

Exchange Rate Information

Since 1991, Mexico has had a free market for foreign exchange and, since 1994, the Mexican government has allowed the Peso to float freely against the U.S. Dollar. There can be no assurance that the government will maintain its current policies with regard to the Peso or that the Peso will not depreciate or appreciate significantly in the future.

In the past, the Mexican economy has had balance of payment deficits and decreases in foreign exchange reserves. While the Mexican government does not currently restrict the ability of Mexican or foreign persons or entities to convert Pesos to U.S. Dollars, we cannot assure you that the Mexican government will not institute restrictive exchange control policies in the future, as has occurred from time to time in the past. To the extent that the Mexican government institutes restrictive exchange control policies in the future, our ability to transfer or to convert Pesos into U.S. Dollars and other currencies for the purpose of making timely payments of interest and principal of indebtedness, as well as to obtain foreign programming and other goods, would be adversely affected. See “— Risk Factors — Risk Factors Related to Mexico — Currency Fluctuations or the Devaluation and Depreciation of the Peso Could Limit the Ability of Our Company and Others to Convert Pesos into U.S. Dollars or Other Currencies, Which Could Adversely Affect Our Business, Financial Condition or Results of Operations”.

Risk Factors

The following is a discussion of risks associated with our company and an investment in our securities. Some of the risks of investing in our securities are general risks associated with doing business in Mexico. Other risks are specific to our business. The discussion below contains information, among other things, about the Mexican government and the Mexican economy obtained from official statements of the Mexican government as well as other public sources. We have not independently verified this information. Any of the following risks, if they actually occur, could materially and adversely affect our business, financial condition, results of operations or the price of our securities.

Risk Factors Related to the COVID-19 Pandemic

The COVID-19 Pandemic May Have a Material Adverse Effect on Our Business, Financial Position and Results of Operations

The COVID-19 pandemic may have a material adverse effect on our business, financial position and results of operations, although it is currently difficult to predict the degree of the impact. The COVID-19 pandemic is significantly affecting the global economy due to the disruption or slowdown of supply chains and the increase in economic uncertainty, as evidenced by the increase in volatility of asset prices, exchange rates and decreases in long-term interest rates.

We cannot guarantee that conditions in the bank lending, capital and other financial markets will not continue to deteriorate as a result of the pandemic, or that our access to capital and other sources of funding will not become constrained, which could adversely affect the availability and terms of future borrowings, renewals or refinancings. In addition, the deterioration of global economic conditions as a result of the pandemic may ultimately reduce the demand of our products across our segments as our clients and customers reduce or defer their spending.

The social distancing, shelter-in-place and other policies to limit the spread of the COVID-19 pandemic that have been implemented or recommended by governmental entities in Mexico and other areas around the world have been affecting the ability of our employees, suppliers and customers to conduct their functions and businesses in their typical manner. The Mexican Government ordered the suspension of all non-essential economic activities from March 30, 2020 through April 30, 2020, and later extended such suspension until May 30, 2020 for most parts of Mexico, including the largest metropolitan areas. Media and telecommunications are not included in the suspension as they are considered essential economic activities. Notwithstanding the foregoing, we have continued operating our essential businesses promoting the “stay at home” policy whenever possible, in order to take safety and cautionary measures for our employees, along with the corporate campaign “Televisa is with you/Stay at Home with Televisa.” We have taken strict health controls and precautions for the personnel who need to work on-site for the operation of our essential businesses. For more details on the Company’s efforts related to this, please see “Information on the Company—Business Overview—Business Strategy—Commitment to Sustainability.”

Furthermore, as the pandemic evolves in Mexico, additional restrictions are being and may continue to be enacted, such as, among others, the reduction of public transportation as well as restrictions on private transportation, recently enacted in the Mexico City metropolitan area, in which we operate most of our businesses.

As a result of the social distancing policies implemented or recommended by governmental entities in Mexico, our Cable and Sky operations have shown, during the first days of the recommended restrictions, an increase in gross additions and/or sales, which may or may not be temporary. Notwithstanding the foregoing, we may see a decline in these businesses if there are adverse macroeconomic conditions in Mexico and the rest of the markets where we operate.

With regards to our content business, the demand for advertising has been and may continue to be affected by the reduction in the level of economic activity in the jurisdictions in which our customers are located, as well as by the uncertainty caused by the pandemic and its duration. We are partially dependent on the demand for advertising from consumer-focused companies, and the COVID-19 pandemic has caused, and could further cause, advertisers to reduce, postpone or, in a few cases, eliminate their advertisement spending on our platforms, or to re-negotiate the terms and conditions of their existing agreements with us. Much of our production of new content has been curtailed or suspended in response to social distancing and shutdown requirements and health guidelines.

In addition, sporting or other entertainment events for which we have broadcast rights, or which we organize, promote and/or are located in venues we own, have been, or may be, cancelled or postponed. Moreover, local authorities have enacted several rules pursuant to which they have instructed the temporary closing of non-essential businesses, including casinos, and as a result our gaming operations have been suspended until the cancellations of governmental measures imposed in the regions where our casinos are located.

The magnitude of the impact on our business will depend on the duration and extent of the COVID-19 pandemic and the impact of federal, state, local and foreign governmental actions, including continued or future social distancing, and consumer behavior in response to the COVID-19 pandemic and such governmental actions. Due to the evolving and uncertain nature of this situation, we are not able to estimate the full extent of the impact of the COVID-19 pandemic, but it may have a material adverse effect on our business, financial position and results of operations over the near, medium or long-term.

To the extent the COVID-19 pandemic and the measures adopted by the authorities to contain it adversely affect our business and financial results, they may also have the effect of heightening many of the other risks described in this “Risk Factors” section.

We cannot predict what effects the COVID-19 relief plan recently announced by the Mexican Federal Government will have in our results of operations and the overall economy

On March 30, 2020, the Mexican General Health Council declared a public health emergency, and on March 31, 2020, the Mexican Ministry of Health announced extraordinary actions to deal with the health emergency caused by the outbreak of the COVID-19 virus. The announcement by the Mexican Ministry of Health ordered the suspension of all non-essential economic activities from March 30, 2020 through April 30, 2020 and was later extended until May 30, 2020 for most parts of Mexico, including the largest metropolitan areas. Media and telecommunications are not included in the suspension as they are considered essential economic activities. Such suspension has already caused negative impacts on the Mexican economy that cannot currently be quantified, and as a result of such, many of our customers’ businesses will be materially and negatively affected and will encounter significant difficulties in terms of maintaining profitability.

On April 6, 2020, Mexico’s Federal Government unveiled a plan to provide relief from the COVID-19 crisis. This plan consists mainly of increases in public investment and social spending, providing loans to small businesses and individuals and adopting additional austerity measures. However, there remains substantial uncertainty as to the mechanics and processes necessary to implement this plan. Furthermore, the plan currently does not include bailouts, tax cuts or increases in public debt, although such measures could be adopted in the future. The success of these strategies is uncertain as well as the effect that the pandemic will have on our customers and on our business, financial position and results of operations over the near, medium or long-term.

Risk Factors Related to Mexico

Economic and Political Developments in Mexico May Adversely Affect Our Business

Most of our operations and assets are located in Mexico. As a result, our financial condition, results of operations and business may be affected by the general condition of the Mexican economy, the depreciation or appreciation of the Peso as compared to the U.S. Dollar and other currencies, Mexican inflation, interest rates, regulation, taxation, social instability and other political, social and economic developments in or affecting Mexico over which we have no control.

Mexico Has Experienced Adverse Economic Conditions, Which Could Have a Negative Impact on Our Results of Operations and Financial Condition

Mexico has historically experienced uneven periods of economic growth. Mexican gross domestic product, or GDP, increased by 2.0% in 2017, increased by 2.0% in 2018 and decreased by 0.1% in 2019. Mexican GDP growth fell short of Mexican government forecasts in 2019 and, according to analysts, Mexican GDP is expected to decrease in a range between -3.7% - 9.0% in 2020. We cannot assure you that these estimates and forecasts will prove to be accurate.

Any future economic downturn, including downturns in the United States, Europe, Asia or anywhere else in the world, could affect our financial condition and results of operations. For example, demand for advertising may decrease both because consumers may reduce expenditures for our advertisers' products and because advertisers may reduce advertising expenditures and demand for publications, cable television, direct-to-home, or DTH, satellite services, pay-per-view programming, telecommunications services and other services and products may decrease because consumers may find it difficult to pay for these services and products. Additionally, there can be no assurance that the recent Mexican sovereign debt rating downgrade will not adversely affect our business, financial condition, results of operations or the price of our securities.

Developments and the Perception of Risk in other Countries, Especially in Europe, China, the United States and Emerging Market Countries, May Materially Adversely Affect the Mexican Economy, the Market Value of Our Securities and Our Results of Operations

The market value of securities of Mexican companies, the social, economic and political situation in Mexico and our financial condition and results of operations are, to varying degrees, affected by economic and market conditions in other countries, including the United States, China and other Latin American and emerging market countries. Therefore, investors' reactions to developments in any of these other countries may have an adverse effect on the market value or trading price of securities of Mexican issuers. Crises in the United States, Europe, China or emerging market countries may reduce investor interest in securities issued by Mexican companies, including those issued by us.

Recent turmoil in other large economies, such as those in Europe, China and the United States could have the effect of a downturn in the global economy, such as the recession in 2008. Further, our operations, including the demand for our products or services, and the price of our securities, have also historically been adversely affected by increases in interest rates in the United States and elsewhere.

Any of these factors, would negatively affect the market value of our securities and make it more difficult for us to access capital markets and finance our operations in the future, which could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and the market price of our securities.

In addition, in recent years economic conditions in Mexico have become increasingly correlated with economic conditions in the United States as a result of the North American Free Trade Agreement, or NAFTA, and increased economic activity between the two countries. Adverse economic conditions in the United States or other related events could have a significant adverse effect on the Mexican economy, which could adversely affect our business. As a result of talks to renegotiate NAFTA, on November 30, 2018 (and as amended on December 10, 2019), the United States, Canada, and Mexico signed the United States-Mexico-Canada Agreement (USMCA). The USMCA was finally approved by the Mexican Senate on June 19, 2019, by the U.S. Senate on January 16, 2020, and by Canada on March 13, 2020. In addition, increased or perceptions of increased economic protectionism in the United States and other countries could potentially lead to lower levels of trade and investment and economic growth, which could have a similarly negative impact on the Mexican economy. These economic and political consequences could adversely affect our business and our results of operations.

We cannot assure you that events in other emerging market countries, in the United States or elsewhere will not materially adversely affect our business, financial condition, results of operations, cash flows, prospects and the market price of our shares. In addition, there is uncertainty in global markets stemming from the United Kingdom's exit from the European Union ("Brexit"). The formal notification by the United Kingdom to the European Council under Article 50 of the Treaty on European Union was made on March 29, 2017, triggering a two-year period during which the terms of Brexit were negotiated. On January 21, 2020, the agreement of transitional provisions for Brexit prepared under European Union law was approved in the British Parliament and, with this vote, the United Kingdom officially began its departure from the European Union on January 31, 2020. Trade laws of the European Union will continue to apply until the expiration of the transition period, which will take place on December 31, 2020. This deadline may be extended in light of COVID-19 disruptions to the European Union/United Kingdom trade negotiations. Brexit is likely to have a significant impact on the macroeconomic conditions of the United Kingdom, the European Union and the rest of the world. In the days following Brexit, the performance of global financial markets, particularly international stock markets, could be significantly affected, since immediately following the Brexit vote, there were significant devaluations of the British pound. The long-term effects of Brexit on capital markets, foreign exchange markets and on the overall political and macroeconomic situation globally remain uncertain and, as a consequence, there will likely continue to be a period of instability and volatility in global financial markets. As a result, Brexit may adversely affect political regulatory, economic and market conditions and contribute to the instability of global political institutions, regulatory agencies and financial markets, negatively impacting our business, results of operations and financial condition.

Our profitability is affected by numerous factors including reductions in demand for the services provided in our cable and sky divisions, changes in viewing preferences, priorities of advertisers and reductions in advertisers' budgets. Historically, advertising in most forms of media has correlated positively with the general condition of the economy and thus, is subject to the risks that arise from adverse changes in domestic and global economic conditions, consumer confidence and spending. The demand for our products and services in Mexico, the U.S. and in the other countries in which we operate may be adversely affected by the tightening of credit markets and economic downturns. As a global company, we depend on the demand from customers in Mexico, the U.S. and the other countries in which we operate, and reduced consumer spending that falls short of our projections could adversely impact our revenues and profitability.

Uncertainty in Global Financial Markets Could Adversely Affect Our Financing Costs and Exposure to Our Customers and Counterparties

The global financial markets continue to be uncertain and it is hard to predict for how long the effects of the global financial stress of recent years will persist and what impact it will have on the global economy in general, or the economies in which we operate, in particular, and whether slowing economic growth in any countries could result in decreased consumer spending affecting our products and services. If access to credit tightens further and borrowing costs rise, our borrowing costs could be adversely affected. Difficulties in financial markets may also adversely affect some of our customers. In addition, we enter into derivative transactions with large financial institutions, including contracts to hedge our exposure to interest rates and foreign exchange, and we could be affected by severe financial difficulties faced by our counterparties.

Currency Fluctuations or the Devaluation and Depreciation of the Peso Could Limit the Ability of Our Company and Others to Convert Pesos into U.S. Dollars or Other Currencies, Which Could Adversely Affect Our Business, Financial Condition or Results of Operations

The Peso has been subject to significant depreciation against the U.S. Dollar in the past and may be subject to significant fluctuations in the future. A significant portion of our indebtedness and a significant amount of our costs are U.S. Dollar-denominated, while our revenues are primarily Peso-denominated. As a result, decreases in the value of the Peso against the U.S. Dollar could cause us to incur foreign exchange losses, which could reduce our net income.

Severe devaluation or depreciation of the Peso may also result in governmental intervention, or disruption of international foreign exchange markets. This may limit our ability to transfer or convert Pesos into U.S. Dollars and other currencies for the purpose of making timely payments of interest and principal on our indebtedness and adversely affect our ability to obtain foreign programming and other imported goods. The Mexican economy has suffered current account balance of payment deficits and shortages in foreign exchange reserves in the past. While the Mexican government does not currently restrict the right or ability of Mexican or foreign persons or entities to convert Pesos into U.S. Dollars or to transfer other currencies outside of Mexico, there can be no assurance that the Mexican government will not institute restrictive exchange control policies in the future. To the extent that the Mexican government institutes restrictive exchange control policies in the future, our ability to transfer or convert Pesos into U.S. Dollars or other currencies for the purpose of making timely payments of interest and principal on indebtedness, as well as to obtain imported goods would be adversely affected. Devaluation or depreciation of the Peso against the U.S. Dollar or other currencies may also adversely affect U.S. Dollar or other currency prices for our debt securities or the cost of imported goods.

The public decisions and announcements of the presidential administration in the United States have had, and may continue to have, an adverse effect on the value of the Peso against other currencies, particularly the U.S. Dollar. The decision by the U.S. Federal Reserve to increase applicable interest rates for bank reserves could also affect the exchange rate of the Peso relative to the U.S. Dollar. The economic instability caused by the COVID-19 pandemic has resulted in a high volatility of the foreign exchange rate, including a significant devaluation of the Peso with respect to the U.S. Dollar. See “— Risk Factors Related to the COVID-19 Pandemic—The COVID-19 Pandemic May Have a Material Adverse Effect on Our Business, Financial Position and Results of Operations.”

An Increase in Interest Rates in the United States Could Adversely Impact the Mexican Economy and May Have a Negative Effect on Our Financial Condition or Performance

A decision by the U.S. Federal Reserve to increase applicable interest rates for banks’ reserves may lead to a general increase in interest rates in the United States. This, in turn, may redirect the flow of capital from emerging markets into the United States because investors may be able to obtain greater risk-adjusted returns in larger or more developed economies than in Mexico. Thus, companies in emerging market economies such as Mexico could find it more difficult and expensive to borrow capital and refinance existing debt. This may negatively affect our potential for economic growth and our ability to refinance our existing debt and could materially adversely affect our business, financial condition, results of operations, cash flows, prospects and the market price of our shares.

Renegotiation of the Trade Agreements or Other Changes in Foreign Policy by the New or Current Presidential Administration in the United States Could Adversely Affect Imports and Exports Between Mexico and the United States and Other Economic and Geopolitical Effects may Adversely Affect Us

During the last few years there has been uncertainty regarding U.S. policies related to trade, tariffs, immigration and foreign affairs, including with respect to Mexico. The presidential election to be held on November 3, 2020 in the United States and the new U.S. administration either stemming from President Trump's possible re-election or from a new president, in the event of a Democratic party victory, could lead to a number of changes in the relationship between Mexico and the United States.

Additionally, other government policies in the United States that the current Trump administration may adopt could also adversely affect economic conditions in Mexico. The current relationship between the Mexican and U.S. governments, as well as political and economic factors in each country, could lead to changes in international trade and investment policies, including new or higher taxes on products imported from Mexico to the United States. The events described above could affect our activities, financial situation, operating results, cash flows and/or prospects, as well as the market price of our shares. Other economic and geopolitical effects could adversely affect us.

Given that the Mexican economy is heavily influenced by the economy of the United States, the implementation of the USMCA and/or other government policies in the United States that the Federal administration may adopt could adversely affect economic conditions in Mexico. On September 30, 2018, Mexico, Canada and the United States reached an agreement on the terms and conditions of the USMCA, replacing NAFTA. On June 19, 2019, Mexico became the first country to ratify the USMCA, followed by the United States on January 16, 2020 and Canada on March 13, 2020. The USMCA includes a 16-year sunset clause, under which the terms of the agreement expire, or are suspended, after 16 years and is subject to review every six years, at which time the United States, Mexico and Canada may decide whether to extend the USMCA. The implementation of the new terms of the USMCA could have an adverse effect on the Mexican economy, including the level of imports and exports, which could in turn adversely affect our business and operating results. Other economic and geopolitical effects, including those related to United States policy on trade, tariffs and immigration, may also adversely affect us.

In addition, in June 2019, the Trump administration announced plans to impose an escalating series of tariffs on Mexico unless the Mexican government enacted certain immigration policy changes. While the Mexican and U.S. governments were able to reach an understanding, we cannot assure you that such understanding will remain in place or that the U.S. government will not impose other tariffs on Mexico in the future and that we will not be materially adversely affected by such tariffs or policies.

High Inflation Rates in Mexico May Decrease Demand for Our Services While Increasing Our Costs

In the past, Mexico has experienced high levels of inflation. The annual rate of inflation, as measured by changes in the Mexican National Consumer Price Index, or NCPI, was 6.8% in 2017, 4.8% in 2018, 2.8% in 2019 and is projected to be 3.2% in 2020. An adverse change in the Mexican economy may have a negative impact on price stability and result in higher inflation than its main trading partners, including the United States. High inflation rates can adversely affect our business and results of operations in, among others, the following ways:

- inflation can adversely affect consumer purchasing power, thereby adversely affecting consumer and advertiser demand for our services and products; and
- to the extent inflation exceeds our price increases, our prices and revenues will be adversely affected in “real” terms.

High Interest Rates in Mexico Could Increase Our Financing Costs

In the past, Mexico had, and may in the future have, high real and nominal interest rates. The interest rates on 28-day Mexican government treasury securities averaged 6.7%, 7.6% and 7.8% for 2017, 2018 and 2019, respectively. High interest rates in Mexico could increase our financing costs and thereby impair our financial condition, results of operations and cash flow.

Political Events in Mexico Could Affect Mexican Economic Policy and Our Business, Financial Condition and Results of Operations

The last Mexican presidential and congressional elections took place in July 2018. Andrés Manuel López Obrador, presidential candidate for the National Regeneration Movement Party (Movimiento de Regeneración Nacional) (“Morena”), was elected President of Mexico and took office on December 1, 2018. Additionally, Mexican congressional elections took place in July 2018, resulting in Morena being part of the coalition “Together we will make history” (Juntos Haremos Historia), together with the Labor Party (Partido del Trabajo) and the Social Encounter Party (Partido Encuentro Social), obtaining an absolute majority. Mexico’s next federal legislative election will be in July 2021.

The Mexican government reduced public spending in 2019. On July 2, 2019, the new Mexican Republican Austerity Law (Ley de Austeridad Republicana) was approved by the Mexican Senate. Our business, financial condition and results of operations may be adversely affected by changes in governmental policies or regulations involving or affecting our management, operations and tax regime. Tax policy in Mexico, in particular, is subject to continuous change.

We cannot predict the government’s future policies, considering that the coalition which has control of an absolute majority of congress could implement substantial changes in law, policies and regulations in Mexico, which could have a significant effect on our business, activities, financial condition, operating results, cash flows and/or prospects. As happens with any new governmental policies and regulations, we cannot ascertain whether, and to what extent, such policies and regulations may affect our operations, financial condition, results of operations or the legal framework in which we operate.

Mexico has Experienced a Period of Increased Criminal Activity and Such Activities Could Adversely Affect Our Financing Costs and Exposure to Our Customers and Counterparties

During recent years, Mexico has experienced a period of increased criminal activity and violence, primarily due to organized crime. These activities, their escalation and the violence associated with them could have a negative impact on the business environment in which we operate, and therefore on our financial condition and results of operations.

Imposition of Fines by Regulators and Other Authorities Could Adversely Affect Our Financial Condition and Results of Operations

A significant portion of our business, activities and investments occur in heavily regulated sectors. The Mexican regulators and other authorities, including tax authorities, have increased their supervision and the frequency and amounts of fines and assessments have increased significantly. Although we intend to defend our positions vigorously when procedures are brought or fines are imposed by authorities, there can be no assurance that we will be successful in such defense. Accordingly, we may in the future be required to pay fines and assessments that could be significant in amount, which could materially and adversely affect our financial condition and results of operations.

Existing Mexican Laws and Regulations or Changes Thereto or the Imposition of New Ones May Negatively Affect Our Operations and Revenue

Our business, activities and investments are subject to various Mexican federal, state and local statutes, rules, regulations, policies and procedures, which are subject to change and are affected by the actions of various Mexican federal, state and local government authorities. Such changes could materially adversely affect our operations and our revenue.

Mexico’s Federal Antitrust Law and the *Ley Federal de Telecomunicaciones y Radiodifusión*, or Telecommunications and Broadcasting Federal Law, or LFTR, including their regulations, may affect some of our activities, including our ability to introduce new products and services, enter into new or complementary businesses or joint ventures and complete acquisitions. In addition, the Federal Antitrust Law and its regulations, as well as the conditions and measures imposed by the *Instituto Federal de Telecomunicaciones*, or Federal Telecommunications Institute, or IFT, an institute with constitutional autonomy responsible for overseeing the broadcasting (radio and television) and telecommunications industries and their antitrust matters, or by the *Comisión Federal de Competencia Económica*, or Mexican Antitrust Commission, or COFECE, may adversely affect our ability to determine the rates we charge for our services and products or the manner in which we provide our products or services. Approval of IFT or the COFECE, as applicable, is required to acquire certain businesses or enter into certain joint ventures. There can be no assurance that in the future IFT or the COFECE, as the case may be, will authorize certain acquisitions or joint ventures related to our businesses, the denial of which may adversely affect our business strategy, financial condition and results of operations. IFT or COFECE, as applicable, may also impose conditions, obligations and fines that could adversely affect some of our activities, our business strategy, our financial condition and results of operations. See “– Imposition of Fines by Regulators and Other Authorities Could Adversely Affect Our Financial Condition and Results of Operations”.

As a result of the amendments to the Mexican Constitution and the LFTR relating to telecommunications, television, radio and antitrust, concessions for the use of spectrum are now only granted through public bid processes.

In March 2015, IFT issued a ruling announcing Grupo Radio Centro, S.A.B. de C.V., or Grupo Radio Centro, and Cadena Tres I, S.A. de C.V., or Imagen Television as winning bidders for two free to air broadcasting licenses with separate national coverage. Imagen Television has completed the process, has received its license and began broadcasting on October 17, 2016. However, since Grupo Radio Centro failed to pay the amount they bid for their free to air broadcasting license, the IFT's ruling announcing them as a winning bidder was declared null and void and they did not receive the license. As a result, the auction of the portion of the spectrum that was going to be assigned to Grupo Radio Centro took place during 2017. The new bid was for 148 channels for Digital Terrestrial Television, including at least 123 channels that were not allocated in the IFT-1 bidding process for the two national digital broadcast television networks. At the end of the process, offers were received for 32 channels located in 29 different coverage areas located in 17 States and covering about 45 percent of the country's total population. The bidding process concluded in December 2017 with the issuance of the corresponding concession titles in favor of Compañía Periodística Sudcaliforniana, S.A. de C.V., Comunicación 2000, S.A. de C.V., Francisco de Jesús Aguirre Gómez, Intermedia de Chihuahua, S.A. de C.V., José Guadalupe Manuel Trejo García, Multimedios Televisión, S.A. de C.V., Quiero Media, S.A. de C.V., Radio Comunicación Gamar, S.A. de C.V., Radio Operadora Pegasso, S.A. de C.V., Radio-Televisión de Nayarit, S.A. de C.V., Tele Saltillo, S.A. de C.V., Televisión Digital, S.A. de C.V. and Telsusa Televisión México, S.A. de C.V.

Article 15-A of the *Ley del Seguro Social*, or the Social Security Law, could materially adversely affect our financial condition and results of operations. Article 15-A provides that a company that receives personnel services from a third party on any of the company's premises with such personnel under its control, is jointly bound to comply with the obligations related to social security that have to be fulfilled by such personnel services providers for the benefit of their respective employees. Article 15-A also requires the Company to send a list to the *Instituto Mexicano del Seguro Social*, or the Social Security Mexican Institute, of all agreements entered into with personnel services providers.

In addition to the foregoing, certain provisions of the *Ley Federal del Trabajo*, or the Federal Labor Law, could materially adversely affect our financial condition and results of operations. The Federal Labor Law, as amended in November 2012, provides, among other things, that personnel outsourcing agreements must meet certain requirements. If these requirements are not met, the company that receives the benefit of the outsourced services might be deemed to be the employer of the personnel performing the services and thus required to comply with all the obligations applicable to employers pursuant to the Federal Labor Law in respect of such personnel.

In December 2018, the Mexican Federal Congress approved the economic plan for 2019. The new plan did not include material changes in the tax legislation like tax amnesty or new taxes. The tax reforms revoked the ability to offset overpayments of different type of taxes and granted some incentives for certain taxpayers, as follows:

Limitation to use overpayments of VAT and income tax to offset other taxes: Prior to December 2018, taxpayers were able to offset overpayments of different type of taxes against each other and against taxes withheld. With the tax reform, this ability was eliminated and taxpayers are only allowed to offset tax overpayments that derive from the same type of tax. This limitation may affect some of our subsidiaries that recurrently have VAT or Income Tax overpayments but could offset those overpayments against each other (i.e. VAT against income tax). As of January 2019, taxpayers will only be able to (i) request a refund of the overpayment or (ii) offset tax overpayments against the same type of tax.

Tax incentives for taxpayers operating in the Northern Border Region of Mexico: The objective of these incentives is to promote productivity and create new sources of employment in the Northern Border Region of Mexico. These tax incentives became effective on January 1, 2019 and will remain in force until December 2020.

Income tax reduction: Mexican individuals and entities, and residents abroad with permanent establishment in Mexico that receive income exclusively in the Northern Border Region of Mexico from their business activities will be able to apply a tax credit equal to one-third of the income tax corresponding to that income. In order to apply this tax incentive, an authorization must be obtained from the corresponding tax authority. Once the authorization is obtained, several rules shall be taken into consideration in order to retain the tax incentive.

VAT rate reduction: Mexican individuals and entities that sell goods, render independent services or grant the temporary use of goods in establishments located within the Northern Border Region of Mexico, may apply a tax credit equivalent to 50% of the VAT ordinary rate (16% to be reduced to 8%). In order to be able to apply the tax credit, taxpayers must submit an application notice to the corresponding tax authority.

In December 2019, the Mexican Federal Congress approved some additional reforms to the economic plan for 2020. These 2020 tax reforms include amendments to the Income Tax Law, the Value Added Tax Law, the Special Tax on Production and Services Law and the Federal Tax Code, they became effective as of January 2020. Some of the most relevant changes to the Mexican tax legislation incorporated some of the Actions included in the Base Erosion and Profit Shifting Final Report (BEPS) published by the Organisation for Economic Co-operation and Development (OECD) in February 2013, such as: (i) limitations to the deduction of interests as well as to some other deductions, (ii) update of the Controlled Foreign Corporation (CFC) Rules, (iii) new provisions to tax transparent entities, (iv) modification of the definition of permanent establishment, and (v) incorporation of new rules to tax digital economy. Some other relevant amendments to avoid tax evasion include (i) a new obligation of tax advisors and taxpayers to disclose reportable schemes and (ii) inclusion of general anti-avoidance rule. The following are some of such tax reforms, which some of them impact us:

Limitation of the deductibility of net interest expense. In accordance with the recommendations of Action 4 “Limiting Base Erosion Involving Interest Deductions and Other Financial Payments” of the BEPS Final Project and in addition to the existing thin capitalization rules, the interest deduction is limited to 30% of the adjusted tax profit. The limitation applies to the amount of interests that derive from debt exceeding Ps.20 million considering all interests of all companies that are members of the same corporate group. This limitation applies regardless of whether the debt or loan was acquired before January 2020. The amount of interest not deductible in a given year because of this limitation can be carried forward to the following 10 years, provided that certain requirements are met. There are some exceptions provided in this rule for debt financing public infrastructure work projects, real estate construction, and productive governmental enterprises.

Controlled foreign companies rules. The complete provisions of this regime were changed to apply some of the recommendations included in the Action 3 “Designing Effective Controlled Foreign Company Rules”. The changes include a new definition of effective control and the strengthening of the requirements needed for not considering income subject to a preferential tax regime. In addition, new provisions were added to set new rules for taxing income obtained through foreign transparent entities or figures, and therefore avoid differing the payment of tax derived from this type of vehicle.

New rules to tax digital economy. As part of the measures to increase the efficiency in the collection of VAT and according to the recommendations of Action 1 “Tax Changes Arising from Digitalization” of the BEPS Final Project, a new chapter was included in the Value Added Tax Law to include the VAT treatment applicable to certain digital services provided in Mexico from non-Mexican residents with no permanent establishment. Beginning June 2020, non-Mexican residents providing digital services in Mexico will have to collect the VAT derived from such services and will have several obligations, among others, registering in the Federal Taxpayers Registry, filling periodical VAT returns and issuing invoices.

Reportable schemes. Taxpayers and their tax advisors will be required to disclose to tax authorities certain reportable schemes that are listed in the Federal Tax Code. Tax advisors will be required to register and to disclose any reportable scheme in case they participate in its design, organization, implementation or management. Taxpayers will be required to disclose a reportable scheme if the scheme is designed, organized, managed or implemented by themselves and if the tax advisor does not report the scheme.

General anti-avoidance rule. A general anti-avoidance rule was enacted to identify transactions that lack a business reason and that generate a tax benefit, once it identifies the transactions, the authority could consider them as non-existent or characterize them as a different transaction for tax purposes only. A transaction is considered lacking a business reason when (i) the expected quantifiable economic benefit is lower than the tax benefit received and (ii) when the expected quantifiable economic benefit could have been obtained through fewer transactions and the tax effect may result in a higher tax burden. A tax benefit includes any reduction, deferral or elimination of a contribution.

The Amendment to the Regulations of the General Health Law on Advertising Could Materially Affect Our Business, Results of Operations and Financial Condition

On February 14, 2014, the Mexican Ministry of Health published in the Official Gazette of the Federation an amendment to the Regulations of the General Health Law on Advertising, pursuant to which advertisers of certain high-caloric foods and non-alcoholic beverages are required to obtain prior permission from the health authorities in order to advertise their products on radio, broadcast television, pay-TV and in movie theaters (the “Health Law Amendment”). The Health Law Amendment became effective on April 16, 2014 and comprehensive guidelines entitled “Guidelines with nutritional and advertising criteria for advertisers of food and non-alcoholic beverages for obtaining permission for the advertising of their products with respect to the provisions of Articles 22 bis and 79 of the Regulations of the General Health Law on Advertising” (the “Health Law Guidelines”) were published in the Official Gazette of the Federation on April 15, 2014 and became effective on July 7, 2014 for the advertisement of the following products: snacks, flavored drinks, candies, chocolates, or foods similar to chocolates and became effective for the remaining products on January 1, 2015.

The Health Law Guidelines restrict the hours that certain high-caloric foods and non-alcoholic drinks can be advertised. These restrictions do not apply when the advertisement is aired during certain programs such as sports, dramas, news programs, series officially rated as unsuitable for children, films with ratings of B, B15, C and D, and programs where the advertiser certifies through audience research that people between the ages of 4 and 12 represent no more than 35% of the audience and receives the prior consent from the Federal Commission for the Protection Against Health Risks.

We cannot predict the impact or effect that such Health Law Amendment might continue to have on our results of operations in the future.

The Reform and Addition of Various Provisions of the Mexican Constitution Related to Telecommunications, the LFTR, and Other Recent Actions of IFT May Significantly and Adversely Affect the Business, Results of Operations and Financial Results of Some of Our Business Segments

Any regulations related to the LFTR that could be issued by the President of Mexico and IFT, as applicable, or amendments to the LFTR and certain actions recently taken by IFT, or to be taken by IFT from time to time, affect or could significantly and adversely affect the business, results of operations and financial condition of certain of our subsidiaries that provide services in the areas of broadcasting, cable and telecommunications.

The LFTR provides that measures taken or decisions issued by IFT are not subject to judicial stay. Therefore, subject to limited exceptions, until a decision, action or omission by IFT is declared void or unconstitutional by a competent court through a binding and final judgment, IFT's decision, action or omission will be valid and will have full legal effect.

As a result of the reforms to the Mexican Constitution and the must-offer and must-carry regulations issued by IFT, starting on September 10, 2013, our concessionaries of broadcast services have been required to permit pay-TV concessionaries to retransmit broadcast signals, free of charge and on a non-discriminatory basis, within the same geographic coverage area simultaneously and without modifications, including advertising, and with the same quality of the broadcast signal, except in certain specific cases provided in the transitory Articles of the June 2013 Telecom Reform (the "Telecom Reform"). Also, since September 10, 2013, our pay-TV concessionaires are required to retransmit broadcast signals of free television concessionaires, free of charge and on a non-discriminatory basis, subject to certain exceptions and additional requirements provided for in the Telecom Reform.

Certain pay-TV concessionaries benefit from the free use of broadcast for retransmission to their subscribers. Consequently, the business that licenses to pay-TV concessionaires our television signals and our subsidiary that is the owner and/or licensor of the audiovisual works that we have produced or distributed, jointly or separately by us and some of our subsidiaries, have ceased receiving significant income from licensing retransmission rights, which has affected and will continue to affect their results of operations.

On February 27, 2014, the "General Guidelines Regarding the Provisions of Section 1 of the Eighth Article of the Transitory Decree Amending and Supplementing a Number of Provisions of Articles 6, 7, 27, 28, 73, 78, 94 and 105 of the Mexican Constitution in Telecommunications," or the Guidelines, were published in the Official Gazette of the Federation, which include, among other obligations, the obligation of concessionaires of broadcast television licenses to permit the retransmission of their broadcast signals and the obligation of pay-TV concessionaires to perform such retransmission (without requiring the prior consent of the broadcast television concessionaires) in the same geographic coverage zone for free (subject to certain exceptions) and in a non-discriminatory manner in its entirety, simultaneously and without modifications, including advertising, and with the same quality of the broadcast signal without requiring consent from the broadcast television concessionaires.

On March 6, 2014, IFT issued a decision (the "Preponderance Decision") whereby it determined that we, together with other entities with concessions to provide broadcast television, including some of our subsidiaries, are preponderant economic agents in the broadcasting sector in Mexico (together, the "Preponderant Economic Agent"). The Preponderance Decision imposes on the Preponderant Economic Agent various measures, terms, conditions and restrictive obligations, some of which are described below, that may significantly and adversely affect the activities and businesses of our broadcasting businesses, as well as the results of operations and financial condition:

- *Infrastructure sharing* – The Preponderant Economic Agent must make its passive broadcasting infrastructure available to third-party concessionaires of broadcast television for commercial purposes in a non-discriminatory and non-exclusive manner, with the exception of broadcasters that, at the time the measures enter into force, have 12 MHz or more of radio-electric spectrum in the geographic area concerned. Such passive broadcasting infrastructure includes, among others, non-electronic elements at transmitting locations, rights of way, ducts, masts, trenches, towers, poles, security, sites, land, energy sources and air conditioning system elements. This action may result in the Preponderant Economic Agent being bound to incur substantial additional costs and obligations in complying with this requirement, as well as affecting the results of operations. Furthermore, this measure will facilitate the entry and expansion of new competitors in the broadcasting industry without such competitors having to incur costs or investment expenses that new businesses in this industry otherwise would have made and which we incurred in the past and will continue incurring in the future in order to remain competitive. A first infrastructure offer with the terms and conditions to make our passive broadcasting infrastructure available to third-party concessionaires was published on our website on December 19, 2014 and was valid until December 31, 2016. This was succeeded by a second infrastructure offer, which we published on our website on November 30, 2016 and which was effective as of January 1, 2017. This was succeeded by a third infrastructure offer, which we published on our website on November 30, 2017 and was valid from January 1, 2018 until December 31, 2019, which was declared unconstitutional by the Supreme Court on November 26, 2019. This was succeeded by a fourth infrastructure offer, which we published on our website on November 30, 2019, to be effective from January 1, 2020 through December 31, 2021. The fourth infrastructure offer includes the offer of the signal emissions in terms set forth in the new Preponderance Measures described below. The price to be paid by the concessionaires for the use of our infrastructure is subject to the tariffs approved by IFT, applicable to the fourth infrastructure offer. As of this date, we have not received any request from third-party concessionaires regarding such infrastructure offer; however, we are unable to predict the impact of the use of the fourth infrastructure offer on our businesses, results of operations and financial conditions of certain of our subsidiaries that provide services in the areas of broadcasting and telecommunications.
- *Advertising sales* – According to the Preponderance Decision, the Preponderant Economic Agent must deliver to IFT the terms and conditions of its broadcast advertising services and fee structures, including commercials, packages, discount plans and any other commercial offerings and publish them on its webpage. The Preponderant Economic Agent also must make publicly available on its website its forms of contracts and terms of sale for each service. Based on this decision, the Preponderant Economic Agent is expressly prohibited from refusing to sell advertising and/or discriminate with respect to the advertising spaces being offered. If IFT considers that the Preponderant Economic Agent has failed to comply with the foregoing, IFT may order the Preponderant Economic Agent to make its advertising spaces available, which, in turn, could affect the ability of the Preponderant Economic Agent to carry out its advertising sales plans in an efficient and competitive manner, affecting its operating results. This provision may also affect the ability of the Preponderant Economic Agent to offer competitive rates to its customers. This provision, may give a competitive advantage to, among others, our broadcast television competitors, TV Azteca, S.A.B. de C.V., or TV Azteca, Imagen Televisión, and new concessionaires of broadcast television spectrum.
- *Prohibition on acquiring certain exclusive content* – The Preponderant Economic Agent may not acquire transmission rights, on an exclusive basis, for any location within Mexico with respect to certain relevant content, determined by IFT in the “Ruling whereby IFT identifies the relevant audiovisual contents in terms and for the purposes of the fourth measure and the second transitory article of the fourth attachment of the Telecommunication Preponderance Decision and the Broadcasting Preponderance Decision”, or the Relevant Content Ruling, which list may be updated every two years by IFT. Relevant content is defined as programs with a high expected level of regional or national audience and with unique characteristics that in the past have generated high levels of national or regional audiences. The Relevant Content Ruling identified certain programs that would be considered relevant content, namely, Mexican national soccer team games, the opening and closing ceremonies of the Olympic Games, the opening and closing ceremonies and semifinals and finals of the FIFA World Cup, and the finals of the Mexican Soccer League. Also on November 14, 2018, IFT updated the list, eliminating the opening and closing ceremonies of the Olympic Games and adding 16 matches of the FIFA World Cup, semifinals of the Mexican Soccer League and the Super Bowl. This Ruling applies to broadcasting Preponderant Economic Agents and may limit the ability of Preponderant Economic Agents to negotiate and have access to this content and could affect its ability to acquire content in the medium and long term, which could significantly and adversely affect its revenues and results of operations from the sale of advertising, as well as the quality of the programming offered for its audiences. These audiences may move to other broadcast television transmissions or other technological platforms that transmit such content, or to other leisure activities such as browsing the internet or playing videogames, among others.
- *Over-the-air channels* – When the Preponderant Economic Agent offers any of its over-the-air channels, or channels that have at least 50% of the programming that is broadcast daily between 6:00 a.m. and midnight on such channels, to its affiliates, subsidiaries, related parties or third parties, for distribution through a different technological platform than over-the-air broadcast television, the Preponderant Economic Agent must offer these channels to any other person that asks for distribution over the same platform as the Preponderant Economic Agent has offered, on the same terms and conditions. Also, if the Preponderant Economic Agent offers a package of two or more of these channels, it must also offer them in an unpackaged form upon request. This may significantly affect our ability to commercialize our programming, including programming that is not produced for broadcast television, which could affect our revenues and results of operations. Likewise, our ability to make more efficient use of other technological platforms could be significantly affected.

- *Prohibition on participating in “buyers’ clubs” or syndicates to acquire audiovisual content, without IFT’s prior approval* – The Preponderant Economic Agent may not enter into or remain a member of any “buyers’ club” or syndicates of audiovisual content unless it has received the prior approval of IFT. A “buyers’ club” is defined as any arrangement between two or more economic agents to jointly acquire broadcast rights to audiovisual content in order to obtain better contractual terms. This may result in the Preponderant Economic Agent not having exclusive access to certain audiovisual content and consequently its audiences may move to other broadcast television transmissions or other technological platforms that transmit such content. It may also result in its acquisition costs significantly increasing, which can affect business strategy, financial condition and results of operations. This provision, when applied, will award a competitive advantage to, among others, our broadcast television competitors, TV Azteca, Imagen Television, and to new licensees of broadcast television spectrum. This measure will also prevent other domestic players and the Preponderant Economic Agent from obtaining content together at competitive prices and taking advantage of economies of scale which may be available to international players.

On February 27, 2017, as part of the biannual review of the broadcasting sector preponderance rules, IFT amended various measures, terms, conditions and restrictive obligations (the “New Preponderance Measures”) as follows:

- *Infrastructure sharing* – In addition to the previously imposed obligations regarding the sharing of passive infrastructure, the New Preponderance Measures have (i) included the service of signal emissions in the event that no passive infrastructure exists on the relevant requested site, which was declared unconstitutional by the Supreme Court on November 26, 2019; (ii) strengthened the supervision of services provided by the Preponderant Economic Agent and tariff arrangements made with its clients; (iii) included certain rules relating to publicity of its tariffs; and (iv) included a new electronic management system. Under the new Preponderance Measures, the IFT determined specific tariffs for our third and fourth infrastructure offers.
- *Prohibition on acquiring certain exclusive content* – This measure has been modified by enabling the Preponderant Economic Agent to acquire relevant content under certain circumstances as long as it obtains the sublicense of such transmission rights to the other broadcasters of over-the-air television in Mexico on non-discriminatory terms.
- *Advertising sales* – IFT modified this measure by including specific requirements to the Preponderant Economic Agent in its provision of over the air advertising services, particularly to telecommunications companies, which include (i) publishing and delivering to IFT specific information regarding tariffs, discount plans, contracting and sales terms and conditions, contract forms and other relevant practices; and (ii) prohibiting discrimination, refusals to deal, conditioned sales and other conditions that inhibit competition. The Preponderant Economic Agent also has to provide very detailed information to IFT on a recurrent basis of over the air advertising services related to telecommunications companies.
- *Accounting separation* – We, as the Preponderant Economic Agent, are required to implement an accounting separation methodology following the criteria defined by IFT for those purposes, which criteria were published in the Diario Oficial de la Federación, or the Official Gazette of the Federation, on December 29, 2017. Such criteria were amended by a first amendment published on October 29, 2018, where IFT simplified some reporting obligations for accounting separation for entities that are part of the Preponderant Economic Agent, other than our subsidiaries. Furthermore, a second amendment was published on December 19, 2019, where IFT deferred the deadline for the filing of the accounting separation exercises for the fiscal years 2017 and 2018 to July 31, 2019, which we filed timely. We have begun the process of the accounting separation methodology for fiscal year 2019, which will be filed with IFT later in 2020.

The most recent biannual review of the broadcasting sector preponderance rules began in 2019 and a new resolution, which may amend the New Preponderance Measures, will be issued in 2020.

On March 28, 2014, we, together with our subsidiaries determined to be the Preponderant Economic Agent in the broadcasting sector, filed an *amparo* proceeding challenging the constitutionality of the Preponderance Decision. On November 21, 2019, the Supreme Court resolved the *amparo* proceeding. The Court declared the constitutionality of the Preponderance Decision, which, therefore, remains in force.

Additionally, on March 31, 2017, we, together with our subsidiaries, filed an *amparo* proceeding challenging the constitutionality of the New Preponderance Measures. The final resolution is still pending.

The Telecom Reform provided for a public bid or auction to grant licenses to establish the National Digital Networks. The “Auction Program for Digital Television Broadcast Frequencies” took place in 2014 and the first part of 2015. See “– Existing Mexican Laws and Regulations or Changes Thereto or the Imposition of New Ones May Negatively Affect Our Operations and Revenue”.

Imagen Television's National Digital Networks and the new 148 channels of Digital Terrestrial Television compete and will compete with our broadcasting subsidiaries for advertising revenues, which together with the measures previously described, can affect revenues and operating results and our ability to have access to competitive content or content of interest to advertisers and audiences. As a result, these advertisers and audiences may move to other broadcast television stations or other technological platforms, and our audience share may be reduced. Likewise, we may incur additional costs in order to meet other obligations of IFT as previously described and which may be imposed on us as a result of the LFTR and the secondary regulations issued by the executive power and IFT, as applicable.

In addition to competition from the National Digital Networks, we could also be subject to additional competition from new competitors in the broadcast, cable and telecommunications markets in which we participate, including pay-TV, broadband, telephone services, cable providers, DTH television, telephone operators and other participants as a result of the elimination on the restrictions on foreign investment in telecommunications services and satellite communication, the increase in the maximum permitted foreign-ownership in broadcasting (television and radio) to 49%, as well as from online video distributors ("OVDs"), as a result of the advancement of technology.

The LFTR provides that integrated sole concessions will be renewed for terms equal to the maximum terms for which they could be granted, namely, up to 30 years. To request the renewal of a concession, a concession holder must: (i) file its request with IFT one year prior to the beginning of the fifth period of the term of the concession; (ii) comply with its obligations established in the applicable laws and in the concession title; and (iii) accept the new conditions that IFT may impose. In such cases, IFT will issue its ruling within 180 days following the date the concession holder files the renewal request. If IFT does not issue its ruling within 180 days the renewal will be automatically granted.

In the case of concessions for the use of radio-electric spectrum, the maximum term of renewal is 20 years. Renewal of concessions for the use of spectrum require, among others: (i) to request such renewal to IFT in the year prior to the last fifth period of the fixed term of the related concession; (ii) to be in compliance with the concession holder's obligations under the LFTR, other applicable regulations, and the concession title; (iii) a declaration by IFT that there is no public interest in recovering the spectrum granted under the related concession; and (iv) the acceptance by the concession holder of any new conditions for renewing the concession as set forth by IFT, including the payment of a related fee. To our knowledge, no spectrum granted for broadcasting services in Mexico has been recovered by the Mexican government in the past several years for public interest reasons; however, the Company is unable to predict the outcome of any action by IFT in this regard.

IFT has approved the renewal of the concession titles for the use of spectrum for the broadcast television signals known as Las Estrellas, Canal 5, NU9VE, Foro TV and other local television stations, for a term of 20 years after the existing expiration dates, as well as the issuance of concessions that grant the authorization to provide digital broadcasting television services.

As part of our expansion of our cable business, on December 17, 2018, we acquired FTTH under the provisions set forth in transitory Article 9 of LFTR. On May 8, 2019, the IFT launched an investigation in order to analyze if, as a result of the transaction, the Company acquired substantial power in the market of telecommunications networks providing voice, data or video services. On September 4, 2019, the IFT Investigative Authority issued a preliminary opinion, whereby it assessed that there were elements to determine that the Company had substantial power in 35 relevant markets of the telecommunications networks that provide restricted television and audio services. Those 35 relevant markets comprise the following States: Aguascalientes, Chihuahua, Ciudad de México, Estado de México, Jalisco, Nuevo León and San Luis Potosí. As a response to the preliminary opinion, the Company presented its position and provided evidence to prove that the Company does not hold substantial power in the relevant markets established in the preliminary opinion. The final resolution is still pending. Therefore, we are unable to predict the outcome of this proceeding. If the Governing Board (Plenum) of the IFT determines that the Company has substantial power in the restricted television and audio services market, the IFT may conduct a new procedure in order to establish specific obligations to the Company in accordance with the LFTR. We may take legal actions against both final decisions, including the measures, conditions, terms and restrictive covenants with which agents with substantial power shall comply; however, there can be no assurance that the outcome of such actions will be favorable to us.

Overall, the Telecom Reform, the LFTR and secondary regulations already issued and to be issued by the executive power or IFT, as applicable, as well as any actions taken by IFT, may increase our operating costs and interfere with our ability to provide, or prevent us from offering, some of our current or future services. Moreover, the entry of new market participants (including OVDs) and the introduction of new products (including over-the-top ("OTT") services) could result in an impairment to the prices of some of our products and/or costs and adversely affect our results in some business segments in future periods.

The resolutions issued by IFT under the Telecom Reform significantly and adversely affect certain areas related to some of our activities, including broadcasting, cable and telecommunications, as well as our ability to introduce new products, infrastructure and services, to enter into new businesses or complementary businesses, to consummate acquisitions or joint ventures, to determine the rates we charge for our products, services and use of our infrastructure, to acquire broadcast rights to exclusive content, and to charge market rates for the licensing of copyrights we hold.

See "Information on the Company – Business Overview – Regulation – Telecom Reform and Broadcasting Regulations".

Risk Factors Related to Our Major Stockholders

Emilio Azcárraga Jean Has and Will Have Substantial Influence Over Our Management and the Interests of Mr. Azcárraga Jean may Differ from Those of Other Stockholders

We have four classes of common stock: Series “A” Shares, Series “B” Shares, Series “D” Shares, and Series “L” Shares. A trust for the benefit of Emilio Azcárraga Jean, or the Azcárraga Trust, currently holds 43.8% of the outstanding Series “A” shares, 0.1% of the outstanding Series “B” shares, 0.1% of the outstanding Series “D” shares and 0.1% of the outstanding Series “L” shares of the Company. As a result, Emilio Azcárraga Jean controls the vote of most of the shares held through the Azcárraga Trust. The Series “A” Shares held through the Azcárraga Trust constitute a majority of the Series “A” Shares whose holders are entitled to vote because non-Mexican holders of CPOs and GDSs are not permitted to vote the underlying Series “A” Shares in accordance with the trust agreement governing the CPOs and the Company’s bylaws. Accordingly, and so long as non-Mexicans own more than a minimal number of Series “A” Shares, Emilio Azcárraga Jean will have the ability to direct the election of 11 out of 20 members of our Board of Directors, as well as prevent certain actions by the stockholders, including dividend payments, mergers, spin-offs, changes in corporate purpose, changes of nationality and amendments to the anti-takeover provisions of our bylaws. See “Major Stockholders and Related Party Transactions – The Major Stockholders”.

As Controlling Stockholder, Emilio Azcárraga Jean Has the Ability to Limit Our Ability to Raise Capital, Which Would Require Us to Seek Other Financing Arrangements

Emilio Azcárraga Jean has the voting power to prevent us from raising money through equity offerings. Mr. Azcárraga Jean has informed us that if we conduct a primary sale of our equity, he would consider exercising his pre-emptive rights to purchase a sufficient number of additional Series “A” Shares in order to maintain such power. In the event that Mr. Azcárraga Jean is unwilling to subscribe for additional shares and/or prevents us from raising money through equity offerings, we would need to raise money through a combination of debt or other forms of financing, which we may not obtain, or if so, possibly not on favorable terms.

Risk Factors Related to Our Business

The Operation of Our Business May Be Adversely Affected if the Mexican Government Does Not Renew or Revokes Our Broadcast or Other Concessions

In June 2013, the Mexican Federal Congress passed the Telecom Reform which, among other things, created IFT. IFT has the authority to grant concessions for radio and television stations as well as for telecommunications services.

Under Mexican law, we need concessions from IFT (previously from SCT) to broadcast our programming over our television stations and Radiópolis’ radio stations (classified as a held-for-sale operation), and to provide telecommunication services. In November 2018, all of our digital broadcast television concessions were renewed until 2042. The expiration dates for the concessions for Radiópolis’ radio stations, which have been classified as a held-for-sale operation as described in “Information on the Company – Business Overview – Our Operations – Held-for-Sale Operations,” range from 2020 to 2046. See “– Risk Factors Related to Mexico – Existing Mexican Laws and Regulations or Changes Thereto or the Imposition of New Ones May Negatively Affect Our Operations and Revenue”. The expiration dates of our Cable and Telecommunications concessions range from 2022 to 2048 and our DTH concessions expire between 2021 and 2027. Cablevisión obtained a telecommunications concession that expires in 2029, which changed to an integrated sole concession in 2019, but keeping its original term. Before the Telecom Reform in 2013, the SCT typically renewed the concessions of those concessionaires that complied with the applicable renewal procedures under Mexican law and with their obligations under the concession. In July 2014, the Mexican Federal Congress enacted the LFTR, which provides that integrated sole concessions will be renewed for terms equal to the maximum terms for which they could be granted, namely, up to 30 years, except for spectrum which will be renewed for terms of 20 years, and in case of concessions for the use of radio-spectrum, the maximum term for renewal is 20 years.

Under Mexican law, we need a permit, or Gaming Permit, from the *Secretaría de Gobernación*, or Mexican Ministry of the Interior, to operate our gaming business. The operation of our gaming business may be terminated or interrupted if the Mexican Government does not renew or revokes our Gaming Permit. The Gaming Permit was granted to us on May 25, 2005 and its expiration date is May 24, 2030. We are unable to predict if we will obtain a renewal of the Gaming Permit.

See “– Risk Factors Related to Mexico – Existing Mexican Laws and Regulations or Changes Thereto or the Imposition of New Ones May Negatively Affect Our Operations and Revenue” and “– Risk Factors Related to Mexico – The Reform and Addition of Various Provisions of the Mexican Constitution Related to Telecommunications, the LFTR, and Other Recent Actions of IFT May Significantly and Adversely Affect the Business, Results of Operations and Financial Results of Some of Our Business Segments”.

We Face Competition in Each of Our Markets That We Expect Will Intensify

We face competition in all of our businesses, including broadcasting, advertising sales, cable, pay-TV, telecommunications and all other businesses. The entities in which we have strategic investments and the joint ventures in which we participate also face competition. We expect that competition in our different businesses will intensify.

This competition arises in part from the growth of the convergent market, pursuant to which certain concessionaries of telecommunication services are allowed to provide other services not included in their original concessions.

In television broadcasting, we face substantial competition from TV Azteca and other broadcasters such as Imagen Television and Multimedios, among others. See “Information on the Company – Business Overview – Our Operations – Content – Television Industry in Mexico” and “Information on the Company – Business Overview – Our Operations – Programming – Television Networks”.

Over-the-air broadcasting television also faces increased competition from other audiovisual platforms, including a great variety of pay-television channels distributed in Mexico, OTT providers, and audiovisual content distributed over the internet and videogame systems.

At the end of 2017, IFT completed the auction process for several local over-the-air television licenses in Mexico. As a result, 13 groups and/or individuals have a license (concession) to operate in different cities throughout Mexico. This has resulted in additional competition for our local channels.

In radio broadcasting, classified as a held-for-sale operation, as described in “Information on the Company – Business Overview – Our Operations – Held-for-Sale Operations,” Radiópolis competes with other radio stations in their respective markets. Among the main competitors in the radio broadcast business are Grupo Radio Centro S.A.B. de C.V., NRM Comunicaciones, S.A. de C.V. and Grupo Acir, S.A. de C.V.

With respect to advertising, our television stations and Radiópolis’ radio stations (classified as a held-for-sale operation) compete with other radio and television stations in their respective markets, as well as with other advertising media, such as pay-TV, newspapers, magazines, internet and outdoor advertising.

Our DTH satellite business faces competition from various competitors, including Dish Mexico, a DTH satellite pay-TV platform which launched its services in Mexico at the end of 2008, Star TV, a Dish Satellite pay-TV platform, Mega Cable Comunicaciones, S.A. de C.V., or Megacable, Total Play, cable television companies which are subsidiaries of the Company, as well as from Digital TV and OTT platforms. In addition, the DTH market competes with other media with respect to advertising and sales, including Pay-TV, outdoor advertising and publishing, among others.

In addition, the entertainment and telecommunications industries in which we operate are changing rapidly because of new participants and evolving distribution technologies, including the internet.

The cable industry in Mexico has become highly competitive and we face significant competition. Most cable operators are authorized to provide pay-TV, internet broadband services and voice services, including Voice over Internet Protocol, or VoIP, which poses a risk to us. We also face competition from the Preponderant Economic Agent in telecommunications, particularly in the provision of data and fixed telephony services. The cable business is also capital intensive.

Our pay-TV companies face competition from IPTV or OTT providers such as Netflix, Claro Video and Prime Video (Amazon), as well as from other pay-TV operators such as Dish Mexico, Total Play, Megacable and other cable television companies. Additionally, our cable television companies face competition from Sky.

We also face competition in our publishing business, where each of our magazine publications competes for readership and advertising revenues with other magazines of a general character and with other forms of print and non-print media.

The production and distribution of feature films is a highly competitive and complex business in Mexico. The various producers compete for the services of recognized talent and for film rights to scripts and other literary property. We compete with other feature film producers, Mexican and non-Mexican, and global distributors such as Amazon, Disney and Netflix in the distribution of films in Mexico, the U.S. and in Latin America. We also face competition in our other businesses. See “Information on the Company – Business Overview – Competition”.

Our principal competitors in the gaming industry are Codere S.A., or Codere, Grupo Caliente S.A. de C.V., or Grupo Caliente, Grupo Cirsá, S.A. de C.V., or Grupo Cirsá, Atracciones y Emociones Vallarta, S.A. de C.V., or Grupo Logrand and Palacio de los Números, S.A. de C.V., or Palacio de los Números.

Our future success will be affected by changes in the broadcasting, advertising sales, cable, telecommunications, entertainment, gaming and other industries where we participate, which we cannot predict, and consolidation in such industries could further intensify competitive pressures. We expect to face competition from an increasing number of sources in Mexico, including emerging technologies that provide new services to pay-TV customers and new entrants in the public and pay-TV industries, which will require us to make significant capital expenditures in new technologies and will result in higher costs in the acquisition of content or may impair our ability to renew rights to special events, including sporting and entertainment events. Our business may require substantial capital to pursue additional acquisitions and capital expenditures, which may result in additional incurrence of leverage, issuance of additional capital or a combination thereof.

The Seasonal Nature of Our Business Affects Our Revenue and a Significant Reduction in Fourth Quarter Net Sales Could Impact Our Results of Operations

Our business reflects seasonal patterns of advertising expenditures, which is common in the television broadcast industry, as well as cyclical patterns in periodic events such as the FIFA World Cup and the Olympic Games. We typically recognize a disproportionately large percentage of our Content advertising net sales in the fourth quarter in connection with the holiday shopping season. For example, in 2017, 2018 and 2019 we recognized 32.9%, 31.0% and 34.0% respectively, of our net sales in the fourth quarter of the year. Accordingly, a significant reduction in fourth quarter advertising revenue could adversely affect our business, financial condition and results of operations.

DIRECTV Has Certain Governance and Veto Rights Over Some Operations of Innova

We own a 58.7% interest in Innova, our DTH venture in Mexico, Central America and the Dominican Republic. The remaining balance of Innova's equity is indirectly owned by The DIRECTV Group, Inc., or DIRECTV, through its subsidiaries DTH (Mexico) Investment, LTD, DIRECTV Latin America Holdings LLC and DIRECTV MPR Holdings, LLC. Although we hold a majority of Innova's equity and designate a majority of the members of Innova's Board of Directors, DIRECTV has certain governance and veto rights in Innova, including the right to block certain transactions between us and Innova. DIRECTV was acquired by AT&T Inc. in July 2015.

Loss of Transmission or Loss of the Use of Satellite Transponders Could Cause a Business Interruption in Innova, Which Would Adversely Affect Our Net Income

Media and telecom companies, including Innova, rely on satellite transmissions to conduct their day-to-day business. Any unforeseen and sudden loss of transmission or non-performance of the satellite for Innova can cause huge losses to Innova's business. The unforeseen loss of transmission may be caused due to the satellite's loss of the orbital slot or the reduction in the satellite's functional life.

The size of the business interruption impact for Innova in the case of a satellite loss exceeds the insurance we have acquired to cover this risk. In order to reduce the possibility of financial consequences resulting from an unforeseen loss of transmission, Innova entered into an agreement to launch a backup satellite jointly with Sky Brasil Servicos Ltda., or Sky Brasil, which was launched in the first quarter of 2010. In the third quarter of 2013, Sky entered into an agreement with DirecTV for the acquisition and launch of a satellite named SM-1, which started operations in June 2015. In the future, we may have to invest in additional satellite capacity. We cannot predict the extent of losses to Innova in the case of current or new satellite loss or the effectiveness of any alternative strategy.

Any Incidents Affecting Our Network and Information Systems or Other Technologies Could Have an Adverse Impact on Our Business, Reputation and Results of Operations

Our business operations rely heavily on network and information systems and other technology systems. Incidents affecting these systems, including cyber-attacks, viruses, other destructive or disruptive software or activities, process breakdowns, outages, or accidental release of information could result in a disruption of our operations, improper disclosure of personal data of clients, subscribers, or employees, or other privileged or confidential information, or unauthorized access to our digital content or any other type of intellectual property. It is common for a company such as ours to be subjected to continuous attempted cyber-attacks or other malicious efforts to cause a cybersecurity incident. Any such incident could damage our reputation and may require us to expend substantial resources on litigation, regulatory investigation, and remediation costs, and could therefore have a material adverse effect on our business and results of operations. We continue to work closely with our outside advisors to prevent cybersecurity incidents, and to invest in maintaining and improving cybersecurity resilience. The company's cybersecurity risks and mitigation actions are monitored by our Audit Committee and reported to our Board of Directors. Nevertheless, because of the nature of the threats, there can be no assurance that our preventative efforts can fully prevent or mitigate all such incidents or be successful in avoiding harm to our business in the future.

The Results of Operations of Univision Holdings, Inc. May Affect Our Results of Operations and the Value of Our Investment in that Company

We have a substantial investment in Univision Holdings, Inc., or UHI (formerly known as Broadcasting Media Partners, Inc., or BMP), the parent company of Univision Communications Inc., or Univision. However, we do not control and do not consolidate the results of UHI. Our investment in UHI is currently held in the form of common stock and warrants that are exercisable for shares of common stock. The value of the common stock of UHI may fluctuate and could materially increase or decrease the value of our investment in UHI, including the carrying value of the warrants. In addition, the results of operations of UHI and Univision may affect the value of our investment in UHI and our reported results of operations. The business, financial condition and results of operations of Univision could be materially and adversely affected by risks including, but not limited to: (i) failure to service debt; (ii) cancellation, reductions or postponements of advertising; (iii) adverse global economic conditions; (iv) an increase in the preference among Hispanics for English-language programming; (v) an increase in the cost of, and decrease in the supply, quality of and demand for, Univision's content; (vi) changes in the rules and regulations of the Federal Communications Commission, or the FCC as well as other federal, state and local regulations; (vii) competitive pressures from other broadcasters, media distributors and other entertainment and news media; (viii) failure to retain the rights to popular programming, including sports programming; (ix) failure to renew existing carriage agreements or reach new carriage agreements with MVPDs; (x) possible strikes or other union job actions; and (xi) the impact of new technologies.

The COVID-19 pandemic had, and will continue to have, an adverse impact on Univision, due to, among other things, the negative impact on advertising trends and advertising revenue, suspension of sporting events and curtailment or suspension of other programming production that Univision has broadcast rights to, reductions or delays in the production of programming by Univision's partners, including Televisa, and general COVID-19 related disruptions to business and operations. Due to the evolving and uncertain nature of developments related to the COVID-19 pandemic, we cannot estimate the impact on Univision's business, financial condition or near or longer-term financial or operational results with certainty.

There can be no assurance that the results of operations of UHI and its respective subsidiaries will be sufficient to maintain or increase the value of our investment in such company, or that such results will not materially and adversely affect our results of operations. For a discussion of our investment in UHI, see "Information on the Company— Business Overview – Univision".

We May Identify Material Weaknesses in Our Internal Controls Over Financial Reporting in the Future, and Any Future Material Weaknesses or Failure to Achieve an Effective System of Internal Controls, May Cause Us Not To Be Able to Report Our Financial Results Accurately. In Addition, the Trading Price of Our Securities May Be Adversely Affected by a Related Negative Market Reaction.

In connection with the preparation of our financial statements, we may identify material weaknesses (as defined under standards established by the Public Company Accounting Oversight Board) in our internal controls over financial reporting in the future. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

If any future material weaknesses occur, it could affect the accuracy of our reporting on the future results of operations and our ability to make our required filings with government authorities, including the SEC. Furthermore, our business and operating results and the price of our securities may be adversely affected by related negative market reactions. While we have no reason to believe there will be any future material weaknesses identified, we cannot be certain that in the future additional material weaknesses will not exist or otherwise be discovered.

Changes in U.S. Tax Law Might Adversely Affect the Results of Operations of Our U.S. Subsidiaries and Joint Venture Entities

On December 22, 2017, the United States enacted into law Public Law No. 115-97 (the "Tax Act"). The Tax Act introduced significant changes to U.S. federal income tax laws applicable to our U.S. subsidiaries, affiliates and joint venture entities including the reduction of the U.S. federal corporate income tax rate from a maximum rate of 35% to a flat rate of 21%, limitation of the tax deduction for interest expense, limitation of the tax deduction for net operating losses, enactment of an immediate deduction for certain new investments, repeal of the corporate alternative minimum tax, and modification or elimination of many business deductions and credits.

The Tax Act also imposes a new minimum tax called the Base Erosion and Anti-Abuse Tax (the “BEAT”) on certain U.S. corporations. The BEAT is imposed on certain deductible amounts paid by a U.S. corporation that (i) has aggregate gross receipts of at least \$1.5 billion over its three prior taxable years and (ii) is at least 25%-owned by a non-U.S. person (or otherwise related to a non-U.S. person in specified circumstances). The BEAT taxes “modified taxable income” of a U.S. corporation described above at a rate of 5% beginning in 2018, increasing to 10% in 2019 and 12.5% in 2026. In general, modified taxable income is calculated by adding back to the U.S. corporation’s regular taxable income the amount of certain “base erosion tax benefits” with respect to payments to foreign affiliates, as well as the “base erosion percentage” of any net operating loss deductions. The BEAT applies only to the extent it exceeds the U.S. corporation’s regular corporate income tax liability (determined without regard to certain tax credits). At present, we do not expect the BEAT to apply to our U.S. subsidiaries, affiliates and joint ventures, however, it is possible that the BEAT could apply in future years.

There is significant uncertainty regarding how these and other provisions of the Tax Act will be interpreted, and guidance in certain areas may not be forthcoming. Any changes to, clarifications of, or guidance under the Tax Act could add significant expense and have an adverse effect on the results of operations of our U.S. subsidiaries, affiliates and joint venture entities. Further, it is unclear how foreign governments and U.S. state and local jurisdictions will incorporate the U.S. federal income tax law changes and such jurisdictions may enact tax laws in response to the Tax Act that could result in further changes to global taxation and adversely affect our financial position and results of operations.

Risk Factors Related to Our Securities

Any Actions Stockholders May Wish to Bring Concerning Our Bylaws or the CPO Trust Must Be Brought in a Mexican Court

Our bylaws provide that a stockholder must bring any legal actions concerning our bylaws in courts located in Mexico City. All parties to the trust agreement governing the CPOs, including the holders of CPOs, have agreed to submit any legal actions concerning the trust agreement only to Mexican courts.

Non-Mexicans May Not Hold Series “A” Shares, Series “B” Shares or Series “D” Shares Directly and Must Have Them Held in a Trust at All Times

Although, as a result of the Telecom Reform, the regulatory framework for foreign direct investment allows foreign investors to hold up to 100% of the equity interest of Mexican companies doing business in telecommunications and satellite communications, and up to 49% in the broadcasting sector, subject to reciprocity from the country of the ultimate investor. The trust governing the CPOs and our bylaws nevertheless restrict non-Mexicans from directly owning Series “A” Shares, Series “B” Shares or Series “D” Shares. Non-Mexicans may hold Series “A” Shares, Series “B” Shares or Series “D” Shares indirectly through the CPO Trust, which will control the voting of such shares. Under the terms of the CPO Trust, a non-Mexican holder of CPOs or GDSs may instruct the CPO Trustee to request that we issue and deliver certificates representing each of the shares underlying its CPOs so that the CPO Trustee may sell, to a third party entitled to hold the shares, all of these shares and deliver to the holder any proceeds derived from the sale.

Non-Mexican Holders of Our Securities Forfeit Their Securities if They Invoke the Protection of Their Government

Pursuant to Mexican law, our bylaws provide that non-Mexican holders of CPOs and GDSs may not ask their government to interpose a claim against the Mexican government regarding their rights as stockholders. If non-Mexican holders of CPOs and GDSs violate this provision of our bylaws, they will automatically forfeit the Series “A” Shares, Series “B” Shares, Series “L” Shares and Series “D” Shares underlying their CPOs and GDSs to the Mexican government.

Non-Mexican Holders of Our Securities Have Limited Voting Rights

In accordance with the bylaws and trust governing the CPOs of the Company, non-Mexican holders of CPOs or GDSs are not entitled to vote the Series “A” Shares, Series “B” Shares and Series “D” Shares underlying their securities. The Series “L” Shares underlying CPOs or GDSs, the only series of our Shares that can be voted by non-Mexican holders of CPOs or GDSs, have limited voting rights. These limited voting rights include the right to elect two directors and limited rights to vote on extraordinary corporate actions, including the delisting of the Series “L” Shares and other actions which are adverse to the holders of the Series “L” Shares. For a brief description of the circumstances under which holders of Series “L” Shares are entitled to vote, see “Additional Information – Bylaws – Voting Rights and Stockholders’ Meetings”.

Our Antitakeover Protections May Deter Potential Acquirers and May Depress Our Stock Price

Certain provisions of our bylaws could make it substantially more difficult for a third party to acquire control of us. These provisions in our bylaws may discourage certain types of transactions involving the acquisition of our securities. These provisions may also limit our stockholders’ ability to approve transactions that may be in their best interests and discourage transactions in which our stockholders might otherwise receive a premium for their Shares over the then current market price and could possibly adversely affect the trading volume in our equity securities. As a result, these provisions may adversely affect the market price of our securities. Holders of our securities who acquire Shares in violation of these provisions will not be able to vote, or receive dividends, distributions or other rights in respect of these securities and would be obligated to pay us a penalty. For a description of these provisions, see “Additional Information – Bylaws – Antitakeover Protections”.

GDS Holders May Face Disadvantages When Attempting to Exercise Voting Rights as Compared to Other Holders of Our Securities

In situations where we request that The Bank of New York Mellon, the depositary for the securities underlying the GDSs, ask GDS holders for voting instructions, the holders may instruct the depositary to exercise their voting rights, if any, pertaining to the deposited securities. The depositary will attempt, to the extent practical, to arrange to deliver voting materials to these holders. We cannot assure holders of GDSs that they will receive the voting materials in time to ensure that they can instruct the depositary how to vote the deposited securities underlying their GDSs, or that the depositary will be able to forward those instructions and the appropriate proxy request to the CPO Trustee in a timely manner. For stockholders' meetings, if the depositary does not receive voting instructions from holders of GDSs or does not forward such instructions and appropriate proxy request in a timely manner, if requested in writing from us, it will provide a proxy to a representative designated by us to exercise these voting rights. If no such written request is made by us, the depositary will not represent or vote, attempt to represent or vote any right that attaches to, or instruct the CPO Trustee to represent or vote, the shares underlying the CPOs in the relevant meeting and, as a result, the underlying shares will be voted in the manner described under "Additional Information – Bylaws – Voting Rights and Stockholders' Meetings – Holders of CPOs". For CPO Holders' meetings, if the depositary does not timely receive instructions from a Mexican or non-Mexican holder of GDSs as to the exercise of voting rights relating to the underlying CPOs in the relevant CPO holders' meeting, the depositary and the custodian will take such actions as are necessary to cause such CPOs to be counted for purposes of satisfying applicable quorum requirements and, unless we in our sole discretion have given prior written notice to the depositary and the custodian to the contrary, vote them in the same manner as the majority of the CPOs are voted at the relevant CPOs holders' meeting.

This means that holders of GDSs may not be able to exercise their right to vote and there may be nothing they can do if the deposited securities underlying their GDSs are not voted as they request.

The Interests of Our GDS Holders Will Be Diluted if We Issue New Shares and These Holders Are Unable to Exercise Preemptive Rights for Cash

Under Mexican law and our bylaws, our stockholders have preemptive rights with respect to capital increases. This means that in the event that we issue new Shares for cash, our stockholders will have a right to subscribe and pay the number of Shares of the same series necessary to maintain their existing ownership percentage in that series. U.S. holders of our GDSs cannot exercise their preemptive rights unless we register any newly issued Shares under the U.S. Securities Act of 1933, as amended, or the Securities Act, or qualify for an exemption from registration. If U.S. holders of GDSs cannot exercise their preemptive rights, the interests of these holders will be diluted in the event that we issue new Shares for cash. We intend to evaluate at the time of any offering of preemptive rights the costs and potential liabilities associated with registering any additional Shares. We cannot assure you that we will register under the Securities Act any new Shares that we issue for cash. In addition, although the Deposit Agreement provides that the depositary may, after consultation with us, sell preemptive rights in Mexico or elsewhere outside the U.S. and distribute the proceeds to holders of GDSs, under current Mexican law these sales are not possible. See "Directors, Senior Management and Employees – Stock Purchase Plan and Long-Term Retention Plan" and "Additional Information – Bylaws – Preemptive Rights".

The Protections Afforded to Minority Stockholders in Mexico Are Different from Those in the U.S.

Under Mexican law, the protections afforded to minority stockholders are different from those in the U.S. In particular, the law concerning fiduciary duties of directors is not well developed, there is no procedure for class actions or stockholder derivative actions and there are different procedural requirements for bringing stockholder lawsuits. As a result, in practice, it may be more difficult for our minority stockholders to enforce their rights against us or our directors or major stockholders than it would be for stockholders of a U.S. company.

The *Ley del Mercado de Valores*, or the Mexican Securities Market Law, provides additional protection to minority stockholders, such as (i) providing stockholders of a public company representing 5% or more of the capital stock of the public company, an action for liability against the members and secretary of the Board and relevant management of the public company, and (ii) establishing additional responsibilities on the audit committee in all issues that have or may have an effect on minority stockholders and their interests in an issuer or its operations.

It May Be Difficult to Enforce Civil Liabilities Against Us or Our Directors, Executive Officers and Controlling Persons

We are organized under the laws of Mexico. Substantially all of our directors, executive officers and controlling persons reside outside the U.S., all or a significant portion of the assets of our directors, executive officers and controlling persons, and substantially all of our assets, are located outside of the U.S., and some of the parties named in this annual report also reside outside of the U.S. As a result, it may be difficult for you to effect service of process within the United States upon these persons or to enforce against them or us in U.S. courts judgments predicated upon the civil liability provisions of the federal securities laws of the U.S. We have been advised by our Mexican counsel, Mijares, Angoitia, Cortés y Fuentes, S.C., that there is doubt as to the enforceability, in original actions in Mexican courts, of liabilities predicated solely on U.S. federal securities laws and as to the enforceability in Mexican courts of judgments of U.S. courts obtained in actions predicated upon the civil liability provisions of U.S. federal securities laws.

Forward-Looking Statements

This annual report and the documents incorporated by reference into this annual report contain forward-looking statements. In addition, we may from time to time make forward-looking statements in reports to the SEC, on Form 6-K, in annual reports to stockholders, in prospectuses, press releases and other written materials and in oral statements made by our officers, directors or employees to analysts, institutional investors, representatives of the media and others. Words such as “believe”, “anticipate”, “plan”, “expect”, “intend”, “seek”, “potential”, “target”, “estimate”, “project”, “predict”, “forecast”, “guideline”, “may”, “should”, “could”, “will” and similar words and expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying these statements. Examples of these forward-looking statements include, but are not limited to:

- estimates and projections of financial results, cash flows, capital expenditures, dividends, capital structure, financial position or other financial items or ratios;
- statements of our plans, objectives or goals, including those relating to anticipated trends, competition, regulation and rates;
- statements concerning our current and future plans regarding our online and wireless content division, Televisa Digital;
- statements concerning our current and future plans regarding our investment in Grupo de Telecomunicaciones de Alta Capacidad, S.A.P.I. de C.V., or GTAC;
- statements concerning our current and future plans regarding our gaming business;
- statements concerning our future plans, including capital expenditures, regarding the pay-TV, broadband and/or telephony services provided by our subsidiaries;
- statements concerning our transactions with Univision and our current and future plans regarding our investment in common stock and the warrants exercisable for common stock of UHI, the parent company of Univision;
- statements concerning our current and future plans, including capital expenditures, regarding our investment in Innova and our transactions and relationship with DIRECTV;
- statements concerning our transactions with NBC Universal’s Telemundo Communications Group, or Telemundo;
- statements about our future economic performance or statements concerning general economic, political or social conditions in Mexico or other countries in which we operate or have investments;
- statements concerning the general uncertainty related to the COVID-19 pandemic and its possible adverse effects; and
- statements or assumptions underlying these statements.

We have based these forward-looking statements on our current expectations, assumptions, estimates and projections. While we believe these expectations, assumptions, estimates and projections are reasonable, such forward-looking statements are only predictions and involve known and unknown risks and uncertainties, many of which are beyond our control. We caution you that a number of important factors, including those discussed under “– Risk Factors”, could cause actual results to differ materially from those expressed in or implied by these forward-looking statements. Some of the factors that could cause actual results to differ materially from those expressed in or implied by the forward-looking statements include: