except with prior notice and authorization from the financial institution).

Additionally, the loan agreement requires the fulfillment of certain financial ratios.

b) Contingencies

As of the date of issuance of these financial statements, the following relevant lawsuits have been brought against the Group that could represent an economic impact:

i) Various labor lawsuits with an initial claimed amount of $368,418 of which the Group Attorneys have confirmed that the high risk litigation of obtaining an unfavorable judgment amounts to $70,961. The Group set aside an accounting reserve from previous years on this last amount.

ii) In the case of an audit by the tax authorities, discrepancies could be identified in the criteria applied by the Group to determine its taxes. The tax authorities have not reported any inconsistency in the taxes determined and paid by the Group, except as follows:

As of the date of issuance of these financial statements, its subsidiaries have received notifications from the General Administration of Large Taxpayers (SAT), determining tax credits by the subsidiaries for $3,563,006 for Income Tax (ISR) and Special Tax on Production and Services (IEPS), both include surcharges and fines for fiscal years 2008, and 2011; however, the Group's Management and its attorneys confirm that they have the necessary elements to obtain a favorable ruling, in the means of defense that it has filed.

(26) RELATED PARTIES AND OPERATIONS-

a) The main balances with related parties are as follows:

Entity	Type of relationship	Line item		2023	2022
Long-term accounts receivable:					
Grupo de Telecomunicaciones de Alta Capacidad, S.A.P.I. de C. V. (GTAC) (1)	Joint venture	Loan granted	$	1,162,900	996,475
Accounts payable:					
Grupo de Telecomunicaciones de Alta Capacidad, S.A.P.I. de C. V. (GTAC) (2)	Joint venture	Lease	$	788,125	757,478
Minus short-term accounts payable				(69,198)	(165,020)
Total long-term accounts payable			$	718,927	592,458

(1) The long-term account receivable as at December 31, 2023 and 2022 is originated by a current account loan granted to its joint venture GTAC, for up to USD 20 million. The loan is due on December 31 2030 and accrues monthly interest at the 28-day interbank rate plus two percentage points. The effective rate as at December 31, 2023 and 2022 was 13.61% and 9.91%, respectively. As at December 31, 2023 and 2022, the fair value of the account receivable is $1,213,346 and $1,028,855, respectively, and is at level 2 of fair value.

(2) The account payable for leases as at December 31, 2023 and 2022, corresponds to the contract entered into for the provision of capacity for telecommunications services with GTAC executed on August 1, 2012. Said contract specifies that the Group will make annual payments of $41,400 over the next 18 years, that will be increased annually through the National Consumer Price Index (CPI). The contract also establishes that the payments corresponding to years 10 through 18 can be paid in advance. In addition, this account payable corresponds to the financial lease additions acquired by a Group subsidiary, which is paid at 10 years, according to the present calculation value. See Note 18.

The implicit annual interest rate determined for the payments that the Group will make will be TIIE plus 1.22 percentage points or 6%, whichever is less. The effective rate in 2023 and 2022 was 6.0%.

The fair value as at December 31, 2023 and 2022 of the account payable is $706,277 and $763,987, respectively. Said fair value is based on discounted cash flows using the discount rate calculated by Management and are within level 2 in the fair value hierarchies.

b) The following transactions were completed over the course of the year:

Entity	Type of relationship	Line item		2023	2022
Altán Redes, S. A. P. I. de C. V.	Other permanent investment	Service revenues	$	434,919	302,410
Grupo de Telecomunicaciones de Alta Capacidad, S. A. P. I. de C. V. (GTAC)	Loan granted	Maintenance expenses		127,255	115,589
Grupo de Telecomunicaciones de Alta Capacidad, S. A. P. I. de C. V. (GTAC)	Loan granted	Interest income		150,176	101,270
Grupo de Telecomunicaciones de Alta Capacidad, S. A. P. I. de C. V. (GTAC)	Loan granted	Maintenance revenues		6,300	5,864
Grupo de Telecomunicaciones de Alta Capacidad, S. A. P. I. de C. V. (GTAC)	Loan granted	Interest expenses		40,966	60,395

The goods are acquired from the joint venture under regular commercial terms and conditions.

c) Compensation of key personnel

Key personnel include directors and members of the Executive Committee. Compensation paid or payable to these executives for their services is as follows:

		2023	2022
Short-term benefits	$	89,459	86,719
Termination benefits		36,593	40,269
	$	126,052	126,988

d) Loans to related parties receivable long term.

		2023	2022
Total loans to related parties [1]:			
As at January 1	$	996,475	916,876
Loans granted in the year		227,343	211,077
Loan collections		(100,352)	(114,963)
Interest collected		(110,642)	(117,785)
Interest charged		150,076	101,270
As at December 31	$	1,162,900	996,475

[1] See subsection a).1) above.

For the years ended December 31, 2023 and 2022, there are no loan balances granted to key administration personnel.

(27) OTHER ASSETS-

The other assets are comprised as follows:

		2023	2022
Other permanent investment Altán Redes, S.A.P.I. de C.V. (1)	$	624,762	624,762
Other permanent investment		1,800	-
Total other permanent investment gross		626,562	624,762
Impairment of other permanent investment (2)		(624,762)	(624,762)
Total other permanent investment, net	$	1,800	-
Commissions, net		926,941	378,777
Prepayments and others		69,057	60,185
Total other non-current assets, net	$	997,798	438,962

(1) Corresponds to another permanent investment in Altán Redes, S.A.P.I. de C.V. (Altán).

In 2016, Altán won the international bidding process published by the Secretariat of Communications and Transportation, to build and operate the shared wholesale network. In January 2017, Altán obtained a 20 year concession title for commercial use as a wholesale shared network.

Grupo Megacable as at December 31, 2021 had 3.9216% of Altán's equity, obtained through cash contributions and through a telecommunications services provision plan. Grupo Megacable may not have significant influence on the Altán operation, therefore, its participation is made through the acquisition of a special series of shares without voting rights that consists primarily of contributing services and capabilities.

At the General Extraordinary Stockholder Meeting of Altán Redes, S.A.P.I. de C.V., on June 1, 2022, the stockholders approved, among other issues, a corporate restructure that resulted in the Company's share in Capital Stock of Altan increasing from 3.9216% to a total of 4.2059%, however, this share does not grant the right to vote in the Board of Directors of Altán.

At the same Meeting, the stockholders agreed on new financing from different creditors by entering into credit contract "Jumbo-DIP Financing". A substantial part of this financing came from creditors of the Government Public Sector, including the National Bank of Public Works and Services, National Credit Company, Development Banking Institution; Nacional Financiera, National Credit Company, Development Banking Institution and the National Foreign Trade Bank, National Credit Company, Development Banking Institution.

(2) By calculating the market value of investments on Altán, an impairment of in investment was determined as of December 31, 2022, the Group recorded $43,932 as impairment, as of December 31, 2023, it is 100% impaired. Until the time of restructure, Grupo Megacable in addition to being a shareholder, is a provider and client of telecommunications services with Altán.

(28) CASH CHANGES CONSIDERED PART OF FINANCING ACTIVITIES-

The net debt as at December 31, 2023 and 2022 is integrated as follows:

Net debt (liabilities arising from financing activities)		2023
Bank loans payable in 1 year	$	(5,244,567)
Bank loans payable after 1 year		(8,331,859)
Bank loans payable in 1 year (interest)		(87,240)
Issuance of debt securities payable in 1 year (Interest)		(206,598)
Issuance of debt securities payable after 1 year		(7,000,000)
Lease liabilities with third parties payable in 1 year		(195,733)
Lease liabilities with third parties payable over 1 year		(704,036)
Lease liabilities with related parties payable in 1 year		(69,198)
Lease liabilities with related parties payable over 1 year		(718,927)
Net debt as at December 31, 2023	$	(22,558,158)

Net debt (liabilities arising from financing activities)		2022
Bank loans payable in 1 year	$	(3,082,145)
Bank loans payable after 1 year		(3,448,524)
Issuance of debt securities payable in 1 year (Interest)		(203,968)
Issuance of debt securities payable after 1 year		(7,000,000)
Lease liabilities with third parties payable in 1 year		(120,830)
Lease liabilities with third parties payable over 1 year		(697,067)
Lease liabilities with related parties payable in 1 year		(165,020)
Lease liabilities with related parties payable over 1 year		(592,458)
Net debt as at December 31, 2022	$	(15,310,012)

Net debt as at December 31, 2023		Lease liabilities with related parties payable in one year	Lease liabilities with related parties payable over one year	Lease liabilities with third parties payable in one year	Lease liabilities with third parties payable over one year	Bank loans and Issuance of debt securities of less than 1 year maturity	Bank loans and Issuance of debt securities valid for more than 1 year	Total
Net debt at January 1, 2023	$	(165,020)	(592,458)	(120,830)	(697,067)	(3,286,113)	(10,448,524)	(15,310,012)
Accrued interest		(40,966)	-	(85,829)	-	(2,090,938)	-	(2,217,733)
Cash flow - Principal payments (1)		277,844	-	227,696	-	3,250,071	-	3,755,611
Cash flow - Interest payments		40,966	-	85,829	-	1,797,100	-	1,923,895
Increase in accounts payable		(177,963)	(130,528)	(27,129)	(282,439)	(10,091,860)	-	(10,709,919)
Short-term transfer		(4,059)	4,059	(275,470)	275,470	4,883,335	(4,883,335)	-
Net debt as at December 31, 2023	$	(69,198)	(718,927)	(195,733)	(704,036)	(5,538,405)	(15,331,859)	(22,558,158)

Net debt as at December 31, 2022		Lease liabilities with related parties payable in one year	Lease liabilities with related parties payable over one year	Lease liabilities with third parties payable in one year	Lease liabilities with third parties payable over one year	Bank loans of less than 1 year maturity	Bank loans valid for more than 1 year	Total
Net debt at January 1, 2022	$	(135,316)	(612,514)	(1,624,901)	(228,250)	(2,917,588)	(3,458,069)	(8,976,638)
Accrued interest		(60,395)	-	(124,968)		(1,230,068)		(1,415,431)
Cash flow - Principal payments (1)		95,450	-	1,531,200	-	2,927,133	-	4,553,783
Cash flow - Interest payments		60,395	-	124,968	-	1,026,100	-	1,211,463
Increase in accounts payable		(105,098)	-	(27,129)	(468,817)	(10,082,145)	-	(10,683,189)
Short-term transfer		(20,056)	20,056	-	-	6,990,455	(6,990,455)	-
Net debt as at December 31, 2022	$	(165,020)	(592,458)	(120,830)	(697,067)	(3,286,113)	(10,448,524)	(15,310,012)

(1) Includes the payment corresponding to the lease with related parties.

Account receivable with related parties as of December 31, 2023 and 2022 is integrated as follows:

		2023	2022
Total loans to related parties:			
As at January 1	$	996,475	916,876
Loans granted in the year		227,343	211,077
Loan collections		(100,352)	(114,963)
Interest collected		(110,642)	(117,785)
Interest charged		150,076	101,270
As at December 31	$	1,162,900	996,475

Financing activities related to capital movements December 31, 2023 and 2022 are integrated as follows:

		Provision for repurchase of shares	Retained earnings	Legal reserve	Non-controlling interest
Balance as of January 1, 2023	$	273,628	30,930,210	494,223	1,487,616
Cash flow from purchase and sale of shares		30,723	-	-	-
Cash flow from reimbursement of share capital to minority shareholders		-	-	-	(637,000)
Restructuring effect on to minority shareholders		-	-	-	(166,929)
Cash flow from dividend payments		-	(2,538,547)	-	-
Movements related to cash flow	$	304,351	28,391,663	494,223	683,687
Movements not related to cash flow		95,649	(137,134)	5,177	-
Comprehensive income		-	2,841,835	-	167,255
Balance as of December 31, 2023	$	400,000	31,096,364	499,400	850,942

		Provision for repurchase of shares	Retained earnings	Legal reserve	Non-controlling interest
Balance as of January 1, 2022	$	146,291	29,875,528	493,808	1,460,363
Cash flow from purchase and sale of shares		127,337	(121,637)	-	-
Cash flow from dividend payments		-	(2,418,083)	-	(141,158)
Movements related to cash flow	$	273,628	27,335,808	493,808	1,319,205
Movements not related to cash flow		-	9,626	415	-
Comprehensive income		-	3,584,776	-	168,411
Balance as of December 31, 2022	$	273,628	30,930,210	494,223	1,487,616

(29) FINANCIAL INFORMATION BY OPERATING SEGMENTS-

The Chief Executive Officer is the highest authority in the Group's operational decision-making. Consequently, Management has determined the operating segments to report based on the internal management reports reviewed by that body to make strategic business decisions. The Chief Executive Officer analyzes the business from a geographic and product perspective. As at December 31, 2023 and 2022, there were no changes based on this analysis.

The Chief Executive Officer evaluates the performance of operating segments based on operating profit. The result for interest earned and lost is not assigned to the segments, since this activity is the responsibility of the treasury, which manages the Group's liquidity.

Segment information is reported based on the information used by the Chief Executive Officer for strategic and operational decision making processes. An operating segment is defined as a component of an entity for which there is separate financial information that is regularly evaluated.

The Group's segment revenues are as follows:

Cable
It includes the operation of cable television systems in different states of Mexico and generates income mainly from basic and premier services. This segment also includes cable subscriber setup, pay-per-view fees, local and national advertising sales.

Internet
Includes high-speed services provided to residential and commercial customers.

Telephony
Although the Telephony segment does not meet the quantitative limits required under Accounting Standard IFRS 8 to be reported separately, Group Management has done so because it believes that the potential growth of this segment will imply that it contributes significantly to the income of the Group in the future. The telephony receives its income from digital fixed telephony from the internet protocol, from services provided to residential and commercial customers.

Business
It includes the Metrocarrier, MCM, Ho1a and PCTV units, focused on the different connectivity, equipment, administrative services and content segments.

Other segments
It represents operating segments that individually comprise less than 10% of the consolidated total. Others include TV and broadcast program production operations, point distribution services, virtual private network and other network services.

Corporate costs are distributed in the different segments.

Accountings Standard IFRS 8 requires the disclosure of a segment's assets and liabilities if the measurement is regularly provided to the decision-making body; however, in the Group's case, the Chief Executive Officer only evaluates the performance of the operating segments based on the analysis of the income, operating profit and assets, but not the liabilities of each segment.

The income reported by the Group represents the income generated by external customers since there are no intersegment sales.

a) Income and results by segment:

December 31, 2023		Cable	Internet	Telephony	Business	Others (*)	Consolidated Total
Service revenues	$	10,791,852	10,316,756	2,571,517	5,402,984	787,431	29,870,540
Cost of services, and selling and administrative expenses		8,609,775	8,230,742	2,051,565	4,310,519	628,215	23,830,816
Earnings before other income		2,182,077	2,086,014	519,952	1,092,465	159,216	6,039,724
Other income, net		54,795	52,383	13,057	27,433	3,998	151,666
Operating profit		2,236,872	2,138,397	533,009	1,119,898	163,214	6,191,390
Finance cost, net							(1,906,258)
Income tax							(1,276,042)
Consolidated net income	$						3,009,090

December 31, 2022		Cable	Internet	Telephony	Business	Others (*)	Consolidated Total
Service revenues	$	9,867,238	8,994,848	2,461,689	5,179,860	652,051	27,155,686
Cost of services, and selling and administrative expenses		7,500,191	6,837,078	1,871,156	3,937,266	495,631	20,641,322
Earnings before other income		2,367,047	2,157,770	590,533	1,242,594	156,420	6,514,364
Other income, net		21,842	19,911	5,449	11,466	1,444	60,112
Operating profit		2,388,889	2,177,681	595,982	1,254,060	157,864	6,574,476
Finance cost, net							(1,258,990)
Impairment of other permanent investment							(43,932)
Income tax							(1,518,367)
Consolidated net income	$						3,753,187

(*) The “Others” segment is comprised primarily of revenues from mobile phone services, megacanal, video rola, and others.

The presentation by segments previously disclosed is the same one Management used in the periodic review processes on the Group's performance.

Taxes and financial costs are managed at the Group level and not within each of the reported segments. As a result, this information is not presented as distributed in each segment reported. Operating profit is the key performance indicator for the Company's management, which is reported monthly to the Chief Executive Officer.

b) Other information by segments:

December 31, 2023		Cable	Internet	Telephony	Business	Others (*)	Consolidated total
Property, networks and equipment by segment	$	38,174,525	6,701,146	196,261	7,128,225	7,914	52,208,071
Acquisitions and net disposals in the year of property, networks and equipment	$	10,889,553	1,823,903	47,709	210,722	17,787	12,989,674
Depreciation of fixed assets	$	4,152,544	728,937	21,349	775,393	861	5,679,084

December 31, 2022		Cable	Internet	Telephony	Business	Others (*)	Consolidated total
Property, networks and equipment by segment	$	27,321,025	7,564,976	775,974	7,405,095	2,147,383	45,214,453
Acquisitions and net disposals in the year of property, networks and equipment	$	7,776,980	1,532,090	26,059	546,386	4,387,704	14,269,219
Depreciation of fixed assets	$	3,194,847	884,628	90,740	865,932	251,109	5,287,256

Some fixed assets included in the cable segment are also used in other segments, such as internet and telephony; however, the cost of these assets is assigned only to cable.

c) Information by geographic location:

i. Analysis of net income by geographic location:

State	Total service revenues 2023	Total service revenues 2022
Jalisco	$ 3,364,689	3,144,706
Sonora	2,667,271	2,633,515
Ciudad de México	2,561,620	1,950,426
Estado de México	2,548,214	2,368,348
Guanajuato	2,337,656	2,204,224
Sinaloa	2,301,129	2,227,424
Puebla	2,242,327	2,096,365
Michoacán	2,302,895	2,147,125
Veracruz	1,875,363	1,790,261
Durango and Coahuila	1,686,495	1,549,825
Querétaro	1,323,594	1,223,578
Chiapas	803,076	755,377
Nuevo León	504,699	324,659
Baja California Sur	502,540	458,953
Nayarit	443,412	477,530
Oaxaca	386,029	360,078
Colima	355,875	353,483
Zacatecas	349,844	337,358
Chihuahua	242,085	106,814
Morelos	225,817	187,717
Guerrero	145,952	138,045
Baja California Norte	134,094	9,887
Aguascalientes	111,705	9,529
Quintana Roo	96,646	96,997
San Luis Potosí	92,226	9,456
Hidalgo	78,134	58,101
Tlaxcala	68,986	50,961
Tabasco	31,868	11,345
Campeche	20,662	15,603
Yucatán	40,362	22,729
Others	25,275	35,267
Consolidated total	$ 29,870,540	27,155,686

State	Property, networks and computers 2023	Property, networks and computers 2022	Network and equipment acquisitions 2023	Network and equipment acquisitions 2022
Jalisco	$ 23,057,940	16,386,748	4,123,516	6,938,060
Estado de México / CDMX	4,688,968	2,851,483	620,982	663,884
Puebla	2,559,694	2,700,049	846,865	460,656
Veracruz	2,336,966	2,699,756	586,007	685,069
Sonora	2,335,692	3,986,236	724,591	1,218,370
Guanajuato	2,184,966	2,260,041	689,811	356,101
Sinaloa	2,049,254	2,717,660	573,912	443,727
Durango and Coahuila	1,876,818	2,200,301	605,140	586,534
Querétaro	1,611,939	1,900,219	476,442	342,502
Michoacán	1,493,948	1,910,985	60,025	381,997
Nuevo León	1,016,410	741,495	387,201	309,750
Chiapas	871,949	893,131	215,064	207,128
Chihuahua	845,155	203,745	495,678	101,730
Baja California Norte	815,975	206,606	465,071	289,215
Nayarit	573,439	425,656	223,090	287,103
Baja California Sur	452,811	450,564	146,093	135,728
Colima	433,121	475,964	280,582	93,149
Aguascalientes	377,071	167,901	105,740	150,163
Zacatecas	376,400	342,367	164,704	44,346
Morelos	313,478	233,829	136,196	48,249
Guerrero	302,761	341,650	123,578	71,568
San Luis Potosí	310,807	107,059	194,189	107,595
Oaxaca	283,170	446,333	81,887	131,179
Quintana Roo	276,314	122,509	130,210	91,811
Yucatán	271,751	135,579	190,274	49,835
Others	491,274	306,587	342,826	73,770
Consolidated total	$ 52,208,071	45,214,453	12,989,674	14,269,219

ii. Analysis of income from services to external customers by product:

		2023	2022
Cable Segment			
Basic cable	$	3,438,502	3,678,550
Premier cable		3,698,782	3,290,354
Lifeline cable		3,654,568	2,898,334
Total cable segment		10,791,852	9,867,238
Internet segment			
High speed residential internet		8,872,224	7,913,789
High speed commercial internet		1,444,532	1,081,059
Total Internet segment		10,316,756	8,994,848
Telephone segment			
Residential telephony		2,370,473	2,241,216
Commercial telephony		201,044	220,473
Total telephony segment		2,571,517	2,461,689
Business Segment			
Metrocarrier		2,678,375	2,592,401
MCM		1,263,385	1,205,421
Ho1a		929,665	1,016,019
PCTV		531,559	366,019
		5,402,984	5,179,860
Others		787,431	652,051
Total business segment and others		6,190,415	5,831,911
Total consolidated service revenues	$	29,870,540	27,155,686

(30) SUBSEQUENT EVENTS-

In March 13, 2024, the Group contracted technical equipment and network for signal distribution through a lease in pesos entered into with BBVA Bancomer, S.A. Multiple Banking Institution, in the amount of $700,000, maturing at the end of December 1, 2024, with monthly interest at a fixed rate of 11.72%.

The Group issued debt securities with borrower's signature guarantee in pesos in the Mexican market on March 26, 2024, for $1,621,789 under the code "MEGA 24X" at a variable interest rate of TIIE + 45 bp, maturing on March 23, 2027 and for $2,323,071 under the code "MEGA 24-2X", at a fixed interest rate of $10.00%, maturing on March 18, 2031.

On March 2024, the Group made payments on two unsecured loans from BBVA Bancomer, S.A. a full-service banking institution for $210,000 and Banco Santander, S.A. a full-service banking institution for $500,000.

(31) AUTHORIZATION TO ISSUE THE CONSOLIDATED FINANCIAL STATEMENTS-

The issuance of the consolidated financial statements and the corresponding notes was authorized by Enrique Yamuni Robles (Chief Executive Officer) and Luis Antonio Zetter Zermeño (Chief Administrative and Financial Officer), on April 24, 2024, for approval by the Audit Committee and the Board of Directors. These consolidated financial statements will be presented at the Shareholders Meeting for approval.

INVESTOR INFORMATION

GRI 2-1

Megacable Holdings, S. A. B. de C. V.
Mexican Stock Exchange (BMV)
[MEGA.CPO]

Headquarters
Av. Lázaro Cárdenas 1694
Col. Del Fresno, C.P. 44900,
Guadalajara, Jalisco, Mexico