Cablevisión Holding S.A.

Annual Report and Consolidated Financial Statements
For the year ended December 31, 2020,
presented on a comparative basis

English free translation of the Financial Statements and Reports originally issued in Spanish.

CABLEVISIÓN HOLDING S.A.

2020 ANNUAL REPORT

To the Shareholders of

Cablevisión Holding S.A.

We hereby submit for your consideration the Annual Report and Exhibit, the Separate Statement of Financial Position, the Separate Statement of Comprehensive Income, the Separate Statement of Changes in Shareholders' Equity and the Separate Statement of Cash Flows and Notes of Cablevisión Holding S.A. (hereinafter, "the Company", "Cablevisión Holding" or "CVH") for fiscal year No. 4 ended December 31, 2020 and the Consolidated Financial Statements as of December 31, 2020.

The main subsidiary of the Company is Telecom Argentina S.A. ("Telecom"), a telecommunication operator.

1. 2020 MACROECONOMIC ENVIRONMENT

The Argentine economy closes the year 2020 amid an unprecedented crisis on a global scale, which significantly hindered the performance of the incoming administration in its first year. Indeed, the outbreak of COVID-19 worsened the fragile situation of an economy which, in the first months of the year, was restructuring its sovereign debt issued in foreign currency, seeking to normalize its performance and to stabilize its fundamental variables.

In this highly uncertain and complex environment, local public policies were focused on flattening the infection curve and minimizing the negative effects of the pandemic on the population and on businesses. To that end, in March 20, the National Government ordered the Mandatory and Preventive Social Isolation (hereinafter, ASPO, for its Spanish acronym), which was implemented in different phases according to the particular situation of each province.

Even though this strategy allowed the government to achieve an initial success in terms of the infection level, it generated an unprecedented collapse in private consumption and economic activity, which was significantly more severe than in other countries in the region. In order to avoid social collapse and the massive bankruptcy of businesses, several containment measures were implemented, both at productive and social levels, among which the following stand out:

a. The Emergency Family Income, which provided social allowance in three stages to approximately 9 million people (many more people than what the government had initially estimated); and

b. The Emergency Assistance Program for Work and Production, which assisted companies in the epicenter of the crisis with the payment of 50% of the net salaries of slightly over 2.0 million employees (about one-third of the slightly over 6 million registered employees of the private sector).

As a result of these assistance programs for people and businesses and the collapse of revenue collection resulting from the severe contraction of the GDP, the sharp deterioration of the fiscal accounts was a common denominator for the world's economies.

The difference between Argentina and almost all the countries in the world was the source of financing of these high fiscal deficits. In the absence of voluntary financing from the National Treasury, the exponential increase of public spending and the significant deterioration of the primary fiscal deficit of approximately 8.5% of GDP (~6.5% excluding interest payments on the country's sovereign debt) was almost wholly financed through an unprecedented currency issue. In historical terms, the fiscal deficit of the country for 2020 was the highest of the last 45 years.

In a dual currency economy such as Argentina, where there is a low real demand for the currency it issues and stringent foreign currency restrictions, the excess of pesos often rapidly translates into an excess demand for US dollars. Under foreign exchange control regimes, this additional demand for foreign currency generates increases in the different exchange rates of the US dollar existing in Argentina and, therefore, widens the gaps between the unofficial rates and the "official" ARS/USD exchange rate.

While these unsustainable growing gaps have an impact on the margin over prices, they also feed expectations of devaluation, even when the currently prevailing official exchange rate is above the historical average and exports exceed imports. This widespread perception that the value of the US dollar is cheap erodes both the flows on the external front and the Central Bank's reserves. In an extreme situation (which was fortunately avoided in the year under analysis), the monetary authority could end up with its reserve position being decimated, which would lead to the acceleration of discreet increases in official exchange rate, exacerbating the crisis.

The foregoing is a broad description of the performance of the economy during 2020. There is currently a 70% gap between the blue-chip swap and the official exchange rate. At the beginning of the year, that gap was of 25/30% and it increased uninterruptedly through mid-October when it reached a record high of 130%.

The external surplus showed a severe decline. In fact, the "cash" current account balance reported by the Central Bank, which by the end of 2019 stood at slightly above USD6.0 Bn, closes 2020 virtually in equilibrium. This decline was coupled with the decrease of the Central Bank's gross reserves, which accumulated until the beginning of December a loss of slightly over USD6.0 Bn, leading to critical levels of net reserves.

In general, Argentine history shows that the impact of unbacked currency issue on the prices of the economy is often reflected with a lag that can span several months, which mainly depends on the degree of trust in the course and expertise of the administration.

Due to several factors, among which the most relevant are the strict lockdown ordered by the National Government in mid-March and the collapse of activity / private consumption, the impact on prices of the mega-currency issue carried out in 2020 was unprecedentedly low in the months following its implementation.

As a consequence, the Argentine economy closed 2020 with a 36.1% inflation rate in retail prices. The inflation rates observed in 2020 are mostly accounted for by the linear and less volatile official ARS/USD exchange rate (+40.5% point-to-point vs +58.4% in 2019), and, to a lesser extent, by the virtual freezing of most of the utility tariffs (with fiscal cost) and the continuity of the price agreement program ("*Precios Cuidados*").

Compared to the +53.8% inflation rate recorded in 2019, there was a decrease of almost 18 percentage points in 2020. However, it should be noted that the figures of the general price index and the core inflation rate for the last month of the year (+4.0% and +4.9%, respectively) were the highest of the year and contrast with the decrease observed on a point-to-point basis. On an annualized basis, the general index and the core inflation rate were of 60% and 77%, respectively.

PERSPECTIVES FOR THE UPCOMING YEAR

The emergency currency issues implemented by the main developed economies in response to the outbreak of COVID-19 have shaped, a priori, a favorable scenario for Argentina with ample liquidity, low performance of sovereign/corporate bonds, and high prices for agricultural commodities on a global level, as well as the expected strong recovery of our two main trading partners (China and Brazil.)

After the collapse in 2020, and as long as the health situation goes back to normal, the fundamental variables of Argentine economy are expected to improve. Notwithstanding the foregoing, the performance will depend on two factors mainly: The extent to which public spending will be normalized (and, hence, the imbalance of public accounts) and the estimated currency issue for its financing.

With 2021 being a year of legislative elections in which the course of the economic policies will be subordinated to political needs towards the election day, the focus will be on recovering part of the lost ground in terms of activity/consumption, employment, and the purchasing power of wages/pensions. The exchange stability is a necessary condition (though not enough) for the accomplishment of this goal.

Since the lowest figures reported in April 2020, the economic activity has considerably improved, showing a recovery of approximately 30% by December (last available data) in just eight months. As a result of the statistical carryover, as long as the activity remains at current levels throughout 2021, the GDP would register an annual increase of around 6%. If such were the case, the economy would recover slightly below 60% of the significant decline experienced in 2020 (~10.0%). Even though the GDP showed one of the most severe declines on a global level, the degree of recovery expected for the Argentine economy compared to other comparable countries in the region would be one of the lowest.

The economic authorities project for 2021 a fiscal deficit at national level of around 6.0% of GDP (~$2.5 trillion), i.e., 2.5 percentage points below that recorded in 2020. The National Treasury expects to continue to finance a large portion of the fiscal deficit with currency issue, which will have to be closely monitored considering the worrying signs of inflationary acceleration mentioned above.

In an economy with an excess of pesos, a shortage of liquid reserves, and lack of voluntary financing, there is little margin for applying expansionary macroeconomic policies to shore up demand. Indeed, the inflationary acceleration of recent months and the current size of exchange gaps are symptoms of the economy's current imbalances.

The rich vast history of Argentine economy teaches us that the mere presence of high and sustained levels of fiscal deficits, whatever its source of financing, always represents a potential source of imbalances for the rest of the fundamental economic variables. The option to finance chronic fiscal deficits with currency issue, although it may avoid, at first, a crisis in the balance of payments, it usually leads to periods of secular stagflation characterized by increasingly stringent exchange controls.

2. REGULATORY FRAMEWORK 2020

The main subsidiary of CVH, Telecom, as a telecommunications operator, is subject to Argentine regulations.

Among the highlights of 2020 are the impact generated by the Coronavirus on Telecom and the issuance of Decree No. 690/20, which introduced significant amendments to the LAD.

IMPACT OF CORONAVIRUS ON TELECOM

- Prohibition to disconnect services in the event of late or non-payment

On March 24, 2020, the National Executive Branch issued Decree No. 311/2020, whereby it provided, with respect to individuals that fell within the scope of Article 3, for the temporary suspension of the disconnection of services deemed essential for the development of daily life, such as electricity supply, running water supply, gas supply, fixed or mobile telephony, Internet and radio electric link or satellite link subscription television, among others, in order to guarantee access to those essential services in the event of late or non-payment of up to three consecutive or alternate bills due as from March 1, 2020. On June 18, 2020, the Executive Branch issued Decree No. 543/2020, whereby it extended such temporary suspension in the event of late or non-payment of up to six consecutive or alternate bills, due as from March 1, 2020. On September 20, 2020, the Executive Branch issued Decree No. 756/2020, whereby it extended such temporary suspension in the event of late or non-payment of up to seven consecutive or alternate bills.

Decree No. 311/20 also provides that companies that render fixed or mobile telephony, Internet and radio-electric link or satellite link subscription television services are under the obligation to maintain a reduced service, as established in the regulations, for a term of one hundred eighty (180) calendar days, which was extended with each extension of Decree No. 311/20. In addition, the decree provides that if users of mobile telephony or Internet prepaid services fail to pay the corresponding recharge to have access to consumption, the companies that provide those services must provide a reduced service within the terms provided by regulations, and that this obligation would be effective until April 30, 2020. Such term was subsequently extended through several decrees. Pursuant to Decree No. 756/20, its expiration was set for December 31, 2020.

- Agreement between the Industry and the ENACOM

In May 2020, the main subsidiary of CVH, together with the other companies in the industry, executed an agreement with the ENACOM, effective until August 31, 2020, whereby the parties agreed, among other things: (i) to suspend the increase in the prices of mobile and fixed telephony, Internet and cable television services from May 1 to August 31, 2020, in order to ease the situation of the users affected by the quarantine, (ii) to create inclusive plans for fixed and mobile telephony and Internet services for individuals who request that benefit, with a fixed price until September 30, 2020, (iii) to extend the “reduced service” benefit, which guarantees the connectivity of users with prepaid mobile telephony and Internet services, maintaining the price until October 31, 2020, (iv) not to dismiss employees without cause during the term of this agreement, and (v) to renegotiate this agreement and immediately suspend its effects in case of salary increases granted under wage negotiations.

DECREE No. 690/20 – AMENDMENTS TO THE LAD

On August 22, 2020, the National Executive Branch issued Decree No. 690/2020, which was subsequently ratified by Parliament under the terms of Law No. 26,122.

Within the amendments introduced to the LAD, ICT services – fixed and mobile telephony, cable television and Internet – and the access to telecommunications networks for and between licensees are now deemed “essential and strategic public services provided on a competitive basis”, and their effective availability shall be guaranteed by ENACOM.

The prices of essential and strategic public ICT services provided on a competitive basis, the prices of the services provided under the Universal Service and of those determined by ENACOM based on reasons of public interest, shall be regulated by said agency.

The Decree also provides that ENACOM shall establish, in the respective regulations, the Mandatory Universal Basic Provision of ICT services.

It also provided for the suspension of price increases or modifications established or announced from July 31, 2020 to December 31, 2020 by ICT licensees.

On December 21, 2020, Resolutions Nos. 1466/2020 and 1467/2020 were published in the Official Gazette, whereby the ENACOM regulated Decree No. 690/2020.

Resolution No. 1,466/2020 provided that ICT Services Licensees that render Internet access, subscription broadcasting services by physical, radio-electric or satellite link, and fixed and mobile telephony services -in all cases in their different and respective modalities- may increase up to FIVE PERCENT (5%) their retail prices as from January 2021. In order to establish the percentages approved, licensees shall take as reference the prices effective as of July 31, 2020. Said Resolution also provided that ICT Services Licensees may request on an exceptional basis price increases exceeding 5% in accordance with the provisions of Article 48 of the LAD.

Said Resolution also provides that ICT Services Licensees that hold registration for Internet Access Value Added Service (SVA-INT, for its Spanish acronym); subscription broadcasting services by physical and/or radio-electric link (SRSVFR, for its Spanish acronym) and audiovisual communication subscription services by satellite link (DTH); shall notify the Enforcement Authority about any and all changes in retail prices they intend to make to their plans, prices and commercial terms in effect, SIXTY (60) calendar days in advance of their implementation.

Resolution No. 1467/2020 regulates the Mandatory Universal Basic Service set forth by Decree No. 690/2020 for the different services provided by ICT Services Licensees, establishing the price and characteristics of each plan, namely:

- PBU-SBT: Mandatory Universal Basic Provision of Basic Fixed Telephony Service
- PBU-SCM: Mandatory Universal Basic Provision of Mobile Communication Service
- PBU-I: Mandatory Universal Basic Provision of Internet Access Value Added Service
- PBU-TP: Mandatory Universal Basic Provision of subscription television services by physical or radioelectric or satellite link

Said Resolution also sets out the persons that are eligible to receive those services. Finally, said resolution also imposes different reporting obligations to be fulfilled before the Enforcement Authority on the licensees that hold registration for subscription broadcasting services by physical or radio electric link and on licensees of subscription television audiovisual communication services by satellite link.

Telecom has brought a legal action against Emergency Decree No. 690 and against said Resolutions, grounded on the unconstitutionality of said regulations, which is pending before the Federal Court on Administrative Litigation Matters.

AMENDMENTS TO THE RGSU THROUGH ENACOM RESOLUTION No. 477/20.

Through Resolution No. 477/2020, published in the Official Gazette on May 31, 2020, the ENACOM amended Articles 19 and 21 of the General Regulation of the Universal Service approved under ENACOM Resolution No. 2,642/2016. The amendments provided that the projects aimed at giving access to and providing ICT services to the neighborhoods registered in the "*Registro Nacional de Barrios Populares*" (National Registry of Working Class Neighborhoods), which require an exceptional urgent solution in the context of the health emergency, may be the subject matter of Universal Service Programs.

In addition, direct execution by ENACOM is incorporated as a mechanism for granting Universal Service Programs in the case of duly proven exceptional and extraordinary circumstances. In addition, through Resolution No. 478/2020, the ENACOM created the "Villa Azul Project" program as the first step within the new regulatory framework. The program seeks to provide mobile communication services to the inhabitants of Barrio Villa Azul, through the delivery of prepaid calling cards and/or prepaid sim cards. The cost incurred by the licensees for such cards is borne by the ENACOM with funds from SU Fund.

Replacement of the RGSU - ENACOM Resolution No. 721/20

On July 3, 2020, the ENACOM issued Resolution No. 721/2020, whereby said agency replaced the Universal Service General Regulation that had been approved by ENACOM Resolution No. 2,642/2016.

The new Regulation maintains the obligation to contribute 1% of total revenues, as provided in the previous Resolution. Among the most relevant aspects, the new Regulation provides:

(i) That the Enforcement Authority may deem that the monthly obligation of the Contributors has been partially settled for up to 30% of their contributions, based on the reporting of computable investments made in projects approved by the ENACOM;

(ii) That the deployment of last mile fixed NGNs for the provision of broadband Internet services that are the subject matter of the Projects shall not fall within the scope of the protection described in Article 3 of Decree No. 1,340/2016.

(iii) That the licensees may submit Projects to the ENACOM for their review and assessment.

In addition, on that date, the ENACOM created four Universal Service Programs through the following resolutions:

(i) Resolution No. 727/2020 - ICT Services Access Program aimed at populations in underserved and adverse areas for the deployment of networks;

(ii) Resolution No. 728/2020 - Network Deployment Program for Mobile Communication Services;

(iii) Resolution No. 738/2020 - Connectivity Access Program aimed at public institutions;

(iv) Resolution No. 726/2020 - Internet Access and Infrastructure Program aimed at working-class neighborhoods.

In addition, on September 8, 2020, through Resolution No. 950/2020, the ENACOM approved the bidding terms for the submission of projects within the framework of the Internet Access and Infrastructure Program aimed at working-class neighborhoods and, through Resolution No. 951/2020, said agency approved the bidding terms for the submission of projects within the framework of the Connectivity Access Program aimed at public institutions. Through Resolution No. 1,477/2020, published in the Official Gazette on December 22, 2020, the ENACOM approved the project “Proyecto Rutas - Etapas” and the call for the award of non-reimbursable contributions for the deployment of SCM in certain areas of the project “Proyecto Rutas - Etapa I”, within the framework of the Program approved under ENACOM Resolution No. 728/2020.

NUMBER PORTABILITY REGULATION

On December 31, 2020, the ENACOM issued Resolution No. 1,509/2020, whereby it replaced the work schedule for the implementation of Number Portability that had been approved as an Annex to Resolution No. 4,950/2018. In addition, the ENACOM approved the new model of the Bidding Terms and Conditions for the selection of the centralized Number Portability Database Administrator (DA) for the Mobile Communication Service and the Fixed Telephony Service, and also approved the Network Technical Specifications.

GENERAL RULES GOVERNING INTERCONNECTION AND ACCESS

Pursuant to Resolution No. 1,510/2020, published in the Official Gazette on December 29, 2020, the ENACOM decided, on a provisional and exceptional basis, that the reference exchange rate applicable to the interconnection charges in effect established under ENACOM Resolutions Nos. 4,952/2018, 1,160/2018 and 1,161/2018, for calls made as from January 1, 2020, will be of EIGHTY THREE PESOS AND THIRTY SIX CENTS $83.36 per US dollar. This resolution is subject to the approval of ENACOM's Board, effective as from January 1, 2021.

REGULATIONS ON INTERNATIONAL ROAMING BETWEEN ARGENTINA AND CHILE

ENACOM issued Resolution No. 927/2020, which was published in the Official Gazette on August 31, 2020, whereby said agency approved the Regulations on International Roaming between Chile and Argentina. Under those Regulations, it was established that Argentine mobile communication service providers, including Virtual Mobile Operators, shall offer customers who use international Roaming services with Chile the same prices that they offer in their own country for voice communications, messaging and mobile data during their stay in that country.

INFRASTRUCTURE SHARING REGULATION

On December 16, 2020, the Office of the Chief of the Cabinet of Ministers - Secretariat of Public Innovation, issued Resolution No. 105/2020, whereby it approved the Passive Infrastructure Sharing Regulation and established the terms and procedures regarding the access, availability and shared use of passive infrastructure owned by, controlled by or otherwise available to an ICT Services Licensee.

The most relevant provisions of the Regulation are the obligation to grant access to other ICT Services Licensees to available passive infrastructure; the obligation to reserve capacity in the installation of new ducts and shelters for access to other ICT Services Licensees; the prohibition to agree on exclusive use; among other obligations.

The subsidiary is evaluating the impact of the obligations imposed by this new regulation.

SUBSCRIPTION TELEVISION SERVICES REGULATION

Through Resolution No. 1,491/2020, published in the Official Gazette on December 24, 2020, the ENACOM approved: The "GENERAL REGULATION OF SUBSCRIPTION TELEVISION SERVICES BY PHYSICAL AND/OR RADIO-ELECTRIC AND SATELLITE LINK". Among other aspects, the Regulation provides for the arrangement of signals in programming grids so that the signals that correspond to the same genre are arranged consecutively; the obligation to submit an annual affidavit that sets forth the programming grid, the inclusion of signals of broadcast television Licensees; the list of mandatory signals, and, in case of disagreement regarding whether or not it is mandatory to include a given signal in the programming grid, be it broadcast television signals or those included in the Public Registry of Signals, any of the parties may resort to the ENACOM. In addition, said Resolution provides that the commercialization of one or several signals may not be conditional on the acquisition of other signals. In the event licensees offer a package of signals, they must include a breakdown of the price of each signal. Telecom is evaluating the impact of these regulations."

3. THE COMPANY. ORIGIN, EVOLUTION, PROFILE AND ACTIVITIES

Cablevisión Holding is the first Argentine Holding engaged in the development of infrastructure and delivery of convergent telecommunications services, focused on Argentina and the region. CVH was created on May 1, 2017 as a result of the spin-off process of Grupo Clarín S.A. that began in September 2016 to promote the specialization of the assets of each company and its subsidiaries, allowing for the implementation of differentiated growth strategies and goals for each segment.

CVH focuses its investments on the telecommunications sector through the distribution of video, voice and data under the global technological convergence process, which tends towards the integrated provision of ICT Services.

Cablevisión Holding S.A. focuses, through its subsidiaries, on investing in technology, developing convergent networks and providing competitive high quality integrated services, which will increasingly provide universal access to knowledge society. The companies, products and brands of Cablevisión Holding are benchmark providers in the telecommunications and content distribution industries.

Cablevisión Holding's controlling shareholders are Argentine. It competes with major local and international players, providing quality services across all the segments in which it operates.

On August 30, 2017, CVH obtained authorization for admission to the public offering regime and the listing of its shares on the Buenos Aires Stock Exchange. On February 21, 2018, CVH's global depositary shares (GDSs) represented by global depositary receipts were admitted to the official list of the United Kingdom Listing Authority ("UKLA") to be traded on the main market of the London Stock Exchange.

As of December 31, 2020, the Company holds an economic interest of 39.08% in the outstanding capital stock of Telecom. The information relating to Telecom shareholders' agreement and the Voting Trust is described in Note 6 to the Company's separate financial statements. In addition, Note 13 to the Company's separate financial statements details the Public Tender Offer process initiated by the Company in June 2018, which under judicial proceedings.

4. CABLEVISIÓN HOLDING AND ITS BUSINESS AREAS IN 2020

During 2020, the Company focused its businesses on the cable television services, fixed and mobile telephony and Internet access sectors, through the operations of its subsidiary Telecom.

Consolidated net sales stood at $ 301,596 million and the consolidated gross financial indebtedness of CVH (including sellers financing, accrued interest and fair value adjustments) stood at $ 200,200 million.

4.1 Telecom

4.1.1 FIXED AND MOBILE TELEPHONY, INTERNET AND CABLE TELEVISION SERVICES

During 2020, the mobile service offering consisted of both pre-paid and post-paid plans. They included a larger number and variety of offers available to customers with more data (from 2 to 20 Gigas), different terms and prices to maintain their connectivity.

In addition, Telecom continued to focus on convergent offerings for its customers, providing additional discounts with the subscription to mobile lines together with fixed connectivity, thus achieving enhanced loyalty built on experience and convenience through the subscription to additional services. The same strategy was applied to corporate customers, seeking to increase the convergence of services.

During 2020, the strategy was focused on promoting the consumption of higher speeds for those customers with technical availability for an upgrade with the aim of providing a better experience to the installed customer base, thus accompanying the growing needs of small, medium and large customers.

Finally, during 2020, Telecom launched "*Mi Negocio Personal*," an e-commerce platform that allows microentrepreneurs to digitize their business experience and make personalized sales through their chosen social networks with integrated payment methods.

INTERNET SERVICES

Aspects of Management

As of December 31, 2020, Telecom had 4.1 million Internet service access lines under the brands "Fibertel" and "Fibertel Lite".

Telecom continued to deploy FTTH (fiber-to-home) technology both in greenfield areas (areas where Telecom does not have any of its technology networks deployed: Copper, HFC or FTTH) and in brownfield areas (upgrading areas where Telecom has network deployment). Telecom launched broadband offerings with higher speeds aimed at encouraging the upgrade of services, allowing customers to enjoy the high speed experience.

With regard to access networks, the strategy was aimed at meeting the growing demand for broadband, mainly for downloading videos and multimedia content from the Internet. In this regard, Telecom continued with the expansion of its fiber optic access infrastructure, using different modalities and technologies, which have been optimized based on the demand for the services provided and different geographical locations.

Products

Telecom offers Internet products of between 20 and 1000 MB for the massive segment. Customers subscribed to 20 Mb speed services or more represented 72.3% as of December 31, 2020, and 63.2% as of December 31, 2019. They represented a share in total Internet service revenues of 74.7% and 68.6% as of December 31, 2020 and 2019, respectively. As of December 31, 2020, the Company had 557,707 customers with speed plans of between 100 Mb and 300 Mb. In addition, Telecom expanded the fixed broadband service offering with new speeds of 1,000 MB, which consolidated the positioning of the Fibertel brand as the technological leader of the industry. Currently, Telecom has more than 2,300 customers with this speed.

In line with the mass segment strategy, as from this year, Telecom implemented a new product in the corporate segment: 1GB Asymmetric Internet. In addition, it launched Infinite, a service with automatic switch between fixed and mobile network, offering continuous connectivity and providing tools to obtain the best performance of Internet connection. This portfolio offers connectivity of 100 MB, 300 MB or 1 GB, including a 4G backup and a control center.

CABLE TELEVISION SERVICES

Aspects of Management

The Cable TV Services business has a bi-directional network with a bandwidth capacity of more than 1 GHz to which approximately 81% of the households passing the network are connected (87% in AMBA).

As of December 31, 2020, Telecom had a total 3.5 million customers, a 0.8% decline compared to the previous year.

Products

Cable Television Services are provided under the brand Cablevisión. Cable television service customers can choose between 3 packages: basic, premium or HD, through which it offers exclusive contents.

In addition, Telecom continued to boost Flow, which offers the possibility of watching all the live channels and on demand contents, from any device, through a modern platform with new functionalities. As a highlight of 2020, Telecom launched Flow NOW, offering the possibility of having Flow without the need to install a decoder.

Another highlight was the release of Disney+ in November. The platform that brings together all the contents of Disney, Pixar, Marvel, Star Wars and National Geographic is offered to customers through Flow, with exclusive offers of up to 3 months for free.

FIXED TELEPHONY AND DATA SERVICES

Aspects of Management

Fixed telephony services consist of residential and corporate telephony services, basic telephony services, and other telephony services. The number of service lines decreased by 9.3% compared to the previous year, in line with the maturity of the market and the trend towards the use of mobile services, totaling 2.8 million lines by the end of 2020.

Telecom provides data services to leading companies in the Argentine market, as well as to the national government, provincial governments, and municipalities. In response to the constant changes demanded by the market, Telecom maintained its strategy of positioning itself as an integrated service provider, offering convergent ICT solutions, including voice, data, Internet, multimedia, datacenter, and fixed and mobile applications through sales, consulting, specialized and customer-focused management and after-sales service.

Products

During 2020, Telecom continued to make improvements to the ToIP service (fixed telephony over IP).

Telecom continued to strengthen its positioning in security services through the evolution of the solutions portfolio, together with a communication and dissemination campaign throughout the year, with the aim of bringing Telecom's wide range of services closer to corporate customers.

In May, Telecom launched a new security solution, the Cyberdefense Center designed to meet the demand for online security in productive organizations. Dedicated exclusively to cybersecurity monitoring, this solution is a tailored service, flexible based on the needs of each company, which continuously monitors events that may occur and notifies the customer to take any necessary actions.

Finally, through IOT Solutions, Telecom provides the technology necessary for customers to connect to their data, applying intelligence for faster and better decision making, helping customers evolve their business, making it more efficient. During 2020, Telecom participated in various events, such as Expoagro and Expoagro Digital, showcasing its solutions and disseminating its IoT strategy. Solutions such as the Remote Grain Monitoring have also been incorporated into the solutions portfolio aimed at the agricultural sector.

WHOLESALE SERVICES

Mobile Telephony Services

Telecom’s mobile operations infrastructure enables it to provide the following wholesale services:

International Businesses: During 2020, Telecom focused on maximizing the profitability of the international roaming business through the streamlining of costs and capturing of traffic to

Argentina, and on strengthening its positioning in the market. In this sense, Telecom conducted actions to access new international destinations, 3G, 4G LTE infrastructure and CAMEL ("Customized applications for mobile network enhanced logic") agreements to improve user experience.

Also, during 2020, Telecom updated the agreements with content aggregators aimed at differentiating domestic from international SMS A2P (Application to Person) traffic, and implemented a firewall (security/system layer, designed to block unauthorized access) that allows to have control of the network, providing full protection.

National Businesses: The main revenues and costs of Telecom's wholesale businesses with national operators are mainly derived from termination charges from third parties' mobile networks (TLRD), interconnection traffic charges (origination, termination and transport of calls), sale of infrastructure to large groups, national roaming and lease of conventional and non-conventional infrastructure sites.

In order to meet the 4G coverage deployment requirements provided by regulations, the industry agreed on a new active network infrastructure sharing form called RAN Sharing. It allows to optimize deployment times and the investments required to provide 4G coverage to a larger number of locations and roads in Argentina. During 2020, Telecom consolidated the joint and coordinated work between the three mobile operators in Argentina for enabling sites under this modality.

Fixed Telephony and Data Services

During 2020, Telecom remained one of the leading providers of wholesale telecommunications solutions to different suppliers and market operators, including cable operators, ISP cooperatives, and other service providers. The services include:

Infrastructure Services: Infrastructure services mainly refer to:

- Interconnection Services: They include, among others, traffic and interconnection resources, dedicated Internet access services, transport of video signals in standard and high definition, audio and video streaming, dedicated links, backhaul links for mobile operators, hosting/housing (storage) services, dedicated links, layer 2 (LAN to LAN) and layer 3 (Internet Protocol Virtual Private Network) transport networks, video links and value-added services, among others, and
- Data and Internet Services: Mainly the IP transit service, transport solutions for audio and video signals, both as dedicated private links and on the Internet. During 2020, Telecom focused most of its business on IP transit service, demanded by ISP providers in order to provide Internet connectivity to their customers in different market segments. This led to a significant increase in local and international bandwidth consumption.

International Long Distance Service. Telecom holds a permanent license to provide international telecommunications services in Argentina, including voice, data, and housing services and lease of international point-to-point circuits. Revenues consist mainly of connectivity to the Argentine telephony network, bandwidth capacity under IRU, leasing of international point-to-point circuits, housing in data centers in Argentina, and data and IP transit services. Telecom is connected to international telecommunications networks, mainly through several submarine fiber optic cables.

Services Provided in the United States:
During 2020, Telecom continued with commercial actions aimed at highly profitable wholesale products, among them, OTT services. Telecom's presence in the United States of America through its subsidiary Telecom USA, has allowed it to develop relationships with the leading cloud content and service providers in North America.

4.1.2. SERVICES PROVIDED BY SUBSIDIARIES IN PARAGUAY AND URUGUAY

BUSINESSES IN PARAGUAY

Aspects of Management

In an atypical year due to the COVID – 19 pandemic, the Home segment represented an opportunity in Paraguay, connecting homes with high-speed Internet.

Núcleo had 2.2 million and 2.4 million mobile subscribers as of December 31, 2020 and 2019, respectively.

In 2020, in Paraguay, it focused on boosting the Corporate Business Unit, with the launch of a new brand identity, new products and services, seeking to position itself as a comprehensive solutions provider.

By the end of 2020, 76% of the data traffic used the 4G network, as a result of the constant enhancement of the network infrastructure capacity that has allowed the company to meet the needs of customers. 83% of our mobile Internet customers use the 4G network.

Products

Núcleo's postpaid product strategy is focused on capturing customers through aggressive offers with 30% to 50% discounts on the monthly fee or duplication of data. In addition, it launched several campaigns to retain and build loyalty with post-paid customers. Núcleo offers packages with data benefits and unlimited calls to all carriers for prepaid customers.

In connection with Internet services, during 2020, Núcleo combined fiber-optic Internet offerings with FLOW. On the other hand, the pandemic generated an increase in the demand for home services, resulting in record high sales volumes for this type of services.

BUSINESSES IN URUGUAY

Aspects of Management

As of December 31, 2020, Telecom had approximately 136,604 customers in Uruguay through Adesol. It is present in several departments and locations of that country (Montevideo and the metropolitan area, several locations in the department of Canelones and in some capital cities of the departments) providing cable television services under different technological platforms.

The evolution towards the satellite product and the platform Flow places Telecom at the forefront of the industry and strengthens its leadership in Montevideo and different areas in Canelones and San José.

Products

In Uruguay, Telecom provides basic, HD and premium cable tv services under the brand Cablevisión. In addition, Telecom continued to boost Flow, which offers the possibility of watching live channels and On Demand contents, from any device, through a modern platform with new functionalities.

4.1.3 IT

In 2020, Telecom accelerated the digital transformation of its operations, achieving relevant milestones – even during the health emergency – in the main programs that involve both its operations and the comprehensive customer experience.

The full modernization of the system seeks not only to integrate all operations, but also to develop an ecosystem of platforms that leverage connectivity and enable the management and evolution of its products and services, with a focus on the digital and convergent customer experience.

Among the most relevant events of 2020 related to IT topics, the following stand out:

FAN Milestones: Under the program aimed at the comprehensive upgrading of the platforms that manage the relationship, provision, charging, billing and collections of its customers, Telecom implemented the Mobile functionality, with over 10 million customers migrated. In addition, it developed new approaches, incorporating and improving key business processes such as mass overdue collection and number portability.

ERP System: The implementation of the SAP S/4 Hana suite has been completed, transforming integrated systems and processes into a single ERP. This implementation covers mainly Central Finance (Consolidation Module), Concur (a tool that promotes the self-management of travel and out-of-pocket expenses), Occupational Health, Ariba (new supplier management platform), and Fiori products (new component that allows interaction with all SAP system modules through a web interface.) The new ERP integrated backoffice processes (activities supporting Telecom's management) providing greater agility, efficiency and standardization, allowing, in the future, to scale and evolve the business through improvements and automation of user experience.

Convergent Business:

Telecom launched a new e-commerce site and a new self-management app. These platforms will allow Telecom to evolve the services sales and after-sales experience and to scale rapidly in new functionalities.

Within the framework of Big Data and Analytics, Telecom has developed the consolidation of the dataoffice model and the customization of our Real Time Decision (RTD) platform, adding new functionalities to deliver the best offerings. Seeking to guarantee the provision of services required under the ASPO, Telecom created task forces in order to implement all the requirements related to the minimum services established by the Government.

IT Operations & Data center

Through the Cloud Foundation program, actions were taken to integrate public cloud platforms into the hybrid multi-cloud strategy, adapting processes and tools to exploit the potential of this technology and migrating business applications, thus achieving performance optimization.

Telecom launched the Datacenter 4 Program (DC4), with the aim of having a shared and convergent approach from the services, processes and operations of its infrastructure. Two of the fundamental pillars of DC4 are "efficiency and optimization", deploying flexible models in the future and the "cultural change", acquiring the knowledge and the sum of experiences to accompany its transformation as a digital service provider.

With the used capacity of all corporate systems, Telecom focused on ensuring data availability with "Storage Products" that allow it to continue to operate even in case of breakdowns in disks, controllers, and connections to servers.

In addition, during 2020, Telecom focused on the assembly of a second storage communications network in the Pacheco Data Center, which has now been completed and is up and running to provide greater speed and connectivity in the connection of servers and storage.

Telecom continued with the technological replacement of microcomputer equipment, reaching approximately 12,000 units as of December 31, 2020, equivalent to more than 50% of the total equipment. Telecom seeks to reach the technological replacement of approximately 3,000 additional units during the first quarter of 2021.

Under the context generated by the ASPO, Telecom provided its employees with the necessary tools to carry out their tasks remotely (customer service, technical and business support areas), including the teams that work at call centers, operating remotely in 7 provinces. All of this was achieved in record time, with 200,000 calls received per day from our customers with a 85% customer satisfaction rate.

4.1.4 Technology

During 2020, as part of the 4G deployment, Telecom continued with the modernization of its equipment and with the construction of new sites to improve coverage and provide greater capacity to customers.

In the transport network, Telecom made headway with the transformation process towards a new architecture that will allow it to improve network traffic, render new services, and provide scalability to the business, with more efficient processes, generating a strong synergy with the consolidation of network sites. On the other hand, with regard to the fixed network, Telecom continued with the deployment of high-speed broadband with new access technologies, such as fiber-to-the-home networks (FTTH).

The upgrading of the access network, together with the transport network transformation process, allows the sites to be connected at maximum speed with each other and with the hubs, and from there with the rest of the world. These improvements in the transport network, by bringing fiber optics closer to the home, were aimed at offering customers the possibility of increasing access speed. The need for home connectivity became more relevant in 2020 due to the mobility restrictions generated by the health emergency.

Among the highlights of 2020 related to technology topics, the following stand out:

- Telecom continued with the deployment of mobile site connectivity in order to achieve better quality and capacity by replacing radio links with high-capacity fiber-optic connections.
- After the beginning of the network integration and the deployment of the new core in the AMBA region during 2019, Telecom began the installation of the new Internet Gateway to connect the network to the Internet.
- With regard to fixed access, different associated architectures were deployed, substantially improving the possibility of delivering high-speed services, building networks with more efficient architecture.
- With regard to mobile access, in 2020, Telecom implemented an important 4G (LTE) technology deployment plan and continued with the upgrades of the 2G/3G network. By the end of 2020, 4G/LTE technology reached 95% of urban population with presence in more than 1,879 locations throughout the country. In addition, 4G/LTE coverage has reached approximately 98% of the population in the capital cities of the provinces. In this way, customers with access to the 4G/LTE network perceive a better service experience.
- Telecom made headway in the deployment of VoLTE to reach 23% of mobile voice traffic, improving user experience, achieving a more efficient use of the radio spectrum.
- A plan was launched for the deployment of mobile sites with satellite backhaul (a network that connects mobile access sites with plants through satellite links) aimed at reaching remote areas with low population density in order to provide connectivity.

- In Paraguay, Núcleo increased the capacity and coverage of the LTE mobile network, both in the 1,900MHz and 700MHz bands, putting into operation 41 LTE/4G nodes, achieving a total of 86.2% of LTE/4G nodes sites.
- In the Fixed Network of Paraguay, Núcleo enhanced network coverage, reaching about 25 thousand blocks with the total FTTH coverage. In this way, Núcleo continued with the deployment of the fixed network, reaching 450 thousand homes, which allowed to improve the connectivity of the country and the financial convenience for its customers, becoming the company with the greatest fiber optic coverage in Paraguay.
- With regard to HFC networks, the reduction of service areas and the increase of upstream capacity (the capacity to upload user information to the Internet) allowed Núcleo to provide a better user experience.

During February 2021, Telecom switched on the first 5G network in Argentina, putting into operation 10 mobile antennas in the Cities of Buenos Aires and Rosario, which can be used with suitable devices.

These sites have the first developments in fifth generation networks, using Dynamic Spectrum Sharing ("DSS"). DSS technology leverages the current 4G network to turn on 5G accesses dynamically and on demand.

Just like the 4G technology transformed the mobile data world, the 5G network will go even further allowing for speeds of 10Gbps, enhanced capacity of connected devices, coverage and services than the 4G and 4.5G networks. The 5G technology will allow the development of smart cities, connected houses and cars, home automation and intelligence, among others.

4.1.5 Human Capital

Due to the restrictions caused by the pandemic, Telecom implemented home office, prior to the declaration of the ASPO, for over 70% of employees, including those engaged in customer service and call center positions, with access to the virtual private network so that they can work with the same tools and security levels they have in their workspaces at the offices. Employees use web and mobile applications.

In 2020, Telecom continued with the program Digital Labs. In this sense, during the first quarter of the year, Telecom focused on the selection, attraction and retention of digital talent, deepening on-boarding spaces and generating digital experiences for leaders through the Digital Lead Experience (DLX - online training).

Telecom continued with the cultural and digital transformation processes, leveraging its main projects. It focused on people and teams with a holistic and comprehensive approach.

The following were the highlights of 2020:

- <u>Learning:</u> Telecom had to face two major challenges: i) the promotion of self-development and ii) its cultural and digital transformation, allowing employees to choose from different 100% online learning experiences.
- <u>Labor Relations</u>: As from March, Telecom focused on building, together with the different unions, an internal legal-labor framework to guarantee the continuity of its services, ensuring safety conditions for both its employees and the customers with whom they had to interact, establishing and agreeing on health and safety protocols specific to each area of the company.
- <u>Diversity and Inclusion:</u> Telecom continued to develop policies, protocols, processes, procedures, and learning and awareness materials that will enhance cultural transformation and diversity. Due to the pandemic, Telecom redefined the spaces for working in smaller cells to speed up the implementation of the actions associated with the three pillars: Gender, disabilities and generations. The highlights of 2020 concerning diversity and inclusion were the action protocol in cases of domestic

violence, workplace harassment and violence, and the diagnosis and action plan together with UN Women. In addition, Telecom continued to monitor pay equity and generated a follow-up dashboard (it shows the percentage evolution of female employees and gender distribution in the different areas of the company), among other measures including e-learnings and communication spaces.

- Welfare: Telecom implemented the program "#Nos Acompañamos", which includes content and advice for identifying best practices in the performance of tasks in this atypical context. Telecom also created sharing spaces and provided psychological and medical guidance at the request of our employees. It boosted the benefit of connectivity so that the employees could stay connected and spend the days of ASPO at home and their families could also carry out their daily activities.
- Work Environment Survey: Due to the context of 2020, Telecom did not conduct the work environment survey. However, it created a dashboard with the results of the several surveys on employee experiences and relationships. It consists of a set of indicators that show the degree of satisfaction of Telecom's employees. In addition, it conducted a specific survey on the Home Office experience in the context of COVID-19, in which employees expressed an overall satisfaction of 84%.
- Communication: With its 360 communication strategy, during 2020, Telecom consolidated the actions under the 100% digital cross-company dissemination plan. On the other hand, with the aim of developing self-management and boosting leadership, Telecom consolidated Yammer, the collaborative digital network, as the main channel for the internal dissemination of achievements, launches of new products and services, and relevant developments at institutional level, among others.
- Employee Central Payroll System: In October 2020, Telecom implemented changes to its payroll settlement process. Those changes comprised the unification of processes, the implementation of a new payroll settlement system, and the outsourcing of the operational activities.

Moreover, during 2020, Telecom closed the wage negotiations for the period 2019-2020 and the first half of 2020-2021, with the different trade unions. Telecom also granted salary increases to its non-unionized employees.

In relation to bonus policies, non-unionized employees receive an annual bonus based on individual performance; and middle management, directors and managers receive a bonus based on objectives.

4.1.6 Security

Through its Security Department, Telecom's mission is to establish and implement a security and anti-fraud strategy aimed at ensuring the protection of shareholders' investments through comprehensive programs for the security of individuals, the safeguard of the Company's assets, the preservation of confidentiality, the completeness and availability of information, the prevention of fraudulent practices, and compliance with judicial injunctions. It strictly complies with Personal Data Protection Law No. 25,326, implementing restriction measures for the access to personal data, monitoring of activities and encryption of sensible data as required by laws or regulations. In addition, Telecom works on the development of Security products and services to integrate them into the product and service portfolio that it offers to its customers.

In relation to Security Management issues, during 2020, Telecom continued with the SGSI (Information Security Management System) improvement program, adapting the internal regulatory framework to ISO IEC 27001. It continued with the implementation of information protection techniques to provide a secure framework for IT infrastructure and with the Crisis Management and Business Continuity Program in conformity with ISO 22301.

In addition, Telecom complies with the PCI - DSS (Payment Card Industry - Data Security Standard) security standard guaranteeing security measures for the electronic payment transactions carried out by its customers; with the inviolability of telecommunications secrecy required by Article 5 of the LAD, and the operators' duty to keep secrecy, providing that these requirements shall only be breached in the event Telecom receives an order from a competent judge and in compliance with ENACOM Resolution No. 2,459/16 concerning the blocking of phones that are reported as stolen, robbed or lost and the identification of irregular International Mobile Station Equipment Identity (IMEI).

With respect to innovation and awareness matters regarding its employees, Telecom focused on finding new solutions to improve security by designing, developing and implementing technical mechanisms that increase user protection levels, enhancing awareness actions on the use of video conferencing tools, phishing (fraudulent attempt to obtain sensitive data from people, usually through electronic communication) and various external threats directed to the end user.

Cybersecurity

In line with the growth of Telecom's activities, more technologies have been connected to Internet in order to provide better internal and external services. This has increased its exposure to cyberattacks. Consequently, Telecom took measures to mitigate those additional risks, among others: the adoption of new Information Security technologies, and evolution of detection techniques, mitigation of attacks in real time and improvement of the related processes. On the other hand, Telecom enhanced the capacities of VPNs to absorb traffic, secured the other application access platforms, both for employees and for third parties, and implemented the use of the "Two-Factor Authentication" for all these infrastructures.

The Company has in place an information leakage prevention process aimed at minimizing the risks associated with the theft or loss of critical information through world class systems and processes.

4.1.7 Sustainability Strategy

During 2020, Telecom continued with the evolution of the sustainability management model, with the following highlights:

- Telecom presented its thirteenth Sustainability Report, which describes the most relevant aspects of its social, environmental and economic performance. This last edition was prepared in accordance with the requirements of the GRI Standards, (under the "Core" conformity option, and included contents required under the "Comprehensive" option). Deloitte & Co. S.A. issued an external assurance report.

- Telecom's Executive Committee approved the community investment plan together with a non-commercial contributions report, which includes the detail of the programs concerning sustainability, sponsorships, donations, and patronage for the year 2020.

- It enhanced its community investment plan with programs designed entirely by Telecom and adapted to a 100% virtual format, with national reach and more participants from all over the country. Telecom has in place three programs: "Nuestro Lugar", which promotes the responsible and educational use of technology; "Digit@lers", which delivers training on digital talent for the industry; "Chicas digit@lers", which delivers training to women on technology, thus promoting the adoption of digital skills and competences for children, adolescents, young people, families, and teachers.

- Telecom created the “Energy Efficiency Task Force” with a cross-functional approach to address the management and optimization of energy consumption. In addition, Telecom made headway with the identification of risks caused by climate change to the community and to Telecom’s business.

- In response to the health emergency generated by COVID-19, Telecom made an additional contribution to society, providing different connectivity and communications services in hospitals, health centers, educational institutions, and other civil society organizations.

- In Paraguay, Telecom continued to provide support in 2020 to Fundación Operación Sonrisa Paraguay, which performs surgeries for free to children and young people with cleft palate and cleft lip, among other contributions to the community.

- Finally, within the framework of sustainability in Uruguay, it contributed to the accessibility of contents, thus promoting community development in sectors of high social vulnerability through the program “Puente Digital”.

4.1.8 IMPACT OF CORONAVIRUS ON TELECOM

The outbreak and spread of COVID-19 generated several consequences on businesses and economic activities at a global level.

Given the extent of the spread of the virus, several governments around the world implemented drastic measures to reduce the circulation of the population and to curve its spread, ultimately ordering the mandatory isolation of the population and the suspension of non-essential commercial activities. On March 11, 2020, the WHO declared COVID-19 a global pandemic.

In Argentina, the National Government established a series of measures aimed at reducing the movement of the population, ordering the ASPO as from March 20, 2020, allowing the movement of only those people involved in the provision/production of essential services and products, among them, those involved in the provision of telecommunication, fixed and mobile Internet and digital services. This isolation was extended at various stages as deemed necessary depending on the epidemiological situation; and it has also been adapted to the situation in each province or district.

Telecom provides critical services for the development of society by connecting people, homes, businesses, and governments, which become a priority in times of pandemic. The services provided by Telecom enable the continuity of the operations of large, medium and small companies that continue working, helping sustain the economy of the country. In this context of isolation, the services rendered by Telecom enable people to stay connected, entertain themselves, produce and stay informed from their homes.

Even though various types of difficulties have slowed down operations or made them more complex; such as the increased Internet data traffic, the increase in mobile voice service, the decrease in the collection of service fees, and mainly the inconveniences to make repairs and installations inside of our customers’ homes, among others; Telecom's operations are still in place and are expected to continue in spite of the difficulties. Telecom has not suffered any significant impacts on its results as a consequence of the pandemic.

For further information regarding the consequences of COVID and the various external and internal actions carried out by Telecom in response to the health emergency, see Note 33 of Telecom's consolidated financial statements as of December 31, 2020.

5. TRANSPARENCY AND ETHICS

Cablevisión Holding believes that one of the pillars of a good management is transparency. Therefore, through its communication it seeks to make available as much information as possible about its operations and businesses. In addition, it establishes ethical standards for the development of its operations.

The Company has a policy called Code of Ethics and Conduct, which, among other things, seeks to avoid potential conflicts between the Company's -and its subsidiaries'- interests and the personal interests of its directors and employees and their respective direct relatives. The code describes objective scenarios where a conflict of interest may arise and provides a non-exhaustive list of examples that standardize conflicts.

The Code of Ethics and Conduct deals with the handling of confidential information by the Company's officers, where confidential information is understood as all such information that has not become publicly known and that may be important for an investor to make a buy, sell or hold decision concerning any of the Company's securities. The Code prohibits the use of such information by the Company's officers for their own benefit or for the benefit of a third party.

Cablevisión Holding makes available to its investors and shareholders all the relevant information about its performance. CVH has employees who are in charge of the relationship with investors and shareholders, answering their inquiries and providing financial and operating information. The Company issues and distributes quarterly reports and holds periodic conference calls during which the information provided is discussed. All the reports are subsequently uploaded to the corporate website.

The Company maintains communication channels with the minority shareholders through the disclosure of relevant information in the stock exchanges where its shares and GDSs are listed and through information disclosed in the Company's website.

6. CORPORATE GOVERNANCE, ORGANIZATION AND INTERNAL CONTROL SYSTEM

Cablevisión Holding S.A.'s Board of Directors is responsible for the Company's management and approves its policies and overall strategies. Pursuant to the By-laws, the Board of Directors is composed of ten permanent directors and ten alternate directors who are elected at the Ordinary Shareholders' Meeting on an annual basis. At least four of them (two permanent and two alternate members) are required to be independent directors, appointed in accordance with the requirements provided under the CNV rules.

Members of the Board of Directors

As decided at the Annual Ordinary General Shareholders' Meeting and Special Shareholders' Meeting of Class "A", "B" and "C" Shares held on April 29, 2020 and at the Board of Directors' Meeting held on May 1, 2020, the Board of Directors is composed of the following members:

Bardengo, Sebastián	Chair
Sáenz Valiente, Ignacio José María	Vice Chair
Whamond, Alan[1]	Permanent Director
Salaber, Sebastián[1]	Permanent Director
Pozzoli, Nelson Damián[1]	Permanent Director
Blaquier, Gonzalo[1]	Permanent Director
Pagliaro, Lucio Andrés	Permanent Director
Aranda, Antonio Román	Permanent Director
Magnetto, Marcia Ludmila	Permanent Director
Noble Herrera, Marcela	Permanent Director
Domenech, Fernando[1]	Alternate Director
Rio, Alejandro[1]	Alternate Director
Oria, Jorge[1]	Alternate Director
Colombres, Gervasio[1]	Alternate Director
Cassino, Damián Fabio	Alternate Director
Novoa, Nicolás Sergio	Alternate Director
Olivieri, Samantha Lee	Alternate Director
Ostergaard, Claudia Irene	Alternate Director
Medina Manson, Oscar Agustín	Alternate Director
Diez Monnet, Leandro	Alternate Director

[1] *Independent members of the Board of Directors.*

Cablevisión Holding also has a Supervisory Committee composed of 3 permanent members and 3 alternate members, who are also appointed on an annual basis at the Ordinary Shareholders' Meeting and at the Special Shareholders' Meeting of Class "A" shares, Class "A" and "B" Shares (voting as a single class) and Class "C" shares. The Board of Directors appoints among its members those of the Audit Committee, which is in charge of the ongoing oversight of all matters related to control information systems and risk management, and issues an annual report on these topics. The members of the Company's Audit Committee may be nominated by any member of the Board of Directors and a majority of its members must meet the independence requirement provided under CNV rules.

Supervisory Committee

As appointed at the Annual Ordinary General Shareholders' Meeting and at the Special Meeting of Class "A" shares, Class "A" and "B" Shares (voting as a single class) and Class "C" shares held on April 29, 2020, the Company's Supervisory Committee is composed of the following members:

Gonzalez Rosas, Guillermo Raúl	Permanent Member of the Supervisory Committee
Menzani, Alberto Cesar José	Permanent Member of the Supervisory Committee
San Martín, Pablo Gabriel	Permanent Member of the Supervisory Committee
Rios, Martin Guillermo	Alternate Member of the Supervisory Committee
Suarez, Rubén	Alternate Member of the Supervisory Committee
Cartamil, María Celina	Alternate Member of the Supervisory Committee

Audit Committee

The Audit Committee is composed as follows:

Bardengo, Sebastián	Chair
Whamond, Alan	Vice Chair
Pozzoli, Néstor Damián	Permanent Member
Sáenz Valiente, José Ignacio	Alternate Member
Salaber, Sebastián	Alternate Member
Blaquier, Gonzalo	Alternate Member

The overall criteria used to appoint Cablevisión Holding S.A.'s management are based on the background and experience in the position and the industry, companies they have worked for, age, professional and moral aptitude, among other factors.

In order to identify opportunities and streamline structures and systems with the aim of improving processes and making informed decisions, Cablevisión Holding S.A. sets forth several procedures and policies for controlling the Company's operations. The areas responsible for the Company's internal controls, both at the Company level and at the level of its subsidiaries and affiliates, contribute to the safeguarding of shareholders' equity, the reliability of financial information and the compliance with laws and regulations.

Compensation of the Members of the Board of Directors and Senior Management

Compensation of the members of the Board of Directors is decided at the Shareholders' Meeting after the close of each fiscal year, considering the cap established by Section 261 of Law No. 19,550 and related regulations of the CNV.

Cablevisión Holding has compensation arrangements with all of its officers in executive and managerial positions, which contemplate a fixed and variable remuneration scheme. Fixed compensation is tied to the level of responsibility attached to each position, prevailing market salaries and performance. The annual variable component is tied to performance during the fiscal year based on the objectives set at the beginning of the year.

In addition, the parameters used in fixing compensations are in line with market practices, using market surveys issued by prestigious consultancy firms and the evaluation of the positions based on the size of the company and the complexity of the assigned tasks.

Dividend Policy

CVH does not have a formal dividend policy governing the amount and payment of dividends or other distributions. According to its By-laws and the Argentine General Associations Law, CVH may lawfully pay and make declarations of dividends only out of the retained earnings stated in the Company's annual Financial Statements prepared in accordance with Argentine GAAP and CNV regulations and approved at the Shareholders' Meeting. In such case, dividends must be paid on a pro rata basis to all holders of shares of common stock as of the relevant record date.

Set-up of Reserves

Pursuant to the Argentine General Associations Law and CNV resolutions, CVH is required to set up a legal reserve of no less than 5% of each year's retained earnings until such reserve reaches 20% of its capital stock. The legal reserve is not available for distribution to shareholders.

The shareholders may decide at a Shareholders' Meeting to set up other reserves as necessary for the prudent administration of for the Company pursuant to the General Associations Law.

Code of Corporate Governance

In addition to the aforementioned, and in conformity with Resolution No. 707/2019 issued by the Argentine Securities Commission, the Company prepared the Report on the Corporate Governance Code in accordance with Exhibit III, Title IV of Chapter I, Section I of the Rules, which is attached as an exhibit to this Annual Report.

7. BUSINESS PROJECTIONS AND PLANNING

Cablevisión Holding seeks to consolidate its role as leading holding company engaged in investing in convergent telecommunications, focused on Argentina and the region.

Its subsidiary, Telecom, will strive to seize opportunities, seeking to reinforce, improve and expand the range of products and services offered; reach new customers and promote permanent innovations in all of its activities.

Cablevisión Holding will continue to optimize even more the productivity and efficiency levels in all of the areas of CVH and its subsidiary. It will seek to develop and apply best practices in each of its processes.

At a corporate level, it will continue to focus on the main processes that allow sustainable, healthy and efficient growth from different perspectives: Financial structure, management control and business strategy. Cablevisión Holding will continue to analyze alternative new ventures related to its mission and strategic objectives both in Argentina and abroad, as long as they add value to shareholders and are feasible and viable under the prevailing economic environment.

Cablevisión Holding was created as result of Grupo Clarín's corporate spin-off, which sought to deepen the specialization of each of the organizations. In this way, each company was able to adjust even further its strategic, financial and operational focus with the global demands of each of these markets, allowing them to enhance their competitiveness.

Cablevisión Holding reaffirms its sustained commitment to regulatory compliance, to the customers of its main subsidiary and to the country.

8. SUPPLEMENTARY FINANCIAL INFORMATION

The information included in the Supplementary Financial Information is part of this Annual Report and, therefore, both should be read in conjunction.

9. FINANCIAL POSITION AND RESULTS OF ITS OPERATIONS

As mentioned in Note 1 to the Company's separate financial statements, CVH was created as a company that was spun off Grupo Clarín S.A., being the Effective Date of the Spin-off May 1, 2017. As from that date, Cablevisión Holding S.A. began its operations, the accounting and tax effects of the Spin-off became effective, and Grupo Clarín transferred to Cablevisión Holding S.A. the operations, risks and benefits that were part of the spun-off equity and the subsequent spun-off equity. The corporate reorganization was registered with the IGJ on April 27, 2017.

Cablevisión Holding S.A. is a holding company that operates in the telecommunications industry. Its operating income and cash flows derive from the operations of its subsidiaries in which it participates directly or indirectly.

The Company holds a direct and indirect economic interest of 39.08% in the outstanding capital stock of Telecom Argentina.

During this year, the main changes in the Company's financial position and results of its operations were the following:

Working capital (current assets minus current liabilities) at year-end decreased by $ 972 million compared to the previous year, from $ 1,907 million to $ 935 million. This decrease is mainly accounted for by the decrease in cash and cash equivalents by $ 1,075 million, net of the decrease in Other liabilities by $ 84 million. In addition, Other investments and dividends payable amounted to $9,292, in connection with the dividends described in Note 11 to the separate financial statements.

With respect to non-current assets, the most significant variation was recorded under Investments in associates, mainly as a consequence of: (i) the decrease arising from the net loss of fiscal year 2020 related to the direct and indirect investment in Telecom and (ii) the decrease generated by the distribution of dividends by Telecom. The changes in Investments in associates is detailed in Note 4.5 to the separate financial statements.

The Statement of Income as of December 31, 2020 recorded a net loss of $ 3,011 million. Such loss is mainly accounted for by the loss generated by the investments in controlled companies (mainly from the direct and indirect interest in Telecom), which amounted to $ 2,223 million, operating costs, which amounted to $ 247 million, and the net loss in other financial results of $ 539 million.

Cablevisión Holding S.A. is controlled by GC Dominio S.A., which holds 64.2% of its voting rights. Balances and transactions with related parties are detailed in Note 5 to the Separate Financial Statements.

10. PROPOSAL OF THE BOARD OF DIRECTORS

Since the Company is a holding company, its results derive mainly from the operations of its subsidiaries. Therefore, its liquidity position depends, among other things, on the distribution of dividends of its subsidiaries -which have to meet their investment and interest payments needs-, the contributions required by its subsidiaries and the expected cash flows from its own operating and financing activities.

The financial statements of the Company as of December 31, 2020 show a loss of $3,011 million. The accumulated deficit as of that date amounted to $3,012 million, which the Board proposes to absorb in its entirety by partially reversing the Voluntary Reserve for Illiquid Results.

The Board of Directors of CVH and its subsidiaries would like to thank its customers, suppliers, banking and financial institutions and other stakeholders, who are the key players in achieving the results obtained this fiscal year by the Company's management.

The Board of Directors

Buenos Aires, March 10, 2021

EXHIBIT - REPORT ON THE CORPORATE GOVERNANCE CODE OF CABLEVISIÓN HOLDING S.A. (CVH)

ROLE OF THE BOARD OF DIRECTORS

Principles

I. The company shall be led by a professional and qualified Board of Directors in charge of laying the foundations for the company's sustainable success. The Board of Directors is the guardian of the company and the rights of all its shareholders.

II. The Board of Directors shall be responsible for determining and promoting the corporate culture and values. The Board of Directors' performance shall guarantee the observance of the highest standards of ethics and integrity, based on the best interest of the company.

III. The Board of Directors shall be in charge of ensuring a strategy inspired by the company's vision and mission, aligned with its values and culture. The Board of Directors shall engage constructively with management to ensure the correct development, execution, monitoring and revision of the company's strategy.

IV. The Board of Directors shall control and supervise on an ongoing basis the direction of the company, ensuring that management takes actions aimed at the implementation of the strategy and the business plan approved by the Board of Directors.

V. The Board of Directors must have the necessary mechanisms and policies in order to efficiently and effectively fulfill the role of the Board and each of its members.

Recommended Practices

1. The Board of Directors generates an ethical work culture and establishes the vision, mission and values of the company.

> The Company applies the recommended practice. CVH is a holding company which currently has a single operation - its direct and indirect equity interest in its controlled company Telecom Argentina S.A. - and has a small structure. The Company's Board of Directors establishes the values and principles that set the framework within which the Company's activities must be developed. They are implemented by Management through a consistent message in the conduction of its activities, and are reflected in the documents that formalize its mission, principles and values, such as the Code of Ethics and its general policies. Its vision is focused on researching, exploring and discovering initiatives that promote digital inclusion and social innovation. Since 2007 (first through Cablevision S.A., currently through Telecom Argentina S.A.), CVH is the first company in the country to provide, through its subsidiary, free Internet connectivity and cable television services to schools, hospitals and community institutions. It uses technology to solve social challenges in alliance with governments, civil society organizations, universities, and other companies, such as the development of people who are part of its organization and the community.

2. The Board of Directors sets out the general strategy for the Company and approves the strategic plan developed by Management. In doing so, the Board of Directors takes into consideration environmental, social and corporate governance factors. The Board of Directors supervises its implementation through the use of key performance indicators and taking into consideration the best interest of the Company and the rights of all its shareholders.

> The Company applies the recommended practice. Taking into consideration the Company's vision and mission, as well as the internal risk factors inherent to its operations and the context in which it operates, the Company's Board of Directors and Management work together on the design of a general strategy for the company and oversee its implementation, consistent with the Company's

mission, values and short, medium and long-term goals. In doing so, they safeguard the interests of the Company and its shareholders. The general operational strategy is reviewed on an annual basis, as well as the relevance and usefulness of the metrics that allow to monitor the performance of its activities. In addition, the Board assesses on a quarterly basis the Company's operating and financial position, which includes a comparison with the previous quarter.

3. The Board of Directors supervises management and ensures that it develops, implements and maintains an adequate internal control system with clear reporting lines.

   The Company applies the recommended practice. The Board of Directors, mainly composed of non-executive directors, supervises Management and ensures, primarily through the work performed by the Audit Committee, that the Company has in place an adequate internal control system, taking into consideration the recommended practice mentioned in item 1 of this Exhibit. In connection with the foregoing about said recommended practice, the main internal controls are related to the transparency and accuracy of the process used for the preparation and reporting of the information to be submitted to regulatory agencies and other stakeholders. In this regard, the Audit Committee holds regular meetings with the external auditors as part of the tasks carried out to monitor the performance of an adequate internal control system in the Company.

4. The Board of Directors designs corporate governance structures and practices, appoints the person responsible for their implementation, monitors their effectiveness, and suggests changes as deemed necessary.

   The Company does not apply the recommended practice as described above because its Board of Directors has not formally designated an officer responsible for the implementation of corporate governance structures. Notwithstanding the foregoing, the Board of Directors, given the characteristics of the Company described in the explanation regarding the recommended practice in item 1, has deemed the implemented practices adequate and has approved them. Therefore, as stated before, the Company applies the principles that underlie the practice.

5. The members of the Board of Directors have sufficient time to perform their duties in a professional and efficient manner. The Board of Directors and its committees have clear and formalized rules of operation and organization, which are disclosed through the Company's website.

   The Company applies the recommended practice. The personal and professional backgrounds of the members of CVH's Board of Directors make them highly qualified to perform their duties in the board. In addition, they have enough time to fulfill their duties in the Board of Directors and regularly attend the meetings to which they are called. In addition, the directors provide advice to the Company's management areas about issues commissioned by the Chair or the Board of Directors. The directors receive the relevant information well in advance to support the decisions they have to make as members of the Board of Directors. Their rules of operation, roles, functions and responsibilities arise from the Company's Bylaws, which is published in the Financial Information Highway and in the Company's website. The Audit Committee composed of members of the Board of Directors has a Rules of Procedure, which was filed with the CNV.

CHAIR OF THE BOARD OF DIRECTORS AND COMPANY SECRETARY

Principles

VI. The Chair of the Board is in charge of ensuring the effective fulfillment of the functions of the Board of Directors and has a leading role among the members. The Chair shall generate a positive work dynamic and promote the constructive engagement of the members of the Board, and shall also ensure that they have the elements and information necessary for decision-making. The above also applies to the Chairs of each committee of the Board of Directors, regarding their corresponding functions.

VII. The Chair must lead processes and establish structures to ensure the commitment, objectivity and competence of the members of the Board, as well as the best operation of the body as a whole and its evolution according to the company's needs.

VIII. The Chair must ensure that the Board of Directors as a whole is fully committed and responsible for the succession of the CEO.

Recommended Practices

6. The Chair of the Board of Directors is responsible for the proper organization of the Board of Directors' meetings, prepares the agenda ensuring the cooperation of the other members, and ensures that they receive the necessary materials well in advance for their efficient and informed participation. The Chairs of the committees bear the same responsibilities for their meetings.

   The Company applies the recommended practice. The Chair of the Board of Directors directs and prepares the agenda with the assistance of the Company's advisors and organizes Board of Directors' and Shareholders' Meetings. In addition, the Company has legal advisors that assist the Chair of the Board of Directors in the arrangement of meetings, attendance and delivery of information with sufficient time ahead to allow Directors to review it and make decisions about the topics included in the agenda, and also assist the chair in meeting minute-taking, among other duties. The directors are called well in advance so that they can plan their attendance to the meetings for which they are called in due time and form.

7. The Chair of the Board of Directors ensures the proper internal operation of the Board of Directors by implementing formal processes for conducting annual performance reviews.

   Even though the Company does not apply the recommended practice since it has not implemented a formal annual performance review process, it does apply the principles that underlie the recommended practice because the Chair of the Board of Directors ensures the proper and adequate internal operation of the Board, verifying compliance by its members with all the statutory and legal obligations applicable to them. The Shareholders' Meeting is in charge of performing, with adequate and sufficient information including the Annual Report, an annual review of the performance of the Board of Directors.

8. The Chair generates a positive and constructive workplace for all the members of the Board of Directors and ensures that they receive ongoing training to keep up to date and to be able to properly fulfill their duties.

   The Company applies the recommended practice. The Company's Board of Directors performs its duties in an orderly and harmonious environment among its members, ensuring constructive and efficient teamwork for the benefit of the

Company and its shareholders. The Company has not formally implemented an annual training program. However, the members of the Board of Directors regularly receive updates about regulatory issues and information on the industry and businesses, for the adequate fulfillment of their duties and responsibilities, provided by highly qualified and experienced officers of the Company, renowned market professionals, industry referents or prestigious consultancy firms.

9. The Company Secretary provides assistance to the Chair of the Board of Directors in the effective administration of the Board and cooperates in the communication with the shareholders, the Board of Directors and management.

   The Company does not apply the recommended practice through the formal implementation of a Company Secretary. However, the Company applies the principles that underlie the practice, since the Chair of the Board of Directors, which is in charge of the effective administration of the Board, has external advisors on administrative and support matters such as the preparation and distribution of information packages to be considered at meetings, meeting minute-taking, induction for new members, assistance with the communication among the members of the Board of Directors and of the latter with management and the organization of Shareholders' Meetings, among others. In addition, the Company also has external legal advisors that assist the Chair of the Board of Directors in matters that, given their legal nature, require such assistance. Thus, during 2020, in connection with the propagation of COVID-19 and the related measures issued by the National Executive Branch and the Argentine Securities Commission, the Chair was advised by his legal counsel on the holding of Board of Directors' Meetings and Shareholders' Meetings and on the presentation of the Company's financial statements.

10. The Chair of the Board of Directors ensures the involvement of all its members in the development and approval of a succession plan for the company's CEO.

    The Company does not apply the recommended practice. The members of the Board of Directors are not involved in the development and formalization of a succession plan for the CEO, because the Company hires outstanding human resources professional advisors for the recruitment of potential candidates to cover managerial positions in the Company, as deemed necessary.

COMPOSITION, NOMINATION AND SUCCESSION OF THE BOARD OF DIRECTORS

Principles

IX. The Board must have adequate levels of independence and diversity in order to make decisions in the company's best interest, avoiding groupthink and decision-making by individuals or dominant groups within the Board.

X. The Board must ensure that the company has formal procedures for the proposal and nomination of candidates to fill positions in the Board within a framework of a succession plan.

Recommended Practices

11. The Board of Directors has at least two independent members in conformity with the effective criteria established by the Argentine Securities Commission.

    The Company applies the recommended practice. The Company's Board of Directors is composed of directors who have executive functions, non-independent directors who do not have executive functions and independent directors. The Board of Directors currently has four permanent directors and four alternate directors who are independent in conformity with the criteria established by the Argentine Securities Commission. These members and their capacity are published on the Financial Information Highway of the Argentine Securities Commission and on the Company's website.

12. The Company has a Nomination Committee that has at least three (3) members and is chaired by an independent director. If the Chair of the Board of Directors is also the chair of the Nomination Committee, he/she shall refrain from participating in the appointment of his/her own successor.

    The Company does not apply the recommended practice. The Company does not have a nomination committee. The Company’s bylaws, published in the Financial Information Highway of the Argentine Securities Commission, provide for the way in which the members of the Board of Directors must be appointed by class of shares.

13. The Board of Directors, through the Nomination Committee, develops a succession plan for its members that guides the candidate pre-selection process to fill vacancies and takes into consideration the non-binding recommendations of its members, the CEO and the Shareholders.

    The Company does not apply the recommended practice. The Company does not have a nomination committee. See the explanation related to the recommended practice in item 12. The Company's Board of Directors has members of diverse ages, academic and professional backgrounds, which enrich the operation of the Board as a whole.

14. The Board of Directors implements an onboarding program for its newly appointed members.

    The Company applies the recommended practice. The Company provides assistance to the new members of the Board of Directors through an induction process that covers all the necessary aspects required to gain an in-depth knowledge of the Company’s operations, the regulatory and legal framework within which it operates, its structure, policies and processes, and the training they receive as indicated in the recommended practice No. 8 above.

REMUNERATION

Principles

XI. The Board of Directors must generate incentives through remuneration, in order to align management -led by the CEO- and the Board with the long-term interests of the company, so that all the directors equally comply with their obligations with respect to all its shareholders.

Recommended Practices

15. The Company has a Remuneration Committee that is composed of at least three (3) members. All the members are independent or non-executive.

    The Company does not apply the recommended practice in the terms set out in the recommended practice. The Board does not have in place a Remuneration Committee. However, the Company hires independent professional human resources consultants that advise the Company regarding the remuneration of the Board of Directors. In addition, the Audit Committee provides an opinion -before the Annual Shareholders' Meeting is held- on the reasonableness of the fees paid to the members of the Board of Directors pursuant to the Capital Markets Law taking into consideration their professional background and reputation, tasks performed, responsibilities, and the amount of time devoted to the performance of their duties. As regards the supervision of the remunerations of the Executive Management, which includes the competitiveness of their remuneration practices and policies, the Company also receives the advice of independent human resources professionals, in order to monitor that the remuneration is in line with the short and long-term returns and interests of the Company, according to its management goals and within market parameters.

16. The Board of Directors, through the Remuneration Committee, establishes a remuneration policy for the CEO and the members of the Board.

The Company does not apply the recommended practice in the terms set out in it. According to the explanation related to the recommended practice in item 15, the Board does not have a remuneration committee in place. However, the Company has a remuneration policy that is applicable to the CEO, which sets out a fixed and variable remuneration scheme. The fixed remuneration is related to the level of responsibility required for the position, the competitiveness with respect to the market and the performance of the executive. The annual variable remuneration is related to the goals set by the Company for the fiscal year and the degree of compliance, which are in line with the Company's business plan and strategy. The remuneration of the Board of Directors is approved by the shareholders at the Annual General Shareholders' Meeting. The Annual General Shareholders' Meeting, upon a proposal of the Board of Directors, authorizes the payment of advances of fees up to a certain amount subject to the approval of the remuneration by the next Annual General Shareholders' Meeting, distributed by the Board of Directors as authorized and delegated. Before proposing an amount of fees to be paid and submitting it on an annual basis to the consideration of the Shareholders' Meeting for their approval, the Board of Directors receives, under the terms of applicable provisions, an opinion from the Audit Committee on the reasonableness of those fees. To this end, it takes into consideration the parameters indicated in the recommended practice No. 15 above.

<u>CONTROL ENVIRONMENT</u>

Principles

XII. The Board of Directors shall ensure the existence of a control environment, composed of internal controls developed by management, internal audit, risk management, regulatory compliance and external audit, all of which shall establish the lines of defense necessary to ensure the integrity of the company's operations and its financial reports.

XIII. The Board of Directors must ensure the existence of a comprehensive risk management system that allows management and the Board of Directors to efficiently direct the company towards its strategic goals.

XIV. The Board of Directors must ensure the existence of a person or department (depending on the size and complexity of the business, the nature of its operations and the risks it faces) in charge of the internal audit of the company. Such audit shall be independent and objective, with clear reporting lines, in order to properly evaluate and audit the company's internal controls, corporate governance processes, and risk management.

XV. The Audit Committee of the Board shall be composed of qualified and experienced members, and shall perform its duties transparently and independently.

XVI. The Board of Directors must establish adequate procedures to ensure the independent and effective work performed by the External Auditors.

Recommended Practices

17. The Board of Directors determines the company's risk appetite and also supervises and guarantees the existence of a comprehensive risk management system to identify, assess and decide on the course of action and monitor the risks faced by the Company, including, among others, the environmental and social risks and those inherent to the business in the short and long term.

The Company does not apply the recommended practice in the terms set out in it. The Company does not have a formalized comprehensive risk management system. Notwithstanding the foregoing, the Company's Board of Directors has identified the financial and non-financial risks faced by the Company and those inherent to its business, and conducts a regular analysis and follow-up of those risks. In addition, the Company's Board of Directors, mainly through its Audit Committee, composed of qualified and experienced members, ensures, among other things, the monitoring of the adequate development of the financial reporting process to regulatory agencies, among other functions.

18. The Board of Directors monitors and reviews the effectiveness of the independent internal audit and guarantees the resources for the implementation of an annual audit plan based on risks and a direct reporting line to the Audit Committee.

The Company does not apply the recommended practice. The Board of Directors has deemed it unnecessary to have an internal audit function on a permanent basis, given the current structure of the Company described in the recommended practice in item 1. Notwithstanding the foregoing, the Company hires internal audit services to verify the performance of critical controls in the financial reporting process.

19. The internal auditor or members of the internal audit department are independent and highly qualified.

The Company does not apply the recommended practice in the terms set out in it. As detailed in the explanation related to the recommended practice in item 18, the Company does not have a permanent internal audit position, but hires internal audit services provided by third parties. The internal audit service is provided by highly qualified professionals who do not have scope limitations in the performance of their work and have the required resources to adequately fulfill their duties.

20. The Board of Directors has an Audit Committee that works in accordance with rules of procedure. The committee is mostly composed of and chaired by independent directors and it does not include the CEO. Most of its members have professional experience in financial and accounting areas.

The Company applies the recommended practice. The Board of Directors has an Audit Committee that acts in accordance with the law, the bylaws and its internal rules which detail its purpose and functions. Those rules are reviewed on an annual basis. The Committee is mostly composed of independent directors. All the members have professional experience in financial and/or accounting areas. The current chair of the Audit Committee is the Company's CEO, who, consequently, is a non-independent director. The Audit Committee issues on an annual basis an action plan and the report that discloses the treatment given to those the matters that are within its competence.

21. The Board of Directors, based on the opinion of the Audit Committee, approves a policy for the selection and monitoring of external auditors that provides for the indicators to be considered in the recommendation to the Shareholders' Meeting about the continuity or replacement of the external auditor.

    The Company applies the recommended practice. The Shareholders' Meeting appoints the external auditor after the Audit Committee has issued an opinion on them. The Audit Committee has in place a policy that sets out the guidelines to be followed in the assessment of the work performed by the external auditor, in order to issue its opinion on the proposal of the Board of Directors for the appointment of the external auditor, to ensure its independence and to perform a comprehensive assessment of its work.

ETHICS, INTEGRITY AND COMPLIANCE

Principles

XVII. The Board of Directors shall design and establish appropriate structures and practices to promote a culture of ethics, integrity and compliance with standards in order to prevent, detect and address serious corporate or personal breaches.

XVIII. The Board shall ensure the establishment of formal mechanisms to prevent, or failing this, to deal with conflicts of interest that may arise in the administration and direction of the company. It shall also have in place formal procedures seeking to ensure that related party transactions are made in the best interest of the company and the equitable treatment of all its shareholders.

Recommended Practices

22. The Board of Directors approves a Code of Ethics and Conduct that reflects the ethical and integrity values and principles, as well as the culture of the company. The Code of Ethics and Conduct is communicated and applicable to all the directors, managers and employees of the company.

    The Company applies the recommended practice. The Company has in place a Code of Ethics approved by the Board of Directors that reflects the values and conducts promoted by the Company. The Code of Ethics is communicated and applicable to all the directors, managers and employees of the company.

23. The Board of Directors sets out and periodically reviews an Ethics and Integrity Program based on risks, size and economic capacity. The plan is clearly and unequivocally supported by management, which designates an internal officer responsible for developing, coordinating, supervising and reviewing on an ongoing basis the efficacy of the program. The program provides for: (i) periodic training for directors, administrators and employees about ethics, integrity and compliance issues; (ii) internal channels to report irregularities, open to third parties and adequately disseminated; (iii) a policy for the protection of whistleblowers from retaliation; and an internal investigation system that respects the rights of those under investigation and imposes effective sanctions on violations of the Code of Ethics and Conduct; (iv) integrity policies in bidding procedures; (v) mechanisms for periodic analysis of risks, monitoring and evaluation of the Program; and (vi) procedures to verify the integrity and background of relevant third parties or business partners (including due diligence during corporate transformation and acquisitions processes to evaluate potential irregularities, illegal actions or vulnerabilities), including suppliers, distributors, service providers, agents and intermediaries.

The Company applies the recommended practice. Taking into consideration the explanation related to the recommended practice in item 1, the Company developed an ethics and integrity program based on its risks, size and economic capacity. The Company’s CEO is generally accountable for the follow-up and application of said program, as mentioned in the explanation related to the recommended practice in item 22. The Company has a Code of Ethics that reflects the values and principles promoted by the Company and that contemplates, among others, the integrity policies to be observed by the Directors, members of the Supervisory Committee and employees when the Company participates in public biddings and when it interacts with public officials. In addition, it includes an internal reporting line as a communication tool to strengthen the Company's ethical and integrity values and culture, which allows anonymous reporting and guarantees the protection against retaliation as a result of investigation processes, training for directors, managers and employees about ethics and integrity, assessment of risks related to integrity and adherence by third parties to observe the Company’s transparency practices and principles.

24. The Board of Directors ensures the existence of formal mechanisms to prevent and deal with conflicts of interest. In the case of related party transactions, the Board of Directors approves a policy that provides for the role of each corporate body and sets out how to identify, address and disclose those transactions that are detrimental to the company or to certain investors.

The Company applies the recommended practice. The rules concerning conflicts of interest are included in the Company’s Code of Ethics. In addition, the Company has in place a specific policy concerning related party transactions in conformity with the provisions of the Capital Markets Law.

ENGAGEMENT OF SHAREHOLDERS AND STAKEHOLDERS

Principles

XIX. All shareholders must receive equitable treatment from the company. The company shall guarantee equitable access to non-confidential and relevant information for decision making at the company's shareholders’ meetings.

XX. The company shall promote the active engagement of all shareholders with adequate information, especially in connection with the composition of the Board.

XXI. The company must have a transparent Dividend Distribution Policy, in line with its strategy.

XXII. The company must take into account the interests of its stakeholders.

Recommended Practices

25. The Company's website has financial and non-financial information available, providing timely and equitable access to all the investors. The website has a special section to answer inquiries from investors.

The Company applies the recommended practice. The Company has a website in which it publishes financial and non-financial information, thus allowing all the investors to have relevant information required to analyze the situation of the Company. The Company also has a department devoted to investor relations. Said department organizes conference calls on a quarterly basis ensuring investors worldwide the possibility of connecting for free. At these calls, the Company provides information about its results, its goals and answers questions and/or inquiries made by investors. These conference calls are announced in the daily bulleting of the Buenos Aires Stock Exchange, in the reporting service of the London Stock Exchange, and on the Company’s website. The Company maintains communication channels with the minority shareholders through the

disclosure of relevant information in the stock exchanges where its shares and GDSs are listed and through information disclosed in the Company's website. In addition, the Company's shareholders and investors can communicate with the department via email at IR@cvh.com.ar or by telephone at +54 11 4309 3417, as detailed on the Company's website.
As regards non-financial information, as the first Argentine holding company of convergent communications, in its website, under the Sustainability section, visitors can learn about the purpose pursued by the Company, its strategy, digital inclusion and social innovation, employment and productive development, infrastructure and environment.

26. The Board of Directors must ensure that there is a process in place for the identification and classification of its stakeholders and a communication channel for them.

    The Company applies the recommended practice. The Company has an Investor Relations department, which identifies potential and current stakeholders of the Company and uses the Company's website as a communication channel in addition to the regular reports.

27. The Board of Directors provides the shareholders, in advance of the Shareholders' Meeting, a "temporary information package" that allows shareholders -through a formal communication channel - to make non-binding comments and share opinions that dissent from the recommendations made by the Board of Directors. When the Board sends the final information package, it shall expressly state its answers to the comments received, as deemed necessary.

    The Company applies the recommended practice. The Company distributes information packages before Shareholders' Meeting are held. In addition, the Company uploads to CNV's Financial Information Highway all the information requests made the Company's shareholders before Shareholders' Meetings are held, regarding the items of the agendas to be considered at those meetings, together with the answers provided by the Company to each of the requests, so that all the investors have access to the same information thus ensuring equitable treatment and access to information. Such information is provided in English for the foreign investors through the reporting service of the London Stock Exchange.

28. The Company's bylaws provide that the shareholders can receive the information packages for Shareholders' Meetings through virtual media and participate at the meetings through electronic communication media that allow the simultaneous transmission of sound, images and words, ensuring the principle of equitable treatment of the participants.

    The Company does not apply the recommended practice. Shareholders may not participate at meetings unless they attend the meetings in person, because the Company's bylaws do not allow the remote participation at Shareholders' Meetings. The Company's bylaws do allow remote participation but only for the Board of Directors' meetings. Notwithstanding the foregoing, the Company provides through virtual media, such as the Financial Information Highway and its own website, the information to be considered at the Shareholders' Meeting in order to ensure equitable access to information by all the shareholders. In addition, the Company sends, through the Depositary, to the shareholders that do not reside in Argentina the items of the agenda so that they can grant a power of attorney to the Depositary, who attends the Shareholders' Meetings in its name and representation, voting as instructed by them.

Notwithstanding the foregoing, the Annual Shareholders' Meeting corresponding to the fiscal year ended December 31, 2019, as well as the other Shareholders' Meetings held in 2020, were held remotely due to the Mandatory and Preventive Social Isolation ordered by the National Executive Power - under Decree 297/20 and successive extensions in connection with the propagation of the COVID-19 - pursuant to Resolution No. 830/20 issued by the Argentine Securities Commission which allowed the Company to hold those Shareholders' Meetings through a system that ensured the simultaneous transmission of sound, images and words throughout the Shareholders' Meetings, guaranteeing the principle of equitable treatment for all participants, its free accessibility and recording of Shareholders' Meetings. In addition, the shareholders confirmed their attendance by issuing the documentation corresponding to the e-mail address informed by the Company both in the Argentine Securities Commission and in a newspaper with broad circulation by publishing a Supplementary Notice pursuant to the provisions of applicable regulations.

29. The Dividend Distribution Policy is aligned with the strategy and clearly sets out the criteria, frequency and conditions under which dividends will be distributed.

The Company does not apply the recommended practice. The Company's Board of Directors believes that given the nature of a holding company and depending basically on the liquidity of its revenues that derive from the companies in which it holds equity interests, it is not convenient to establish a dividend distribution policy.

Contents

CABLEVISIÓN HOLDING S.A.
Registration number with the IGJ: 1,908,463

Consolidated Financial Statements for the year ended December 31, 2020, presented on a comparative basis English free translation of the Financial Statements and Reports originally issued in Spanish.

GLOSSARY OF TERMS

The Company / Cablevisión Holding	Interchangeably, Cablevisión Holding S.A.
Telecom Argentina/Telecom	Interchangeably, Telecom Argentina S.A.
Group	Economic group composed by the Company and its subsidiaries.
Telecom Group	Economic group composed by Telecom Argentina and its subsidiaries.
Micro Sistemas/Pem/CV Berazategui//Cable Imagen/ Última Milla/AVC Continente Audiovisual/Inter Radios	These companies are corporations or limited liability companies that are controlled directly or indirectly pursuant to the definition established under the General Associations Law, or were controlled by the Company, directly or indirectly, to wit: Micro Sistemas S.A.U., Pem S.A.U., CV Berazategui S.A., Cable Imagen S.R.L., Última Milla S.A., AVC Continente Audiovisual S.A., Inter Radios S.A.U.
Management Trust Agreement with TMF / TMF Trust	Management Trust - Refinancing Plan executed by Telecom Argentina S.A. and TMF Trust Co.
Fintech	Fintech Telecom LLC, shareholder of Telecom.
Telecom USA/Núcleo/Personal Envíos/Tuves Paraguay / Televisión Dirigida / Adesol	These refer to the foreign companies Telecom Argentina USA, Inc, Núcleo S.A.E., Personal Envíos S.A., Tuves Paraguay S.A., Televisión Dirigida S.A. and Adesol S.A., respectively, controlled by Telecom, directly or indirectly pursuant to the definition established under the Business Associations Law.
La Capital Cable / Ver TV / TSMA	These companies are corporations that are direct or indirect associates pursuant to the definition established under the General Associations Law, to wit: La Capital Cable S.A., Ver T.V. S.A. and Teledifusora San Miguel Arcángel S.A.
Fixed Assets	PP&E, Intangible Assets, Right-of-Use Assets, and Goodwill
AFIP	*Administración Federal de Ingresos Públicos* (Argentine Federal Revenue Service)
AMBA	(*Área Metropolitana de Buenos Aires*), the Metropolitan Area of Buenos Aires. It comprises the City of Buenos Aires and its surrounding areas.
AREA	Adjustment to Net Income from Prior Years.
BYMA/NYSE	Bolsas y Mercados Argentinos and the New York Stock Exchange, respectively.
BCRA	(*Banco Central de la República Argentina*): Central Bank of Argentina.
Cablevisión	Cablevisión S.A., absorbed by Telecom as from January 1, 2018, which activities are currently carried out by Telecom.
CAPEX	Capital expenditures.
CNC	(*Comisión Nacional de Comunicaciones*): Argentine Communications Commission
CNDC	(*Comisión Nacional de Defensa de la Competencia*) National Antitrust Commission.
CNV	Argentine Securities Commission.
COMFER	*Comité Federal de Radiodifusión* (Federal Broadcasting Committee)
CONATEL	(*Comisión Nacional de Telecomunicaciones del Paraguay*). Paraguayan Telecommunications Commission.
CPCECABA	(*Consejo Profesional de Ciencias Económicas de la Ciudad Autónoma de Buenos Aires*) Professional Council in Economic Sciences of the City of Buenos Aires.
CPP	Calling Party Pays. Charges for calls from fixed phones to mobile phones.
D&A	Depreciation and Amortization.
ED	Emergency Decree
ENACOM	*Ente Nacional de Comunicaciones* (National Communications Agency “ENACOM”, for its Spanish acronym)
ENARD	(*Ente Nacional de Alto Rendimiento Deportivo*): National Board of High Performance Sports.
ENTel	(*Empresa Nacional de Telecomunicaciones*): National Telecommunication company.
SU Fund or SU Fund	(*Fondo Fiduciario del Servicio Universal*): Universal Service Trust Fund
IASB	International Accounting Standards Board.
VAT	Value Added Tax
Gestión Compartida	GC Gestión Compartida S.A.
Grupo Clarín	Grupo Clarín S.A.
IDEN	(*Red Mejorada Digital Integrada*): Integrated Digital Enhanced Network.
NDF	Non-Deliverable Forward: Derivatives.
IGJ	(*Inspección General de Justicia*): Argentine Superintendency of Legal Entities.
LAD	(*Ley Argentina Digital N° 27.078*): Digital Argentina Law No. 27,078.
LGS	(*Ley General de Sociedades*) General Associations Law No. 19,550, as amended.
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards, issued by IASB.
PCS	Personal Communications Service. A mobile communications service with systems that operate in a manner similar to cellular systems.
PEN	(*Poder Ejecutivo Nacional*): National Executive Branch.
PP&E	Property, Plant and Equipment.
PPP	(*Programa de Propiedad Participada*): Share Ownership Plan.
Gain (Loss) on Net Monetary Position	Results from changes in the purchasing power of the currency (“RECPAM”, for its Spanish acronym).
RMB	Official currency of the People’s Republic of China
Roaming	Charges for the use of network availability to customers of other national and foreign carriers.

See our report dated
March 10, 2021
PRICE WATERHOUSE & CO. S.R.L.

(Partner)
C.P.C.E.C.A.B.A. Vol. 1 Fol. 17

Pablo San Martín
Supervisory Committee

Sebastián Bardengo
Chair

GLOSSARY OF TERMS

TR/FACPCE	Technical Resolutions issued by the "*Federación Argentina de Consejos Profesionales de Ciencias Económicas*" (Argentine Federation of Professional Councils in Economic Sciences).
RT 26	Technical Resolution No. 26, amended by Technical Resolutions Nos. 29 and 43, among others.
SBT	(*Servicio Básico Telefónico*): Basic Telephony Service.
SC	(*Secretaría de Comunicaciones*): Argentine Secretariat of Communications.
SCMA	(*Servicio de Comunicaciones Móviles Avanzadas*): Advanced Mobile Communications Service.
SEC	Securities and Exchange Commission.
ICT services	Information and Communications Technology Services. These services include the transport and distribution of signals or data, voice, text, video and images, provided or requested by third parties, through telecommunications networks.
SRCE	(*Servicio Radioeléctrico de Concentración de Enlaces*): Radio electric trunking services.
SRMC	(*Servicio de Radiocomunicaciones Móvil Celular*): Cellular Mobile Radiocommunications Service.
SRS	(*Servicio de Radiodifusión por Suscripción por vínculo físico y/o radioeléctrico*): Physical and/or radio-electric link subscription broadcasting services.
STM	(*Servicio de Telefonía Móvil*): Mobile Telephony Services.
SU	(*Servicio Universal*): Universal Service. The availability of fixed telephony service at an affordable price to all persons within a country or specified area.
VAS	Valued-added Services, which provide additional functionality to the basic transmission services offered by a telecommunications network such as Video streaming, Personal Video, Personal Cloud, M2M (Communication Machine to Machine), Social networks, Personal Messenger, Contents and Entertainment (content and text subscriptions, trivias, games, music and customization - ringtones, wallpaper, screensavers, etc), MMS (Mobile Multimedia Services) and Voice Mail.
Telefónica	Telefónica de Argentina S.A.
UPP	Unit of purchasing power
TLRD	(*Terminación Llamada Red Destino*): Termination charges for calls from third party carrier's customers to Telecom Group mobile customers.
VLG	VLG S.A.U., previously VLG Argentina LLC.
VPP	(*Valor Patrimonial Proporcional*): Equity Method.
WAI	W de Argentina-Inversiones S.A, former controlling company of Telecom

CABLEVISIÓN HOLDING S.A.
Registration number with the IGJ: 1,908,463

Consolidated Financial Statements as of December 31, 2020 presented on a comparative basis

Amounts stated in Argentine Pesos - Note 1.c) to the Consolidated Financial Statements.

Registered office: Tacuarí 1842, 4th Floor, Buenos Aires, Argentina

Main corporate business: Investing and financing

Date of incorporation: December 1, 2016

Date of registration with the Public Registry of Commerce:
- Of the by-laws: April 27, 2017

Business start date: May 1, 2017

Registration number with the IGJ: 1,908,463

Expiration of Articles of Incorporation: April 27, 2116

Information on Parent Company:
Name: GC Dominio S.A.
Registered office: Piedras 1743, Buenos Aires, Argentina

The information about the Company's subsidiaries is disclosed in Note 1 to the consolidated financial statements.

CAPITAL STOCK STRUCTURE (Note 22)

Type	Number of votes per share	Total Subscribed, Registered and Paid-in Capital
Class "A" Common shares, $1 par value	5	47,753,621
Class "B" Common shares, $1 par value	1	121,106,082
Class "C" Common shares, $1 par value	1	11,782,877
Total as of December 31, 2020		180,642,580
Total as of December 31, 2019		180,642,580

See our report dated
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PRICE WATERHOUSE & CO. S.R.L.

(Partner)
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Supervisory Committee

Sebastián Bardengo
Chair

CABLEVISIÓN HOLDING S.A.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

(in millions of Argentine pesos)

	Note	December 31, 2020	December 31, 2019
Revenues	**24**	**301,596**	**322,686**
Employee benefit expenses and severance payments	**25**	(58,513)	(63,387)
Interconnection and Transmission Costs		(11,254)	(10,238)
Fees for Services, Maintenance, Materials and Supplies	**25**	(33,166)	(36,424)
Taxes and Fees with the Regulatory Authority	**25**	(23,022)	(25,038)
Commissions and Advertising		(17,252)	(19,893)
Cost of Equipment and Handsets	**25**	(11,132)	(14,634)
Programming and Content Costs		(20,169)	(24,548)
Bad Debt Expenses	**6**	(10,805)	(8,619)
Other Operating Costs	**25**	(13,641)	(15,366)
Operating Income before Depreciation and Amortization		**102,642**	**104,539**
Depreciation, Amortization and Impairment of Fixed Assets	**25**	(82,578)	(83,422)
Operating Income		**20,064**	**21,117**
Equity in Earnings from Associates	**5**	496	(255)
Financial Expenses on Debts	**26**	(24,698)	(25,795)
Other Financial Results, net	**26**	6,517	17,228
Income (Loss) before Income Tax Expense		**2,379**	**12,295**
Income Tax	**16**	(8,253)	(19,354)
Net Loss		**(5,874)**	**(7,059)**
Other Comprehensive Income			
To be subsequently reclassified to profit or loss			
Currency Translation Adjustments (no effect on Income Tax)		(1,665)	(2,647)
Effect of NDF classified as hedges		(272)	(456)
Tax Effect of NDF classified as hedges and other		21	132
Not to be subsequently reclassified to profit or loss			
Actuarial Results		135	64
Tax Effect		(41)	(20)
Other Comprehensive Income, net of Taxes		**(1,822)**	**(2,927)**
Total Comprehensive Income/ (Loss)		**(7,696)**	**(9,986)**
Net Income (Loss) attributable to:			
Shareholders of the Controlling Company		(3,011)	(4,118)
Non-Controlling Interest		(2,863)	(2,941)
Total Comprehensive Income (Loss) Attributable to:			
Shareholders of the Controlling Company		(3,591)	(5,076)
Non-Controlling Interest		(4,105)	(4,910)
Basic and Diluted Earnings per Share attributable to the Shareholders of the Controlling Company (in pesos)	**27**	(16.67)	(22.80)

Additional information on costs by function is provided in Note 25.

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

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Supervisory Committee

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Chair

CABLEVISIÓN HOLDING S.A.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020 AND 2019

(in millions of Argentine pesos)

ASSETS	Note	December 31, 2020	December 31, 2019
CURRENT ASSETS			
Cash and Cash Equivalents	**5**	19,468	36,844
Investments	**5**	15,834	584
Trade Receivables	**6**	18,956	23,096
Other Receivables	**7**	5,559	6,282
Inventories	**8**	3,722	4,373
Total Current Assets		**63,539**	**71,179**
NON-CURRENT ASSETS			
Trade Receivables	**6**	59	112
Other Receivables	**7**	2,134	2,756
Deferred Income Tax Assets	**16**	465	453
Investments	**5**	2,152	2,891
Goodwill	**9**	238,592	238,736
Property, Plant and Equipment ("PP&E")	**10**	320,650	334,684
Intangible Assets	**11**	103,720	112,072
Right-of-Use Assets	**12**	17,772	12,932
Total Non-Current Assets		**685,544**	**704,636**
Total Assets		**749,083**	**775,815**
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	**13**	39,362	43,528
Financial Debt	**14**	41,602	48,031
Salaries and Social Security Payables	**15**	14,349	13,546
Taxes Payable	**17**	3,739	4,510
Dividends Payable	**30.1**	9,292	-
Lease Liabilities	**18**	3,336	3,593
Other Liabilities	**19**	2,095	2,369
Provisions	**20**	1,617	1,622
Total Current Liabilities		**115,392**	**117,199**
NON-CURRENT LIABILITIES			
Accounts Payable	**13**	2,448	3,206
Financial Debt	**14**	158,598	158,897
Salaries and Social Security Payables	**15**	840	1,172
Deferred Income Tax Liabilities	**16**	79,674	71,551
Taxes Payable	**17**	5	19
Lease Liabilities	**18**	6,966	4,999
Other Liabilities	**19**	1,156	2,072
Provisions	**20**	7,462	6,301
Total Non-Current Liabilities		**257,149**	**248,217**
Total Liabilities		**372,541**	**365,416**
EQUITY (as per the corresponding statement)			
Attributable to Shareholders of the Parent Company		156,503	170,245
Attributable to Non-Controlling Interests		220,039	240,154
TOTAL EQUITY		**376,542**	**410,399**
TOTAL LIABILITIES AND EQUITY		**749,083**	**775,815**

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

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CABLEVISIÓN HOLDING S.A.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019
(in millions of Argentine pesos)

	Equity attributable to Shareholders of the Parent Company											
	Shareholders' Contribution				Other Items		Retained Earnings					
	Capital Stock	Inflation Adjustment on Capital Stock	Additional Paid-in Capital	Subtotal	Other Comprehensive Income	Other Reserves	Legal Reserve	Voluntary Reserves	Retained Earnings	Total Equity of Controlling Interests	Equity Attributable to Non-Controlling Interests	Total Equity
Balances as of January 1, 2019	181	8,473	20,350	29,004	(1,439)	107,929	291	19,241	20,350	175,376	275,333	450,709
Set-up of Reserves (Note 30.1)	-	-	-	-	-	-	1,440	120,738	(122,178)	-	-	-
Changes in Reserves	-	-	-	-	-	(13)	-	-	-	(13)	(21)	(34)
Dividends and Other Movements of Non-Controlling Interest	-	-	-	-	-	-	-	-	-	-	(30,053)	(30,053)
Acquisition of an equity interest in Tuves	-	-	-	-	-	19	-	-	-	19	(101)	(82)
Irrevocable Call and Put Option on the Shares of AVC Continente Audiovisual	-	-	-	-	-	(61)	-	-	-	(61)	(94)	(155)
Net Income (Loss) for the Year	-	-	-	-	-	-	-	-	(4,118)	(4,118)	(2,941)	(7,059)
Other Comprehensive Income	-	-	-	-	(958)	-	-	-	-	(958)	(1,969)	(2,927)
Balances as of December 31, 2019	181	8,473	20,350	29,004	(2,397)	107,874	1,731	139,979	(105,946)	170,245	240,154	410,399
Set-up of Reserves (Note 30.1)	-	-	-	-	-	-	-	(4,099)	4,099	-	-	-
Distribution of Dividends	-	-	-	-	-	-	-	(10,164)	-	(10,164)	-	(10,164)
Sale of Treasury Stock	-	-	-	-	-	1	-	-	(1)	-	-	-
Dividends and Other Movements of Non-Controlling Interest	-	-	-	-	-	-	-	-	-	-	(16,031)	(16,031)
Adjustment to the value of the Irrevocable Call and Put Option on the Shares of AVC Continente Audiovisual	-	-	-	-	-	13	-	-	-	13	21	34
Net Income (Loss) for the Year	-	-	-	-	-	-	-	-	(3,011)	(3,011)	(2,863)	(5,874)
Other Comprehensive Income	-	-	-	-	(580)	-	-	-	-	(580)	(1,242)	(1,822)
Balances as of December 31, 2020	181	8,473	20,350	29,004	(2,977)	107,888	1,731	[1] 125,716	(104,859)	156,503	220,039	376,542

(1) Voluntary Reserve for Illiquid Results.

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

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CABLEVISIÓN HOLDING S.A.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019
(in millions of Argentine pesos)

	Note	December 31, 2020	December 31, 2019
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Net Loss		(5,874)	(7,059)
Adjustments to Reconcile Net Income to net Cash Flows Provided by Operating Activities			
Allowances Deducted from Assets and Provisions for Lawsuits and Other Contingencies		11,372	13,564
Depreciation of PP&E	**10**	65,705	63,949
Amortization of Intangible Assets	**11**	10,627	11,246
Amortization of Rights of Use	**12**	5,870	4,736
Equity in Earnings from Associates	**5**	(496)	255
Net Book Value of Fixed Assets and Consumption of Materials		660	566
Financial Results and Other		26,220	27,289
Accrued Income Tax and Tax on Assets	**16**	8,253	19,354
Income Tax Paid		(1,899)	(2,401)
Net (Increase) Decrease in Assets	**5.b**	(8,068)	5,287
Net Decrease in Liabilities	**5.b**	(11,155)	(25,691)
Net Cash Flows provided by Operating Activities		**101,215**	**111,095**
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES			
PP&E Acquisitions		(52,288)	(66,940)
Intangible Assets Acquisition		(2,072)	(2,216)
Acquisition of Equity Interests		-	(83)
Collection of Dividends	**5.b**	80	252
Income from Sale of PP&E and Intangible Assets		53	139
Investments not considered as cash and cash equivalents		(28,831)	9,917
Net Cash Flows used in Investing Activities		**(83,058)**	**(58,931)**
CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES			
Proceeds from Financial Debt	**5.b**	56,028	79,652
Payment of Financial Debt	**5.b**	(65,393)	(68,455)
Payment of Interest and Related Expenses	**5.b**	(20,851)	(12,239)
Payment of Lease Liabilities		(5,231)	(4,936)
Payment of Dividends		(981)	-
Reversal of Reserve Account		-	708
Payment of Cash Dividends to Non-Controlling Interests	**5.b**	(367)	(29,601)
Net Cash Flows used in Financing Activities		**(36,795)**	**(34,871)**
NET (DECREASE) / INCREASE IN CASH FLOW		**(18,638)**	**17,293**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR:		**36,844**	**15,615**
EFFECTS OF EXCHANGE RATE CHANGES AND GAIN (LOSS) ON NET MONETARY POSITION ON CASH AND CASH EQUIVALENTS		**1,262**	**3,936**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**19,468**	**36,844**

See Note 5.b for additional information on the consolidated statement of cash flows.

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

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CABLEVISIÓN HOLDING S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020,
(in millions of Argentine pesos)

NOTE 1 – GENERAL INFORMATION AND BASIS FOR THE PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

a) General Information

Cablevisión Holding S.A.

Cablevisión Holding S.A. is a holding company that operates in the telecommunications industry. Its operating income and cash flows derive from the operations of its subsidiaries in which it participates directly or indirectly.

Telecom Group

Telecom Argentina was created through the privatization of ENTel, the state-owned company that provided telecommunication services in Argentina.

Telecom's license, as originally granted, was exclusive to provide telephony services in the northern region of Argentina since November 8, 1990 through October 10, 1999. As from such date, the Company also began providing telephony services in the southern region of Argentina and competing in the previously exclusive northern region.

In addition, as a consequence of the merger between Telecom and Cablevisión S.A., Telecom develops, as from fiscal year 2018, the operations that Cablevisión S.A. developed until December 31, 2017, which mainly consisted in the provision of subscription television services through the operation of the networks installed in different locations of Argentina and Uruguay.

The Company provides mainly fixed and mobile telephony, cable television, data transmission and Internet services in Argentina and, through its subsidiaries, in Uruguay and Paraguay and international telephony services in the United States of America.

Information on the Group's licenses and on the applicable regulatory framework is described under Note 2 to these consolidated financial statements.

On July 15, 2020, Telecom entered into a management trust agreement with TMF Trust Company (with a 100% interest) effective until November 5, 2020, date on which it was terminated. Consequently, the consolidated operations of Telecom for fiscal year 2020 also incorporate those operations carried out by the trust during its effectiveness. For more information, see Note 14 to these consolidated financial statements.

As of December 31, 2020 and 2019, the most significant subsidiary included in the consolidation process and the respective direct and indirect equity interest is:

Company	Country	Interest as of December 31, 2020 (2)	Interest as of December 31, 2019 (2)
Telecom Argentina (1)	Argentina	39.08%	39.08%

(1) See Note 32.
(2) As mentioned in Note 4) to these consolidated financial statements, on April 15, 2019, the Voting Trust created under the trust agreement (the "Trust Agreement") was formalized. Pursuant to said Trust Agreement, Fintech Telecom LLC and VLG S.A.U., a subsidiary of the Company, each contributed the bare ownership -including the voting rights- of 235,177,350 shares of Telecom Argentina representing 10.92% of the outstanding capital stock of Telecom Argentina (the "Shares in Trust") to a voting trust

(the "Voting Trust"), reserving for themselves the usufruct of the contributed shares. Consequently, the Company holds an economic interest of 39.08% in the outstanding capital stock of Telecom Argentina.

Pursuant to the above-mentioned Trust Agreement, the Company appointed a trustee who shall vote the Shares in Trust as instructed or voted by Cablevisión Holding concerning any and all matters that are not subject to veto under the Telecom Argentina Shareholders' Agreement. In these cases, Cablevisión Holding and the trustee appointed by Cablevisión Holding will be entitled to vote 50% plus 2 shares of Telecom Argentina.

Regarding the matters subject to veto under the Telecom Argentina Shareholders' Agreement, Cablevisión Holding shall be entitled to vote the shares it holds directly (18.89% of the outstanding share capital) and the shares it holds indirectly through VLG (9.27% of the outstanding share capital), together accounting for 28.16% of the outstanding share capital of Telecom Argentina. The Shares in Trust, in these cases, shall be voted by the trustee appointed by Fintech.

b) <u>Segment information.</u>

An operating segment is defined as a component of an entity that may earn revenues and incur expenses, and whose financial information is presented separately and evaluated regularly by the entity's chief operating decision maker. In the case of the Group, the Executive Director is responsible for the control of the resources and the economic-financial performance of the Economic Group.

The Executive Director has a strategic and operational vision of the Group as a single business unit in Argentina in accordance with the current regulatory framework of the convergent ICT Services industry (aggregating in the same segment the activities related to mobile telephony services, Internet services, cable television services and fixed telephony services, services that are subject to the same regulatory framework of ICT services). In the performance of his duties, the Executive Director periodically receives the economic-financial information about the Group (at historical currency as of the transaction date) prepared as a single segment and reviews the evolution of the business as a single cash-generating unit, allocating resources in a unified manner to achieve the Group's goals. Costs are not allocated specifically to a type of service, taking into consideration that the Company has a single payroll and general operating expenses that affect all the services in general (non-specific). In addition, the decisions on CAPEX affect all the different types of services provided by Telecom in Argentina and not one of them in particular. Based on the above and in accordance with accounting principles (established in the IFRS as issued by the IASB), the Group is deemed to have a single segment of operations in Argentina.

The Group also carries out activities abroad (Paraguay, United States of America and Uruguay). The Executive Director does not analyze those operations as a separate segment. He analyzes the consolidated information of the companies in Argentina and abroad (at historical currency as of the transaction date), taking into consideration that the activities of the foreign companies are not significant for the Group. The Group's foreign operations do not meet the aggregation criteria established by the standard to be grouped within the segment "Services rendered in Argentina", and since none of them exceed the quantitative thresholds set out in the standard to qualify as reportable segments, they are grouped under the category "Other foreign segments."

Set out below is the segment information for the years ended December 31, 2020 and 2019:

- ***Consolidated income statement for the year ended December 31, 2020***

	Services rendered in Argentina	Services rendered in Argentina - effect of restatement	Services rendered in Argentina restated at constant currency	Other foreign segments	Other foreign segments - effect of restatement	Other foreign segments restated in constant currency	Eliminations	Total
Revenues	**240,325**	**41,484**	**281,809**	**18,183**	**3,013**	**21,196**	**(1,409)**	**301,596**
Operating Costs (Not Including Depreciation, Amortization and Impairment of PP&E, Intangible Assets and Rights of Use)	(159,103)	(27,923)	(187,026)	(11,419)	(1,918)	(13,337)	1,409	(198,954)
Operating Income before Depreciation and Amortization	**81,222**	**13,561**	**94,783**	**6,764**	**1,095**	**7,859**	**-**	**102,642**
Depreciation, Amortization and Impairment of PP&E, Intangible Assets and Rights of Use.	(31,791)	(45,429)	(77,220)	(4,401)	(957)	(5,358)	-	(82,578)
Operating Income	**49,431**	**(31,868)**	**17,563**	**2,363**	**138**	**2,501**	**-**	**20,064**

Equity in Earnings from Associates	496
Financial Expenses on Debts	(24,698)
Other Financial Results, net	6,517
Income (Loss) before Income Tax Expense	**2,379**
Income Tax	(8,253)
Net Loss	**(5,874)**
Attributable to:	
Shareholder of the Controlling Company	(3,011)
Non-Controlling Interest	(2,863)
	(5,874)

- ***Consolidated income statement for the year ended December 31, 2019***

	Services rendered in Argentina	Services rendered in Argentina - effect of restatement	Services rendered in Argentina restated at constant currency	Other foreign segments	Other foreign segments - effect of restatement	Other foreign segments restated in constant currency	Eliminations	Total
Revenues	**182,233**	**120,352**	**302,585**	**12,931**	**8,836**	**21,767**	**(1,666)**	**322,686**
Operating Costs (Not Including Depreciation, Amortization and Impairment of PP&E, Intangible Assets and Rights of Use)	(122,035)	(82,680)	(204,715)	(8,946)	(6,152)	(15,098)	1,666	(218,147)
Operating Income before Depreciation and Amortization	**60,198**	**37,672**	**97,870**	**3,985**	**2,684**	**6,669**	**-**	**104,539**
Depreciation, Amortization and Impairment of PP&E, Intangible Assets and Rights of Use.	(26,012)	(52,345)	(78,357)	(2,869)	(2,196)	(5,065)	-	(83,422)
Operating Income	**34,186**	**(14,673)**	**19,513**	**1,116**	**488**	**1,604**	**-**	**21,117**

Equity in Earnings from Associates	(255)
Financial Expenses on Debts	(25,795)
Other Financial Results, net	17,228
Income (Loss) before Income Tax Expense	**12,295**
Income Tax	(19,354)
Net Loss	**(7,059)**
Attributable to:	
Shareholder of the Controlling Company	(4,118)
Non-Controlling Interest	(2,941)
	(7,059)

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Supervisory Committee

Additional information per geographical area required under IFRS 8 (Operating Segments) is disclosed below:

	December 31, 2020	December 31, 2019
Sales revenues from customers located in Argentina	280,625	300,957
Sales revenues from foreign customers	20,971	21,729
CAPEX corresponding to the segment “Services rendered in Argentina”	50,085	82,209
CAPEX corresponding to the segment “Other foreign segments”	5,647	6,947
Fixed Assets corresponding to the segment “Services rendered in Argentina”	654,312	671,271
Fixed Assets corresponding to the segment “Other foreign segments”	26,422	27,153
Financial Debt corresponding to the segment “Services rendered in Argentina”	194,487	201,349
Financial Debt corresponding to the segment “Other foreign segments”	5,713	5,579

c) Basis for the Presentation

As required by the CNV, the Company’s consolidated financial statements have been prepared in accordance with TR 26 (as amended) issued by FACPCE, adopted by the CPCECABA, which adopted the IFRS as issued by the IASB. IFRS also include International Accounting Standards or “IAS”; IFRS Interpretations Committee or “IFRIC”, IAS interpretations or “SIC” and the conceptual framework.

The preparation of these consolidated financial statements in conformity with IFRS requires that the Company's Management make estimates that affect the figures disclosed in the financial statements or their supplementary information. Actual results may differ from these estimates. The areas involving a higher degree of judgment or complexity, or areas where estimates are significant are disclosed under Note 3.t.) to these consolidated financial statements.

These consolidated financial statements (except for the statement of cash flows) were prepared in constant currency as of December 31, 2020 (see Note 1.e) on an accrual basis of accounting. Under this basis, the effects of transactions are recognized when they occur. Therefore, income and expenses are initially recognized at fair value on an accrual basis regardless of when they are received or paid. When significant, the difference between the fair value and the nominal amount of income and expenses is recognized as financial income or expense using the effective interest method.

These consolidated financial statements as of December 31, 2020, as well as the separate financial statements as of the same date, were approved by a resolution of the Board of Directors at the meeting held on March 10, 2021.

d) Consolidated Financial Statements Formats

The consolidated financial statement formats adopted are consistent with IAS 1. In particular:

- the consolidated statement of financial position has been prepared by classifying assets and liabilities according to the “current and non-current” criterion. Current assets and liabilities are those that are expected to be realized/settled within twelve months after year-end;

- the consolidated income statement has been prepared by classifying operating expenses by nature of expense as this form of presentation represents the way that the business of the Group is monitored by Management, and, additionally, is in line with the usual presentation of expenses in the ICT Services industry;
- the consolidated statement of comprehensive income includes the net income for the year as shown in the consolidated income statement and all components of other comprehensive income;

- the consolidated statement of changes in equity has been prepared showing separately (i) net income for the year, (ii) other comprehensive income (loss) for the year, and (iii) transactions with shareholders (owners and non-controlling interest);

- the consolidated statement of cash flows has been prepared by applying the indirect method to reconcile the net income for the year with the cash flows generated by its operations, as permitted by IAS 7.

These consolidated financial statements contain all material disclosures required under IFRS. Some additional disclosures required by the LGS and/or by the CNV have also been included.

e) Financial Reporting in Hyperinflationary Economies

IAS 29 sets out the conditions under which an entity shall restate its financial statements at the currency unit current as of the date of the accounting measurement when it operates in a country with an economic environment classified as "hyperinflationary."

To determine the existence of a highly inflationary economy under the terms of IAS 29, the standard details a series of factors to consider, including a cumulative inflation rate over three years that is close to or exceeds 100%.

The macroeconomic events that occurred in Argentina during 2018, and the cumulative inflation rate over the last three years as of December 31, 2018, which reached 147.8%, indicate that the qualitative and quantitative factors provided under IAS 29 to consider Argentina as a highly inflationary economy for accounting purposes were fulfilled. On September 29, 2018, the FACPCE issued Resolution No. 539/18, whereby it provided for the need to adjust the financial statements of Argentine companies for accounting periods ending as from July 1, 2018, and set out specific issues regarding the inflation adjustment, such as the indexes to be used. This Resolution was approved on October 10, 2018 by the CPCECABA through Resolution No. 107/18.

In addition, Law No. 27,468 amended Section 10 of Law No. 23,928, as amended, providing that the repeal of all the laws and regulations that establish or authorize price indexation, currency restatement, cost variance and any other form of restatement of debts, taxes, prices or fees related to property, works or services, does not apply to financial statements, which remain subject to Section 62 of the General Associations Law, as amended. In addition, it repealed Decree No. 1,269/02, as amended, and delegated on the Executive Branch, through its oversight agencies, the power to set the date as from which those regulations will come into effect with respect to financial statements.

Consequently, through Resolution No. 777/18, the CNV established the method to restate financial statements in constant currency, in accordance with IAS 29 for years / periods ended on or after December 31, 2018. Therefore, these financial statements have been restated in constant currency as of December 31, 2020.

Pursuant to Resolution No. 539/18, the inflation rate was based on the Domestic Wholesale Price Index ("IPIM", for its Spanish acronym) until the year 2016, taking into consideration for the months of November and December 2015 the average variation of the IPC index of the City of Buenos Aires. As from January 2017, the Company used the National Consumer Price Index (National IPC, for its Spanish acronym).

The following table shows the evolution of the CPI over the last three fiscal years, according to official statistics (INDEC) in accordance with the guidelines described under Resolution No. 539/18:

	As of December 31, 2018	As of December 31, 2019	As of December 31, 2020
General Price Index (December 2016=100)	184.26	284.44	385.88
Variation of Prices			
Annual	47.6%	53.8%	36.1%
Accumulated over 3 years	147.8%	183.2%	209.2%

The Company restated all the non-monetary items in order to reflect the impact of the inflation adjustment, reporting in terms of the measuring unit current as of December 31, 2020. Consequently, the main items restated were Property, Plant and Equipment, Intangible assets, Right-of-Use Assets, Goodwill, Inventories, certain Investments in associates and the Equity items. Each item must be restated since the date of the initial recognition in the Company's Equity or since the last revaluation. Monetary items have not been restated because they are stated in terms of the measuring unit current as of December 31, 2020.

The comparative figures are presented at historical currency as of December 2020.

Restatement of the Income Statement and the Statement of Cash Flows

In the Statement of Income, the items must be restated in terms of the measuring unit current at the closing date of the reporting year, applying the variations in a monthly general price index.

The financial results from exchange differences, as well as the interest accrued, are calculated in real terms, excluding the corresponding inflationary effect.

The effect of inflation on the monetary position is included in the Income Statement under Other financial results, net.

The items of the Statement of Cash Flows must also be restated in terms of the measuring unit current at the closing date. The total cash and cash equivalents at the beginning of the year must be restated to constant currency as of the closing date, while cash and cash equivalents at the end of the year must be stated in nominal values. The gain arising from the adjustment has an impact on the income statement and must be eliminated from the statement of cash flows because it is not considered as cash or cash equivalents.

Restatement of the Statement of Changes in Equity

All the items of the Statement of Changes in Equity, except for the retained earnings, must be restated in accordance with IAS 29.

Investments in Foreign Companies

The subsidiaries, associates and companies under common control that use functional currencies other than the Argentine peso (mainly foreign companies with economies that are not considered to be hyperinflationary), shall not make the inflation adjustment to their financial statements, in accordance with IAS 29.

However, and only for reporting and consolidation purposes, the comparative figures presented in Argentine pesos in the Income Statement corresponding to the current year and the previous year must be stated at historical currency. In addition, the initial items of the Statement of Changes in Equity must be reported at historical currency without modifying the total figure due to the fact that it is translated into the closing exchange rate, which implies qualitative variations in its breakdown affecting mainly Retained Earnings and Other Comprehensive Income.

NOTE 2 – REGULATORY FRAMEWORK

a) REGULATORY AUTHORITY

The activities carried out by the Group, provider of Information Technology and Communications ("ITC services"), are governed by a set of regulations that make up the regulatory framework applicable to the sector.

The Regulatory Authority for ITC services in Argentina is ENACOM (National Communications Agency), which is currently under the jurisdiction of the Secretariat of Public Innovation under the Chief of the Cabinet of Ministers.

Microsistemas is registered as PSP (Payment service provider that offers payment accounts) and is governed by the Central Bank of Argentina and the Financial Information Unit ("FIU") for this type of operations.

Núcleo, with operations in the Republic of Paraguay, is under the oversight of the CONATEL (like TUVES), and Personal Envíos is under the oversight of the Central Bank of the Republic of Paraguay.

Telecom USA, which operates in the United States of America, is under the oversight of the Federal Communications Commission ("FCC").

Adesol, a company incorporated in Uruguay, has contractual relationships with several licensees that provide subscription television services through various systems in said country and are under the oversight of the Communication Services Regulatory Agency ("URSEC", for its Spanish acronym).

b) LICENSES

✓ **Under the *Licencia Única Argentina Digital*, Telecom currently provides the following services:**

- Local fixed telephony,
- Public telephony,
- Domestic and international long-distance telephony,
- Domestic and international point-to-point link services,
- Value added, data transmission, videoconferencing, transportation of broadcasting signals, and Internet access,
- STM, SRMC, PCS and SCMA, also called mobile communications services ("SCM", for its Spanish acronym),
- SRS and
- SRCE.

The licenses for rendering SCM services had been originally granted to Personal and were subsequently transferred to Telecom under the merger with Personal pursuant to ENACOM Resolution No. 4,545-E/17. Such licenses were granted for the provision of STM in the Northern Region of Argentina, of SRMC in the AMBA area, and of PCS and SCMA throughout the country.

Within the framework of the merger with Cablevisión pursuant to ENACOM Resolution No. 5,644-E/17, Telecom also acquired licenses and authorizations to render SRCE services and the Registration to render Physical and Radio-Electric Link Subscription Television Services and the corresponding authorizations.

✓ Licenses held by subsidiaries in Paraguay

Núcleo holds a license to provide mobile telecommunication services - STMC and PCS throughout Paraguay. In addition, Núcleo holds a license for the installation and exploitation of Internet and data services throughout Paraguay. All these licenses were granted for renewable five-year periods.

Personal Envíos, a company controlled by Núcleo, was authorized by the Central Bank of the Republic of Paraguay to operate as an Electronic Payment Company (“EMPE”, for its Spanish acronym) through Resolution No. 6 issued on March 30, 2015, and its corporate purpose is restricted to such service.

Tuves Paraguay holds a license for the provision of direct-to-home subscription audio and television services (“DATDH”). This license was granted for renewable five-year periods.

c) REGULATORY FRAMEWORK OF THE SERVICES PROVIDED BY THE GROUP

Among the main regulations that govern the services rendered by Telecom, the following stand out:

- Law No. 27,078 - Digital Argentina Law (“LAD”, for its Spanish acronym), as amended.
- Law No. 19,798 to the extent it does not contradict the LAD.
- The Privatization Regulations, which regulated that process.
- The Transfer Agreement.
- The licenses for providing telecommunication services granted to Telecom and the Bidding Terms and Conditions and their respective general rules.

The exploitation of physical and/or radio electric link subscription broadcasting services held by Telecom, originally granted under Law No. 22,285, are currently governed by the LAD since Emergency Decree No. 267/15 was issued.

✓ LAW NO. 27,078 – DIGITAL ARGENTINA LAW

Enacted in December 2014, the LAD maintained the single country-wide license scheme and the individual registration of the services to be rendered, but replaced the name telecommunication services with ICT Services and added several changes to the regulatory framework of these services.

Law No. 19,798, the Telecommunications Act (passed in 1972), as amended, continues in effect only with respect to those provisions that do not contradict the provisions of the LAD (among them, for example, Article 39 of Law No. 19,798 regarding the exemption from all taxes on the use of soil, subsoil and airspace for telecommunications services).

The LAD also revoked Decree No. 764/00, as amended, but the provisions of the decree that do not contradict the LAD will remain in effect during the time it takes the Regulatory Authority to issue new licensing, interconnection services, SU and spectrum regulations (see paragraph f), section “Other Regulations” in this note).

✓ DECREE No. 267/15 – AMENDMENTS TO THE LAD

On January 4, 2016, Emergency Decree No. 267/15 was published in the Official Gazette, amending Law No. 26,522 (“the Audiovisual Communication Services Law or the Media Law”) and Law No. 27,078 (LAD), and creating the ENACOM as the Enforcement Authority for these laws. On April 8, 2016, the House of Representatives voted in favor of the validity of Emergency Decree No. 267/15. Thus, such Decree acquired the status of Law.

Among the main amendments to the LAD relating to the Subscription Broadcasting Service, the following stand out:

- ✓ The incorporation of Subscription Broadcasting Services (physical or radio electric link, such as cable TV) as an ICT Service within the scope of the LAD, and excluding it from Law No. 26,522. Satellite subscription television services (known as satellite TV) shall remain within the scope of Law No. 26,522. Furthermore, Decree No. 267/15 states that the ownership of a satellite subscription television license is incompatible with having any other kind of audiovisual communication or ICT Service license.

- ✓ Any subscription broadcasting license (such as cable television) granted before the application of Emergency Decree No. 267/15 will be considered, for all purposes, a *Licencia Única Argentina Digital*, with a registration for such service. Furthermore, the Decree provides for a 10-year extension counted as from January 1, 2016 for the use of spectrum frequencies by radio electric link subscription broadcasting services licensees.

- ✓ Decree No. 267/15 replaces article 95 of the LAD and provides several obligations for fixed telephony licensees granted by Decree No.264/98 and mobile service providers with licenses granted by Decree No.1,461/93, which choose to provide subscription broadcasting services. This provision was subsequently amended by Decree No. 1,340/16.

It should be noted that pursuant to Article 21 of Emergency Decree No. 267/15 and until the enactment of a law that will unify the fee regime provided under the LSCA (Audiovisual Communication Services Law) and the LAD, the physical link and radio-electric link subscription broadcasting services will continue to be subject only to the fee regime provided under Law No. 26,522. Therefore, they shall not be subject to the investment contribution or the payment of the Control, Oversight and Verification Fee provided under Articles 22 and 49 of the LAD.

- ✓ **DECREE NO. 1,340/16 - AMENDMENTS TO EMERGENCY DECREE No. 267/15**

Decree No. 1,340/16 issued by PEN and published in the Official Gazette on January 2, 2017 provides the rules for achieving a greater convergence of networks and services under competitive conditions, promoting the deployment of next generation networks and the penetration of Broadband Internet access throughout the national territory, in accordance with the provisions of the LSCA and the LAD.

Among the most relevant provisions, it establishes:

- That a 15-year-term, as from the publication of the Decree, be fixed as differential condition pursuant to article 45 of the LAD, for the protection of last-mile fixed new generation networks for Broadband deployed by ICT licensees for Broadband regarding the regulations of open access to Broadband and infrastructure to be issued, notwithstanding the provisions of article 56 of the LAD.
- That the Ministry of Communications or the ENACOM, as appropriate, shall establish the rules for the administration, management, and control of the radio spectrum.
- That ICT licensees and Satellite Link Subscription Broadcasting licensees that as of December 29, 2016 simultaneously provided both services, may retain ownership of both types of licenses.

This Decree also sets out some principles on interconnection matters contemplated in the General Rules on Services and Networks Interconnection, approved through Resolution No. 286/18. (see “Other Regulations” in Note 2.f).

- ✓ **DECREE No. 690/20 – AMENDMENTS TO THE LAD**

On August 22, 2020, the National Executive Branch issued Decree No. 690/20, whereby it amended the Digital Argentina Law and declared that ICT services – fixed and mobile telephony, cable television and Internet – and the access to telecommunications networks for and between licensees are now deemed “essential and strategic public services provided on a competitive basis”, and their effective availability shall be guaranteed by ENACOM.

The prices of essential and strategic public ICT services provided on a competitive basis, the prices of the services provided under the Universal Service and of those determined by ENACOM based on reasons of public interest, shall be regulated by said agency.

The Decree also provides that ENACOM shall establish, in the respective regulations, the Mandatory Universal Basic Provision of ICT services.

It also provided for the suspension of price increases or modifications established or announced from July 31, 2020 to December 31, 2020 by ICT licensees.

The Decree was ratified by the Argentine Congress under the terms of Law No. 26,122 and was regulated through ENACOM Resolutions Nos. 1,466/20 and 1,467/20, published in the Official Gazette on December 21, 2020.

Resolution No. 1,466/20 provides that ICT Services Licensees that render Internet access, subscription broadcasting services by physical, radio-electric or satellite link, and fixed and mobile telephony services - in all cases in their different and respective modalities- may increase up to 5% their retail prices as from January 2021. In order to establish the percentages approved, licensees shall take as reference the prices effective as of July 31, 2020. Said Resolution also provides that ICT Services Licensees may request on an exceptional basis price increases exceeding 5% in accordance with the provisions of Article 48 of the LAD.

Resolution No. 1,467/20 regulates the Mandatory Universal Basic Service set forth by Decree No. 690/20 for the different services provided by ICT Services Licensees, namely:

- PBU-SBT: Mandatory Universal Basic Provision of Basic Fixed Telephony Service;
- PBU-SCM: Mandatory Universal Basic Provision of Mobile Communication Service;
- PBU-I: Mandatory Universal Basic Provision of Internet Access Value Added Service;
- PBU-TP: Mandatory Universal Basic Provision of subscription television services by physical or radioelectric or satellite link;

Said resolution sets out the price and characteristics of each plan and the persons that are eligible to receive those services. The resolution requires companies to report on a monthly basis the number individuals subscribed to the Mandatory Universal Basic Provision of ICT services and also imposes different reporting obligations to be fulfilled before the ENACOM on the licensees that hold registration for subscription broadcasting services by physical or radio electric link and on licensees of subscription television audiovisual communication services by satellite link.

Telecom brought a legal action before the Federal Court on Administrative Litigation Matters against Emergency Decree No. 690 and against the above-mentioned Resolutions, grounded on the unconstitutionality of said regulations. The Company also requested an injunction ordering the suspension of its application. Such request for injunction was dismissed on January 29, 2021. Telecom filed an appeal against such decision. As of the date of these consolidated financial statements, said appeal is still pending resolution. Telecom, with the assistance of its legal advisors, is analyzing the actions that are necessary to protect its rights.

Innovative injunction requested by "*Asociación Civil de Usuarios Bancarios Argentinos* ("ACUBA", for its Spanish acronym)

On January 27, 2021, the Company was notified of an injunction granted in the abovementioned claim, pending before the Court on Civil and Commercial Matters No. 10 of Mar del Plata. The court granted the innovative injunction requested by ACUBA, ordering Telecom to revert the value of its subscription broadcasting, Internet access, fixed telephony and mobile communication services to the prices that were in force as of December 2020, to which it may add a maximum of five percent (5%), as authorized by the regulatory authority ENACOM, and maintain those values until the court decides otherwise. Telecom claimed that the provincial court lacks jurisdiction to render a decision on the case and requested the nullity of the decision because it was rendered by a judge who lacks jurisdiction over the matter. It also requested that the injunction be revoked, and filed a subsidiary appeal. A decision has not yet been rendered as of the date of these consolidated financial statements. Telecom claimed that the injunction granted to an industry representative in Córdoba before a Federal Court of that province expressly suspended the application of Emergency Decrees Nos. 690/20 and 311/20 and ordered the ENACOM to refrain from issuing further resolutions.

Telecom, with the assistance of its legal advisors, is analyzing the actions that are necessary to protect its rights.

Injunction requested by an industry representative in Córdoba

On February 2, 2021, the Argentine Cable Television Association (ATVC, for its Spanish acronym) notified Telecom that an injunction, requested by an industry representative in the Province of Córdoba, had been granted by a Federal Court of that province, ordering the suspension of Emergency Decree No. 690/20, of Emergency Decree No. 311/20, and of all measures adopted as a result of those Decrees. In addition, the court ordered the National Executive Branch and the ENACOM to refrain from issuing or pursuing any measure based on said Decrees, until a final decision is rendered on the matter.

ATVC also informed Telecom that in accordance with the court's decision, the regulatory agency is not empowered to continue issuing regulations based on Emergency Decree No. 690/20 or enforcing those previously issued, which are suspended in general terms.

d) UNIVERSAL SERVICE REGULATION

- **Decree No. 764/00**

Annex III of Decree No. 764/00 required providers of telecommunications services to contribute 1% of their total accrued revenues, net of applicable taxes and charges, to the SU Fund. The regulation adopted a "pay or play" mechanism for compliance with the mandatory SU contribution. The regulation also established the exemption from contributions in the following cases: (i) for local services provided in areas with teledensity lower than 15%, and ii) when, in the case of Telecom Argentina and Telefónica, the conditions of an algorithm that combines loss of revenues and the market share of other operators which provide local telephony services, are met. Additionally, the regulation created an Executive Committee responsible for the management of the SU Fund and the development of specific SU programs.

Resolution No. 80/07, issued by the SC, provided that until the SU Fund was effectively created, telecommunication service providers were required to open an account at Banco de la Nación Argentina to deposit the corresponding amounts on a monthly basis. Resolution No. 2,713/07, issued by the former CNC in August 2007, established clarifications about the items that fall within this regulation and those that are deductible for the purposes of the calculation of the obligation to contribute to the SU Fund.

- **Amendment of Universal Service Regulation**

Several decrees and laws were issued approving and amending the General Regulation of the Universal Service ("RGSU", for its Spanish acronym), which replaced Annex III of Decree No. 764/00. On July 3, 2020, the ENACOM issued Resolution No. 721/20, whereby said agency replaced the Universal Service General Regulation that had been approved by ENACOM Resolution No. 2,642/16.

The new regulation maintains the obligation to contribute 1% of total revenues, as provided in the previous resolution. Among the most relevant aspects, the new regulation provides:

(i) That the ENACOM may deem that the monthly obligation of the Contributors has been partially settled for up to 30% of their contributions, based on the reporting of computable investments made in projects approved by the ENACOM;
(ii) That the licensees may submit Projects to the ENACOM for their review and assessment;
(iii) That the deployment of last mile fixed NGNs for the provision of broadband Internet services that are the subject matter of the Projects shall not fall within the scope of the protection described in Article 3 of Decree No. 1,340/16, obliging Telecom to grant last mile access if so requested by another operator.

Lastly, within the framework of the new regulation, universal service programs were issued involving the deployment of fixed broadband, the deployment of access networks for mobile communication services and for services rendered to public institutions, among others.

- **SU Fund - Impact on Telecom with respect to its original license to provide SBT**

Within the framework of SC Resolutions Nos. 80/07 and 154/10 and CNC Resolution No. 2,713/07, Telecom started to file its affidavits including the deductible amounts based on the services that should be considered as SU services.

However, several years after the market's liberalization and the effectiveness of the first SU regulations, which were replaced with Decree No. 558/08 and the LAD, incumbent operators have still not received any set-offs for providing services with the characteristics set forth under the SU regime.

As of the date of these consolidated financial statements, Telecom filed its monthly SU affidavits related to the services associated with its original license to render SBT, which resulted in a receivable of approximately $13,229 million (unaudited). The programs and the valuation methodology used to estimate this receivable are pending approval by the Regulatory Authority. This receivable has not yet been recorded in these consolidated financial statements as of December 31, 2020 since it is subject to the approval of the SU Programs and the review of those affidavits by the Regulatory Authority and the confirmation of the existence of sufficient contributions to the SU Trust so as to compensate the incumbent operators.

On April 8, 2011, the SC issued Resolution No. 43/11 notifying Telecom that investments associated with "High-Cost Areas" (amounting to approximately $13,512 million and which are included in the above-mentioned receivable) did not qualify as an Initial Indicative Program.

Through SC Resolutions No. 53, 54, 59, 60, 61, 62, 69 and 70/12, Telecom was notified that: the "Special Information Service 110", the "Discounts for Retired People, Pensioners and Low Consumption Households", the services of "Social Public Telephony and Loss-Making Public Telephony", the "Services and Discounts relating to the Information Society Program argentin@internet.todos", the "Services for Deaf-Mute People", the "Free Access to Special Emergency Services and Special Community Services", the "Value Added Service 0611 and 0612" and the "Long Distance Semipublic Service (SSPLD)" (valued at approximately $1,541 million and included in the above-mentioned receivable), respectively, did not qualify as Initial SU Programs, pursuant to the terms of Article 26 of Annex III of Decree No. 764/00, and that, they did not constitute different services involving a SU provision, and therefore, cannot be financed with SU Funds, pursuant to the terms of Article 2 of Decree No. 558/08.

Telecom's Management, with the advice of its legal counsel, has filed appeals against the above-mentioned resolutions, presenting the legal arguments based on which such resolutions should be revoked.

In September 2012, the CNC ordered Telecom to deposit approximately $208 million. Telecom has filed a claim refusing the CNC's order on the grounds that the appeals against the SC Resolutions are still pending resolution.

On November 28, 2019, the ENACOM notified Telecom that the appeals filed by that company against the above-mentioned resolutions had been rejected, and that the file had been submitted to the Court of Appeals. As of the date of these consolidated financial statements, the appellate court has not yet issued a decision.

Although it cannot be assured that these issues will be favorably resolved at the administrative stage, Telecom's Management, with the assistance of its legal advisors, considers that it has solid legal and factual arguments to support the position of Telecom Argentina.

- **SU Fund - Impact on Telecom with respect to the SCMs originally provided by Personal**

In compliance with SC Resolution No. 80/07 and No. 154/10 and CNC Resolution No. 2,713/07, since July 2007 Personal has filed its affidavits and deposited the corresponding contributions.

On January 26, 2011, the SC issued Resolution No. 9/11 establishing the "Infrastructure and Facilities Program." The Resolution provided that telecommunication service providers could only allocate to investment projects under this program the amounts corresponding to outstanding investment contribution obligations arising from Annex III of Decree No. 764/00 before the effective date of Decree No. 558/08.

On July 5, 2012, the SC issued Resolution No. 50/12 pursuant to which it notified that the services declared by the SCM Providers as High Cost Areas or services provided in non-profitable areas, services provided to clients with physical limitations (deaf-mute and blind people), rural schools, and requests relating to the installation of radio-bases and/or investment in infrastructure development in various localities, did not constitute items that could be discounted from the amount of SU contributions pursuant to the last part of Article 3 of Resolution No. 80/07, or Article 2 of Decree No. 558/08. It also provided that certain amounts already deducted could be used for investment projects within the framework of the Program created under SC Resolution No. 9/11, or deposited in the SU Fund, as applicable.

Personal filed an administrative appeal against SC Resolution No. 50/12 requesting its nullity. As of the date of these consolidated financial statements, this appeal is still pending resolution.

On October 1, 2012, in response to the order issued by the SC, Personal deposited under protest the equivalent amount in the SU Fund, corresponding to the assessment of the SU services provided by Personal since the effectiveness of Decree No. 558/08, reserving its right to take all actions it may deem appropriate to claim its reimbursement, as informed to the SC and the CNC on October 15, 2012. Since August 2012, Personal is paying such concepts under protest in its monthly affidavits.

Telecom's Management cannot assure that this issue will be resolved in its favor at the administrative stage.

- **SU Fund - Impact on Telecom with respect to the services originally provided by Cablevisión.**

Cablevisión has complied with its investment contribution obligations. The Regulatory Authority has not yet approved the Project filed by Cablevisión on June 21, 2011, within the framework of SC Resolution No. 9/11, in order to fulfill the SU contribution obligation for the amounts accrued since January 2001 until the effectiveness of Decree No. 558/08.

e) SPECTRUM

- **Pursuant to SC Resolution No. 79/14**

On October 31, 2014, the Secretariat of Trade held the Public Auction that had been approved under SC Resolutions Nos. 80/14, 81/14, 82/14 and 83/14. Personal was awarded Lots 2, 5, 6 and 8 of the remaining frequencies to provide Personal Communication Services ("PCS") and Cellular Mobile Radiocommunication Services ("SRMC"), as well as those of the new spectrum to provide Advanced Mobile Communications Services ("SCMA"). Pursuant to SC Resolution No. 25/15, issued on June 11, 2015, the Secretary of Trade awarded the rest of frequency bands in Lot 8, completing such lot.

Pursuant to the terms of the Auction, the authorizations for the use of the frequencies under the Auction are granted for a term of fifteen (15) years counted as from the notice of the administrative act that awards such frequencies. Upon the expiration of said term, the Regulatory Authority may extend the effectiveness at the express request of the awardee (which will be for consideration, under the conditions and price to be determined by the Regulatory Authority.)

f) OTHER RELEVANT REGULATORY MATTERS

✓ REGULATORY SITUATION IN URUGUAY

- **Uruguayan Audiovisual Communication Services Law**

Law No. 19,307 was published in the Official Gazette of the Republic of Uruguay on January 14, 2015. This Law governs radio, television, and other audiovisual communication services (hereinafter, the "Audiovisual Communications Law"). Article 202 of this law provides that the National Executive Branch shall issue its implementing regulations within a 120-day term, counted as from the day following publication of the Audiovisual Communications Law in the Official Gazette. As of the date of these consolidated financial statements, Decrees Nos. 45/015 and 160/019 were issued. Decree No. 45/015 provides that the concession for the use and allocation of the radio-electric spectrum for non-satellite audiovisual communication services shall be granted for a term of 15 years, while Decree No. 160/019 regulates several provisions of the Audiovisual Communications Law.

Article 54 of the Audiovisual Communications Law provides that an individual or legal entity cannot be allocated the full or partial ownership of more than 6 authorizations or licenses to render television services to subscribers throughout the national territory of Uruguay. Such limit is reduced to 3 if one of the authorizations or licenses includes the department of Montevideo. Article 189 of this law provides that in the cases where such limits were exceeded as of the entry into force of the Law, the owners of those audiovisual communication services shall transfer the necessary authorizations or licenses so as not to exceed the limits mentioned above within a term of 4 years as from the date of entry into force of the Audiovisual Communications Law.

Adesol is analyzing the possible impact on its business that could be derived from the change in the regulatory framework and the eventual legal actions it may bring to safeguard its rights and those of its shareholders. That company is also monitoring the different unconstitutionality claims filed by other companies against certain articles of the above-mentioned law to consider whether the decisions to be rendered by the Supreme Court of Uruguay in those proceedings may be favorable to the position of Adesol in the future. On April 7, 2016, 28 unconstitutionality claims were brought against the above-mentioned law. As of the date of these consolidated financial statements, the Supreme Court has issued 28 decisions, whereby it declared the unconstitutionality of Articles 39 subsection 3, 55, 56 subsection 1, 60 point C, 98 subsection 2, 117 subsection 2, 143 and 149 subsection 2 of Law No. 19,307. It is noteworthy that some of the decisions rendered in this respect by the Supreme Court dismissed the unconstitutionality claim filed by the claimant with respect to Article 54 of that Law.

Based on the above-mentioned analysis, the permit holders AUDOMAR S.A., DOLFYCOR S.A., REIFORD S.A., SPACE ENERGY TECH S.A., TRACEL S.A., BERSABEL S.A., and VISION SATELITAL S.A., together with the majority shareholder of those companies, brought on November 22, 2019 an unconstitutionality claim against Articles 54 and 189 of Law No. 19,307. On October 15, 2020, the Supreme Court of Uruguay declared that the Legislative Branch could not be sued by claimant and dismissed the unconstitutionality claim.

In April 2020, the Executive Branch submitted to Parliament a media bill that would result, if passed, in the repeal of the current audiovisual communications law (Law No. 19,307) and, consequently, of the respective implementing decrees. As of the date of these consolidated financial statements, said media bill is still being reviewed by Parliament.

- **Migration of Services**

On January 11, 2018, Decree No. 387/17 dated December 28, 2017 was published in the Official Gazette. The Decree provides that all subscription television services provided through the Codified UHF System shall be migrated to the TDH Satellite system, without it entailing any changes to the original authorizations to operate or to the rest of the conditions established in the respective licenses. Those authorizations shall remain unchanged in the authorized service areas for a term of 18 months.

On February 9, 2018, Bersabel S.A. and Visión Satelital S.A., two of the licensees that use Codified UHF systems to provide services and have contractual relationships with Adesol, filed the migration plan for their subscribers with the URSEC, which was completed on July 11, 2019.

- ✓ **OTHER REGULATIONS**

  - o **<u>General Rules Governing ICT Service Licenses</u>**

On January 2, 2018, the Ministry of Modernization issued Resolution No. 697/17, whereby it approved the new General Rules Governing ICT Service Licenses. This Resolution repealed the General Rules approved pursuant to Annex I of Decree No. 764/00, as from the date the resolution became effective (February 1, 2018), and it also repealed ENACOM Resolutions No. 2,483/16 and No. 1,394/16 (except for Section 12 of its Annex I, which will remain in effect). Telecom has filed an appeal against certain aspects of this Resolution, which is still pending resolution.

  - o **<u>General Rules Governing ICT Service Customers</u>**

On January 4, 2018, the Ministry of Modernization issued Resolution No. 733/17, whereby it approved the new General Rules Governing ICT Service Customers. This Resolution became effective on March 5, 2018, repealing SC Resolutions No.490/1997, and Annexes I and III of SC Resolution No. 10,059/1999 and its supplementing regulations. Annex II of SC Resolution No. 10,059/1999 shall remain in effect, to the extent applicable, until the enactment of the penalty regime provided under Article 63 of the LAD.

Said New General Rules repealed the general rules governing mobile and basic telephony service customers, thus becoming the only general rules that govern ICT Service customers, including Internet access services and subscription broadcasting services.

Telecom made a filing with the Ministry of Modernization regarding some regulations that infringe its right to sell its services (such as the 180-day prepaid credit; Article 56, which provides for compensation in favor of the customer, and Article 79, which establishes the obligation to replace any channels eliminated from the programming grid with other channels of similar quality.)

Through Resolution No. 363/18, published in the Official Gazette on June 27, 2018, the Ministry of Modernization provided for amendments to the General Rules. Some of those amendments were related to the provisions challenged by Telecom in its filing. As of the date of these consolidated financial statements, this appeal is still pending resolution. Subsequently, through Resolutions Nos. 1,150/19 and 1,522/19, the Secretariat of Modernization introduced amendments, among which the most relevant is the term of 30 business days to report in advance material changes in the services rendered to customers.

  - o **<u>Number Portability Regulation</u>**

On April 4, 2018, the Ministry of Modernization issued Resolution No. E-203/18, whereby it approved the new Number Portability Regulation, including the portability of fixed telephony service lines. Through said Resolution, said Ministry also approved the implementation schedule for the portability of these services and revoked SC Resolutions Nos. 98/10, 67/11 and 21/13 and Resolution No. E-170/17 issued by the Ministry of Communications, as supplemented. Through Resolution No. 401/18, published on July 11, 2018, the Ministry of Modernization provided that the ENACOM shall determine the way in which the Number Portability Committee will be constituted and implemented.

Through Resolution No. 4,950 issued on August 14, 2018, the Board of the ENACOM delegated on the head of the first operational level of the National Administration of Planning and Convergence the powers to: (i) approve the Processes and Operational and Technical Specifications of Number Portability, (ii) approve the Bidding Terms for the selection of the Database Administrator for the contract to be executed between the Portable Services Providers and the Database Administrator and propose any relevant changes to the Number Portability Committee, and (iii) intervene on a binding basis in the procedure to procure the services of the Database Administrator.

Through said Resolution, the ENACOM also set out that the Number Portability Committee shall be composed of two representatives, one permanent and one alternate, and approved the work schedule in order to properly implement the Number Portability. As of the date of these consolidated financial statements, the representatives of such Committee have not been appointed yet.

On December 31, 2020, the ENACOM issued Resolution No. 1,509/20, whereby it replaced the work schedule for the implementation of Number Portability that had been approved as an Annex to Resolution No. 4,950/18. In addition, the ENACOM approved the new model of the Bidding Terms and Conditions for the selection of the centralized Number Portability Database Administrator (DA) for the Mobile Communication Service and the Fixed Telephony Service, and also approved the Network Technical Specifications.

This resolution is subject to the approval of ENACOM's Board. As of the date of these consolidated financial statements, that resolution has not been approved yet by ENACOM’s Board.

- **General Rules Governing Interconnection and Access**

On May 18, 2018, Ministry of Modernization Resolution No. 286/18 was published in the Official Gazette. Said Resolution approves the new General Rules Governing Interconnection and Access, effective as from July 3, 2018, repealing the General Rules that had been approved under Decree No. 764/00.

Pursuant to the new General Rules, the interconnection and access terms, conditions and prices may be freely established by mutual agreement between the parties. The ENACOM shall set provisional interconnection charges, as established under Decree No. 1,340/16.

In addition, the providers of ICT Services shall be under the obligation to provide interconnection at the request of another provider of ICT Services, on no less favorable technical and economic conditions than those applied by the requested ICT Service provider to itself or to third parties. They shall also guarantee the quality of the services, as well as transparency in compensation, and shall refrain from charging the requesting ICT Service Providers for functions or services that are not needed to render their services.

On August 14, 2018, the ENACOM issued Resolution No. 4,952/18, whereby it set a provisional charge equivalent to US$ 0.0108 per minute of communication, without considering taxes and charges that may be applicable to local origination or termination services over mobile communication service networks. In addition, said Resolution provides that for the purposes of the application of the charge, the measuring unit will be per second. Through Resolution No. 1,161/18 dated November 27, 2018, the ENACOM set the same charge for SRCE network termination.

On that same date, Resolution No. 1,160/18 was also published in the Official Gazette. Pursuant to said Resolution, the ENACOM set: (i) a provisional charge equivalent to forty-five ten-thousandths US dollars (US$ 0.0045) for local origination or termination services over fixed telephony service networks per minute of communication (ii) a provisional charge equivalent to ten ten-thousandths US dollars (US$ 0,0010) for local transit service per minute of communication (iii) a provisional charge equivalent to twenty-seven ten-thousandths US dollars (US$ 0,0027) for long distance transport service per minute of communication (iv) the second as the measuring unit for the purposes of applying the charges set under this Resolution.

Telecom filed an appeal with the ENACOM challenging those charges with the respective legal grounds to request the review of the above-mentioned Resolution by that agency. As of the date of these consolidated financial statements, this appeal is still pending resolution.

Pursuant to Resolution No. 4,266/19, published in the Official Gazette on October 8, 2019, the ENACOM decided, on a provisional and exceptional basis, that the reference exchange rate applicable to the interconnection charges in effect established under ENACOM Resolutions Nos. 4,952/18, 1,160/18 and 1,161/18, for calls made as from August 1, 2019, will be of forty-five pesos and twenty-five cents $45.25 per US dollar. In subsequent months, the exchange rate to be applied may not exceed six percent (6%) of the exchange rate established for the previous month and in no case may it exceed the selling exchange rate set by Banco de la Nación Argentina on the last business day of the month in which the services are rendered. This Resolution was applicable to services provided up to and including December 31, 2019.

Through Resolution No. 1,510/20, which was published in the Official Gazette on December 29, 2020, the ENACOM decided, on a provisional and exceptional basis, that the reference exchange rate applicable to calls made as from January 1, 2021, will be of eighty-three point thirty-six Argentine Pesos ($83.36) per US dollar. This Resolution shall be applicable to services provided up to and including June 30, 2021, and is subject to the approval of ENACOM's Board. As of the date of these consolidated financial statements, that resolution has not been approved yet by ENACOM's Board.

- **Quality Rules for ICT Services.**

Through Resolution No. 580/2018, published in the Official Gazette on September 6, 2018, the Ministry of Modernization approved the Quality Rules for ICT Services, which came into effect on January 4, 2019.

The Ministry of Modernization ordered the ENACOM to issue the implementing regulations within a term of 90 calendar days. Even though the term has expired, as of the date of these consolidated financial statements, such regulations have not been issued yet.

- **National Rules for Contingencies.**

Through Resolution No. 51/18, published in the Official Gazette on November 6, 2018, the Secretariat of Modernization approved the National Rules for Contingencies and ordered the ENACOM to issue the implementing procedures or Contingency Plan (emergency situations) within a term of 90 calendar days as from its publication in the Official Gazette.

Even though the term has expired, as of the date of these consolidated financial statements, such procedure has not been issued yet.

- **Regulations on International Roaming between Argentina and Chile**

ENACOM issued Resolution No. 927/20, which was published in the Official Gazette on August 31, 2020, whereby said agency approved the Regulations on International Roaming between Chile and Argentina. Among other matters, under those Regulations, it was established that Argentine mobile communication service providers, including Virtual Mobile Operators, shall offer customers who use international Roaming services with Chile the same prices that they offer in their own country for voice communications, messaging and mobile data during their stay in that country.

- **Infrastructure Sharing Regulation**

On December 16, 2020, the Office of the Chief of the Cabinet of Ministers - Secretariat of Public Innovation, issued Resolution No. 105/20, whereby it approved the Passive Infrastructure Sharing Regulation and established the terms and procedures regarding the access, availability and shared use of passive infrastructure owned by, controlled by or otherwise available to an ICT Services Licensee.

The most relevant provisions of the Regulation are the obligation to grant access to other ICT Services Licensees to available passive infrastructure; the obligation to reserve capacity in the installation of new ducts or structures for access to other ICT Services Licensees; the prohibition to agree on exclusive use; among other obligations.

As of the date of these consolidated financial statements, Telecom is evaluating the impact of the obligations imposed under this new Regulation.

- **<u>Subscription Television Services Regulation</u>**

On December 24, 2020, ENACOM Resolution No. 1,491/20 was published in the Official Gazette, whereby said agency approved the "General Regulation of Subscription Television Services by Physical and/or Radio-electric and Satellite Link". Among other aspects, the Regulation provides for the arrangement of signals in programming grids so that the signals that correspond to the same genre are arranged consecutively; the obligation to submit an annual affidavit that sets forth the programming grid, the inclusion of signals of broadcast television Licensees; the list of mandatory signals, and, in case of disagreement regarding whether or not it is mandatory to include a given signal in the programming grid, be it broadcast television signals or those included in the Public Registry of Signals, any of the parties may resort to the ENACOM. In addition, said Resolution provides that the commercialization of one or several signals may not be conditional on the acquisition of other signals. In the event licensees offer a package of signals, they must include a breakdown of the price of each signal.

As of the date of these consolidated financial statements, Telecom is evaluating the impact of these regulations.

- ✓ **COMPRE ARGENTINO (Buy Argentine)**

Pursuant to Law No. 27,437, Telecom Argentina- in its capacity as public fixed telephony service licensee-, and its respective direct subcontractors, shall give preference to the acquisition or lease of goods of national origin, under the terms of such law, for the procurement of supplies and public works and services.

Said law provides that preference shall be given to goods of national origin when the price of identical or similar goods, under cash payment conditions, is equal to or lower than the price of foreign goods increased by 15% when the offerors qualify as micro, small and medium-sized enterprises – (MSMEs), and by 8% for any other company. In the comparison, the price of foreign goods shall contemplate applicable import duties and all the taxes and expenses required for their nationalization.

Said law sets out that a good is considered to be of national origin when it has been produced or extracted in the Argentine Republic, provided that the cost of nationalized imported raw materials, inputs or supplies does not exceed 40% of its gross production value.

The procurement of services is subject to Law No. 18,875, which sets out the obligation to contract exclusively the services of domestic companies, consulting firms and professionals, as defined in said law. Any exception shall have to be previously approved by the competent ministry.

Through Resolution No. 2,350/04, the former CNC approved the "Procedure for the fulfillment of the Compre Trabajo Argentino Regime", which includes the obligation to file semi-annual affidavits regarding the fulfillment of these rules.

The rules provide for economic, administrative and criminal sanctions for failure to fulfill the obligations established under the Compre Argentino regime.

It should be noted that this regulation reduces the operating flexibility of Telecom due to, among other reasons, the request for authorizations prior to the completion of acquisitions, the time spent in preparing the publications and the required filings with respect to the obligation to file semi-annual affidavits regarding fulfillment of the Compre Argentino regime and the related administrative expenses.

NOTE 3 - MAIN ACCOUNTING POLICIES

These consolidated financial statements have been prepared by applying the criteria for the restatement of financial statements set forth in IAS 29. For more information, see Note 1.e).

a) Going Concern

The consolidated financial statements as of December 31, 2020 and 2019 have been prepared on a going concern basis as there is a reasonable expectation that the Company and its subsidiaries will continue its operational activities in the foreseeable future (and in any event with a time horizon of more than twelve months).

b) Foreign Currency Translation

Items included in the financial statements of each of the Group's companies are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Argentine pesos ($), which is the functional currency of all Group companies located in Argentina. The functional currency for the foreign subsidiaries of the Group is the respective legal currency of each country.

The assets and liabilities of foreign subsidiaries are translated using the exchange rates in effect at the reporting date, while income and expenses are translated at the average exchange rates for the year reported. Exchange differences resulting from the application of this method are recognized under Other Comprehensive Income. The cash flows of foreign consolidated subsidiaries expressed in foreign currencies included in the consolidated financial statements are translated at the average exchange rates for each year.

c) Foreign Currency Transactions

Transactions in foreign currencies are translated into the functional currency using the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the foreign exchange rate prevailing at the reporting date. Exchange differences are recognized as foreign currency exchange gains or losses in the consolidated statement of comprehensive income and are included under Financial results.

d) Consolidation

These consolidated financial statements include the line-by-line consolidation of the assets, liabilities, results and cash flows of the Company and its subsidiaries, as well as the line-by-line consolidation in its financial statements of the assets, liabilities and results under joint control, according to the percentage of its interest in the agreements and joint ventures ("Interests in joint operations," point d.2) jointly controlled by it; and, the interest owned by the Company in associates is recognized in one item (companies in which it exercises significant influence, see d.3) "Investments in Associates".) These consolidated financial statements include the line-by-line consolidation between Telecom and structured entities with the specifications mentioned in point d.4).

d.1) Control

Control exists when the investor has significant power over the investee; has exposure or rights to variable returns from its involvement with the investee and has the ability to use its power to affect the amount of the returns. Subsidiaries are fully consolidated as from the date on which control is transferred to the controlling company and shall be deconsolidated from the date that control ceases.

In the preparation of these consolidated financial statements, assets, liabilities, revenues and expenses of the subsidiaries are consolidated on a line-by-line basis. Shareholders' equity and net income attributable to non-controlling interest are disclosed under the Group's shareholders' equity and comprehensive income, but separately from the respective portions attributable to the Controlling Company, both in the consolidated statement of changes in equity and in the consolidated statement of comprehensive income.

All intercompany accounts and transactions have been eliminated in the preparation of these consolidated financial statements.

The subsidiaries' financial statements cover the same periods and are prepared as of the same closing date and in accordance with the same accounting policies as those of the Company.

Note 1 details the most significant consolidated subsidiaries, together with the interest percentages held directly or indirectly in each subsidiary's capital stock and votes, its main business activity and country of origin as of the above-mentioned dates.

The Company considers any transactions executed with non-controlling shareholders that do not result in a loss of control, as transactions among shareholders. A change in the equity interests held by the Company is considered as an adjustment in the book value of controlling and non-controlling interests to reflect the changes in its relative interests. The differences between the amount for which non-controlling interests are adjusted and the fair value of the consideration paid or received and attributed to the shareholders of the controlling company will be directly recognized in "Other deferred" under in the equity attributed to the parent company.

d.1.a) Accounting treatment of the acquisition of the remaining equity interest (30%) in the controlled company Tuves

On September 4, 2019, Núcleo acquired 30% of the shares of Tuves Paraguay, which were held by TUVES Chile.

This operation represents a transaction between controlling and non-controlling shareholders in the consolidated financial statements. Therefore, the Company recorded a $128 million adjustment to the non-controlling interest balance as of December 31, 2019 and the difference arising from the purchase price of $46 million was recorded in "Other Deferred" under Equity attributable to controlling shareholders as of that date, as provided under IFRS 10.

d.1.b) Offer for Irrevocable Call and Put Option on the Shares of AVC Continente Audiovisual

On September 25, 2019, Telecom and the non-controlling shareholders of AVC Continente Audiovisual (the "Assignors") executed an Offer for an Irrevocable Call and Put Option on all the shares of AVC Continente Audiovisual held by the Assignors.

The Assignors are the holders of 497,479 common shares with nominal value of $1 each, representing 40% of the capital stock. The call option, which may be exercised as from October 1, 2019 until September 30, 2024, conveys to Telecom the right, but the obligation, to purchase the shares from the Assignors. The put option grants the Assignors the right, but not the obligation, to sell the shares to Telecom. The call and put options include, together with the shares, the assignment and transfer of all the equity and political rights inherent to them.

If the option is exercised, Telecom agreed to pay the Assignors US$720,000 and the equivalent amount in Argentine Pesos of 45,536 average cable TV subscription fees within the terms and subject to the provisions set forth in the agreement.

This transaction has an impact on Telecom's consolidated financial statements. Accordingly, a call option liability has been initially recognized with an offsetting entry in Other Deferred under Equity Attributable to Controlling Shareholders. As of December 31, 2020, Telecom owed an amount equivalent to 22,768 cable TV subscription fees (approximately $39 million.)

d.1.c) Merger between Telecom, Ultima Milla, CV Berazategui and the Spun-off Equity of PEM

On June 27, 2019, Telecom acquired a registered non-endorsable common share, with nominal value of $1 and entitled to one vote per share, representing 0.00000738% of the capital stock and votes of PEM for a total amount of $ 10,000 (ten thousand Argentine pesos). Upon this acquisition, Telecom became the direct holder of 100% of the capital stock of PEM.

On October 1, 2019, Telecom absorbed Última Milla and CV Berazategui (the “Absorbed Companies”) and the Spun-off Equity of PEM (the “Corporate Reorganization”), generating the corresponding operational, accounting and tax effects, unifying the operations of the above-mentioned companies and Telecom, thus enhancing efficiency, synergy and streamlining costs and optimizing the use of the companies’ technical, administrative and financial structures. The Absorbed Companies were dissolved without liquidation and PEM spun off a portion of its equity and its capital stock was reduced pro rata as of October 1, 2019.

Such Corporate Reorganization was carried out in accordance with the provisions of articles 82 and 83 of the General Associations Law, with the provisions of Articles 77 and related Articles of Income Tax Law No. 20,628, as amended and supplemented, with CNV Rules, with the Listing Rules and other provisions issued by the BYMA, with IGJ Rules and with other applicable laws and regulations. The Corporate Reorganization was approved by the shareholders at the General Extraordinary Shareholders’ Meeting and the Special Shareholders’ Meetings of Class “A” and Class “D” shares of Telecom Argentina held on October 24, 2019 and the respective Shareholders’ Meetings of Última Milla, CV Berazategui and PEM held on the same date.

As a result of the Corporate Reorganization, as of October 1, 2019, Telecom Argentina assumed all the existing activities, receivables, property and all the rights and obligations of Ultima Milla, CV Berazategui and the Spun-off Equity of PEM, as well as any that may come into existence or arise due to prior or subsequent acts or activities. The Final Merger Commitment was executed on November 25, 2019 and, on November 29, 2019, Telecom filed with the CNV the request for administrative approval, which was granted through a resolution issued on February 19, 2020.

d.1.d) Irrevocable contribution in cash to Micro Sistemas

On November 10, 2020, Telecom made an irrevocable contribution in cash on account of the future subscription of shares of Micro Sistemas for $60 million. At the Unanimous General Extraordinary Shareholders’ Meeting of Micro Sistemas held on December 21, 2020, its shareholders decided to increase the capital stock by $60 million through the capitalization of said irrevocable contributions paid in cash by Telecom and issue, representing such increase, a total of 60,000,000 non-endorsable, registered common shares, with nominal value of one Peso ($ 1) each and entitled to one vote per share, to be delivered to Telecom.

On January 11, 2021, Telecom made another irrevocable contribution in cash on account of a future subscription of shares of that company for a total of $62 million. At the Unanimous General Extraordinary Shareholders’ Meeting of Micro Sistemas held on January 19, 2021, its shareholders decided to increase the capital stock by $62 million through the capitalization of said irrevocable contributions paid in cash by Telecom and issue, representing such increase, a total of 62,000,000 non-endorsable, registered common shares, with nominal value of one Peso ($ 1) each and entitled to one vote per share, to be delivered to Telecom.

d.1.e) Incorporation of Personal Smarthome S.A.

On December 30, 2020, Telecom and PEM incorporated Personal Smarthome S.A., in which they hold an interest of 90% and 10%, respectively. Telecom subscribed 90,000 shares and PEM subscribed 10,000 shares, all common book-entry shares with nominal value of $1 peso each and entitled to 5 votes per share. In addition, on that date, the shareholders paid 25% of their respective subscriptions.

The incorporation of Personal Smarthome S.A. is pending registration with the Argentine Superintendency of Legal Entities and had not begun operating as of December 31, 2020.

Personal Smarthome S.A. is mainly engaged in the provision of services, solutions and/or goods that allow and/or contribute to automation, monitoring, security, digital interconnection and home automation (IoT) for the integration of technology into the design of homes, buildings, cities, and/or public or private entities.

d.2) Interests in Joint Operations

A joint operation is a contractual arrangement whereby two or more companies undertake an economic activity that is subject to joint control, i.e., when the financial strategy and the operating decisions related to the company's activities require the unanimous consent of the parties sharing control.

In the cases of joint business arrangements executed through *Uniones Transitorias de Empresas* ("UTE"), considered joint operations under IFRS 11, the Company recognizes in its financial statements on a line-by-line basis the assets, liabilities and net income subject to joint control in proportion to its share in such arrangements.

Telecom holds a 50% interest in the UTE Ertach – Telecom Argentina, which is engaged in the provision of data and order channel transmission services required to integrate the public administration agencies of the Province of Buenos Aires and the municipal agencies in a single provincial data communication network. The UTE has an agreement in effect with the Ministry of the Cabinet Chief of the Province of Buenos Aires, which was approved pursuant to Decree No. 2017-166-E-GDEBA-GPBA. The term of the UTE agreement is equal to the time required for the fulfillment of its purpose.

On April 26, 2019, the UTE was served notice, through a registered letter sent by the Ministry of the Cabinet Chief, of the decision to expand and extend the agreement for six months as from May 1, 2019.

As of the date of these consolidated financial statements, the contractual term and the extensions thereof have expired. The Telecommunications Administration of the Province of Buenos Aires initiated the "Termination of Services Phase" pursuant to the above-mentioned agreement. The services that the UTE is under the obligation to provide under said agreement could be extended for an expected term of 18 months since the execution of the new agreement with the next providers. This implies the continuity of the operations for the UTE until the Government of the Province of Buenos Aires appoints a new service provider.

In view of the foregoing, and since the above-mentioned agreement provided for the possibility of continuing the services after the expiration of the term, in which case the parties shall establish the new conditions applicable to the continuity of the service, the UTE is under the obligation to continue providing services regardless of the ultimately agreed-upon new terms.

d.3) Investments in Associates

An associate is an entity over which the Company has significant influence, without exercising control, generally accompanied by equity holdings of between 20% and 50% of voting rights.

The associates' assets and liabilities and net income are disclosed in the consolidated financial statements using the equity method. Under the equity method, the investment in an associate is to be initially recorded at cost and the book value will be increased or decreased to recognize the investor's share in the statement of income for the year or in other comprehensive income obtained by the associate, after the acquisition date. The distribution of dividends received from the associate will also reduce the book value of the investment.

The Company's investment in associates includes the goodwill identified at the time of the acquisition, net of any impairment losses. For more information on the impairment of fixed assets, see point l) of this Note.

Unrealized gains or losses on transactions between the Company (and its subsidiaries) and associates are eliminated considering the Company's interest in the associates.

The associates' financial statements cover the same periods and are prepared as of the same closing date as those of the Company. Adjustments were made, where necessary, to the associates' financial statements so that their accounting policies are in line with those used by the Company.

d.4) Consolidation of structured entities

Telecom, through one of its subsidiaries in Uruguay, has executed certain agreements with other companies for the purpose of rendering on behalf of and by order of such companies certain selling and installation services, collections, administration of subscribers, marketing and technical assistance, financial and general business advising, with respect to cable television services in Uruguay. In accordance with IFRS 10 "Consolidated Financial Statements", these consolidated financial statements include the assets, liabilities and results of these companies. Since Telecom does not hold an equity interest in these companies, the offsetting entry of the net effect of the consolidation of the assets, liabilities and results of these companies is disclosed under the line items "Equity attributable to non-controlling interests" and "Net Income attributable to non-controlling interests."

d.5) Business Combinations

The Company applies the acquisition method of accounting for business combinations. The consideration for each acquisition is measured at the fair value of the assets to be delivered (cost of acquisition).

The identifiable assets and liabilities assumed of the acquired company that meet the conditions for recognition under IFRS 3 are recognized at fair value at the acquisition date, except for certain particular cases provided by such standard.

Any excess between the sum of the consideration transferred, plus the amount of any non-controlling interest (valued at fair value or measuring the net identifiable assets under the equity method), plus the fair value of the acquirer's previously held equity interest (if any) in the entity, over the fair value of the acquired identifiable assets and liabilities of the acquiree assumed, determined on the acquisition date, is recognized as goodwill. Otherwise, the impact is immediately recognized in the statement of income.

The direct costs related to the acquisition are expensed as incurred.

Specific matters relating to the merger between Telecom Argentina and Cablevisión

The merger between Telecom Argentina and Cablevisión is recognized as a reverse acquisition. Consequently, the assets and liabilities of Cablevisión were recognized and measured in these consolidated financial statements at book value before the merger, while the identifiable assets and liabilities of Telecom Argentina were recognized at fair value as of the effective date of the merger (January 1, 2018). The goodwill obtained under the acquisition method was measured as the excess of the fair value of the consideration paid over the fair value of the net identifiable assets and liabilities of Telecom Argentina. The accumulated results and other balances of shareholders' equity recognized in the financial statements of the combined entity are the sum of the respective balances of the separate financial statements of Telecom Argentina and Cablevisión immediately before the Merger, without considering Other Comprehensive Income or the Cost from the increase in the interest held in the companies controlled by Telecom Argentina. In addition, the shares of Telecom issued according to the exchange ratio were added to the Capital Stock of Telecom before the merger and the merger surplus was recorded as described in Note 3.t).

The value of the most important items of Telecom that were incorporated as a result of the merger is detailed below:

- The goodwill generated amounted to $184,445 million;
- The total of the item property, plant and equipment amounted to $ 194,015 million;

- The total value of the item Intangible Assets measured at fair value amounted to $ 124,256 million;
- The total deferred net income tax liabilities incorporated amounted to $51,758 million.

e) Revenues

Revenues are recognized (net of discounts and returns) to the extent the sales agreement has commercial substance, provided it is considered probable that economic benefits will flow to the Company and their amount can be measured reliably.

The Group discloses its revenues into two large groups: Services and equipment (mainly includes mobile handsets). Revenues from sales of services are recognized at the time services are rendered to the customers. Revenues from sales of mobile equipment are recognized at the time control of the good is transferred and the contractual obligation is fulfilled.

Revenues from transactions that include more than one item have been recognized separately to the extent they have commercial substance on their own. In those cases in which payment is deferred in time, such as construction contracts, the effect of the time value of money must be accounted for. Non-refundable up-front connection fees (one-time revenues), generated at the beginning of the relationship with the customers, are deferred and charged to income over the term of the contract or, in the case of indefinite period contracts, over the average period of the customer relationship.

Subscription fees paid in advance are disclosed net of trade receivables until the service is rendered.

Revenues on construction contracts are recognized based on the stage of completion (percentage of completion method). Said method provides an accurate representation of the transfer of goods in construction contracts because revenues are recognized based on the progress of the construction. When the outcome of a construction contract can be estimated reliably, the revenues and costs associated with the construction contract are recognized as revenues and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenues, the expected losses are immediately recognized as expenses.

Regarding construction contracts, as of December 31, 2020, the Company recognized revenues from construction contracts in the amount of $691 million and expenses from construction contracts in the amount of $535 million. As of December 31, 2020, the Company recorded $1,255 million under Inventories.

The main services (performance obligations) provided by Telecom and its subsidiaries are:

- *Mobile Services*

Telecom provides mobile services in Argentina and Paraguay.

Service revenues mainly consist of monthly basic fees, revenues on prepaid calling cards, airtime usage charges, roaming and interconnection charges, VAS charges, and other services.

- *Internet Services*

Internet service revenues mainly consist of fixed monthly fees received from residential and corporate customers for data transmission (including private networks, dedicated lines, broadcasting signal transport and videoconferencing services) and Internet connectivity services (mainly high-speed subscriptions -broadband-).

- *Cable Television Services*

The cable television services provided by Telecom comprise the operation of television networks installed in different locations of Argentina and Uruguay. In addition, Tuves holds a license for the provision of DATDH services in Paraguay. Cable television services mainly consist of monthly fees and certain variable consumption fees related to on demand services.

- *Fixed Telephony and Data Services*

These services mainly consist of monthly fees for voice services, measured service and monthly fees for additional services (among others: call waiting, itemized billing and voicemail), interconnection services, capacity leases and data services, among others.

- *Other Services*

Other services comprise, among others, revenues from claims management, revenues from administrative services and other.

f) Financial Instruments

Financial assets and liabilities, on initial recognition, are measured at transaction price as of the acquisition date. Financial assets are derecognized in the financial statement when the rights to receive cash flows from them have expired or have been transferred and the Company has transferred substantially all the risks and benefits of ownership.

f.1) Financial Assets

In accordance with IFRS 9, upon initial recognition, financial assets are subsequently measured at either amortized cost, (represents the initial amount net of principal repayments made, adjusted by the amortization of any differences between the initial amount and the maturity amount using the effective interest method), fair value with changes in other comprehensive income or fair value with changes in the statement of income (the fair value of a financial instrument is the price at which the instrument could be purchased or sold in an orderly transaction between market participants in the main or most profitable market), on the basis of:

(a) the Company's business model for managing the financial assets; and
(b) the contractual cash flow characteristics of the financial asset.

Financial assets include:

Cash and Cash Equivalents

Cash equivalents are short-term and highly liquid investments that are readily convertible to known amounts of cash, subject to an insignificant risk of changes in value and their original maturity or the remaining maturity at the date of purchase does not exceed three months.

Cash and cash equivalents are recorded according to their nature, at fair value or amortized cost (for example, short-term investments at amortized cost, investments in mutual funds at fair value with an impact on Other Financial Results, net, etc.).

Trade and Other Receivables

Trade and other receivables classified as either current or non-current assets are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less allowances for doubtful accounts.

Occasionally, mobile telephony customers pay for the handset the price net of the discount. The discount applied to the handset is allocated between handset sale revenues and service revenues, and a contractual asset is initially recognized. Contractual assets, either current or non-current, are initially recognized at fair value and subsequently measured at amortized cost, less allowances for bad debts, if any.

Investments

Notes and Bonds include the Bonds issued by National, Provincial and Municipal Governments. Depending on the business model adopted by Management, Securities and Bonds may be valued at amortized cost or at fair value and its results are recognized under Other Financial Results, net - Results from Operations with Notes and Bonds.

Investments in mutual funds are carried at fair value. The gains and losses generated are included in Other Financial Results, net under Interest and Gains on investments.

The share in the trust "Complejo Industrial de las Telecomunicaciones 2003" was recognized at fair value.

Other Investments are valued at their amortized cost.

Impairment of Financial Assets

At the time of initial recognition of financial assets (and at each closing), the Group estimates the expected losses, with an early recognition of a provision, pursuant to IFRS 9.

With regard to trade receivables, and using the simplified approach provided by said standard, the Company measures the allowance for bad debts for an amount equal to the lifetime expected credit losses.

The expected losses to be recognized are calculated based on a percentage of uncollectibility per maturity ranges of each financial credit. For such purposes, the Company analyzes the performance of the financial assets grouped by type of market. Said historical percentage must contemplate the future collectibility expectations regarding those financial assets and, therefore, those estimated changes in performance.

Derecognition of Financial Assets

The Group derecognizes a financial asset when the contractual rights to the cash flows of such assets expire or when it transfers the financial asset and, therefore, all the risks and benefits inherent to the ownership of the financial asset are transferred to another entity.

f.2) Financial Liabilities

Financial liabilities comprise accounts payable (excluding Derivatives, if applicable), financial debt, salaries and social security payables (see point n) in this Note), Dividends payable and certain liabilities included in Other Liabilities.

Financial liabilities are initially recognized at fair value and subsequently measured, in general, at amortized cost.

In the event of renegotiations of loans, if the exchange of debt instruments between the financial creditor and the Company is executed under substantially different terms or with a substantial change in the current terms of the existing financial liabilities, taking into consideration both quantitative and qualitative factors, such exchanges are recorded as a settlement of the original liabilities and as a recognition of new liabilities. Otherwise, the original liabilities shall not be canceled, but deemed refinanced, changing its valuation in accordance with the new terms and conditions.

Derecognition of Financial Liabilities

The Group derecognizes a financial liability (or part of it) when it has been extinguished, i.e., when the obligation specified in the corresponding agreement is discharged, canceled or expires.

f.3) Derivatives

Derivatives are used by the Group to manage its exposure to exchange rate and interest rate risks and to diversify the parameters of debt so that costs and volatility can be reduced to pre-established operational limits.

All derivative financial instruments are measured at fair value in accordance with IFRS 9. Derivative financial instruments qualify for Hedge Accounting if and only if all of the following conditions are met:

a) The hedging relation consists only of hedging instruments and eligible hedged items;
b) The hedging relation and the risk management strategy and purpose are formally designated and documented since its inception; and
c) the hedge is expected to fulfill the efficacy requirements described under Note 23.c – Hedge Accounting.

When a derivative financial instrument is designated as a cash flow hedge, the effective portion of any gain or loss on the derivative financial instrument is recognized directly in Other Comprehensive Income. The cumulative gain or loss is removed from OCI and recognized in the consolidated statement of comprehensive income at the same time as the hedged transaction affects the consolidated income statement. The gain or loss associated with the ineffective portion of a hedge is immediately recognized in the consolidated statement of comprehensive income. If the hedged transaction is no longer probable, the cumulative gains or losses included in OCI are immediately recognized in the consolidated statement of comprehensive income.

If the hedged item is a prospective transaction that results in the recognition of a non-financial asset or liability or a firm commitment, the cumulative gain or loss that was initially recognized in OCI is reclassified to the carrying amount of such asset or liability.

If Hedge Accounting is not appropriate, gains or losses arising from the fair value measurement of derivative financial instruments are immediately recognized in the consolidated statement of comprehensive income. For additional information on NDFs, see Note 23 to these consolidated financial statements.

f.4) Specific aspects of the valuation of receivables and payables

Receivables and payables valued at amortized cost are initially recorded at their fair value, which is generally determined by using a discounted cash flow valuation method. The fair value under this method is estimated as the present value of all future cash flows discounted using an estimated discount rate, especially for long term receivables and payables. The discount rate used to determine the discounted cash flows of long-term receivables ranged between 29% and 40% for the year 2019, while for the year 2020 the rate used was 29%. The discount rates for receivables denominated in PYG were of 12.4% and 11.85% for the years 2020 and 2019.

Measurement of the fair value of certain financial instruments If there is a quoted market price available for an instrument in an active market, the fair value is calculated based on that price. If there is not a quoted market price available for a financial instrument, its fair value is estimated based on the price established in recent transactions involving the same or similar instruments and, if not, based on valuation techniques regularly used in financial markets. The Company uses its judgment to select a variety of methods and makes assumptions based on market conditions at closing. For more information on the determination of those values, see Note 23 to these consolidated financial statements.

g) Inventories

Inventories are measured at the lower of the cost restated for inflation and net realizable value. The cost is determined under the weighted average price method. The net realizable value represents the estimated selling price in the ordinary course of business less the applicable variable sale costs. In addition, the Company estimates and records allowances for obsolete and slow-moving inventories.

The value of inventories does not exceed its recoverable value at the end of the year.

h) PP&E

PP&E is stated at acquisition or construction cost plus any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, restated for inflation. Subsequent expenditures are capitalized only when they represent an improvement, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The other subsequent expenditures are recognized as expenses for the period in which they were incurred. When PP&E comprises major components having different useful lives, these components are accounted for as separate items if they are significant.

Borrowing costs attributable to the acquisition or construction of certain capital assets are capitalized as part of the cost of these assets until they are ready for their intended use or sale, under IAS 23 ("Borrowing Costs".) The assets in respect of which borrowing costs are capitalized are those that necessarily take a substantial period of time to get ready for their intended use (qualifying assets under IAS 23.)

Depreciation of PP&E owned is calculated on a straight-line basis over the ranges of estimated useful lives of each class of assets. The ranges of the estimated useful lives of the main classes of PP&E are the following:

	Estimated Useful Life (in years)
Real Property	5 – 50
Transport and Fixed Network	4 – 20
Mobile Network Access	3 – 7
Antenna Support Structure	10 – 20
Switching Equipment	2 – 7
Computer Equipment	3 – 5
Vehicles	5
Goods under Loans for Use	2 – 4
Power Equipment and Installations	2 – 12
Machinery, Equipment and Tools	5 – 10

The depreciation rates are reviewed annually and revised if the current estimated useful life is different from that estimated previously taking into account, among others, technological obsolescence, maintenance and condition of the assets and different intended use from previous estimates. The effect of such changes is recognized prospectively in the income statement in the corresponding period.

i) Intangible Assets

Intangible assets are recognized if and only if: The asset is separately identifiable, it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and the cost of the asset can be measured reliably.

Intangible assets are valued at their cost restated for inflation, less accumulated amortization (in the case of intangible assets with a finite useful life) and impairment losses, if any.

Intangible assets comprise the following:

- Incremental Costs from the Acquisition of Contracts

Certain direct incremental costs incurred for the acquisition of new subscribers are capitalized as intangible assets to the extent the conditions for the recognition of an intangible asset are met, pursuant to IFRS 15, i.e. provided the Company expects to recover those costs and provided they are costs that the Company would not have incurred if the contract had not been successfully obtained.

Subsequently, said assets will be amortized under the straight-line method over the contractual relationship of the related transferred service. Those costs are amortized over a term of two years.

- 3G/4G licenses

It includes 3G and 4G frequencies awarded by the SC to Personal in November 2014 and June 2015.

Telecom's management has concluded that the 3G and 4G licenses have a finite useful life and, therefore, they are amortized under the straight-line method over 180 months as from their award.

In addition, the licenses that had been previously awarded to Nextel are also included. The term of their useful life is calculated as from the beginning of the rendering of Advanced Mobile Communication Services or upon expiration of the 18-month term provided under Article 10.1, subsection a), Annex I, of Decree No. 764/00 to begin rendering Advanced Mobile Communication Services, whatever occurs first. These licenses are amortized under the straight-line method over 180 months.

- PCS license (Argentina)

Telecom's Management, based on an analysis of the relevant characteristics of this license, has considered that the license has an indefinite useful life because there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for Telecom. Therefore, this license is subject to a recoverability assessment, at least on an annual basis.

- Núcleo Licenses

PCS licenses have an indefinite useful life and its renewals are amortized under the straight-line method over a term of 60 months.

The 700 MHz- band spectrum licenses are amortized over a term of 10 years.

Internet and data transmission licenses are amortized over a term of 5 years.

- SRCE License

The SRCE license has an indefinite useful life

- Customer Portfolio

Customer portfolio comprises mainly contracts with Telecom's customers that were incorporated as a result of the merger between Telecom and Cablevisión. They are amortized over the estimated term of the relationship with the acquired customers. For fixed-telephony customers said term was estimated at 10 years. For mobile telephony customers in Argentina, it was estimated at 6 years and for mobile telephony customers in Paraguay, it was estimated at 5 years.

- Brands

It includes the brand Cablevisión, which is amortized over 50 years, and the brand Flow, which has been fully amortized. In addition, after the merger between Telecom and Cablevisión, the Company incorporated the brands owned by Telecom, which are not amortized because they are considered to have an indefinite useful life.

- Other

It includes exclusivity rights and software use rights, among others, with useful lives of between 5 and 28 years.

j) Right-of-Use Assets and Liabilities

IFRS 16 provides that the lessee shall recognize a right of use asset and a liability at present value for the lease payments that were not settled on that date, with respect to those contracts that meet the definition of leases. In addition, the right-of-use assets shall contemplate in their initial cost the lease payments already settled, initial costs and estimated dismantling expenses. According to the standard, a lease is a contract that provides the right to control the use of an identified asset for a specified time period. For a company to have control over the use of an identified asset:

a. It must have the right to obtain substantially all the economic benefits of the identified assets and
b. it must have the right to direct the use of the identified asset.

Telecom has several agreements that qualify as leases pursuant to IFRS 16. The following is a summary of those agreements: a) leases of sites to place antennas; b) leases of buildings for customer service locations and for other purposes; c) leases of posts for cable-laying; d) rights of use of dark fiber for data transmission, and e) leases of locations for co-location of antennas.

The average useful life is estimated at 1-6 years.

k) Goodwill

Goodwill is recognized when the fair value of the consideration paid and the amount of the non-controlling interest, and prior equity interests at fair value, if any, exceed the fair value of the net assets identified in each business combination. Goodwill has indefinite useful life and its recoverable value must be assessed at least once a year.

l) Impairment of Fixed Assets

The Group assesses whether there are any indicators of impairment in the value of the assets that are subject to amortization, contemplating both internal and external factors. Internal factors include, among others, obsolescence or physical damage of the asset, and significant changes in the extent to which, or manner in which, an asset is used or expected to be used and internal reports that may indicate that the economic performance of the asset is, or will be, worse than expected. External sources include, among others, the market value of the asset, significant changes in the legal, economic, technological or market environment, increases in market interest rates and the cost of capital used to evaluate investments, and an excess of the carrying amount of the net assets of the Group over market capitalization.

Intangible assets with an indefinite useful life and goodwill are not subject to amortization and are tested annually for impairment at the closing of each year, or more frequently when there is any event or circumstance that may indicate impairment.

The carrying value of an asset is considered impaired by the Company when it is higher than its recoverable value, which is the higher of the fair value (less direct selling costs) or its value in use. In this case, a loss shall be immediately recognized in the consolidated statement of comprehensive income.

In order to assess if there are any impairment losses, the Group groups the assets into cash-generating units, which represent the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Based on the characteristics of the services it renders and of its fixed assets, the Group has considered the operations in Argentina as a single cash-generating unit (CGU), and that each of the Company's operations represents a separate CGU. The net carrying amount of each cash-generating unit includes goodwill, intangible assets with an indefinite useful life and assets with a definite useful life (PP&E, intangible assets, and right-of-use assets).

In 2018, Telecom recorded an impairment for the brand Arnet in the amount of $3,401 million because it decided to discontinue the use of this brand, unifying all the broadband customers under the brand Fibertel, and other fixed assets in the amount of $978 million. During 2019, an impairment was recorded for $2,917 million related to the addition of spectrum to Telecom's assets under the merger by acquisition between Telecom and Cablevisión, and other fixed assets for $573 million. During 2020, the Company recorded an impairment of minor assets for $ 376 million. Except for the items mentioned above, no other significant impairments were identified in the assessments made by Telecom.

The possible reversal of impairment losses related to PP&E, intangible assets and right-of-use assets is assessed as of all the dates on which financial statements are presented. The net effects of the constitution and recovery of the above-mentioned impairments are recorded under "Impairment of Fixed Assets", which is described under Note 25 to these consolidated financial statements.

For more information on the assessment of the recoverable value of goodwill, see point v.1) "Recoverability of Goodwill" in this note.

m) Other Liabilities

Pension Benefits

Pension benefits shown under Other liabilities represent accrued benefits under collective bargaining agreements for employees who retire upon reaching normal retirement age, or earlier due to disability in Telecom. Benefits consist of the payment of a single lump sum equal to the salary of one month for each five years of service at the time of retirement due to retirement age or disability. The collective bargaining agreements do not provide for other post-retirement benefits such as life insurance, health care, and other welfare benefits.

The net periodic pension costs are recognized in the income statement, segregating the financial component, as employees render the services necessary to earn pension benefits. However, actuarial gains and losses should be presented in the statements of comprehensive income. Actuarial assumptions and demographic data, as applicable, were used to measure the benefit obligation as required by IAS 19, as amended. Telecom does not make plan contributions or maintain separate assets to fund such benefits.

The actuarial assumptions used are based on market interest rates, past experience and the Group's best estimate of future economic conditions. Changes in these assumptions may impact future benefit costs and obligations. The main assumptions used in determining expense and benefit obligations are the following:

	2020	2019
Discount Rate (1)	6.3% - 12.7%	6.4% - 15.0%
Projected increase rate in compensation	22.1% - 50.9%	10.0% - 48.3%

(1) Corresponds to real discount rates.

Additional information on pension benefits is provided in Note 19 to these consolidated financial statements.

Deferred revenues on prepaid credit

Revenues from unused traffic and data packs for unexpired prepaid credit are deferred and recognized as revenue when the minutes and the data are used by customers or when such credit expires, whichever happens first.

Deferred revenues on connection fees

Non-refundable up-front connection or installation fees for fixed telephony, data, cable and Internet services are deferred over the term of the contract, or in the case of indefinite period contracts, over the average period of customer relationship.

Deferred Revenues related to Customer Loyalty Programs

The fair value of the award credits regarding Telecom's customer loyalty program is accounted for as deferred revenue and recognized as revenue until the award credits are redeemed or expire, whichever occurs first.

Deferred Revenues on International Capacity Leases

Under certain network capacity purchase agreements, the Group sells excess purchased capacity to other carriers. Revenues are deferred and recognized as services are provided.

Grants for the Acquisition of PP&E

Government grants for the acquisition of PP&E must be recognized as income to match them with the costs for which they are intended to compensate, on a systematic basis. Pursuant to IAS 20, grants related to assets may be disclosed as deferred income or deducted from the carrying amount of the asset. The Company chose, as an accounting policy, the first alternative provided under IAS 20 in the understanding that the recognition as deferred income reflects more properly the economic reality of the transaction. Therefore, the related assets are recognized taking into consideration the cost incurred in the construction of the asset, while the grant is recognized as deferred income under other liabilities and is charged to income as from the time the infrastructure is operational and during its useful life.

n) Salaries and Social Security Payables

These include unpaid salaries, vacation and bonuses and their related social security contributions, as well as termination benefits, and are valued at amortized cost.

Termination benefits represent severance indemnities that are payable when employment is terminated in accordance with labor regulations and current practices, or whenever an employee accepts voluntary redundancy in exchange for these benefits. In the case of severance compensations resulting from agreements with employees leaving the Company upon acceptance of voluntary redundancy, the compensation is usually comprised of a special cash bonus paid upon signing the severance agreement, and in certain cases may include a deferred compensation, which is payable in monthly installments calculated as a percentage of the prevailing wage at the date of each payment ("*prejubilaciones*"). The employee's right to receive the monthly installments mentioned above starts on the date they leave the Company and ends either when they reach the legally mandatory retirement age or upon the decease of the beneficiary, whichever occurs first.

The Company and its subsidiaries do not have stock option plans for their employees.

o) Taxes Payable

The main taxes that have an impact on net income for the Company are the following:

Income Tax

The Group and its subsidiaries record income taxes in accordance with IAS 12.

Income tax is recognized in the consolidated income statement, except to the extent that they relate to items recognized in Other comprehensive income or in equity, in which case they will also be recognized under said items. The income tax expense for the year comprises current and deferred tax.

In addition, if the income tax payments and withholdings in Argentina exceed the amount payable for the current tax, the excess shall be recognized as a tax credit, only if it is recoverable.

Both for tax law effective in Argentina and in the rest of the countries in which Telecom operates through its subsidiaries, income taxes payables are computed on a separate return basis, i.e., the Company is not allowed to prepare a consolidated income tax return.

Deferred taxes are recognized using the liability method, which provides for the assessment of net deferred tax assets or liabilities based on temporary differences. Temporary differences arise when the tax base of an asset or liability differs from its carrying amount in the statement of financial position and its reversal in the future will have an impact on taxable income. The deferred tax asset / liability is disclosed under a separate item of the consolidated financial statements.

A deferred income tax asset or liability is recognized on those differences, except for those differences related to investments in foreign subsidiaries that generate a deferred income tax liability due to a difference in the income tax rates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets relating to unused tax loss carry forwards are recognized to the extent that it is probable that future taxable income will be available against which they can be utilized. Tax loss carryforwards may be computed against future taxable income for a maximum of 5 years. Deferred tax assets that may arise from investment in subsidiaries are recognized when it is probable that the temporary differences will be reversed in the foreseeable future and when future taxable income would be sufficient to apply those temporary differences.

The recoverable value of deferred tax assets must be examined at the end of each accounting reporting period. The company must reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available before it lapses to allow for the computing of the deductions of the deferred tax asset. Any such reduction may be reversed in future periods to the extent that it becomes probable that sufficient taxable profit will be available to compute these deductions.

The statutory income tax rate in Argentina for the years 2019 and 2020 is 30%, pursuant to Law No. 27,430, as amended by Law No. 27,541 (Social Solidarity and Productive Reactivation Law.) Pursuant to said laws, the rate is 25% for the years beginning as from January 1, 2021.

In addition, Law No. 27,430, amended by Law No. 27,541, establishes a withholding tax regime on distributed dividends at a rate of 7% for distributions of profits generated during fiscal years beginning on or after January 1, 2018 up to and including December 31, 2020, and at a rate of 13% for distributions of profits generated during fiscal years beginning on or after January 1, 2021.

The new withholding on dividends applies only to distributions made to shareholders who are Argentine resident individuals and to nonresident shareholders.

Additionally, the Law repeals the “equalization tax” (i.e., 35% withholding on dividend distributions exceeding accumulated taxable income) for distributions of profits generated during fiscal years beginning on or after January 1, 2018.

Cash dividends received from a foreign subsidiary are computed on the statutory income tax rate, under the “worldwide income” principle. As per Argentinian Tax Law, the taxes paid abroad can be recognized as a tax credit, which includes the income tax paid abroad, as well as any withholdings on dividends.

The statutory income tax rate in Uruguay was 25% for all years presented.

The statutory income tax rate in Paraguay was 10% for all years presented. Pursuant to Law No. 125/91, until December 31, 2019, dividends paid were computed with an additional income tax rate of 5%, representing an effective tax rate of 14.5%. Pursuant to the tax reform provided under Law No. 6,380/19 and effective as from January 1, 2020, the additional rate is revoked and an 8% tax rate is established on dividends and earnings when the recipient of the profits is an individual or legal entity resident in Paraguay, and 15% when the beneficiary of these profits is a nonresident. Transitorily, dividends distributed during 2020 will be subject to a 5% rate for residents and 10% for non-residents. Telecom Argentina recognized a deferred tax liability arising from the effect of the difference in the income tax rates between Argentina and Paraguay on the accumulated profits because it is probable that these accumulated profits will flow in the form of dividends subject to tax.

In the United States of America, the statutory tax rate until fiscal year 2017 was 39.5% (34% Federal Tax and 5.5% for the State of Florida). On January 1, 2018, a new Income Tax Law came into effect in the United States, which changed the federal flat rate to 21%. The tax rate of the State of Florida was reduced from 5.5% to 4.458% for fiscal periods beginning as from January 1, 2019 until December 31, 2021. For the years beginning as from January 1, 2022, the rate will be 5.5%.

Therefore, for fiscal years 2019, 2020 and 2021 the statutory income tax rate is 25.458%.

Income Tax Inflation Adjustment

Laws Nos. 27,430, 27,468 and 27,541 amended the Income Tax Law with respect to the inflation adjustment for tax purposes.

Effective as from fiscal years beginning on or after January 1, 2018, the inflation adjustment procedure set out in Title VI of the income tax law shall be applicable in fiscal years in which the variation of IPC price index, accumulated in the 36 months immediately preceding the end of the relevant fiscal year, is higher than 100%.

In the first, second and third year as from its effectiveness, this procedure is applicable as long as the accumulated variation of the IPC, calculated from the beginning to the end of each of those years is higher than 55%, 30% and 15%, respectively, for the first, second and third years.

In view of the foregoing, the Company applies the inflation adjustment provided for in Title VI of the tax law as from 2019 since, as from that year, the percentages of variation of IPC price index are within those established by the law.

It was provided that in order to calculate inflation adjustments corresponding to the first and second fiscal year beginning as from January 1, 2019, one-sixth of the inflation adjustment shall be computed in that fiscal year, and the remaining five-sixths shall be computed in equal parts, in the five immediately following fiscal periods.

Notwithstanding the foregoing, the law also established, on a general basis, the adjustment for inflation of the cost of several assets -in case of transfers- and the adjustment for inflation of the depreciation of property, plant and equipment and buildings, for all the acquisitions or investments made in fiscal years beginning on or after January 1, 2018 based on the variation of the IPC.

Other National Taxes

Tax on assets

In Argentina, the tax on assets (*impuesto a la ganancia mínima presunta*), effective until the fiscal year ended December 31, 2018, was supplementary to income tax. The Company assessed this tax at the effective rate of 1% on the taxable assets at year-end. The Company's tax liability for each year was equal to the higher of the tax on assets assessment or the income tax liability assessed at the legally effective rate on the estimated taxable income for the year. However, if the tax on assets exceeded the income tax liability in any given fiscal year, the excess could be creditable against any excess of income tax liability over the tax on assets in any of the following ten fiscal years.

In 2018, Telecom was subject to the Tax on assets and has recognized accounting profits and tax losses.

The balance of the tax on assets has been capitalized in the consolidated financial statements for the amounts paid for this tax estimated to be recoverable within the statute of limitations, based on the current business plans.

Tax on Personal Assets, Shares and Interests

Argentine companies shall pay the tax applicable to their shareholders who are Argentine individuals and non-resident individuals. Said tax is calculated based on the equity value of the shares according

to the latest financial statements of the Argentine entity prepared in accordance with effective local professional accounting standards and without considering the effect arising from the changes in the purchasing power of the currency.

In accordance with the Law, Argentine companies are entitled to request the refund of said tax paid to their shareholders.

Pursuant to Law No. 27,260, Argentine companies that have properly fulfilled their tax obligations during the two fiscal years preceding fiscal year 2016 and comply with other requirements, may qualify for an exemption from the personal assets tax for fiscal years 2016, 2017 and 2018. The request for this tax exemption should be filed before March 31, 2017. Telecom Argentina and Cablevisión have already filed this request related to the payment of personal assets tax as substitute taxpayer (on behalf of its shareholders). Notwithstanding the above, it cannot be assured that in the future the companies will satisfy such requirements and maintain the referred exemption.

Pursuant to Law No. 27,541, the rate applicable as from fiscal year 2019 for this tax is 0.50%.

Tax on Bank Credits and Debits

Pursuant to Law No. 27,432, the National Executive Branch may establish that the percentage of the tax rate on bank credit and debits that to date could not be creditable against income tax, be gradually reduced by up to 20% per year as from January 1, 2018. The National Executive Branch may provide that, by 2022, it be fully creditable against income tax. On May 7, 2018, Decree No. 409/18 was issued, which provided that, for transactions subject to the general tax rate, up to 33% of the taxes payable arising from both credited and debited amounts and the other taxable events subject to this tax may be creditable against income tax. In the case of transactions subject to a lower rate, only 20% may be creditable against income tax.

These provisions are applicable to advance payments and balances of income tax returns corresponding to fiscal periods beginning on or after January 1, 2018, for the tax credits arising from taxable events executed as from that date.

Excise Taxes

Law No. 27,430 provides for an increase in the effective internal tax rate applicable to mobile telephony services from 4.16% to 5.26%, effective for taxable events executed as from March 1, 2018 (excise taxes).

In addition, pursuant to Decree No. 979/17, as from November 15, 2017, for fiscal year 2018, the effective excise tax rate on the sale of imported mobile phones and other wireless network equipment was reduced from 20.48% to 11.73%. Said rate, pursuant to Law No. 27,430, would decrease gradually until its complete phase out as from January 1, 2024 (for 2019 the rate was 9.89% and for 2020 the rate was 7.53%.) In the case of goods manufactured in the province of Tierra del Fuego, the rate is set at 0% as from November 15, 2017. Notwithstanding the foregoing, National Budget Law No. 27,591 for the year 2021, effective as from January 1, 2021, revoked the gradual decrease of tax rates established under Law No. 27,430 and the provisions of Decree No. 979/17. Law No. 27,591 set at 20.48% the effective tax rate on the sale of imported mobile phones and other wireless network equipment. In the case of goods manufactured in the province of Tierra del Fuego, the rate was set at 7.009% as from January 1, 2021. This tax shall be applicable until December 31, 2025.

Export Duties

The National Budget Law for fiscal year 2019 (Law No. 27,467), published in the Official Gazette on December 4, 2018, granted the Executive Branch, until December 31, 2020, the power to apply export duties on services rendered in Argentina that are effectively used or exploited abroad, with a rate of up to 30% of the value of those services.

Decree No. 1,201/18, published in the Official Gazette on January 2, 2019, provided that such services are subject to an export duty of 12% with a cap of $4 for each dollar of the taxable value of the above-mentioned transaction.

Law No. 27,541 amended the foregoing and granted the Executive Branch, until December 31, 2021, the power to apply export duties on services rendered in Argentina that are effectively used or exploited abroad, with a rate of up to 5% of the value of those services. Decree No. 99/19 published on December 28, 2019 established, effective as from January 1, 2020, an export duty of 5% on the above-mentioned services.

Social Security

Law No. 27,430 gradually reduces the percentage of employers' social security contributions paid by large companies from 21% to 19.5% by 2022. In addition, the law establishes an incremental amount of the non-taxable base that shall be restated for inflation annually in accordance with the consumer price index. However, Law No. 27,541 set the percentage of employers' social security contributions paid by large companies at 20.4% and the non-taxable base at $7,003.68.

The National Budget Law for the year 2019 (Law No. 27,467) provides that entities that provide broadcast television or physical link and/or radio electric link subscription television services, audio broadcasting, cable television signals, newspaper, magazine or periodical publishing companies or companies engaged in digital journalism, and the distributors of those publishing companies, may all allocate employer's contributions on the payroll for the personnel engaged in said activities as a tax credit against VAT. These contributions must have been accrued in the fiscal period and effectively paid at the moment of submitting the VAT return. As provided above, when the salaries that give rise to the employer's contributions that may be allocated as a tax credit against VAT are also related to other activities outside the scope of this benefit, they will be subject to the apportionment procedure.

During 2018, the Company has applied a regime similar to that provided under Law No. 27,467, based on final court decisions allowing its application.

VAT and Excise Taxes - Injunction

On June 10, 2020, Telecom brought a claim before the National Court of First Instance on Federal Administrative Matters No. 11 of the City of Buenos Aires to request an injunction ordering the suspension of the payment of VAT and Excise Taxes on all those services billed to the users that fall within the scope of Decree No. 311/2020 (see Note 29 regarding COVID-19), and related regulations, until those bills have been effectively settled in whole or in part by the customers, provided those amounts have not been effectively paid by Telecom to the National Tax Authority in order to avoid any distorting consequences generated by said Decree arising from the intrinsic complexities of the payment of taxes. On July 15, 2020, the National Court of First Instance on Federal Administrative Matters No. 11 of the City of Buenos Aires denied the injunction requested by Telecom, which filed an appeal before Chamber I of the Court of Appeals on Federal Administrative Matters. On December 23, 2020, said Court of Appeals revoked the decision rendered by the Court of First Instance, and granted the injunction requested by Telecom for a term of 6 months or until the exceptional legal grounds that gave rise to the request for injunction have ceased, whichever occurs first.

Since this injunction was granted on December 23, 2020 and the provisions of Decree No. 311/20 were in effect until December 31, 2020, Telecom did not apply the provisions of such regulation.

Provincial Taxes

Turnover Tax

This tax is levied on companies based in Argentina for the activities carried out in each province of the country. Rates differ depending on the jurisdiction where business is carried out and on the nature of such business (for example, sale of services or equipment).

Regarding this tax, on January 2, 2018, Law No. 27,429 - "Tax Consensus" was published in the Official Gazette. Said Law approves the Tax Consensus signed between the National Executive Branch and the representatives of the Provinces and the Autonomous City of Buenos Aires, which provides that the rates shall not exceed certain limits, among other issues. For the communications sector, the maximum rate effective for 2019 is 4% and 6.5% for mobile telephony. Cable television activities are exempt in some jurisdictions. However, on December 17, 2019, a new fiscal consensus, approved under Law No. 27,542, published in the Official Gazette on February 12, 2020, was signed whereby the gradual reduction of the rates provided under Law No. 27,429 was suspended until December 31, 2020. In addition, on December 4, 2020, a new fiscal consensus was signed whereby the gradual reduction of the rates provided under Law No. 27,429 was once again suspended until December 31, 2021.

Other Taxes and Charges

Since the beginning of 2001, telecommunication service companies have been required to make a SU contribution to fund SU requirements. For more information, see Note 2.d). General Rules on Universal Service.

Audiovisual Communication Services Law No. 26,522 established a tax on audiovisual communication services. According to the law, the holders of those services must pay a tax proportional to the amount of gross revenues from the sale of traditional and non-traditional advertising, programs, signals, contents, subscriptions and any other item that arises from the exploitation. In the case of cable operators, the tax rate varies between 2% and 5% based on the number of inhabitants in the area where the service is rendered. In the case of licensees, permit holders, authorized entities and owners of the registered title of signals who are registered VAT payers and are also subject to the tax established by Law No. 26,522, 100% of the amounts effectively paid under the tax established by the new law may be creditable against VAT.

In addition, Telecom pays for copyrights to several institutions such as AADI-CAPIF, SADAIC, ARGENTORES. Those rights are calculated on similar bases as those indicated in the previous paragraph and the rates range between 0.1% and 1%.

p) Provisions

The Group records provisions when it has a present, legal or constructive obligation, to a third party, as a result of a past event, when it is probable that an outflow of resources will be required to satisfy the obligation and when the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, and the payment date of the obligations can be reasonably estimated, provisions to be accrued are the present value of the expected cash flows, taking into account the risks associated with the obligation. The increase in the provision due to the passage of time is recognized as finance expenses. For more information, see Note 20 to these consolidated financial statements.

Provisions also include the expected costs of dismantling the asset and restoring the corresponding site if a legal or constructive obligation exists. The accounting estimates for dismantling costs, including discount rates, and the dates on which such costs are to be incurred are reviewed annually, at each fiscal year-end.

q) Dividends

Dividends payable are reported as a change in equity in the year in which they are approved by the shareholders at a Shareholders' Meeting.

In the case of dividends in kind, the liabilities recognized for the distribution of dividends shall be valued at the fair value of the assets to be distributed.

r) Financial Expenses on Debts and Other Financial Results, net

Financial expenses on debt and other financial results, net, are recorded as incurred and may include, among others:

- Interest accrued on the related financial assets and liabilities using the effective interest rate method;
- Financial Discounts on Assets and Liabilities;
- Changes in fair value of derivatives and other financial instruments measured at fair value through profit or loss;
- Income from Securities and Bonds
- Results from Credit Losses Risk;
- Income from Renegotiation of Financial Debt;
- gains and losses on foreign exchange and financial instruments;
- Interest on Allowances;
- Interest on Pension Benefits;
- Taxes and Bank Expenses; and
- Gain (Loss) on Net Monetary Position

s) Acquisition of Treasury Shares

The Treasury Shares Acquisition Process shall follow the guidelines of IAS 32, which provides, consistently with the CNV Regulations, that any instruments of its own equity acquired by the Company must be recorded at the acquisition cost and must be deducted from Equity under the caption "Treasury shares acquisition cost". No profit or loss resulting from holding such instruments of own equity shall be recognized in the income statement.

t) Net Earnings per Share

Basic earnings per share are calculated by dividing the net income or loss attributable to owners of the Parent by the average of ordinary shares outstanding during the year. Diluted earnings per share is computed by dividing the net income for the year by the weighted average number of common shares issued and dilutive potential common shares at the closing of the year. Since the Company has no dilutive potential common stock outstanding, there are no dilutive earnings per share amounts. For more information, see Note 27 to these consolidated financial statements.

u) Use of Estimates

The preparation of consolidated financial statements and related disclosures in conformity with IFRS requires the Company's Management to make estimates and assumptions based also on subjective judgments, past experience and hypotheses considered reasonable and realistic in relation to the information known at the time of the estimate.

Such estimates have an effect on the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of these consolidated financial statements as well as the amount of revenues and costs during the year. Actual results could differ, even significantly, from those estimates owing to possible changes in the factors considered in the determination of such estimates. Estimates are reviewed periodically.

The most important accounting estimates which require a significant degree of subjective assumptions that may affect the amount of assets and liabilities are addressed below:

u.1) Recoverability of Goodwill

As indicated in point I) of this note, the Group monitors the goodwill attributed to the cash-generating unit (CGU) of Argentina and, in order to determine its recoverable value, it considers the higher of the fair value (less costs of disposal) or its value in use.

CGE of Argentina	Goodwill	PP&E	Intangible Assets	Right-of-Use Assets	Total
Balances as of December 31, 2020	237,789	303,571	97,009	16,492	654,861

For the year 2020, the recoverable value of the CGU of Argentina, which includes goodwill, was determined using the fair value less the costs of disposal, based on the market capitalization value of Telecom. The estimated costs of disposal include costs such as legal and advisory fees that could be directly associated with the sale of the CGU.

As of December 31, 2020, the capitalization value of Telecom amounted to $ 423,523 million based on the market price of the share of $ 196.65 (source. BYMA 12/30/20, level 1 of fair value hierarchy in accordance with IFRS 13). In order to determine the fair value of the CGU of Argentina, the Company adjusted the market price by (i) the estimated fair value of other CGUs, (ii) the effect of the net liabilities that are not subject to this recoverability test at its estimated fair value, and (iii) the estimated costs of disposal for an orderly transaction of approximately 0.04%.

As a result of the calculation mentioned above, the fair value less the costs of disposal exceeds the carrying amount of the CGE of Argentina by approximately 4%. Consequently, Management did not deem it necessary to incorporate in the calculation the effect of a control premium on the market price of the share, which is estimated at between 10% and 30% for this type of industry.

The Company has considered the following sensitivity analysis of the recoverability test:

If the fair value of net liabilities remains stable and without considering the effect of a control premium, the market price of the share of Telecom should decrease to $ 184.22 (6.32%) so that the fair value of the CGU equates the carrying amount of the CGU.

For fiscal year 2019, the Company estimated the recoverable value of the CGU using a discounted cash flows approach (value in use). These calculations required the use of significant judgment and estimates.

The cash flows used corresponded to the business plan approved by Telecom's Management and additional estimates made by Management to cover a period of 5 years. In order to determine the terminal value of the cash-generating unit, the Company considered a normalized constant cash flow taking into consideration a long-term growth rate of 3.5%.

In preparing those cash flows, the Company considered the situation of the market in which Telecom operated by the end of 2019. Telecom’s Management made estimates concerning the future performance of certain variables that were sensitive to the determination of the recoverable value, among them, the operating income, the discount rate and macroeconomic variables such as inflation rates, exchange rate, among others.

As regards the above-mentioned assumptions, Telecom's management determined the operating income estimated based on the past performance and expected development of the market (including projected demand, prices and costs.) Actual cash flows may differ from the expected cash flows.

Cash flows were discounted at a discount rate (WACC) of 10.89%, which reflected the specific risks related to the industry and the country where the Company operates.

For the years presented in these consolidated financial statements, the test results were satisfactory. Therefore, no recoverability problems were observed and, accordingly, no impairment has been recorded for the assets detailed above, except for those specifically identified in point I) of this note.

u.2) Useful lives and residual value of PP&E and Intangible assets

PP&E and intangible assets with definite useful lives, are depreciated or amortized on a straight-line basis over their estimated useful lives. The determination of the depreciable amount of the assets and their useful lives involves significant judgment. The Company periodically reviews, at least at each fiscal year-end, the estimated useful lives and the residual value of PP&E and amortizable intangible assets.

u.3) Income Tax recoverability assessment of deferred tax assets and other tax receivables

Income taxes (current and deferred) are calculated in Telecom and its subsidiaries according to a reasonable interpretation of the tax laws in effect in each jurisdiction where the companies operate. The recoverability assessment of deferred tax assets sometimes involves complex estimates to determine taxable income and deductible and taxable temporary differences between the carrying amounts and the taxable amounts. In particular, deferred tax assets are recognized to the extent that future taxable income will be available against which they can be utilized. The measurement of the recoverability of deferred tax assets considers the estimate of future taxable income based on the Company's projections and on conservative tax planning.

The recoverability assessment of the tax receivable related to tax reimbursement claims filed by the Company in connection with income tax inflation adjustment (Note 16 to these consolidated financial statements) is based on the existing legal arguments on this matter and the behavior of the courts and the National Tax Authority in revising the claims filed by the Company.

For the measurement of deferred tax, the fiscal year of future reversals of temporary differences that originate deferred tax/liability has been estimated applying the income tax rate of each reversal period. The actual moment of the future taxable revenues and deductions may differ from those estimated, and may produce an impact on future income.

u.4) Provisions

- **Provisions for Lawsuits and Other Contingencies:** The Company is subject to proceedings, lawsuits and other claims related to labor, civil, tax, regulatory and other matters. In order to determine the proper level of provisions, Management assesses the likelihood of any adverse judgments or outcomes related to these matters as well as the range of probable losses that may result from the potential outcomes. Internal and external legal counsels are consulted on these matters. A determination of the amount of provisions required, if any, is made after analysis of each individual issue. The determination of the required provisions may change in the future due to new developments in each matter, changes in case law and court decisions or changes in the Company's method of resolving such matters, such as changes in settlement strategy.

- **Allowance for Bad Debts:** The recoverability of trade receivables is measured by considering the aging of the accounts receivable balances, unsubscription of customers, historical write-offs, public sector and corporate customer creditworthiness and changes in the customer payment terms, as well as the estimates regarding future performance, assessing the expected credit loss in accordance with IFRS 9. If the financial condition of the customers were to deteriorate, the actual write-offs could be different from expected.

In the absence of an accounting Standard or Interpretation that specifically applies to a particular transaction, the Company's Management considers the IFRS general framework and valuation techniques generally applied in the telecommunication industry and uses its judgment to evaluate the accounting methods to adopt with a view to providing financial statements that faithfully represent the financial position, the results of operations and the cash flows of Telecom and its subsidiaries, reflect the economic substance of the transactions, are neutral, are prepared on a prudent basis and are complete in all material respects.

v) New Standards and Interpretations issued by the IASB but not yet effective

As of the date of these consolidated financial statements, the Company has not applied the following new standards and/or amendments to existing standards that are of mandatory application for periods beginning after December 31, 2020:

Standards and Amendments		Mandatory application date: years beginning on or after
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16.	Interest Rate Benchmark Reform (Phase 2)	January 1, 2021
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract	January 1, 2022
Amendments to IFRS 3	Reference to the Conceptual Framework	January 1, 2022
Amendments to IAS 16	Property, Plant and Equipment - Proceeds before Intended Use	January 1, 2022
Amendments to IFRS 1, IFRS 9, IFRS 16, and IAS 41.	Annual Improvements - 2018-2020 Cycle	January 1, 2022
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2023

Even though Management is analyzing the potential impacts of those standards, according to the preliminary analysis of said standards, they would not have a significant impact on the Company's consolidated financial statements.

NOTE 4 - TELECOM ARGENTINA SHAREHOLDERS' AGREEMENT AND VOTING TRUST

On July 7, 2017, the Company, together with VLG Argentina LLC, currently, after its nationalization, VLG S.A.U., Fintech Media LLC, Fintech Advisory Inc., GC Dominio S.A. and Fintech Telecom LLC executed a shareholders' agreement that governs their relationship as shareholders of Telecom Argentina (the "Agreement"). All the provisions of said Agreement became effective on the Effective Date of the Merger between Telecom Argentina and Cablevisión (January 1, 2018.) Under such Agreement, the parties agreed on:

- Representation in corporate bodies, establishing that, subject to the fulfillment of certain conditions set therein and provided Cablevisión Holding complies with certain minimum participation requirements in the Merged Company, it may appoint the majority of the members of the Board of Directors, the Executive Committee, the Audit Committee and the Supervisory Committee;

- A scheme of special majority requirements for the approval by the Board of Directors and/or the Shareholders, as applicable, of certain issues, such as: i) the Business Plan and the Annual Budget of the Merged Company, ii) the amendment of the bylaws, iii) the change of external auditors, iv) the creation of committees of the Board of Directors, v) the hiring of Key Employees as defined under the Agreement, vi) the merger or consolidation of Telecom or any Controlled Company, vii) acquisitions of certain assets, viii) sales of certain assets, ix) increases of capital stock, x) incurring indebtedness above certain limits, xi) capital investments in infrastructure, plant and equipment above certain amounts, xii) related party transactions, xiii) contracts that impose restrictions on the distribution of dividends, xiv) new lines of business or the discontinuation of existing ones, and xv) actions to be taken in insolvency situations, among others; and

- The appointment of management, establishing that, subject to the fulfillment by the Company and Fintech Telecom LLC of certain ownership thresholds regarding the shares of Telecom Argentina, the Company will be entitled to appoint the general manager and other key employees of Telecom Argentina and Fintech Telecom LLC will be entitled to appoint the chief financial officer and the internal auditor, respectively.

Pursuant to the Agreement, Fintech Telecom LLC and the Company provided for the execution of a Voting Trust (the "Voting Trust") undertaking to (i) each contribute to the trust certain shares of Telecom which, upon incorporating the shares held by the Company in Telecom Argentina, exceed fifty percent (50%) of the outstanding shares after the Merger becomes effective, and (ii) each appoint a co-trustee who will vote the shares under the terms of the Voting Trust. The shares under the Voting Trust shall be voted as per the instructions of the co-trustee appointed by the Company, except in the case of certain issues subject to veto under the agreement, in which case the co-trustee of Fintech Telecom LLC will determine the vote with respect to the shares under the Voting Trust.

On April 15, 2019, the Voting Trust was formalized. Pursuant to said Voting Trust, Fintech Telecom LLC and VLG S.A.U. (i) each contributed 235,177,350 shares of Telecom which, upon incorporating the shares in Telecom held by Cablevisión Holding (directly and indirectly), exceed fifty percent (50%) of the outstanding shares of Telecom, and (ii) the Company and Fintech Telecom LLC each appointed a co-trustee. The shares contributed to the Voting Trust shall be voted by the co-trustee appointed by Cablevisión Holding as voted by Cablevisión Holding or as instructed by Cablevisión Holding, except in the case of certain matters subject to veto under the Shareholders' Agreement, in which case they shall be voted by the co-trustee appointed by Fintech Telecom LLC as voted by Fintech Telecom LLC or as instructed by Fintech Telecom LLC.

NOTE 5 – CASH AND CASH EQUIVALENTS AND INVESTMENTS. ADDITIONAL INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

a) Cash and Cash Equivalents and Investments

	December 31, 2020	December 31, 2019
Cash and Cash Equivalents		
Cash and Banks	4,989	2,352
Short-Term Investments	4,141	2,046
Mutual Funds (b)	8,799	32,446
Notes and Bonds at Fair Value	1,539	-
Total Cash and Cash Equivalents	**19,468**	**36,844**
Investments		
Current		
Notes and Bonds at Fair Value (a)	14,346	404
Notes and Bonds at Amortized Cost	126	180
Mutual Funds (b)	1,442	87
Allowance for Credit Losses (c)	(80)	(87)
Total Current Investments	**15,834**	**584**
Non-Current		
Notes and Bonds at Amortized Cost	342	2,692
Investments in Associates (d)	2,026	1,531
Trust "Complejo industrial de Telecomunicaciones 2003"	1	1
Allowance for Credit Losses (c)	(217)	(1,333)
Total Non-Current Investments	**2,152**	**2,891**
Total Investments	**17,986**	**3,475**

(a) Includes 9,292 to be used for the payment of dividends detailed in Note 30.1.
(b) Includes 194 in cash and cash equivalents which is subject to restrictions on disposition between 30 and 60 days according to the contractual terms and 1,372 in investments in guarantee of financial transactions.
(c) Set up in accordance with the parameters set for expected credit losses under IFRS 9 as a consequence of the significant increase in the credit risk of these financial instruments.
(d) The information on investments in associates is detailed below:

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Supervisory Committee

Equity Information

Companies	Main business activity	Country	Equity participation in Capital and	Valuation as of 12.31.2020	Valuation as of 12.31.2019
Ver TV [1]	Cable Television Station	Argentina	49.00	1,219	847
TSMA [1] [2] [3]	Cable Television Station	Argentina	50.10	454	344
La Capital Cable [1] [2]	Closed-Circuit Television	Argentina	50.00	348	334
Other minor investments valued under the equity method, net of the allowance for impairment [4]				5	6
Total				**2,026**	**1,531**

(1) The data about the issuer arise from non-accounting information.
(2) Direct and Indirect Interest.
(3) Even though the Company has an interest of more than 50%, it does not exercise control or significant power in accordance with the requirements of IFRS.
(4) The variation is included in Other Financial Results, net - Gain (Loss) on Net Monetary Position

Information on Income

	December 31, 2020	December 31, 2019
Ver TV	372	(223)
TSMA	110	(59)
La Capital Cable	14	27
Total	**496**	**(255)**

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

	December 31, 2020	December 31, 2019
Balances at the beginning of the year	**(87)**	**-**
Increases - Other Financial Income and Expense, net	(66)	(1,552)
Reclassifications	(503)	-
Allocations (including Gain (Loss) on Net Monetary Position)	576	1,465
Balances at year-end	**(80)**	**(87)**

The evolution of the allowance for non-current credit losses is as follows:

	December 31, 2020	December 31, 2019
Balances at the beginning of the year	**(1,333)**	**-**
Increases - Other Financial Income and Expense, net	(262)	(1,945)
Reclassifications	503	-
Allocations (including Gain (Loss) on Net Monetary Position)	875	612
Balances at year-end	**(217)**	**(1,333)**

Restructuring of Government Bonds

In April 2020, the National Executive Branch, through Decree No. 391/20, and the Government of the Province of Buenos Aires restructured certain national and provincial government bonds issued under foreign law by inviting creditors to exchange those bonds for others subject to new issuance terms.

In August 2020, the exchange offer was approved for the restructuring of government bonds in foreign currency issued under Argentine law.

In May, July and August 2020, Telecom presented both offers for the exchange of its eligible bonds, in accordance with the terms and procedures established therein.

The exchange of the government bonds issued by the National Executive Branch under foreign law and Argentine law was settled in early September 2020. As of the date of these consolidated financial statements, the exchange of the government bonds issued by the Province of Buenos Aires has not been settled yet.

b) Additional Information about the Consolidated Statement of Cash Flows

The Company applies the indirect method to reconcile the net income for the year with the cash flows generated by its operations.

In the preparation of the consolidated statements of cash flows, cash and cash equivalents comprise cash, bank current accounts and highly liquid investments (with originally agreed-upon maturities of three months or less). Bank overdrafts are disclosed in the statement of financial position as financial debts and their cash flows in the consolidated statement of cash flows as borrowing and repayment of loans, because they are part of the ongoing short-term financing structure of the Group.

The breakdown of changes in assets and liabilities is detailed below:

	December 31, 2020	December 31, 2019
Net Decrease (Increase) of Assets		
Trade Receivables	(7,313)	4,441
Other Receivables	(558)	213
Inventories	(197)	633
	(8,068)	**5,287**
Net Increase (Decrease) of Liabilities		
Accounts Payable	(7,038)	(23,111)
Salaries and Social Security Payables	479	1,733
Taxes Payable	1,135	1,296
Other Liabilities and Provisions	(5,731)	(5,609)
	(11,155)	**(25,691)**

Main Non-Cash Operating Transactions

The main non-cash operating transactions that were eliminated from the statements of cash flows are the following:

	December 31,	
	2020	2019
Acquisitions of PP&E and Intangible Assets Financed by Accounts Payable	19,652	20,922
Settlement of trade payables with the loan granted by CDB	249	-
Offsetting of other tax credits with income tax liabilities	26	-
Settlement of trade receivables with government bonds	468	-
Payment of dividends to non-controlling interests with investments not considered as cash and cash equivalents	15,664	-
Distribution of unpaid dividends (CVH)	9,292	-

Main Financing Activities Components

The following table presents the financing activities components:

	December 31,	
	2020	2019
Bank Overdraft	-	10,925
Notes	28,075	30,660
Banks and other Financial Institutions	24,830	36,723
For Acquisition of Equipment	3,123	1,344
Proceeds from Financial Debt	**56,028**	**79,652**
Bank Overdraft	(6,908)	(1)
Notes	(9,621)	(4,163)
Banks and other Financial Institutions	(46,624)	(64,291)
For Acquisition of Equipment	(2,240)	-
Payment of Financial Debt	**(65,393)**	**(68,455)**
Bank Overdraft	(3,967)	(1,321)
Interests on Notes and Related Expenses	(5,701)	(1,537)
Interests on Bank Loans and Related Expenses	(9,038)	(11,192)
NDF, Purchase of Equipment and Other	(2,145)	1,811
Payment of Interest and Related Expenses	**(20,851)**	**(12,239)**

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Collection of Dividends

The following is a summary of the dividends collected by Telecom:

Fiscal Year	Company	Collection of Dividends Historic Currency at Transaction Date	Constant Currency as of 12/31/2020
2020	Ver TV	50	57
	TSMA	21	23
		71	**80**
2019	Ver TV	97	172
	TSMA	41	72
	La Capital Cable	5	8
		143	**252**

Distribution of Dividends of Telecom and its Controlled Companies

The following is a summary of the distributions of dividends made and settled by Telecom and its controlled companies.

Fiscal Year	Company	Month of Distribution	Amount Distributed Historic Currency at Transaction Date	Constant Currency as of 12/31/2020	Month of Settlement	Amount Settled in Constant Currency as of 12/31/20
2020	Núcleo	Apr-20	295	367	May -20	191
	Núcleo	Apr-20	-	-	Oct-20	176
			295	**367**		**367**
2019	Telecom	Apr-19	6,300	11,798	May -19	11,072
	Telecom	Aug-19	7,045	11,346	Aug-19	11,346
	Telecom	Oct-19	(1) 17,387	25,603	Oct-19	25,603
	Núcleo	Apr-19	197	356	May -19	347
			30,929	**49,103**		**48,368**

(1) At the General Ordinary Shareholders' Meeting held on October 10, 2019, the shareholders decided to distribute dividends for US$300 million payable in cash in unrestricted US dollars equivalent to $17,387 million under the reference exchange rate set by the Central Bank of Argentina- Communication "A" 3,500 dated October 9, 2019 ($57.9).

Additional Information Required under IAS 7

	Balances as of December 31, 2019	Cash flows	Accrual of interest	Exchange Differences and effect of currency translation and other	Balances as of December 31, 2020
Bank Overdraft	13,219	(6,908)	-	(2,358)	3,953
Repurchase Agreements - Principal	419	(313)	-	(106)	-
Banks and other Financial Institutions - principal	95,552	(21,481)	-	(*) 6,992	81,063
Notes - principal	55,171	18,454	-	(3,303)	70,322
NDF	510	(1,831)	-	1,848	527
For Acquisition of Equipment	5,705	883	-	28	6,616
Interest Accrued and Related Expenses	36,352	(19,195)	13,974	6,588	37,719
Total Current and Non-Current Financial Debt (Note 14)	**206,928**	**(30,391)**	**13,974**	**9,689**	**200,200**

(*) Includes 249 corresponding to loans granted by CDB (Note 14) which did not represent movements of cash.

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	Balances as of December 31, 2018	Cash flows	Accrual of interest	Exchange Differences and effect of currency translation and other	Balances as of December 31, 2019
Bank Overdraft	4,766	10,924	-	(2,471)	13,219
Repurchase Agreements - Principal	-	419	-	-	419
Banks and other Financial Institutions - principal	115,996	(27,989)	-	7,545	95,552
Notes - principal	33,669	26,498	-	(4,996)	55,171
NDF	209	(1,195)	-	1,496	510
For Acquisition of Equipment	4,354	1,344	-	7	5,705
Interest Accrued and Related Expenses	24,240	(14,212)	16,647	9,677	36,352
Total Current and Non-Current Financial Debt (Note 14)	**183,234**	**(4,211)**	**16,647**	**11,258**	**206,928**

NOTE 6 – TRADE RECEIVABLES

	December 31, 2020	December 31, 2019
Current		
Trade Receivables	28,835	29,280
Contract Asset under IFRS 15	46	164
Companies under Article 33 of General Associations Law No. 19,550, and related parties (Note 29)	165	186
Allowance for Bad Debts	(10,090)	(6,534)
	18,956	**23,096**
Non-Current		
Trade Receivables	53	72
Contract Asset under IFRS 15	6	40
	59	**112**
Total Trade Receivables, Net	**19,015**	**23,208**

The evolution of the allowance for bad debts is as follows:

	December 31, 2020	December 31, 2019
Balances at the beginning of the year	**(6,534)**	(5,547)
Increases - Bad Debts	(10,805)	(8,619)
Uses of the Allowance and Currency Translation (includes Gain (Loss) on Net Monetary Position)	7,249	7,632
Balances at year-end	**(10,090)**	**(6,534)**

NOTE 7 – OTHER RECEIVABLES

	December 31, 2020	December 31, 2019
Current		
Prepaid Expenses	1,555	1,612
Tax Credits	2,778	2,587
Financial NDF (Note 23)	2	222
Companies under Article 33 of General Associations Law No. 19,550, and related parties (Note 29)	150	157
Trade Receivables from Customer Portfolio	28	31
Sundry Receivables	27	16
Other	1,352	1,708
Allowance for Other Debts	(333)	(51)
	5,559	**6,282**
Non-Current		
Prepaid Expenses	166	297
Tax Credits	859	1,170
Regulatory Receivables (Núcleo)	267	283
Trade Receivables from Customer Portfolio	41	85
Sundry Receivables (1)	535	464
Other	266	457
	2,134	**2,756**
Total Other Receivables, Net	**7,693**	**9,038**

The evolution of the allowance for other current receivables is as follows:

	December 31, 2020	December 31, 2019
Balances at the beginning of the year	**(51)**	**(37)**
Increases	(297)	(26)
Decreases (including Gain (Loss) on Net Monetary Position)	15	12
Balances at year-end	**(333)**	**(51)**

NOTE 8 – INVENTORIES

	December 31, 2020	December 31, 2019
Mobile Handsets and Other	2,721	3,160
Inventories for construction projects	1,255	1,530
Subtotal	**3,976**	**4,690**
Allowance for Obsolescence of Inventories	(254)	(317)
	3,722	**4,373**

The evolution of the allowance for Obsolescence of Inventories is as follows:

	December 31, 2020	December 31, 2019
Balances at the beginning of the year	**(317)**	**(279)**
Increases	(17)	(178)
Decreases (including Gain (Loss) on Net Monetary Position)	80	140
Balances at year-end	**(254)**	**(317)**

NOTE 9 – GOODWILL

	December 31, 2020	December 31, 2019
Business in Argentina	237,325	237,325
Foreign Business (1)	1,267	1,411
Total	**238,592**	**238,736**

(1) The decrease compared to the balance as of December 31, 2019 corresponds to the effects of currency translation.

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

	December 31, 2020	December 31, 2019
PP&E before Allowances	324,066	337,825
Allowance for Obsolescence and Impairment of Materials	(2,604)	(2,049)
Allowance for Impairment of PP&E	(812)	(1,092)
	320,650	**334,684**

The evolution of the allowance for Obsolescence and Impairment of Materials is as follows:

	December 31, 2020	December 31, 2019
Balances at the beginning of the year	**(2,049)**	**(753)**
Increases	(562)	(1,296)
Effect of Currency Translation	7	-
Balances at year-end	**(2,604)**	**(2,049)**

The evolution of the allowance for Impairment of PP&E is as follows:

	December 31, 2020	December 31, 2019
Balances at the beginning of the year	**(1,092)**	**(697)**
Increases	(901)	(395)
Allocations	1,181	-
Balances at year-end	**(812)**	**(1,092)**

The following is a detail of the items and evolution of PP&E as of December 31, 2020:

	Acquisition Cost as of December 31, 2019	CAPEX	Effect of Currency Translation	Transfers and Reclassifications	Retirements	Acquisition Cost as of December 31, 2020
Real Property	**48,692**	6	(191)	1,830	(213)	**50,124**
Switching Equipment	**11,784**	435	(802)	835	(10)	**12,242**
Transport and Fixed Network	**193,785**	9,760	(1,142)	15,953	(5,905)	**212,451**
Mobile Network Access	**42,313**	1	(458)	1,850	(73)	**43,633**
Antenna Support Structure	**12,365**	-	(219)	427	(67)	**12,506**
Power Equipment and Installations	**15,289**	295	(226)	1,088	-	**16,446**
Computer Equipment	**47,453**	2,738	(1,236)	11,169	(158)	**59,966**
Goods under Loans for Use	**21,348**	5,480	(328)	11,523	(8,910)	**29,113**
Vehicles	**6,551**	49	(24)	-	(15)	**6,561**
Machinery, Diverse Equipment and Tools	**8,356**	566	(51)	465	-	**9,336**
Other	**1,658**	132	(35)	291	-	**2,046**
Works-In-Progress	**48,613**	13,851	(93)	(23,450)	(197)	**38,724**
Materials	**28,851**	20,128	(106)	(21,981)	-	**26,892**
Total	**487,058**	**53,441**	**(4,911)**	**-**	**(15,548)**	**520,040**

	Accumulated Depreciation as of December 31, 2019	Depreciation for the year	Effect of Currency Translation	Retirements and Reclassifications	Accumulated Depreciation as of December 31, 2020	Net carrying value as of December 31, 2020
Real Property	**(6,549)**	(2,163)	156	**116**	**(8,440)**	41,684
Switching Equipment	**(6,159)**	(2,450)	743	**7**	**(7,859)**	4,383
Transport and Fixed Network	**(71,273)**	(29,408)	494	**5,864**	**(94,323)**	118,128
Mobile Network Access	**(14,061)**	(5,787)	643	**40**	**(19,165)**	24,468
Antenna Support Structure	**(3,558)**	(1,061)	156	**31**	**(4,432)**	8,074
Power Equipment and Installations	**(4,875)**	(2,204)	170	**-**	**(6,909)**	9,537
Computer Equipment	**(25,126)**	(9,805)	1,123	**135**	**(33,673)**	26,293
Goods under Loans for Use	**(5,978)**	(11,180)	283	**8,910**	**(7,965)**	21,148
Vehicles	**(4,013)**	(760)	19	**9**	**(4,745)**	1,816
Machinery, Diverse Equipment and Tools	**(6,772)**	(605)	31	**-**	**(7,346)**	1,990
Other	**(869)**	(282)	32	**2**	**(1,117)**	929
Works-In-Progress	**-**	-	-	**-**	**-**	38,724
Materials	**-**	-	-	**-**	**-**	26,892
Total	**(149,233)**	**(65,705)**	**3,850**	**15,114**	**(195,974)**	**324,066**

The following is a detail of the items and evolution of PP&E as of December 31, 2019:

	Acquisition Cost as of December 31, 2018	CAPEX	Effect of Currency Translation	Transfers and Reclassifications	Retirements	Acquisition Cost as of December 31, 2019
Real Property	**47,371**	29	(19)	1,442	(131)	**48,692**
Switching Equipment	**10,689**	471	320	334	(30)	**11,784**
Transport and Fixed Network	**175,432**	9,875	(359)	18,570	(9,733)	**193,785**
Mobile Network Access	**34,593**	23	133	7,700	(136)	**42,313**
Antenna Support Structure	**10,883**	-	27	1,470	(15)	**12,365**
Power Equipment and Installations	**13,423**	56	45	1,766	(1)	**15,289**
Computer Equipment	**32,767**	1,212	575	12,992	(93)	**47,453**
Goods under Loans for Use	**15,676**	3,353	159	10,947	(8,787)	**21,348**
Vehicles	**6,250**	329	(5)	-	(23)	**6,551**
Machinery, Diverse Equipment and Tools	**9,375**	352	(25)	643	(1,989)	**8,356**
Other	**1,808**	5	-	105	(260)	**1,658**
Works-In-Progress	**36,118**	36,342	(90)	(23,687)	(70)	**48,613**
Materials	**26,375**	34,897	(139)	(32,282)	-	**28,851**
Total	**420,760**	**86,944**	**622**	**-**	**(21,268)**	**487,058**

	Accumulated Depreciation as of December 31, 2018	Depreciation for the year	Effect of Currency Translation	Retirements and Reclassifications	Accumulated Depreciation as of December 31, 2019	Net carrying value as of December 31, 2019
Real Property	**(4,597)**	(2,001)	3	46	**(6,549)**	**42,143**
Switching Equipment	**(3,589)**	(2,227)	(362)	19	**(6,159)**	**5,625**
Transport and Fixed Network	**(52,453)**	(28,566)	23	9,723	**(71,273)**	**122,512**
Mobile Network Access	**(6,834)**	(7,026)	(238)	37	**(14,061)**	**28,252**
Antenna Support Structure	**(1,995)**	(1,499)	(72)	8	**(3,558)**	**8,807**
Power Equipment and Installations	**(2,551)**	(2,248)	(76)	-	**(4,875)**	**10,414**
Computer Equipment	**(16,263)**	(8,294)	(647)	78	**(25,126)**	**22,327**
Goods under Loans for Use	**(4,231)**	(10,374)	(158)	8,785	**(5,978)**	**15,370**
Vehicles	**(3,144)**	(885)	12	4	**(4,013)**	**2,538**
Machinery, Diverse Equipment and Tools	**(8,244)**	(524)	7	1,989	**(6,772)**	**1,584**
Other	**(824)**	(305)	-	260	**(869)**	**789**
Works-In-Progress	**-**	-	-	-	**-**	**48,613**
Materials	**-**	-	-	-	**-**	**28,851**
Total	**(104,725)**	**(63,949)**	**(1,508)**	**20,949**	**(149,233)**	**337,825**

NOTE 11 - INTANGIBLE ASSETS

	December 31, 2020	December 31, 2019
Intangible Assets before Allowances	109,956	118,389
Allowance for Impairment	(6,236)	(6,317)
	103,720	**112,072**

The evolution of the allowance for impairment of intangible assets is as follows:

	December 31, 2020	December 31, 2019
Balances at the beginning of the year	**(6,317)**	**(3,400)**
Increases	(215)	(2,917)
Decreases	296	-
Balances at year-end	**(6,236)**	**(6,317)**

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Supervisory Committee

The following is a detail of the items and evolution of Intangible Assets as of December 31, 2020:

	Acquisition Cost as of December 31, 2019	CAPEX	Effect of Currency Translation	Retirements	Acquisition Cost as of December 31, 2020
3G/4G Licenses	46,564	-	-	-	46,564
PCS license (Argentina)	22,070	-	-	-	22,070
Núcleo Licenses	5,413	-	(78)	-	5,335
Customer Portfolio	29,497	-	(20)	(21)	29,456
Brands	27,289	-	-	-	27,289
Incremental Costs from the Acquisition of Contracts	5,021	1,764	(15)	(1,538)	5,232
Other	3,351	527	(4)	-	3,874
Total	**139,205**	**2,291**	**(117)**	**(1,559)**	**139,820**

	Accumulated Amortization as of December 31, 2019	Amortization for the year	Effect of Currency Translation	Retirements	Accumulated Amortization as of December 31, 2020	Net carrying value as of December 31, 2020
3G/4G Licenses	(5,838)	(3,183)	-	-	(9,021)	**37,543**
PCS license (Argentina)	-	-	-	-	-	**22,070**
Núcleo Licenses	(380)	(175)	6	-	(549)	**4,786**
Customer Portfolio	(9,508)	(4,676)	4	19	(14,161)	**15,295**
Brands	(3)	-	-	3	-	**27,289**
Incremental Costs from the Acquisition of Contracts	(2,879)	(2,216)	3	1,537	(3,555)	**1,677**
Other	(2,208)	(377)	7	-	(2,578)	**1,296**
Total	**(20,816)**	**(10,627)**	**20**	**1,559**	**(29,864)**	**109,956**

The following is a detail of the items and evolution of Intangible Assets as of December 31, 2019:

	Acquisition Cost as of December 31, 2018	CAPEX	Effect of Currency Translation	Retirements	Acquisition Cost as of December 31, 2019
3G/4G Licenses	**46,550**	14	-	-	**46,564**
PCS license (Argentina)	**22,070**	-	-	-	**22,070**
Núcleo Licenses	**5,442**	5	(34)	-	**5,413**
Customer Portfolio	**31,906**	-	7	(2,416)	**29,497**
Brands	**27,289**	-	-	-	**27,289**
Incremental Costs from the Acquisition of Contracts	**2,837**	2,192	(8)	-	**5,021**
Other	**3,426**	1	-	(76)	**3,351**
Total	**139,520**	**2,212**	**(35)**	**(2,492)**	**139,205**

	Accumulated Amortization as of December 31, 2018	Amortization for the year	Effect of Currency Translation	Retirements	Accumulated Amortization as of December 31, 2019	Net carrying value as of December 31, 2019
3G/4G Licenses	**(2,655)**	(3,183)	-	-	**(5,838)**	**40,726**
PCS license (Argentina)	**-**	-	-	-	**-**	**22,070**
Núcleo Licenses	**(154)**	(188)	(38)	-	**(380)**	**5,033**
Customer Portfolio	**(6,435)**	(5,467)	(22)	2,416	**(9,508)**	**19,989**
Brands	**(3)**	-	-	-	**(3)**	**27,286**
Incremental Costs from the Acquisition of Contracts	**(822)**	(2,057)	-	-	**(2,879)**	**2,142**
Other	**(1,919)**	(351)	(3)	65	**(2,208)**	**1,143**
Total	**(11,988)**	**(11,246)**	**(63)**	**2,481**	**(20,816)**	**118,389**

NOTE 12 – RIGHT-OF-USE ASSETS

The following is a detail of the items and evolution of right-of-use assets as of December 31, 2020:

	Acquisition Cost as of December 31, 2019	Additions	Effect of Currency Translation	Retirements	Acquisition Cost as of December 31, 2020
Rights of Use from Leases [a]					
Sites	**11,976**	5,094	(80)	(307)	**16,683**
Buildings and Other	**3,443**	1,794	(19)	(92)	**5,126**
Poles	**812**	1,797	(18)	-	**2,591**
Irrevocable Rights of Use	**1,127**	72	(9)	-	**1,190**
Asset Retirement Obligations	**456**	2,261	1	(69)	**2,649**
Total	**17,814**	**11,018**	**(125)**	**(468)**	**28,239**

(a) In order to calculate the figures mentioned above, the Company used real discount rates of 11% on average in Argentine Pesos and of 6.4% in US$.

	Accumulated Amortization as of December 31, 2019	Amortization for the year	Effect of Currency Translation	Retirements	Accumulated Amortization as of December 31, 2020	Net carrying value as of December 31, 2020
Rights of Use from Leases						
Sites	(2,972)	(3,773)	22	139	(6,584)	**10,099**
Buildings and Other	(963)	(1,233)	5	58	(2,133)	**2,993**
Poles	(517)	(673)	3	-	(1,187)	**1,404**
Irrevocable Rights of Use	(315)	(128)	5	-	(438)	**752**
Asset Retirement Obligations	(115)	(63)	1	52	(125)	**2,524**
Total	**(4,882)**	**(5,870)**	**36**	**249**	**(10,467)**	**17,772**

The following is a detail of the items and evolution of right-of-use assets as of December 31, 2019:

	Acquisition Cost as of December 31, 2018	Addition upon adoption of IFRS 16	Additions	Effect of Currency Translation	Retirements	Acquisition Cost as of December 31, 2019
Rights of Use from Leases [b]						
Sites	-	6,644	5,481	(41)	(108)	11,976
Buildings and Other	-	2,103	1,573	(14)	(219)	3,443
Poles	-	634	188	(10)	-	812
Irrevocable Rights of Use	1,145	-	-	(8)	(10)	1,127
Asset Retirement Obligations	417	-	78	9	(48)	456
Total	**1,562**	**9,381**	**7,320**	**(64)**	**(385)**	**17,814**

(b) In order to calculate the figures mentioned above, the Company used real discount rates of 11% on average in Argentine Pesos and between 5% and 7% in US$.

	Accumulated Amortization as of December 31, 2018	Amortization for the year	Effect of Currency Translation	Retirements	Accumulated Amortization as of December 31, 2019	Net carrying value as of December 31, 2019
Rights of Use from Leases						
Sites	-	(2,984)	(18)	30	(2,972)	**9,004**
Buildings and Other	-	(1,053)	(5)	95	(963)	**2,480**
Poles	-	(515)	(2)	-	(517)	**295**
Irrevocable Rights of Use	(203)	(116)	(6)	10	(315)	**812**
Asset Retirement Obligations	(80)	(68)	(15)	48	(115)	**341**
Total	**(283)**	**(4,736)**	**(46)**	**183**	**(4,882)**	**12,932**

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Supervisory Committee

NOTE 13 - Accounts Payable

Current	**December 31, 2020**	**December 31, 2019**
Suppliers and Trade Provisions	38,449	42,320
Companies under Article 33 of General Associations Law No. 19,550, and related parties (Note 29)	913	1,208
	39,362	**43,528**
Non-Current		
Suppliers and Trade Provisions	2,448	3,206
	2,448	**3,206**
Total Accounts Payable	**41,810**	**46,734**

NOTE 14 – FINANCIAL DEBT

	December 31, 2020	**December 31, 2019**
Current		
Bank Overdraft - Principal	3,953	13,219
Repurchase Agreements - Principal	-	419
Banks and other Financial Institutions - principal	7,618	18,379
Notes - principal	13,789	-
NDF (Note 23)	516	491
For Acquisition of Equipment	2,456	2,042
Interest Accrued and Related Expenses	13,270	13,481
	41,602	**48,031**
Non-Current		
Notes - principal	56,533	55,171
Banks and other Financial Institutions - principal	73,445	77,173
NDF (net of debt issuance expenses - Note 23)	11	19
For Acquisition of Equipment	4,160	3,663
Interest Accrued and Related Expenses	24,449	22,871
	158,598	**158,897**
Total Debt	**200,200**	**206,928**

Most of the financial debt executed by the Company has ratio covenants that are normal for this type of agreements. As of December 31, 2020, Telecom has complied with such ratios.

The following is a detail of the main loan agreements in effect as of the date of these consolidated financial statements.

Telecom Argentina

Global Notes Programs

On December 28, 2017, Telecom Argentina held an Ordinary General Shareholders' Meeting at which its shareholders approved a Global Notes Program for an aggregate amount of up to US$ 3,000 million or its equivalent in other currencies. The shareholders also vested in the Board of Directors the power to determine and amend the terms and conditions of the Program as well as to decide on the time of each issuance. On April 19, 2018, the CNV authorized the Program through Resolution No. 19,481.

Within the framework of the above-mentioned Program, Telecom Argentina has issued several series of notes in Argentine Pesos and US dollars, which are described below.

- ***Class 1 Notes in US dollars***

In July 2019, Telecom informed the CNV about the resumption of the Notes placement period for a nominal value of US$ 300 million, which may be extended to US$ 500 million. The funds thus obtained were used to refinance liabilities, including the use of up to US$ 250 million to refinance the Class "A" Notes due in 2021 (See "Class 5 Notes- Renegotiation of Financial Debt in Foreign Currency").

The following is a detail of the amount of Notes actually issued and their main characteristics:

Issuance Date: 07/18/2019.
Amount Issued: US$400 million (approximately $ 17,148 million as of the issuance date).
Maturity Date: 07/18/2026.
Repayment: Principal will be repaid in one installment in an amount equal to 100% of the aggregate principal, at maturity.
Interest Rate: the notes accrue interest on a semi-annual basis as from the Issuance Date until the Maturity Date, at a fixed annual rate of 8.00%.
Interest Payment Date: Interest will be paid on a semi-annual basis as from the Issuance Date. The last interest payment date will be the Maturity Date.

Telecom received a disbursement of US$ 392.36 million (because U$S 2.4 million was deducted from such amount due to debt issuance expenses and U$S 5.24 million corresponding to below par issuance), equivalent to $16,820 million as of the date of disbursement. It used US$ 34.2 million to repurchase the Class "A" Notes due in 2021 (See "Class 5 Notes - Renegotiation of Financial Debt in Foreign Currency") and US$ 100 million for the partial prepayment of the Term Loan, which was settled on July 25, 2019.

The outstanding balance under the above-mentioned notes as of December 31, 2020 amounts to US$406.7 million equivalent to $34,221 million.

- ***Class 3 and Class 4 Notes in Argentine Pesos***

On January 23, 2020, Telecom informed the CNV about the resumption of the placement period of the Notes in two series for an aggregate nominal value of $ 1,500 million, which may be extended to $ 5,000 million. The following is a detail of the amount of Notes actually issued and their main characteristics:

✓ **Class 3 Notes**

Issuance Date: 01/31/2020.
Amount Issued: $ 3,196,524,154.
Maturity Date: 01/31/2021.
Repayment: Principal will be repaid in one installment in an amount equal to 100% of the aggregate principal, at maturity.
Interest Rate and Payment Date: the notes accrue interest on a quarterly basis as from the Issuance Date until the Maturity Date, at a variable rate equivalent to BADLAR plus a margin of 4.75% per annum. Interest will be paid on a quarterly basis and the last interest payment date will be the maturity date.

✓ **Class 4 Notes**

Issuance Date: 01/31/2020.
Amount Issued: $ 1,200,229,180.
Maturity Date: 07/31/2021.
Repayment: Principal will be repaid in one installment in an amount equal to 100% of the aggregate principal, at maturity.
Interest Rate and Payment Date: the notes accrue interest on a quarterly basis as from the Issuance Date until the Maturity Date, at a variable rate equivalent to BADLAR plus a margin of 5.25% per annum. Interest will be paid on a quarterly basis and the last interest payment date will be the maturity date.

Telecom received a disbursement of $4,374 million because debt issuance expenses in the amount $23 million were deducted from the initial disbursement (figures stated at the rate prevailing on the transaction date).

During November and December 2020, Telecom repurchased the Class 3 Notes for approximately $86.0 million (nominal value). These transactions were executed at the quoted market price prevailing on each repurchase date, which did not significantly differ from the book value as of that date.

The outstanding balance under the above-mentioned Notes as of December 31, 2020 amounts to $3,303 million in the case of Series 3 Notes, and $1,274 million in the case of Series 4 Notes.

During January 2021, Telecom repurchased approximately $150.0 million (nominal value) corresponding to Class 3 Notes. These transactions were executed at the quoted market price prevailing on each repurchase date, which did not significantly differ from the book value as of that date.

On the maturity date of Class 3 Notes, Telecom settled $3,249 million ($2,961 million corresponds to principal and $288 million corresponds to interest accrued thereon).

- ***Class 5 Notes - Renegotiation of Financial Debt in Foreign Currency***

Within the framework of its ongoing policy of optimizing the terms, rates and structure of its financial liabilities, on August 6, 2020, Telecom refinanced a portion of its financial debt through the issuance of Class 5 Notes. Their main characteristics are detailed below:

a) Class 5 Notes

Issuance Date: 08/06/2020.
Amount Issued: US$388.9 million (approximately $28,273 million as of the date of issuance), of which US$253.5 million corresponds to instruments to be paid in kind through the delivery of Class "A" Notes as described in item b) below and US$135.4 million corresponds to instruments paid in cash.
Maturity Date: 08/06/2025.
Repayment: 3% of principal will be repaid on February 6, 2023, 30% on August 6, 2023, 33% on August 6, 2024, and 34% on August 6, 2025.
Interest Rate and Payment Date: the notes accrue interest on a semi-annual basis as from the Issuance Date until the Maturity Date, at a fixed annual rate of 8.50%. Interest will be paid on a semi-annual basis and the last interest payment date will be the Maturity Date.
Payment Method: Class 5 Notes may be paid, at the investor's choice, in cash in US dollars or in kind through the delivery of Class "A" Notes due in 2021. The net cash proceeds of the Class 5 Notes were allocated to the repayment of the loan executed with Deutsche Bank AG, London Branch, mentioned in item c) below. The Class A Notes delivered for the subscription in kind of Class 5 Notes were settled by Telecom.

The outstanding balance under these notes as of December 31, 2020 amounts to US$413.8 million, equivalent to $34,818 million.

b) Outstanding Class "A" Notes (the "Class "A" Notes") at fixed rate due in 2021

On April 20, 2016, at the Annual General Ordinary and Extraordinary Shareholders' Meeting of Cablevisión, the shareholders approved, among other matters, the extension of the authorization of the Global Program [for the Issuance of] Notes, which had been granted at the Annual General Ordinary and Extraordinary Shareholders' Meeting of Cablevisión on April 28, 2014, increasing the maximum amount of the outstanding notes that may be issued under this Program from a nominal value outstanding at any time of US$ 500,000,000 (or its equivalent in other currencies) to US$ 1,000,000,000 (or its equivalent in other currencies), granting broad powers to the Board of Directors.

On June 1, 2016, the Board of Directors of Cablevisión authorized the issuance of Class "A" Notes for a nominal value of US$ 500,000,000, at a fixed annual nominal interest rate of 6.50%, payable semi-annually, with final maturity in June 2021.

As a result of the merger between Telecom and Cablevisión, the Notes were assumed by the Company on January 1, 2018. To such effect, Telecom Argentina as successor of Cablevisión, Deutsche Bank Trust Company Americas, as Residuary Beneficiary of the trust and Banco Comafi S.A., as the representative of the Residuary Beneficiary in Argentina, entered into a supplement to the Indenture formalizing the absorption of the Class "A" Notes by Telecom Argentina.

On July 10, 2019, Telecom made a repurchase offer of the Class "A" Notes for up to US$200 million subject to certain terms and conditions. The total consideration offered for each US$1,000 of nominal value under the offer was of US$997.50 plus accrued interest. The call option ended on August 9, 2019. As a result of the offer, Telecom repaid an aggregate amount of US$34.2 million of Class "A" Notes (US$30.4 million on July 25, 2019 and US$3.8 million on August 14, 2019.)

Until December 31, 2019, Telecom had repurchased approximately US$0.5 million (nominal value) of the Class "A" Notes. These transactions were executed at the quoted market price prevailing on each repurchase date, which did not significantly differ from the book value as of that date.

On July 7, 2020, Telecom started the public placement process of the Class 5 Notes, for the purpose of refinancing the Class "A" Notes and the loan executed with Deutsche Bank AG, London Branch, mentioned in point c) below, together with a consent solicitation for the amendment of certain terms and conditions of the Class "A" Notes. The Class "A" noteholders that chose to deliver these Class "A" Notes for the payment in kind of the Class 5 Notes received, for each US$1,000 of Class "A" Notes delivered to Telecom: i) US$700 principal amount of Class 5 Notes and ii) US$320 in cash (see Agreement with TMF Trust Company in this note). Pursuant to the terms of the offer, the nominal value of Class "A" Notes delivered to Telecom for the payment in kind of Class 5 Notes amounted to US$ 362.2 million (approximately 77.74% of the total outstanding Class "A" Notes at that time), which were settled and retired.

The remaining nominal value of the outstanding Class "A" Notes as of December 31, 2020 amounted to US$103.4 million, equivalent to $8,704 million.

c) Loan with Deutsche Bank

On November 8, 2018, Telecom was informed that Deutsche Bank AG, London Branch, as arranger of a bank syndicate, had accepted a loan offer for up to US$ 200 million (which could be increased up to US$ 300 million.) On November 14, 2018, Telecom was informed that Deutsche Bank AG, London Branch, had approved the increase of the loan offer by U$S100 million.

The loan has a term of 42 months as from the date of the initial disbursement and will accrue interest at an initial annual rate equivalent to LIBOR + 4.5%, payable in arrears on a quarterly basis. Principal shall be repaid in 6 equal consecutive semi-annual installments equivalent to 12.5% of the amount of disbursed principal and a final payment on the maturity date equivalent to 25% of the original disbursement.

The funds from the loan were solely used by Telecom for the partial repayment of the Syndicated Loan.

On August 6, 2020, Telecom repaid in full the bank loan executed with Deutsche Bank AG, London Branch, which had an outstanding principal amount of approximately US$ 187.5 million, including interest accrued as of that date and related expenses, with the cash proceeds from the subscription of Class 5 Notes mentioned above and the payment in cash made by the Trust (see "Agreement with TMF Trust Company" in this Note).

As a consequence of this renegotiation of debt, Telecom recognized a loss of $2,669 million, which is included in Renegotiation of Financial Debt under Financial Results.

- ***Class 6 and Class 7 Notes in Argentine Pesos***

On December 2, 2020, Telecom offered the subscription of Notes in two series for an aggregate nominal value of $ 1,500 million, which may be extended to $ 10,000 million. The following is a detail of the amount of Notes actually issued and their main characteristics:

- ✓ **Class 6 Notes**

Issuance Date: 12/10/2020.
Amount Issued: $ 1,928,950,000.
Maturity Date: 12/10/2021.
Repayment: Principal will be repaid in one installment in an amount equal to 100% of the aggregate principal, at maturity.
Interest Rate and Payment Date: the notes accrue interest on a quarterly basis as from the Issuance Date until the Maturity Date, at a variable rate equivalent to BADLAR plus a margin of 2.25% per annum. Interest will be paid on a quarterly basis and the last interest payment date will be the maturity date.

- ✓ **Class 7 Notes**

Issuance Date: 12/10/2020.
Amount Issued: 125,248,683 UPP (Unit of purchasing power), equivalent to $7,786,710,622 as of the issuance date.
Maturity Date: 12/10/2023.
Repayment: Principal will be repaid in one installment in an amount equal to 100% of the aggregate principal, at maturity.
Interest Rate and Payment Date: the notes accrue interest on a quarterly basis as from the Issuance Date until the Maturity Date, at a fixed annual rate of 3 %. Interest will be paid on a quarterly basis and the last interest payment date will be the maturity date.

Telecom received a disbursement of $9,671 million because debt issuance expenses in the amount $45 million were deducted from the initial disbursement (figures stated at the rate prevailing on the transaction date).

The outstanding balance under the above-mentioned Notes as of December 31, 2020 amounts to $1,957 million in the case of Series 6 Notes, and $8,015 million in the case of Series 7 Notes.

Banks and other Financial Institutions

Telecom Argentina

Loans with the International Finance Corporation ("IFC")

On July 5, 2016, Personal, a company absorbed by Telecom, accepted an offer from the IFC (member of World Bank Group) for the assessment and transfer of funds to finance investment needs, working capital and debt refinancing. On October 5, 2016, Personal and the IFC signed the loan agreement ("IFC Loan") for an amount of US$ 400 million and for a six-year period, payable in eight equal semi-annual installments starting on the 30th month, with a six-month LIBO rate + 400bp. This loan was used to deploy the 4G network and refinance short-term financial liabilities. The loan terms include standard affirmative and negative covenants for this type of financial transactions.

On March 4, 2019, Telecom executed a new loan agreement with IFC for up to US$ 450 million, as requested by Telecom in one or more disbursements (the "Loan".) The Loan has a tranche "A", a tranche "B-1", a tranche "B-2", a tranche "B-3" and a tranche "B-4", which will accrue interest payable in arrears on a semi-annual basis at an annual rate equivalent to LIBOR plus the following margins: 4.85 percentage points in the case of Tranche A, Tranche B-2 and Tranche B-4, and 4.60 percentage points in the case of

Tranche B-1 and Tranche B-3. The principal disbursed will be repaid as follows: Tranche A, Tranche B-2, and Tranche B-4 payable in 8 equal and consecutive semi-annual installments as from February 2021, with final maturity in August 2024 and Tranche B-1 and Tranche B-3 payable in 6 equal and consecutive semi-annual installments as from February 2021, with final maturity in August 2023. The funds from the loan were used to finance capital expenditures in 2019.

On March 18, 2019, Telecom received a disbursement for a total of US$ 290 million (US$ 285.5 million was credited because debt issuance expenses in the amount US$ 4.5 million were deducted from the initial disbursement), under the loan agreement executed on March 4, 2019 with the IFC for an aggregate amount of up to US$ 450 million. The US$290 million disbursement is divided in two Tranches: a) a US$ 160 million disbursement, which accrues interest payable in arrears on a semi-annual basis at an annual rate equivalent to LIBOR plus 4.85 percentage points payable in 8 equal and consecutive semi-annual installments as from February 2021, with final maturity in August 2024; and b) a US$130 million disbursement that accrues interest payable in arrears on a semi-annual basis at an annual rate equivalent to LIBOR plus 4.60 percentage points payable in 6 equal and consecutive semi-annual installments as from February 2021, with final maturity in August 2023.

On April 25, 2019, Telecom received an additional disbursement for a total of US$ 20 million that accrues interest payable in arrears on a semi-annual basis at an annual rate equivalent to LIBOR plus 4.85 percentage points payable in 8 equal and consecutive semi-annual installments as from February 2021, with final maturity in August 2024.

On September 22, 2020, Telecom refinanced the above-mentioned loans and agreed to amend the payment schedule of all payments of principal that fell due during the last quarter of 2020 and throughout 2021, deferring 85% of such payments for a period between 24 and 48 months, and prepaying the remaining 15% together with accrued interest and other related expenses (see Agreement with TMF Trust Company of this Note). As a consequence of this renegotiation, Telecom recognized a loss of $525 million, which is included in Renegotiation of Financial Debt under Financial Results.

The outstanding balance under those agreements as of December 31, 2020 amounts to US$487.3 million, equivalent to $41,006 million.

Loans with the Inter-American Development Bank (“IDB”)

On April 7, 2017, Personal and the Inter-American Investment Corporation (“IIC”, member of the IDB Group), signed a loan agreement for an amount of US$ 100 million maturing in September 2022, payable in eight equal semi-annual installments starting on the 24th month, with a six-month LIBO rate + 400bp. The funds of this loan were allocated to deploy the 4G network and to finance working capital and other financial needs. The loan terms include standard affirmative and negative covenants for this type of financial transactions.

On May 29, 2019, Telecom executed a loan agreement with the Inter-American Development Bank (IDB Invest) for an aggregate amount of up to U$S300 million. On June 7, 2019, Telecom received a disbursement of an aggregate US$ 75 million (US$ 74.15 million was credited because debt issuance expenses in the amount US$ 0.85 million were deducted from the initial disbursement). The loan, which accrues interest, is payable in arrears on a semi-annual basis at an annual rate equivalent to LIBOR plus 4.90 percentage points payable in 10 equal and consecutive semi-annual installments as from November 2021, with final maturity in May 2026.

On July 11, 2019, Telecom received an additional disbursement for a total of US$ 25 million (US$ 24.55 million was credited because debt issuance expenses in the amount US$ 0.45 million were deducted from the initial disbursement.) that accrues interest payable in arrears on a semi-annual basis at an annual rate equivalent to LIBOR plus 4.60 percentage points payable in 6 equal and consecutive semi-annual installments as from May 2021, with final maturity in November 2023.

On February 4, 2020, Telecom executed a supplement to the original agreement with IDB Invest for an aggregate amount of US$125 million broken down as follows: i) the first tranche for U$S50 million due on November 15, 2023, which accrues interest at LIBOR plus 4,6 percentage points, payable in 8 semi-annual consecutive installments as from May 2020 and ii) the second tranche for US$75 million due on November 15, 2022, which accrues interest at LIBOR plus a variable spread of 7 to 7.75 percentage points, payable in 6 semi-annual consecutive installments as from May 2020. Telecom received a disbursement of US$123.4 million because debt issuance expenses in the amount US$1.6 million were deducted.

On April 7, 2020, Telecom received a new disbursement for an aggregate of US$25 million due on November 15, 2022. Telecom received US$24.6 million because debt issuance expenses in the amount US$0.4 million were deducted.

On September 22, 2020, Telecom refinanced the above-mentioned loans and agreed to amend the payment schedule of all payments of principal that fell due during the last quarter of 2020 and throughout 2021, deferring 85% of such payments for a period between 24 and 66 months, and prepaying the remaining 15% together with accrued interest and other related expenses (see Agreement with TMF Trust Company in this Note). As a result of this refinancing, Telecom recognized a loss of $250 million, which is included in Renegotiation of Financial Debt under Financial Results.

The outstanding balance as of December 31, 2020 under those agreements amounts to US$288.9 million, equivalent to $24,314 million.

Agreement with TMF Trust Company

In order to meet the obligations arising from the renegotiations of financial debts undertaken by Telecom, which involve significant cash payments, on July 15, 2020, Telecom entered into a management trust agreement with TMF Trust Company (Uruguay), in its capacity as trustee, for the provision of funds and the management of such payments.

In accordance with the above, towards the end of July 2020, Telecom disbursed to the trust an aggregate amount of US$ 273 million. The Trust made the following cash payments during the third quarter of 2020:

a. US$ 120.2 million to the holders of Class “A” Notes to pay the cash consideration for refinancing the Class “A” Notes, interest accrued as of the settlement date and related expenses.
b. US$62.4 million as a partial repayment of the loan with Deutsche Bank AG including interest accrued as of the repayment date and related expenses
c. US$30.9 million in accordance with the terms of the amendments of the loans executed with IFC including accrued interest, prepayment premiums, and other related expenses
d. US$13.4 million in accordance with the terms of the amendments of the loans executed with IDB including accrued interest, prepayment premiums, and other related expenses

On November 5, 2020, the Trust’s Management Committee notified the Trustee that, since the purpose of the Trust had been fulfilled, its objectives had been accomplished and the outstanding expenses borne by the trust had been paid, the Trust was deemed terminated. In addition, pursuant to the terms of the agreement, the Trustee was instructed to transfer the remaining Trust Assets in accordance with the instructions provided by the Trust’s Management Committee, after deducting a minimum amount to pay for future expenses to be incurred in connection with the termination and settlement of the Trust. On that date, the Trust transferred the remaining Trust Assets: US Treasury Bills in the amount of US$45,5 million to the subsidiary Televisión Dirigida in compliance with pre-existing obligations.

Term Loan

On October 8, 2018, Telecom entered into an agreement (“Term Loan”) with Citibank, N.A., HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, Industrial and Commercial Bank of China Limited, Dubai (DIFC) Branch, JPMorgan Chase Bank, N.A. and Banco Santander, S.A., in their capacity as lenders, Citibank, N.A., HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, Industrial and Commercial Bank of China Limited, Dubai (DIFC) Branch, JPMorgan Chase Bank, N.A. and Banco Santander, S.A., as arrangers, Citibank N.A., as administrative agent, and the branch of Citibank N.A. established in Argentina, as local collateral agent, for up to US$500 million (which may be increased pursuant to the terms and conditions of said agreement) for a 48-month term.

On October 17, 2018, Telecom requested a disbursement of US$500 million. Disbursed principal accrues compensatory interest at an annual rate equivalent to LIBO plus the following margin: 4.50 percentage points during the first year counted as from disbursement, 5.00 percentage points during the second year, and 5.25 percentage points from the second anniversary of the disbursement date until the Maturity Date; and shall be payable in arrears on a quarterly basis.

The following is a detail of the partial prepayments made by Telecom under the “Term Loan” during 2019 and 2020:

- ✓ On March 25, 2019, Telecom settled US$101.4 million (US$ 100 million principal amount and US$ 1.4 million corresponding to interest);
- ✓ On July 25, 2019, Telecom settled US$100.15 million (US$ 100 million principal amount and US$ 0.15 million corresponding to interest);
- ✓ On December 9, 2019, Telecom settled US$50.5 million (US$ 50 million principal amount and US$ 0.5 million corresponding to interest);
- ✓ On February 12, 2020, Telecom settled US$50.3 million (US$ 50 million principal amount and US$ 0.3 million corresponding to interest); and
- ✓ In addition, on March 30, 2020, Telecom settled US$60.8 million (US$ 60 million principal amount and US$ 0.8 million corresponding to interest).

The outstanding balance as of December 31, 2020 amounted to US$140.6 million, equivalent to $11,831 million.

Finnvera

On May 7, 2019, Telecom submitted a proposal for an export credit facility for an amount up to US$ 96 million to the following entities: (i) Banco Santander, S.A. and JPMorgan Chase Bank, N.A., London Branch, as initial lenders, mandated lead arrangers and residual risk guarantors, (ii) JPMorgan Chase Bank, N.A., London Branch, as facility agent and as the ECA bank (iii) Banco Santander, S.A. as documentation bank and (iv) Banco Santander Río S.A. as onshore custody agent, which was accepted on the same date.

The Facility is guaranteed by Finnvera plc, the official export credit agency of Finland, which granted a guarantee in favor of the lenders subject to certain terms and conditions.

The funds will be used to finance up to 85% of the value of certain imported goods and services, the value of certain national goods and services, and the total payment of the applicable premium payable to Finnvera equivalent to 7.82% of the total amount committed by the lenders under the credit facility.

On May 23, 2019, Telecom received a disbursement of an aggregate US$ 36 million (US$ 30.6 million was credited because debt issuance expenses in the amount US$ 2.8 million and US$ 2.6 million corresponding to the first installment were deducted from the initial disbursement). This credit facility accrues interest at a rate equivalent to LIBOR plus 1.04 percentage points payable in 13 consecutive semi-annual installments as from November 2019, with final maturity in November 2025.

On October 25, 2019, Telecom received the second disbursement of an aggregate US$ 11.1 million (US$ 6.4 million was credited because the total premium of the amount committed by the lenders for Tranche “B” in the amount of US$ 4.7 million was deducted from the initial disbursement). This credit facility accrues interest at a rate equivalent to LIBOR plus 1.04 percentage points payable in 14 consecutive semi-annual installments as from May 2020, with final maturity in November 2026.

On December 20, 2019, Telecom received a third disbursement for an aggregate of US$15.3 million. This credit facility accrues interest at a rate equivalent to LIBOR plus 1.04 percentage points payable in 13 consecutive semi-annual installments as from November 2020, with final maturity in November 2026.

On March 5, 2020, Telecom received a fourth disbursement for an aggregate of US$10.5 million. This credit facility accrues interest at a rate equivalent to LIBOR plus 1.04 percentage points payable in 13 consecutive semi-annual installments as from November 2020, with final maturity in November 2026.

On June 18, 2020, Telecom received another disbursement for an aggregate of US$6.8 million. This credit facility accrues interest at a rate equivalent to LIBOR plus 1.04 percentage points payable in 13 consecutive semi-annual installments as from November 2020, with final maturity in November 2026.

On November 7, 2020, Telecom received another disbursement for an aggregate of US$8.5 million. This credit facility accrues interest at a rate equivalent to LIBOR plus 1.04 percentage points payable in 12 consecutive semi-annual installments as from May 2021, with final maturity in November 2026.

On December 18, 2020, Telecom received another disbursement for an aggregate of US$7.7 million. This credit facility accrues interest at a rate equivalent to LIBOR plus 1.04 percentage points payable in 12 consecutive semi-annual installments as from May 2021, with final maturity in November 2026.

The outstanding balance as of December 31, 2020 amounted to US$70.4 million, equivalent to $5,926 million.

Loan with China Development Bank Shenzhen Branch ("CDB")

On December 14, 2020, Telecom and CDB entered into a committed credit facility agreement for an amount of up to RMB 700 million (equivalent to approximately US$100 million), expandable up to RMB 1,400 million, to be structured in various tranches. The increase in the amount shall be subject to the granting of an insurance policy by China Export & Credit Insurance Corporation.

The proceeds from the loan will be used by Telecom to finance its investment plan related to the acquisition of telecommunications equipment.

On December 24, 2020, Telecom subscribed the first tranche for a total amount of RMB 19.6 million, which accrues interest at an annual rate of 6.8%, payable on a semi-annual basis. Principal will be repaid in 11 consecutive semi-annual installments from May 2023 to December 2027.

The outstanding balance as of December 31, 2020 amounts to RMB 16.8 million, equivalent to $ 217 million.

Loan with Banco Macro

On March 16, 2020, Telecom executed a loan agreement with Banco Macro S.A. for an aggregate amount of up to $4,000 million. Principal will be repaid in a lump sum at its maturity on September 16, 2021. The loan accrues interest on a quarterly basis as from the Issuance Date until the Maturity Date, at a variable rate equivalent to BADLAR plus a margin of 6.75% per annum.

The outstanding balance as of December 31, 2020 amounts to $4,045 million.

Loans with Banco ICBC

As a consequence of the merger between Telecom and Cablevisión, Telecom entered into a loan agreement with Banco ICBC S.A. to finance imports for USD5,2 million, which accrues interest at an annual rate of 6% payable on a semi-annual basis. Principal is payable in 8 semi-annual installments. The first installment was due in July 2018 and the last one is due in March 2022.

The outstanding balance as of December 31, 2020 amounted to US$1.97 million, equivalent to $166 million.

On April 13, 2020, Telecom executed a loan agreement with Banco ICBC S.A. for an aggregate amount of $975 million. Principal will be repaid in a lump sum at its maturity on April 13, 2021. The loan accrues interest on a monthly basis as from the Issuance Date until the Maturity Date, at a variable rate equivalent to BADLAR plus a margin of 9.75% per annum.

The outstanding balance as of December 31, 2020 amounts to $991 million.

Loan with Banco Galicia

On May 4, 2020, Telecom executed a loan agreement with Banco Galicia S.A. for an aggregate amount of $ 2,000 million. Principal will be repaid in a lump sum at its maturity on April 29, 2021. The loan accrues interest on a quarterly basis as from the Issuance Date until the Maturity Date, at a variable rate equivalent to BADLAR plus a margin of 7.75% per annum.

The outstanding balance as of December 31, 2020 amounts to $2,129 million.

Other Bank Loans

As of December 31, 2020, Telecom repaid the following bank loans:

a) On January 7, 2020, Telecom made a full repayment of the loan executed with Banco Macro in the amount of US$4.6 million (US$ 4.4 million principal amount and US$ 0.2 million corresponding to interest).

b) On February 6, 2020, Telecom made a full repayment of the loan executed with Banco Itaú to finance imports in the amount of US$1.08 million (US$ 1.07 million principal amount and US$ 0.01 million corresponding to interest).

c) On June 18, 2020, Telecom made a full repayment of the loan executed with Banco Galicia in the amount of US$8.97 million (US$ 8.43 million principal amount and US$ 0.54 million corresponding to interest).

Loans for Acquisition of Equipment

Cisco Systems Capital Corporation

Telecom holds loan agreements for acquisition of Cisco Systems Capital Corporation equipment for a total amount of USD 83.1 million (of which it received USD 33.6 million during 2020). Said agreements have an average maturity of fifty months, with partial repayments, and accrue interest at an average annual rate of 4%.

The outstanding balance as of December 31, 2020 amounted to USD 83.5 million, equivalent to $7,027 million.

Núcleo

Global Notes Program

At the Extraordinary Shareholders' Meeting held on April 24, 2018, the shareholders of Núcleo amended its Bylaws in order to conform to the securities market's regulations and to become a Sociedad Anónima Emisora (Issuing Corporation, SAE, for its Spanish acronym).

On January 4, 2019, Núcleo requested the Paraguayan National Securities Commission and the Bolsa de Valores y Productos de Asunción S.A. the registration of the Global Notes Program which provides for the issuance of notes for up to PYG 500,000,000,000 (approximately $3,200 million at such date) under the conditions to be established by the Board of Directors for each series. On February 5, 2019, the Paraguayan National Securities Commission authorized said Program through Resolution No. 11E/19.

Under such Program, Núcleo issued the following Series of Notes:

Series I
Issuance Date: 03/12/2019.
Amount Issued: PYG 120,000,000,000 (approximately $841 million as of the issuance date).
Maturity Date: 60 months from the Issuance Date.
Repayment: Principal will be repaid in one installment in an amount equal to 100% of the aggregate principal, at maturity (March 11, 2024).
Interest Rate: the notes accrue interest as from the Issuance Date until the Maturity Date, at a fixed annual rate of 9.00 %.
Interest Payment Date: Interest will be paid quarterly in arrears as from the Issuance Date. The last interest payment date will be the Maturity Date.

Series II
Issuance Date: 03/28/2019.
Amount Issued: PYG 30,000,000,000 (approximately $210 million as of the issuance date).
Maturity Date: 60 months from the Issuance Date.
Repayment: Principal will be repaid in one installment in an amount equal to 100% of the aggregate principal, at maturity (March 26, 2024).
Interest Rate: the notes accrue interest as from the Issuance Date until the Maturity Date, at a fixed annual rate of 9.00 %.
Interest Payment Date: Interest will be paid quarterly in arrears as from the Issuance Date. The last interest payment date will be the Maturity Date.

Series III
Issuance Date: 03/12/2020.
Amount Issued: PYG 100,000,000,000 (approximately $948 million as of the issuance date).
Maturity Date: March 11, 2025.
Repayment: Principal will be repaid in one installment in an amount equal to 100% of the aggregate principal, at maturity.
Interest Rate: the notes accrue interest as from the Issuance Date until the Maturity Date, at a fixed annual rate of 8.75 %.
Interest Payment Date: Interest will be paid quarterly in arrears as from the Issuance Date. The last interest payment date will be the Maturity Date.

The outstanding balance as of December 31, 2020 amounts to PYG 250,532,000,000, equivalent to $3,005 million.

Bank Loans

As of December 31, 2020, Núcleo holds loans with different financial entities for PYG 225,600,000,000, equivalent to $2,707 million, which accrue interest at an average rate of 8.2% and have an average amortization term of 4 years.

The terms and conditions of the loans provide for certain events of default which are considered standard for this kind of financial transactions.

NOTE 15 - SALARIES AND SOCIAL SECURITY PAYABLES

	December 31, 2020	December 31, 2019
Current		
Salaries, annual supplementary salary, vacations, bonuses and employers' contributions	13,647	12,565
Termination Benefits	702	981
	14,349	**13,546**
Non-Current		
Termination Benefits	840	1,172
	840	**1,172**
Total Salaries and Social Security Payables	**15,189**	**14,718**

The compensation paid to the Key Senior Management for the fiscal years ended December 31, 2020 and 2019 is detailed in Note 29 iv).

NOTE 16 - DEFERRED INCOME TAX ASSETS / LIABILITIES

The breakdown of net deferred income tax assets and liabilities and tax receivables related to tax reimbursement claims is detailed below:

	December 31, 2020	December 31, 2019
Tax Loss Carryforwards	(11,467)	(11,695)
Allowance for Bad Debts	(2,909)	(2,061)
Provisions for Lawsuits and Other Contingencies	(1,472)	(2,082)
PP&E and Intangible Assets	74,104	70,687
Dividends from Foreign Companies	588	701
Effect of Income Tax Inflation Adjustment	21,340	16,808
Other Deferred Tax Liabilities (Assets), Net	(93)	(76)
Total Deferred Tax Liabilities, Net	**80,091**	**72,282**
Tax Receivables Related to Reimbursement Claims	(882)	(1,184)
Net Deferred Tax Liability	**(*) 79,209**	**71,098**
Deferred Tax Assets, Net	**(465)**	**(453)**
Deferred Tax Liabilities, Net	**79,674**	**71,551**

(*) Includes 82 corresponding to the effects of currency translation on the opening balances of the foreign subsidiaries.

Deferred tax assets from unused tax loss carryforwards are recognized to the extent their realization is probable against future taxable profits. The Company did not recognize deferred tax assets corresponding to tax loss carryforwards for $ 5,327 million, which may be offset against future taxable profits. The following is a detail of the expiration of those unrecognized tax loss carryforwards:

Expiration year	Amount of Tax Loss Carryforward
2022	1,237
2023	4,090

The following is a detail of the expiration dates corresponding to the estimated tax loss carryforwards:

Company	Year in which the tax loss was generated	Amount of the tax loss as of 12/31/2020	Expiration year
Inter Radios	2017	3	2022
Inter Radios	2018	2	2023
Telemás (*)	2019	448	2024
Microsistemas	2020	20	2025
Telecom Argentina	2018	21,368	2023
Telecom Argentina	2019	19,275	2024
Telecom Argentina	2020	4,750	2025
		45,866	

(*) This company is consolidated in the financial statements of Adesol.

See our report dated
March 10, 2021
PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C.A.B.A. Vol. 1 Fol. 17

Pablo San Martín
Supervisory Committee

The breakdown of income tax expense included in the consolidated statement of comprehensive income is the following:

	December 31, 2020 Income (loss)	December 31, 2019 Income (loss)
Tax	(241)	(219)
Deferred Tax	(8,011)	(19,098)
Valuation Allowance	(1)	(37)
Income Tax	**(8,253)**	**(19,354)**

The following is a detail of the reconciliation between income tax charged to net income and the income tax liability that would result from applying the corresponding tax rate on income (loss) before income tax:

	December 31, 2020 Income (loss)	December 31, 2019 Income (loss)
Income (Loss) before Income Tax	2,379	12,295
Permanent Differences - Equity in Earnings from Associates	(496)	255
Permanent Differences – difference in the valuation of the cost of investments in foreign subsidiaries	(6,570)	(14,353)
Permanent Differences - other	(1,447)	3,393
Restatement of Equity and Goodwill and Other in Constant Currency	62,998	96,622
Subtotal	**56,864**	**98,212**
Average effective tax rate	24.60%	26.14%
Income Tax at the Average Effective Tax Rate	**(13,987)**	**(25,682)**
Restatement at Constant Currency of Deferred Income Tax Liabilities and Other	20,698	27,023
Tax loss carryforwards not recognized as deferred tax assets	28	-
Effect of Income Tax Inflation Adjustment	(14,842)	(20,685)
Tax Reimbursement Claim	12	71
Income Tax on Dividends from Foreign Companies	(161)	(44)
Income Tax	**(8,252)**	**(19,317)**

Income Tax - Reimbursement Claims filed with the Tax Authority

Article 10 of Law No. 23,928 and Article 39 of Law No. 24,073 suspended the application of the provisions of Title VI of the Income Tax Law relating to the income tax inflation adjustment since April 1, 1992.

Accordingly, Telecom Argentina assessed its income tax liabilities pursuant to such laws, without considering the income tax inflation adjustment.

After the economic crisis of 2002, many taxpayers began to challenge the legality of the provisions suspending the income tax inflation adjustment. The Argentine Supreme Court issued its decision on the "Candy" case (07/03/2009) in which it stated that particularly for fiscal year 2002 and considering the serious state of disturbance of that year, the taxpayer could demonstrate that not applying the income tax inflation adjustment resulted in confiscatory income tax rates.

More recently, the Argentine Supreme Court applied a similar criterion to the 2010, 2011, 2012 and 2014 fiscal years in the cases brought by "Distribuidora Gas del Centro" (10/14/2014, 6/2/2015, 10/4/2016 and 6/25/2019), among others, enabling the application of income tax inflation adjustment for periods not affected by a severe economic crisis such as the one that took place in 2002.

According to the above-mentioned new judicial precedents of which Telecom learned during 2015, Telecom filed during fiscal years 2015 - 2020, reimbursement claims with the AFIP to claim the full tax overpaid for fiscal years 2009, 2010, 2011, 2012, 2013, 2014 and 2015 for a total estimated amount of $1,261 million plus interest, under the argument that the inability to apply income tax inflation adjustment is confiscatory.

On September 24, 2019, Telecom was served notice of the decisions rendered by AFIP on September 12, 2019 and August 30, 2019, whereby it rejected the reimbursement claims corresponding to fiscal years 2009 and 2010, respectively. In this sense, on November 11, 2019, Telecom was served notice of the decisions rendered by AFIP on October 29, 2019, whereby it rejected the reimbursement claims corresponding to fiscal years 2011 and 2012. For the reasons mentioned above, on October 15, 2019 and on December 3, 2019, Telecom filed four tax reimbursements claims before the National Court of First Instance because Telecom's Management, with the assistance of its tax advisors, considers that the arguments presented in such reimbursement claims follow the same criteria as those considered by the Argentine Supreme Court in the precedents cited above, among others. Therefore, Telecom should obtain a favorable resolution to such claims.

Consequently, the income tax assessed in excess qualifies as a tax credit under IAS 12 and Telecom recorded a non-current tax credit of $882 million as of December 31, 2020. For the measurement and adjustment of the tax credit, Telecom has estimated the amount of the tax assessed in excess for fiscal years 2009 to 2017 by weighing the likelihood of the occurrence of certain variables according to the judicial precedents known as of the date of these financial statements. Telecom's Management will evaluate the Tax Authority's responses to the reimbursement claims filed by Telecom, as well as the evolution of case law on the matter at least on an annual basis, in order to re-assess the tax credit recorded.

NOTE 17 - TAXES PAYABLE

	December 31, 2020	December 31, 2019
Current		
Income Tax (*)	66	48
Other National Taxes	2,887	3,491
Provincial Taxes	407	409
Municipal Taxes	379	562
	3,739	**4,510**
Non-Current		
Other National Taxes		
Provincial Taxes	5	19
	5	**19**
Total Taxes Payable	**3,744**	**4,529**

(*) The breakdown by company is as follows:

		December 31, 2020	December 31, 2019
Núcleo		56	8
Adesol		7	38
AVC Continente Audiovisual		2	1
Cable Imagen		1	1
	(a)	**66**	**48**

(a) Includes (19) corresponding to the effects of currency translation on the opening balances of the foreign subsidiaries.

NOTE 18 - LEASE LIABILITIES

	December 31, 2020	December 31, 2019
Current		
Business in Argentina	3,068	3,194
Foreign Business	268	399
	3,336	**3,593**
Non-Current		
Business in Argentina	6,119	4,107
Foreign Business	847	892
	6,966	**4,999**
Total Lease Liabilities	**10,302**	**8,592**

See our report dated
March 10, 2021
PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C.A.B.A. Vol. 1 Fol. 17

Pablo San Martín
Supervisory Committee

NOTE 19 – OTHER LIABILITIES

	December 31, 2020	December 31, 2019
Current		
Deferred revenues on prepaid credit	1,112	967
Deferred revenues on connection fees and intern. capacity rental	409	423
Deferred Revenues from Construction Projects	-	50
Customer Loyalty Program	4	391
Directors' and Supervisory Committee Members' Fees	14	105
Companies under Article 33 of General Associations Law No. 19,550, and related parties (Note 29)	3	3
Other	553	430
	2,095	**2,369**
Non-Current		
Deferred revenues on connection fees and intern. capacity rental	400	517
Pension Benefits (Note 3.m)	422	446
Customer Loyalty Program	-	641
Other (*)	334	468
	1,156	**2,072**
Total Other Liabilities	**3,251**	**4,441**

The changes in the pension benefits are as follows:

	December 31, 2020	December 31, 2019
Balances at the beginning of the year	**446**	**512**
Service cost (*)	36	39
Interest cost (**)	236	182
Actuarial Results (***)	(135)	(64)
Allocations (****)	(161)	(223)
Balances at year-end	**422**	**446**

(*) Included in Employee Benefit Expenses and Severance Payments.
(**) Included in Other Financial Results, net
(***) Included in Other Comprehensive Income.
(****) Includes Gain (Loss) on Net Monetary Position and (1) and (2) paid in the fiscal years ended December 31, 2020 and 2019, respectively.

NOTE 20 – PROVISIONS

The Group is a party to several civil, tax, commercial, labor and regulatory proceedings and claims that have arisen in the ordinary course of business. In order to determine the proper level of provisions for these contingencies, the Group's Management, based on the opinion of its legal counsel, assesses the likelihood of any adverse judgments or outcomes related to these matters as well as the range of probable losses that may result from the potential outcomes. A determination of the amount of provisions required, if any, is made after careful analysis of each individual case.

The determination of the required provisions may change in the future due to, among other reasons, new developments or unknown facts at the time of the evaluation of the claims or changes as a matter of law or legal interpretation.

Provisions consist of the following:

	Balances as of December 31, 2019	Increases		Reclassifications	Decreases (iii)	Balances as of December 31, 2020
		On Capital Stock (i)	Interest (ii)			
Current						
Lawsuits and Contingencies	**1,622**	2,299	-	1,093	(3,397)	**1,617**
Total Current Provisions	**1,622**	**2,299**	**-**	**1,093**	**(3,397)**	**1,617**
Non-Current						
Lawsuits and Contingencies	**5,440**	711	672	(1,093)	(1,250)	**4,480**
Asset Retirement Obligations	**861**	2,261	244	-	(384)	**2,982**
Total Non-Current Provisions	**6,301**	**2,972**	**916**	**(1,093)**	**(1,634)**	**7,462**
Total Provisions	**7,923**	**5,271**	**916**	**-**	**(iv) (5,031)**	**9,079**

(i) 3,003 charged to other operating costs, 2,261 to right-of-use assets and 7 to other comprehensive income.
(ii) Charged to Other Financial Results, net - Other interest, net and other income from investments
(iii) Includes Gain (Loss) on Net Monetary Position.
(iv) Includes (3,014) corresponding to payments of contingencies and (113) reclassified to Other receivables.

	Balances as of December 31, 2018	Increases		Reclassifications	Decreases (vii)	Balances as of December 31, 2019
		On Capital Stock (v)	Interest (vi)			
Current						
Lawsuits and Contingencies	**1,557**	321	-	1,374	(1,630)	**1,622**
Total Current Provisions	**1,557**	**321**	**-**	**1,374**	**(1,630)**	**1,622**
Non-Current						
Lawsuits and Contingencies	**6,224**	1,599	2,157	(1,374)	(3,166)	**5,440**
Asset Retirement Obligations	**1,039**	75	259	-	(512)	**861**
Total Non-Current Provisions	**7,263**	**1,674**	**2,416**	**(1,374)**	**(3,678)**	**6,301**
Total Provisions	**8,820**	**1,995**	**2,416**	**-**	**(viii) (5,308)**	**7,923**

(v) 1,751 charged to other operating costs, 75 to right-of-use assets, 176 reclassified to Accounts Payable and (7) to Other Comprehensive Income.
(vi) Charged to Other Financial Results, net - Other interest, net and other income from investments
(vii) Includes Gain (Loss) on Net Monetary Position.
(viii) Includes (1,362) corresponding to payments of contingencies.

1. Probable Contingent Liabilities

Below is a summary of the most significant claims and legal actions for which the Company's Management, with the assistance of its legal advisors and the background in each case, has recorded provisions as deemed sufficient:

a) Profit sharing bonds

Various legal actions are brought, mainly by former employees of Telecom Argentina against the Argentine government and Telecom Argentina, requesting that Decree No. 395/92 – which expressly exempted Telefónica and Telecom Argentina from issuing the profit sharing bonds provided in Law No. 23,696 – be struck down as unconstitutional. The plaintiffs also claim the compensation for damages they suffered because such bonds have not been issued.

In August 2008, the Argentine Supreme Court found Decree No. 395/92 unconstitutional when resolving a similar case against Telefónica.

Following the Argentine Supreme Court's decision on this matter, several Courts of Appeals have ruled that Decree No. 395/92 is unconstitutional. As a result, in the opinion of Telecom Argentina's counsel, there is an increased probability that Telecom Argentina will have to face certain contingencies, notwithstanding the reimbursement right to which Telecom Argentina would be entitled against the National Government.

The Supreme Court's decision not only found the above-mentioned Decree unconstitutional, but also ordered that the proceedings be remanded to the court of origin so that such court shall decide which defendant must pay —the licensee and/or the Argentine government— and set the parameters that are to be taken into account in order to quantify the remedies requested (percent of profit sharing, statute of limitations criteria, distribution method between the program beneficiaries, etc). There are no uniform criteria among the Courts in relation to each of these concepts.

On June 9, 2015, in re “Ramollino Silvana c/Telecom Argentina S.A.”, the Argentine Supreme Court ruled that the profit sharing bonds do not apply to employees who joined Telecom Argentina after November 8, 1990 and who were not members of the PPP.

This judicial precedent is consistent with the criterion followed by Telecom Argentina for estimating provisions for these claims, based on the advice of its legal counsel, which considered remote the chances of paying compensation to employees who were not included in the PPP.

Statute of limitations criteria applied to claims: Argentine Supreme Court ruling “Dominguez v. Telefónica de Argentina S.A.”

In December 2013, the Argentine Supreme Court decided a case similar to the above-referred legal actions, “Domínguez v. Telefónica de Argentina S.A”, overturning a lower court ruling that had barred the claim as having exceeded the applicable statute of limitations because ten years had passed since the issuance of Decree No. 395/92.

The Argentine Supreme Court's decision states that the Court of Appeals on Federal Civil and Commercial Matters must hear the case again to consider statute of limitations arguments raised by the appellants that, in the opinion of the Argentine Supreme Court, were not considered by the lower court and are relevant to the resolution of the case.

After the Argentine Supreme Court’s ruling and until the date of issuance of these consolidated financial statements, two chambers of the Court of Appeals on Federal Civil and Commercial Matters have issued opinions interpreting the doctrine developed by the Argentine Supreme Court in its ruling, acknowledging that the statute of limitations must be applied periodically –as from

the date of each balance sheet- but limited to five years; only Chamber III continues to hold, by a majority of votes, that the statute of limitations must not be applied periodically, and instead expired ten years after the issuance of Decree No. 395/92.

Criteria for determining the relevant profit to calculate compensation: ruling of the Court of Appeals on Federal Civil and Commercial Matters in Plenary Session “Parota c/ Estado Nacional y Telefónica de Argentina S.A.”

On February 27, 2014, the Court of Appeals on Federal Civil and Commercial Matters issued its decision in plenary session in the case “Parota, César c/ Estado Nacional”, as a result of a claim filed against Telefónica, ruling: *“that the amount of profit sharing bonds corresponding to former employees of Telefónica de Argentina should be calculated based on the taxable income of Telefónica de Argentina S.A. on which the income tax liability is to be assessed”*.

The Court explained that in order to make such determination: *“it is necessary to clarify that “taxable income” (pre-tax income) means the amount of income subject to the income tax that the company must pay, which generally means gross income, including all revenue obtained during the fiscal year (including contingent or extraordinary revenue), minus all ordinary and extraordinary expenses accrued during such fiscal year.”*

Federación Argentina de las Telecomunicaciones and Other v. Telecom Argentina S.A. on profit sharing

In June 2013, Telecom was served notice of the claim entitled "*Federación Argentina de las Telecomunicaciones* and Other v. Telecom Argentina S.A. on profit sharing." The lawsuit was filed by four unions claiming the issuance of profit sharing bonds (hereinafter "the bonds") for future periods and for periods for which the statute of limitations is not expired. To enforce this claim, the plaintiffs have requested that the court declare that Decree No. 395/92 is unconstitutional.

This collective lawsuit is for an unspecified amount. The plaintiffs presented the criteria that should be applied for the determination of the percentage of participation in the Company's profit. The lawsuit requiring the issuance of a profit sharing bond represents an obligation with potential future economic impact for Telecom Argentina.

Telecom filed its response to the claim, arguing that labor courts lack jurisdiction over the matter. In October 2013, the judge rejected the lack of jurisdiction plea, established a ten-year period as statute of limitation and deferred ruling on the defenses of res judicata, lis pendens and on the third-party citation required after a hearing is held by the court. Telecom appealed the judge's ruling.

In December 2013, the hearing took place and the intervening court deferred its decision on the defense filed by Telecom on the basis of the application of statutes of limitations to the moment of the final ruling, among other matters. It also ordered the plaintiff to provide evidence on the mandates granted by each individual to bring the claim against Telecom and suspended the proceeding until such evidence is filed with the court. The plaintiff appealed the decision and the judge deferred this issue to the time of sentencing.

In December 2017, the Court of First Instance dismissed the claim on the grounds that the claimant lacks standing because the claim is individual and not collective. The claimant filed an appeal, which is pending before Chamber 7 of the Court of Appeals. In June 2019, the Court of Appeals revoked the decision rendered by the Court of First Instance, returned the file, and ordered discovery proceedings.

Telecom, based on the advice of its legal counsel, believes that there are strong arguments to defend its position in this claim, based, among other things, on the application of the statutes of limitations to the claim relating to the unconstitutionality of Decree No. 395/92, the lack of active legal standing for a collective claim relating to the issuance of bonds —due to the existence of individual claims— in addition to arguments based on plaintiff's lack of active legal standing.

b) Claims filed by former sales representatives of Personal and Nextel

Former sales representatives of Personal and Nextel brought legal actions for alleged improper termination of their contracts and have submitted claims for payment of different items such as: commission differences, value of the customers' portfolio and lost profit, among other matters. Telecom's Management believes, based on the advice of its legal counsel, that certain items included in these claims should be dismissed, while other items could be admitted by the court, albeit for amounts that are lower than those claimed. As of the date of issuance of these consolidated financial statements, some legal actions are in the discovery phase and with expert opinions in progress.

c) Sanctions Imposed by the Regulator

Telecom is subject to various sanction procedures, in most cases promoted by the Regulatory Authority, for delays in repairs and service installations to fixed-line customers. Although generally a sanction considered on an individual basis does not have a material effect on Telecom's equity, there is a significant disproportion between the amounts of the sanctions imposed by the Regulatory Authority and the revenue that the affected customer has generated to Telecom Argentina.

On March 3, 2021, through Resolution No. 221/2021, the ENACOM approved the "Sanctions Regime applicable to Information and Communication Technologies." Such resolution, among other aspects, provides for: i) the price of the PBU-SBT (Mandatory Universal Basic Telephony Service) in effect at the time of payment as a unit of reference to set the amount of fines; ii) a maximum fine equivalent to 50,000 PBU-SBT and a minimum of 50 PBU-SBT; iii) the publication of the sanctions imposed in the media and/or the institutional website; and iv) the possibility of imposing daily fines for each day of non-compliance. As of the date of these consolidated financial statements, the Company is evaluating the impact of this new resolution.

d) Task Solutions v. Telecom Personal S.A. on Ordinary proceeding and Task Solutions v. Telecom Argentina S.A. on Ordinary proceeding

Task Solutions S.A., a company devoted to providing contact centers, brought claims against Telecom Argentina and Telecom Personal, claiming $408,721,835 for damages that it alleges to have suffered during the contractual relationship with those companies, as well as for the failure to renew those contracts at the end of their term. Task Solution S.A. argues that the only contractual relationship it had was the one with the defendants and the failure to renew such contract caused its insolvency. In August 2018, Telecom answered the claims rejecting the compensation claimed and requesting that the punitive damages claimed be declared unconstitutional.

Telecom counterclaimed for labor items already paid to third parties. In addition, it filed a claim for any amounts that it may eventually have to pay in this regard in the future. That estimate could vary according to the evidence submitted in connection therewith.

In December 2018, Task Solutions was declared bankrupt.

Based on the advice of its legal counsel, Telecom's Management believes to have strong arguments for its defense.

2. Possible Contingencies

In addition to the possible contingencies related to regulatory matters described in Note 2 d), the following is a summary of the most significant claims and legal actions for which no provisions have been established, although the final outcome of these lawsuits cannot be assured.

a) Radioelectric Spectrum Fees

In October 2016, Personal modified the criteria used for the statement of some of its commercial plans ("*Abono fijo*") for purposes of paying the radioelectric spectrum fees (*derecho de uso de espectro radioeléctrico* or "DER"), taking into account certain changes in such plans' composition. This meant a reduction in the amount of fees paid by Personal.

In March 2017, the ENACOM demanded Personal to rectify its statements corresponding to October 2016, requiring that such plans' statements continue to be prepared based on the previous criteria. The ENACOM issued a similar order in September 2018 for the subsequent periods. Telecom's Management believes that it has solid legal arguments to defend its position. Such arguments were actually confirmed in the recitals of Resolution ENACOM No. 840/18. Therefore, Telecom filed the corresponding administrative responses. In August 2017, Personal received the notice of charge for the differences in the amounts owed in connection with the payment made in October 2016. Notwithstanding the grounds disclosed in its response, in April 2019, ENACOM imposed a sanction on Telecom due to the non-compliance alleged for that period. Telecom filed the corresponding administrative response. However, the company cannot assure that its arguments will be accepted by the ENACOM.

The difference resulting from both criteria since October 2016 is of approximately $ 717 million plus interest as of December 31, 2020.

On February 27, 2018, ENACOM Resolutions Nos. 840/18 and 1,196/18 were published in the Official Gazette. Through these Resolutions, the ENACOM updated the value of the Radioelectric Spectrum Fee per Unit and, in addition, established a new regime for mobile communication services, which substantially increased the amounts to be paid for such service.

Telecom filed the restated returns for March and April 2018 (due in April and May 2018) and paid (under protest) the corresponding amounts. It also started to comply, as from September 2018, with the filing and payment (under protest) of the corresponding returns.

Through Resolution No. 4,266/19, dated October 8, 2019, the ENACOM changed the basis of calculation of Radioelectric Spectrum Fees to be paid for the provision of Mobile Communication Services (SRMC, STM, PCS and SCMA) starting as from the filing of the returns due after the publication date of the Resolution. Said change represents a reduction of the rate applicable to the radioelectric spectrum fees to be paid for those services.

b) "*Consumidores Financieros Asociación Civil para su Defensa*" claim

In November 2011, Personal was notified of a lawsuit filed by the "*Consumidores Financieros Asociación Civil para su Defensa*" claiming that Personal made allegedly abusive charges to its customers by implementing per-minute billing and setting an expiration date for prepaid telecommunication cards.

The plaintiff requested that Personal: i) cease such practices and bill its customers only for the exact time of telecommunication services used; ii) reimburse the amounts collected in excess in the ten years preceding the date of the lawsuit; iii) credit its customers for unused minutes on expired prepaid cards in the ten years preceding the date of the lawsuit; iv) pay an interest equal to the lending rate charged by the Banco de la Nación Argentina; and v) pay punitive damages provided by article 52 bis of Law No. 24,240.

Personal rejected the claim, with emphasis on the regulatory framework that explicitly endorses its practices, now challenged by the plaintiff in disregard of such regulations.

The proceeding is now in the discovery stage. However, the judge has ordered the accumulation of this claim with two other similar claims against Telefónica Móviles Argentina S.A. and América Móvil S.A. ("Claro"). So, the three legal actions will continue within the Federal Civil and Commercial Court No. 9.

The Secretariat of Commerce canceled the registration of "*Consumidores Financieros Asociación Civil para su Defensa* in the National Registry of Consumer Associations. Now the intervening court has to issue a resolution on this matter.

The plaintiffs are seeking damages for an unspecified amount. Although Telecom believes there are strong defenses that should result in a dismissal of the claim, in the absence of judicial precedents on the matter, Telecom's Management (with the advice of its legal counsel) has classified the claim as possible until a judgment is rendered.

c) "Proconsumer" - Lawsuit on changes in services prices

In June 2012, the Consumer Association "Proconsumer" filed a lawsuit against Personal claiming that the company did not provide the clients with enough information regarding the new prices for the services provided by Personal between May 2008 and May 2011. It demands the reimbursement of the increase in the price billed to certain customers (with the "Abono fijo" plan) for a period of two months since the information inconsistencies alleged by the plaintiff.

Telecom filed a response and challenged the jurisdiction of the court, which was dismissed by the Argentine Supreme Court. The Supreme Court ordered that the file be submitted to the commercial court.

The settlement agreement executed by the parties to put an end to the lawsuit was confirmed on October 8, 2020.

d) Proceedings related to value added services - Mobile contents

In October 2015, Personal was notified of a claim brought by the consumer association "*Cruzada Cívica para la defensa de los consumidores y usuarios de Servicios públicos*". The plaintiff invokes the collective representation of an undetermined number of Personal customers.

The plaintiff's claim relates to the manner in which content and trivia games are contracted, in particular the allegedly improper billing of messages sent to solicit such services and of their subscription. Additionally, it proposes the application of punitive damages to Personal.

This claim is substantially similar to other claims made by the consumer association Proconsumer where collective representation of customers is also invoked. As of the date of these consolidated financial statements, this claim for an unspecified amount is in its preliminary stages because notice of the claim has not been served on all interested parties.

Personal has responded the claims and filed legal and factual defenses, requesting that the court summon third parties involved in the provision of VAS. Based on the advice of its legal counsel, Telecom believes to have strong arguments for its defense. However, given the absence of any case law, the final outcome of these claims cannot be assured.

e) Claims by certain Telecom Content Providers

Within the framework of the general reorganization of the content business undertaken by Personal in 2016, and given the expiration of agreements with content providers, certain providers were notified that such agreements would not be renewed.

By virtue of that communication, some companies brought claims and obtained injunctions against Personal with the purpose of preventing the decision not to renew such contracts from becoming effective, thus, forcing Personal to refrain from disconnecting or interrupting the contractual relationship. As of the date of these consolidated financial statements, there are no pending legal actions.

In February 2017, the ENACOM notified Personal of Resolution 2017-1122-APN-ENACOM # MCO (Resolution No. 1,122), which provided, with respect to content providers that qualify as Value Added Audiotext and Mass Calling Service Providers, that Mobile Operators may receive, as total consideration, a percentage that shall not exceed 40% of the services invoiced on behalf of such providers. In addition, the Resolution granted 30 business days to file with the ENACOM the interconnection contracts or their addenda, to ensure that contracts that are currently in effect that are related to the services rendered by the members of Argentine Chamber of Mobile Value Added ("CAVAM"), conform to the Resolution.

In July 2019, the ENACOM issued Resolution No. 2019-2540-APN-ENACOM#JGM, whereby it revoked Resolution No. 1,122/17 regarding the Registry of the ENACOM and Resolution No. 184-SC/1997.

f) "*Asociación por la Defensa de Usuarios y Consumidores* c/Telecom Personal S.A." claim

In 2008, the "*Asociación por la Defensa de Usuarios y Consumidores*" sued Personal, seeking damages for an unspecified amount, in connection with the billing of calls to the automatic answering machine and the collection system called "send to end", in collective representation of an undetermined number of Personal customers. The court has to render judgment on this claim.

In 2015, Telecom learned of an adverse court ruling in a similar lawsuit, promoted by the same consumers association against another mobile operator. The court has to render judgment on this claim.

Based on the advice of its legal counsel, the Company's Management believes to have strong arguments for its defense. However, the final outcome of this claim cannot be assured.

g) <u>Claims filed by unions in connection with union contributions</u>

The unions FOEESITRA, SITRATEL, SILUJANTEL, SOEESIT, FOETRA and SUTTACH and the Union of Telephone Workers and Employees of Tucumán brought 7 legal actions against Telecom claiming unpaid union contributions set forth in their respective collective bargaining agreements, corresponding to employees of third party companies that provide services to Telecom, for a 5-year term for which the statute of limitations has not expired, plus damages caused by the failure to pay said contributions. The items claimed are "*Fondo Especial*" (special fund) and "*Contribución Solidaria*" (solidarity contribution).

The above-mentioned unions argue that Telecom is jointly and severally liable for the payment of the above-mentioned contributions, based on Articles 29 and 30 of the Employment Contract Law and on the breach of Telecom's obligation to inform the Union about third party contracts under their collective bargaining agreements. Telecom answered all the claims.

In the action brought by FOEESITRA, the judge of first instance rejected the summons to third parties made by Telecom. An appeal has been filed against that decision.

In the action brought by FOETRA, the Court of Appeals revoked the decision rendered by the court of first instance that had declared the incompetence. The judge of first instance must render a decision on the exceptions filed by Telecom

The other claims have been suspended at the request of the parties.

The unions are seeking damages for an unspecified amount.

Even though Telecom's Management believes that there are sound grounds for the favorable resolution of these claims, given the lack of judicial precedents, the final outcome of these claims cannot be assured.

h) <u>*Asociación por la Defensa de Usuarios y Consumidores* v. Cablevisión on expedited summary proceeding:</u>

In November 2018, Telecom was served notice of a claim brought by *Asociación por la Defensa de Usuarios y Consumidores*. The Claimant requested that the defendant: 1) cease its practice of preventing customers from terminating Internet and cable television services when customers request such termination; 2) reimburse to each user the amounts collected for the period of 5 years and until the date on which the defendant ceases the above-mentioned practice; and 3) pay punitive damages for each of the affected customers.

In December 2018, Telecom filed a response, alleging the application of statutes of limitation (two-year term) as well as the lack of standing of the Association to file the lawsuit. Telecom also argued that the class to be represented had not been established and that it had not contravened the Consumer Defense Law. It also gave a detailed description of the termination procedure used by Cablevisión, highlighting its compliance with Articles 10 ter and 10 quater of said law. It also challenged the application of the punitive damages claimed by the plaintiff and produced documentary evidence. It requested that the claim be rejected in its entirety, and that the legal costs be borne by the plaintiff.

The plaintiffs are seeking damages for an unspecified amount.

Based on the advice of its legal counsel, Telecom believes to have strong arguments for its defense. However, the final outcome of this claim cannot be assured.

i) Claim "Unión de Usuarios y Consumidores and Other v. Telecom Argentina S.A."

On September 3, 2019, Telecom (as surviving company of Cablevisión) was served notice of a class action brought by "Unión de Usuarios y Consumidores" and "Consumidores Libres Cooperativa Ltda. De Provisión de Servicios de Acción Comunitaria", pending before the Commercial Court of First Instance No. 9, Clerk's Office No. 17, for an unspecified amount.

Claimants seek to obtain an order against Telecom for the reimbursement of the price increases collected from its subscribers in September and October 2018 and in January 2019 and of any price increase that may be collected for the duration of the proceedings, for Internet, subscription television and other information technology and communication services and other supplementary services (all of those services are provided under the brands Cablevisión and Fibertel), plus interest accrued until the actual reimbursement date. Claimants allege that the defendant infringed certain provisions set forth under the General Rules Governing TIC and Communication Services Customers and Law No. 24,240 related to the terms and form of notice to subscribers of changes in the prices of such services.

Based on the advice of its legal counsel, Telecom believes to have strong arguments for its defense. However, the final outcome of this claim cannot be assured.

j) Resolution No. 50/10 et seq. issued by the *Secretaría de Comercio Interior de la Nación* (Secretariat of Domestic Trade or "SCI")

SCI Resolution No. 50/10 approved certain rules for the sale of pay television services. These rules provide that cable television operators must apply a formula to estimate their monthly basic subscription prices. The price arising from the application of the formula was to be informed to the Office of Business Loyalty (*Dirección de Lealtad Comercial*). Cable television operators must adjust such amount semi-annually and inform the result of such adjustment to said Office. Telecom filed an administrative appeal against Resolution No. 50/10 requesting the suspension of its effects and its nullification.

In accordance with the decision rendered on August 1, 2011 in re "LA CAPITAL CABLE S.A. v/ Ministry of Economy-Secretariat of Domestic Trade", the Federal Court of Appeals of the City of Mar del Plata ordered the SCI to suspend the application of Resolution No. 50/10 with respect to all cable television licensees represented by the Argentine Cable Television Association ("ATVC", for its Spanish acronym). Upon being served on the SCI and the Ministry of Economy on September 12, 2011, such decision became fully effective. The National Government filed an appeal against the decision issued by the Federal Court of Appeals of Mar del Plata to have the case brought before the Supreme Court. Such appeal was dismissed. The National Government filed a direct appeal with the Supreme Court, which has also been dismissed.

Notwithstanding the foregoing, between March 2011 and October 2014, several resolutions based on Resolution No. 50/10 were published in the Official Gazette, which regulated the prices to be charged by Cablevisión to its customers for the basic cable television service. The Company filed appeals against these resolutions and their enforcement was suspended pursuant to the above-mentioned injunction. Notwithstanding the foregoing, each Resolution had an effective term of between three and six months. The last one expired in October 2014.

In September 2014, the Supreme Court of Argentina rendered a decision in re "Municipality of Berazategui v. Cablevisión" and ordered that the cases related to these resolutions continue under the jurisdiction of the Federal Court of Appeals of Mar del Plata that had issued the decision on the collective action in favor of ATVC. Currently, all the claims related to this matter are pending before the Federal Courts of Mar del Plata.

In April 2019, La Capital Cable S.A. was served notice of the decision rendered by Federal Court No. 2 of Mar del Plata, whereby said court declared the unconstitutionality of certain articles of the law on which the SCI grounded Resolution No. 50/10 as well as the subsequent resolutions. The declaration of unconstitutionality entails that these resolutions are not applicable to La Capital Cable and the companies represented by ATVC. However, the National Government filed an appeal against said resolution.

On December 26, 2019, the Federal Court of Appeals of Mar del Plata rejected the grievances of the National Government and confirmed the decision rendered by the court of first instance, which declared the unconstitutionality of the articles of the law that were the basis for the issuance of SCI Resolution No. 50/10 and subsequent resolutions. The National Government filed an extraordinary appeal, which was granted on March 1, 2021. Telecom, with the assistance of its legal advisors, is evaluating the potential impacts in the light of those developments.

These consolidated financial statements should be read in the light of the circumstances described above, and the decisions made based on these consolidated financial statements should consider the potential impact that those circumstances may have on the Company and its subsidiaries.

k) <u>CNV Resolution No. 16,765</u>

In March 2012, CNV issued Resolution No. 16,765 whereby it ordered the initiation of summary proceedings against Cablevisión, its directors and members of the Supervisory Committee for an alleged failure to comply with the duty to inform. The CNV considers that this deprived the investor community of its right to become fully aware of the Decision rendered by the Supreme Court of Argentina in re "Application for judicial review brought by the National Government Ministry of Economy and Production of the case Multicanal S.A. and other v/CONADECO Decree No. 527/05" and other (this case has concluded to date), and also considers that Cablevisión had not disclosed certain issues related to the information required by the CNV in connection with its Class 1 and 2 Noteholders' Extraordinary Meetings held on April 23, 2010.

In April 2012, Cablevisión filed a response petitioning that its defenses be sustained and all charges dismissed. The discovery stage has been closed and the company submitted the legal brief. The file was submitted to the Legal area.

Telecom and its legal advisors believe that the company has strong arguments in its favor. Nevertheless, Cablevisión cannot assure the outcome of the said summary proceedings.

l) <u>CNV Resolution No. 17,769</u>

In August 2015, Cablevisión was served notice of Resolution No. 17,769 dated August 13, 2015 whereby the CNV ordered the initiation of summary proceedings against Cablevisión and its directors, members of the Supervisory Committee and the Head of Market Relations for an alleged delay in the submission of the required documentation regarding the registration with the IGJ of the appointment of the officers approved at the Ordinary General Shareholders' Meeting of Cablevisión held on April 30, 2000 and the update of the registered office in the Financial Information Highway.

In January 2016, the preliminary hearing was held pursuant to Article 138 of Law No. 26,831 and Article 8, Subsection b.1. of Section II, Chapter II, Title III of the Regulations (TR 2013).

Telecom, as the surviving company after the merger with Cablevisión, and its legal advisors believe that the company has strong arguments in its favor. Nevertheless, Cablevisión cannot assure the outcome of the said summary proceedings.

m) Additional Rate for the Tax on Commercial, Industrial or Service Revenues or "IRACIS"

In April 2017, a subsidiary of Cablevisión received a notification from the Under-Secretary of State for Taxation of the Treasury of the Republic of Paraguay, whereby that subsidiary was informed that it had failed to determine the additional IRACIS rate on the accumulated results of the companies merged in 2014.

The Telecom's subsidiary considers that it has solid arguments to support its position. However, the final outcome of this claim cannot be assured to date.

3. Remote Contingencies

The Group faces other legal, fiscal and regulatory proceedings considered normal in the development of its activities. The Company's Management and its legal advisors estimate that these will not generate an adverse impact on their financial position and the result of its operations, or its liquidity. In accordance with IAS 37 provisions, it has not set up a provision or disclosed additional information in a note in connection with the resolution of these matters.

4. Active Contingencies

"AFA Plus Project" Claim

On July 20, 2012, Telecom entered into an agreement with the Argentine Football Association ("AFA"), for the provision of services for a system called "Argentine Football System Administration" ("AFA Plus Project") related to the secure access to first division football stadiums whereby Telecom Argentina would provide the infrastructure and systems to enable AFA to manage the aforementioned project. The recovery of investments and expenses incurred by Telecom Argentina and its profit margin would come from charging AFA a reference price of 20% of the "popular" ticket price per football fan who attended stadiums during the term of the agreement, so the recoverability of Telecom's assets related to the Project depended on AFA implementing the "AFA Plus Project".

From 2012 and in compliance with its contractual obligations, Telecom made investments and incurred expenses amounting to $182 million, a portion of which are included in PP&E for the provision and installation of equipment and the execution of civil works for improving the football stadiums, registration center equipment, inventories and material storage and incurred other expenses directly associated with AFA Plus Project.
For several specific reasons relating to the Project itself, the football environment and the country's context, the AFA Plus system was not implemented by AFA, not even partially. Accordingly, Telecom Argentina has not been able to begin collecting the agreed price.

Finally, throughout the agreement, Telecom Argentina received no compensation from AFA for the services rendered and the work performed. In September 2014, AFA notified Telecom of its decision to terminate the agreement with Telecom Argentina, modifying the AFA Plus Project, and also informed that it will assume the payment of the investments and expenditures incurred by Telecom. Accordingly, negotiations between the parties have started.

In February 2015, AFA made a proposal to compensate the investments and expenditures incurred by Telecom through advertising barter transactions exclusively related to the AFA Plus Project (or the one that replaces this Project in the future), in the amount of US$ 12.5 million. The proposal considered that if the advertising compensation was not realized in one year, AFA would pay to Telecom the agreed amount. The Company analyzed the quality of the assets offered by AFA in its offer of advertising spaces, and rejected the offer as insufficient. New negotiations were conducted in 2015 to improve the mentioned offer (requiring a combination of cash payments and advertising) but a satisfactory agreement was not reached. Subsequently, negotiations were suspended due to internal affairs of AFA.

In October 2015, Telecom formally demanded that AFA pay the amounts due ($179.2 million plus interest from its implementation). AFA rejected the claim but agreed to resume the negotiation of a settlement agreement. negotiations were subsequently suspended by the AFA due to its electoral process.

In January 2016, both parties resumed conciliatory negotiations, while Telecom reserved its right to exercise legal claims for amounts due.

In June 2016, the Company initiated a mandatory pre-judicial mediation procedure. The first hearing, held on July 12, 2016, was attended by both parties. A second hearing was held on August 3, 2016, and a third and last hearing was held on August 23, 2016, resulting in no agreement between the parties.

Telecom initiated a new pre-judicial mediation procedure which was finished without agreement. On December 19, 2018, that company brought a claim against AFA for $ 353,477,495.

At this time, the judge has ordered discovery proceedings.

The Company's Management, with the assistance of its external advisor, believes that the company has solid legal arguments to support its claim and is evaluating the necessary actions to recover the investments made and expenses incurred.

We note that, to the sole effect of complying with effective accounting standards, the Company recorded a provision derived from the uncertainties related to the recoverable value of the assets related to the AFA Plus Project and in no way implies that Telecom has waived or limited its rights as a genuine creditor under the AFA Plus Project agreement.

NOTE 21 – PURCHASE COMMITMENTS

As of December 31, 2020, there were outstanding purchase commitments with local and foreign providers for approximately $62,269 million (of which $21,365 million corresponded to PP&E acquisition commitments).

NOTE 22 - CAPITAL STOCK

22.1 – Cablevisión Holding

The Company's capital stock as of May 1, 2017, the date on which it started its operations, was set at $ 180,642,580, represented by:

- 47,753,621 Class A common, registered, non-endorsable shares, with nominal value of $ 1 each and entitled to five votes per share.

- 117,077,867 Class B book-entry common shares, with nominal value of $ 1 each and entitled to one vote per share.

- 15,811,092 Class C common, registered, non-endorsable shares, with nominal value of $ 1 each and entitled to one vote per share.

On March 21, 2017, the Company made a filing with the CNV in order to request admission to the public offering regime. On May 29, 2017, the Company requested the BCBA the listing of its Class B common shares.

On August 10, 2017, the CNV approved the prospectus for admission to the public offering regime filed by Cablevisión Holding and, consequently, the Company fulfilled the conditions detailed in CNV Resolution

No. 18,818. On August 11, 2017, the BCBA notified the Company of its admission to the public offering regime.

Having obtained all of the required regulatory authorizations to complete the spin-off process approved on September 28, 2016 by the shareholders of Grupo Clarín S.A., on August 30, 2017, Grupo Clarín and the Company exchanged the shares of Grupo Clarín S.A. pursuant to the exchange ratio approved by Grupo Clarín's shareholders at the time of approval of the spin-off process. As a result of the exchange of shares and payment of fractions in cash, the Company holds 1,578 treasury shares as of December 31, 2018. During 2020, the Company sold all those shares, and does not have any treasury shares as of the date of these financial statements.

On September 26, 2017, the Company's Board of Directors approved, pursuant to Article five of the By-Laws, the conversion request submitted by the shareholder GS Unidos LLC of 4,028,215 Class C non-endorsable, registered common shares with nominal value of $ 1 each and entitled to one vote per share for the same number of Class B book-entry, common shares with nominal value of $ 1 each and entitled to one vote per share. Pursuant to the By-Laws, the Company informed the CNV and the BCBA of the conversion and: (i) on October 5, 2017, the CNV authorized, through Resolution No. DI 20178APN-GE #CNV, the public transfer by way of conversion of 4,028,215 Class C non-endorsable, registered common shares and, (ii) on October 6, 2017, the BCBA informed the Company of the transfer of the authorization for the listing of 4,028,215 non-endorsable registered common shares with nominal value of $ 1 each and entitled to one vote per share for the same number of Class B book-entry, common shares with nominal value of $ 1 each and entitled to one vote per share.

On February 16, 2018, the United Kingdom Listing Authority (“UKLA”) approved the prospectus related to the listing of the Company's Class B shares in the form of global depositary shares (GDSs) to be traded on the London Stock Exchange. Those GDSs were admitted to the official list of the UKLA on February 21, 2018.

The Company's capital stock as of December 31, 2019 is of $ 180,642,580 and is represented by:

- 47,753,621 Class A common, registered, non-endorsable shares, with nominal value of $ 1 each and entitled to five votes per share.

- 121,106,082 Class B book-entry common shares, with nominal value of $ 1 each and entitled to one vote per share.

- 11,782,877 Class C common, registered, non-endorsable shares, with nominal value of $ 1 each and entitled to one vote per share.

22.2 – Telecom Argentina

The breakdown of equity is as follows:

	December 31, 2020	December 31, 2019
Attributable to the Controlling Company	156,503	170,245
Attributable to Non-Controlling Shareholders	220,039	240,154
Total Shareholders’ Equity (*)	**376,542**	**410,399**

(*) For more information, see the consolidated statement of changes in equity.

(a) Capital Stock

As of December 31, 2020 and 2019, the total capital stock of Telecom Argentina amounted to $2,153,688,011, represented by the same number of common book-entry shares with nominal value of $1 each.

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Pablo San Martín
Supervisory Committee

As of the date of these consolidated financial statements, the CNV has authorized the public offering of all the shares of Telecom Argentina.

Class B Shares are listed and traded on the leading companies panel of the Buenos Aires Stock Exchange and the American Depositary Shares (ADS), each representing 5 Class “B” shares of Telecom, are traded on the NYSE under the ticker symbol TEO.

(b) Decisions of the Shareholders of Telecom at the Ordinary and Extraordinary Shareholders' Meeting

At the Ordinary and Extraordinary Shareholders’ Meeting held on April 28, 2020, the shareholders of Telecom decided, among other things:

1. To approve the Board of Directors’ proposal stated in constant currency as of March 31, 2020 using the National Consumer Price Index (National IPC, for its Spanish acronym) pursuant to CNV Resolution No. 777/18 in connection with the Accumulated Deficit as of December 31, 2019 for $ 6,633,713,897 ($ 8,378 in constant currency as of December 31, 2020). The Board proposed: (i) to absorb $ 1,931,029,240 ($ 2,439 million in constant currency as of December 31, 2020) of the “Voluntary reserve for capital investments”; (ii) to absorb $ 4,702,684,657 ($ 5,939 million in constant currency as of December 31, 2020) of the “Voluntary reserve to maintain the Company’s level of capital expenditures and its current solvency level”; and (iii) to reclassify $ 10,887,950,778 ($ 13,751 million in constant currency as of December 31, 2020) from the “Voluntary reserve to maintain the Company's level of capital expenditures and its current solvency level” and appropriate it to the “Merger Surplus”.

2. To approve the reversal of the balance of the “Voluntary reserve for capital investments” in the amount of $ 3,541,443,368 adjusted as of April 30, 2020 using the National IPC ($ 4,473 million in constant currency as of December 31, 2020), increasing the “Voluntary reserve for future cash dividends” with the amount of said reversal.

(c) Share Ownership Plan ("PPP", for its Spanish acronym)

Under the PPP (an employee share ownership program sponsored by the Argentine government) established by the Argentine Government, in December 1992, the Argentine Government transferred to the employees that fell within the PPP (employees of the former ENTel, Startel and Telintar and employees of the former Compañía Argentina de Teléfonos that had been transferred to Telecom) 10% of the capital stock of Telecom, then represented by 98,438,098 Class “C” shares. Decree No. 1,623/99 authorized the early availability of PPP shares, but excluded from said availability the shares held by the PPP Guarantee and Repurchase Fund, which were subject to an injunction. In March 2000, at the Shareholders’ Meeting of Telecom, the shareholders approved the conversion of 52,505,360 Class “C” shares into Class “B” shares (these shares didn’t belong to the Guarantee and Repurchase Fund), most of which were sold in a secondary public offering in May 2000.

At the request of the PPP Executive Committee, at the Shareholders’ Meeting of Telecom Argentina held on April 27, 2006, the shareholders approved the delegation on the Board of Directors of the power to decide on the additional conversion of up to 41,339,464 Class “C” shares into Class “B” shares. The delegation of powers on the Board of Directors to decide on the conversion of the shares did not include 4,593,274 Class “C” shares of the Guarantee and Repurchase Fund that fell within an injunction issued in re "Garcías de Vicchi, Amerinda y otros c/ Sindicación de Accionistas Clase C del Programa de Propiedad Participada s/nulidad de acto jurídico” (hereinafter, Garcías de Vicchi). With respect to such shares, at the Shareholders’ Meeting, the shareholders stated that there were legal restrictions to approve said delegation of powers for their conversion into Class “B” shares. As of December 31, 2011, said 41,339,464 Class "C" shares had been converted into Class "B” shares in eleven tranches.

Since the injunction issued in re Garcías de Vicchi was revoked, the Board of Directors of Telecom called an Ordinary and Extraordinary General Shareholders’ Meeting and a Special Shareholders’ Meeting of

Class "C" Shares, which were held on December 15, 2011, at which the shareholders approved the delegation of powers on the Board of Directors for the conversion, in one or more tranches, of up to 4,593,274 Class "C" Shares into Class "B" Shares. As of December 31, 2020, 4,486,540 Class "C" Shares were converted into Class "B" Shares in 13 tranches.

As of the date of these consolidated financial statements, 106,734 Class "C" shares have not yet been converted.

(d) Capital Markets Law – Law No. 26,831, as amended

On December 28, 2012, Capital Markets Law No. 26,831 was published in the Official Gazette. This law eliminated the self-regulation of the capital market, granted new powers to the CNV, and repealed Law No. 17,811 and Decree No. 677/01, among other regulations. Law No. 26,831 became effective on January 28, 2013. As from its effective date, the Public Tender Offer regime applies to all listed companies.

Productive Financing Law

On May 11, 2018, Productive Financing Law No. 27,440 was published in the Official Gazette. This law introduced several amendments to the Capital Markets Law No. 26,831 regarding the extent of the powers of the CNV; the exercise of preemptive rights on shares offered through public offering in the case of capital increases; private placements; public tender offers; the jurisdiction of the federal commercial courts of appeals to review the resolutions issued or sanctions imposed by the CNV, among other amendments.

With respect to public tender offers, under the previous regime, the offeror was obliged to formulate a "fair" price to be set by weighing the results of different company valuation methods, with a minimum floor related to the average market price for the six-month period immediately preceding the date of the agreement. Pursuant to the amendments introduced by Law No. 27,440 to the Capital Markets Law, the obligation is objective and consists in offering the higher of two existing prices: the price paid or agreed by the offeror during the 12 months immediately preceding the first day of the public tender offer period, and the average price of the securities subject to the offer during the semester immediately preceding the date of the announcement of the transaction under which the change of control is agreed upon.

On December 28, 2018, General Resolution No. 779/18, whereby the CNV established the regulatory framework applicable to public tender offers, was published in the Official Gazette.

(e) Acquisition of Treasury Shares

At a meeting held on May 22, 2013, the Board of Directors of Telecom approved a Program for the Acquisition of Treasury Shares of the Company in the market in Argentine pesos (the "Treasury Shares Acquisition Program") so as to avoid any possible damages to Telecom and its shareholders derived from fluctuations and imbalances between the price of the shares and Telecom's solvency.

Within the framework of that Program, Telecom acquired, between May 28 and November 5, 2013, 15,221,373 treasury shares.

Pursuant to article 67 of Law No. 26,831, Telecom had to sell its treasury shares within a maximum term of three years as from the date of acquisition, unless the shareholders decided to extend said term. Pursuant to Section 221 of the LGS, the rights of treasury shares shall be suspended until such shares are sold, and such shares shall not be considered to determine the quorum or the majority of votes at Shareholders' Meetings. There were no restrictions regarding Retained Earnings because a specific reserve was set up to this end under the name "Voluntary Reserve for Capital Investments."

At the General Ordinary and Extraordinary Shareholders' Meeting held on April 29, 2016, the shareholders of Telecom approved an extension of the term for the sale of treasury stock for 3 additional years pursuant to article 67 of Law No. 26,831.

Pursuant to Article 67 of the Capital Markets Law No. 26,831, between May 28, 2019 and November 5, 2019, Telecom Argentina in three tranches statutorily reduced its capital stock by a total nominal amount of $ 15,221,373, through the full cancellation of 15,221,373 Class "B" common shares of Telecom, with nominal value of $1 each and entitled to 1 vote per share, held as treasury stock. All the tranches of the statutory capital reduction were duly registered with the IGJ.

As a consequence of the equity reduction mentioned in the previous paragraphs, Telecom recognized in 2019 a decrease in its treasury stock of $15 million, a decrease in the Comprehensive Adjustment of $1,304 million and a decrease in the Cost of treasury stock of $3,759 million with an offsetting entry in Accumulated Results of $2,440 million.

As of the date of these consolidated financial statements, Telecom does not have any treasury stock.

(f) Law No. 27,260 "Historic Reparation for Retirees and Pensioners"

On July 22, 2016, Law No. 27,260 "Historic Reparation for Retirees and Pensioners" was published in the Official Gazette. Article 35 of said law repealed Law No. 27,181 on the "Declaration of public interest concerning the protection of the National Government's equity interests that make up the investment portfolio of the Guaranty Fund of the Argentine Integrated Social Security System ("FGS", for its Spanish acronym). Moreover, Article 30 of Law No. 27,260 provides that the transfer of shares

of national corporations authorized by the CNV for public offering and owned by the FGS is forbidden without prior express authorization of the National Congress when, as a consequence of such a transfer, the aggregate participation of all shares owned by the FGS would fall below 7% FGS's total assets, except in the following cases: *"1.public tender offers addressed to all holders of those assets and at an equitable price authorized by the CNV pursuant to the provisions of Chapters II, III, and IV, Title III of Law No. 26,831. 2. Exchanges of shares for other shares of the same or another company in the context of a merger, spin-off or corporate reorganization processes."*

(g) Decree No. 894/16: corporate, political and economic rights to be exercised by ANSES

On July 28, 2016, Decree No. 894/16 was published in the Official Gazette, whereby the Government provided that the corporate, political, and economic rights pertaining to the shares of companies that are part of FGS' investment portfolio shall be exercised by Argentina's National Social Security Administration ("ANSES", for its Spanish acronym), and not by the Secretariat of Economic Policy and Development Planning.

NOTE 23 – FINANCIAL INSTRUMENTS

a) Categories of financial assets and liabilities.

The following tables show, for financial assets and liabilities recorded as of December 31, 2020 and 2019, the supplementary disclosures on financial instruments required by IFRS 7 and the detail of gains and losses by category of financial instrument established by IFRS 9.

As of December 31, 2020	Amortized cost	Fair Value accounted through profit or loss	Fair Value accounted through other comprehensive Income	Total
Assets				
Cash and Cash Equivalents	8,535	10,933	-	**19,468**
Investments	171	15,789	-	**15,960**
Trade Receivables	19,015	-	-	**19,015**
Other Receivables (1)	2,052	2	-	**2,054**
Total	**29,773**	**26,724**	**-**	**56,497**
Liabilities				
Accounts Payable	41,810	-	-	**41,810**
Financial Debt	199,673	170	357	**200,200**
Salaries and Social Security Payables	15,189	-	-	**15,189**
Lease Liabilities	10,302	-	-	**10,302**
Other Liabilities and Dividends Payable (1)	9,799	-	-	**9,799**
Total	**276,773**	**170**	**357**	**277,300**

As of December 31, 2019	Amortized cost	Fair Value accounted through profit or loss	Fair Value accounted through other comprehensive Income	Total
Assets				
Cash and Cash Equivalents	4,223	32,621	-	**36,844**
Investments	1,452	492	-	**1,944**
Trade Receivables	23,208	-	-	**23,208**
Other Receivables (1)	2,479	222	-	**2,701**
Total	**31,362**	**33,335**	**-**	**64,697**
Liabilities				
Accounts Payable	46,734	-	-	**46,734**
Financial Debt	206,418	329	181	**206,928**
Salaries and Social Security Payables	14,718	-	-	**14,718**
Lease Liabilities	8,592	-	-	**8,592**
Other Liabilities and Dividends Payable (1)	513	-	-	**513**
Total	**276,975**	**329**	**181**	**277,485**

(1) Includes only financial assets and liabilities that are within the scope of IFRS 7.

Financial Income and Expense by Category – year 2020

	Net Income (expense)	Of which interest
Financial assets at amortized cost	8,670	1,297
Financial liabilities at amortized cost	(30,101)	(18,388)
Financial assets at fair value through profit or loss	351	388
Financial liabilities at fair value through profit or loss	(1,486)	-
Total	**(22,566)**	**(16,703)**

Financial Income and Expense by Category – year 2019

	Net Income (expense)	Of which interest
Financial assets at amortized cost	12,484	946
Financial liabilities at amortized cost	(30,701)	(20,399)
Financial assets at fair value through profit or loss	3,540	1,315
Financial liabilities at fair value through profit or loss	(1,620)	-
Total	**(16,297)**	**(18,138)**

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b) Fair value hierarchy and other disclosures

IFRS 7 establishes a hierarchy of fair value, based on the information used to measure the financial assets and liabilities and also establishes different valuation techniques. According to IFRS 7, valuation techniques used to measure fair value shall maximize the use of observable inputs.

The measurement at fair value of the financial instruments of Telecom is classified according to the three levels set out in IFRS 7.

- Level 1: Fair value determined by quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value determined based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value determined by unobservable inputs where the reporting entity is required to develop its own assumptions and premises.

Financial assets and liabilities measured at fair value as of December 31, 2020 and 2019, their inputs, valuation techniques and the level of hierarchy are listed below:

Mutual Funds: Included in the item Cash and Cash Equivalents and Investments. Telecom and its subsidiaries hold mutual funds in the amount of $ 8,797 million and $ 31,531 million as of December 31, 2020 and 2019, respectively. The fair value is based on information obtained from active markets, measuring each share at quoted market prices as of each year-end; therefore, its valuation is classified as Level 1.

Government Notes and Bonds: Included in the item Investments. Telecom and its subsidiaries hold government notes and bonds in the amount of $ 6,593 million and $ 404 million as of December 31, 2020 and 2019, respectively. The fair value is based on information obtained from active markets, measuring each security at quoted market prices as of each year-end; therefore, its valuation is classified as Level 1.

Derivative financial instruments (Forward contracts to purchase US dollars at fixed exchange rates and interest rate swap): The fair value of the NDF contracts executed by Telecom and its subsidiaries, disclosed in the chapter “Hedge Accounting” was determined by information obtained in the most representative financial institutions in Argentina, the derivative financial instruments’ valuation was classified as Level 2.
During fiscal years ended December 31, 2020 and 2019, there were no transfers between the levels of the fair value hierarchy.

According to IFRS 7, companies are also required to disclose fair value information about financial instruments regardless of whether or not they are recognized at fair value in the statement of financial position, as long as it is feasible to estimate such fair value. The financial instruments discussed in this section include, among others, cash and cash equivalents, investments at amortized cost, accounts receivable, accounts payable and other instruments.

Derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in an immediate sale of the instrument. Also, because of differences in methodologies and assumptions used to estimate fair value, the Company’s fair values should not be compared to those of other companies.

The methods and assumptions used to estimate the fair values of each class of financial instrument falling under the scope of IFRS 7 as of December 31, 2020 and 2019 are as follows:

Cash and Banks

Carrying amounts approximate their fair value.

Short-Term Investments and Other Investments at Amortized Cost (included in Cash and cash equivalents)

Telecom and its subsidiaries consider as cash and cash equivalents all short-term and highly liquid investments that are readily convertible to cash, subject to an insignificant risk of changes in value and their original maturity or the remaining maturity at the date of purchase does not exceed three months. Carrying amounts approximate their fair value.

Current and Non-Current Investments Valued at Amortized Cost

As of December 31, 2020, the fair value of these investments amounted to $ 176 million, with a book value of $ 171 million. As of December 31, 2019, the fair value of these investments amounted to $ 1,443 million, with a book value of $ 1,452 million.

Trade Receivables, Net

The book value is considered to approximate fair value due to the short-term nature of these accounts receivable. Non-current trade receivables have been recognized at their amortization cost, using the effective interest method and are not significant. An allowance was set up for all doubtful receivables.

Accounts Payable and Lease Liabilities

The carrying amount of accounts payable and lease liabilities reported in the consolidated statement of financial position approximates their fair value due to the short term nature of these accounts payable. Non-current accounts payable and lease liabilities have been discounted.

Financial Debt

Below is a detail of the fair value and the carrying amount of financial debt as of December 31, 2020:

	Book Value	**Fair Value**
Notes	95,297	88,290
Other Financial Debt	104,903	98,403
	200,200	**186,693**

Below is a detail of the fair value and the carrying amount of financial debt as of December 31, 2019:

	Book Value	**Fair Value**
Notes	72,938	71,339
Other Financial Debt	133,990	132,054
	206,928	**203,393**

Salaries and Social Security Payables

The carrying amount of Salaries and social security payables reported in the consolidated statement of financial position approximates their fair value.

Other receivables, net (except for NDF) and other liabilities

The carrying amount of other receivables, net and other liabilities reported in the consolidated statement of financial position approximates their fair value.

c) Hedge Accounting

Telecom and its subsidiaries believe that a hedging relationship qualifies under IFRS 9 for hedge accounting if all of the following conditions established by the rule are met:

(a) The hedging relationship consists only of eligible hedging instruments and hedged items;

(b) At the beginning of the hedge relationship, there is a formal designation and documentation of the hedging relationship and objective and strategy for risk management of Telecom and its subsidiaries for undertaking the hedge. That documentation shall include identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the entity assesses whether the hedging relationship meets the requirements of hedge effectiveness (including analysis of sources of hedge ineffectiveness and how to determine the hedge ratio); and

(c) The hedging relationship satisfies the following requirements of hedge effectiveness:

- (i) there is an economic relation between the hedged item and the hedging instrument;
- (ii) the effect of credit risk is not predominant in respect of changes of value coming from this economic relation, and
- (iii) the coverage ratio of the hedging relationship is the same as that provided by the amount of the hedged item for which the entity is really covering and the amount of the hedging instrument that the entity actually used to cover that amount of the hedged item.

During fiscal years 2019 and 2020

- **Hedge of LIBO Rate Fluctuations**

During the fiscal year ended December 31, 2017, Telecom Argentina entered into several NDF agreements to hedge the fluctuation of LIBO rate from the IFC loan for US$ 400 million and from the IIC loan for US$ 100 million. The agreements hedge an aggregate amount of US$ 440 million. Those NDFs allow Telecom to fix the value of the variable nominal annual rate within a range from 2.085% and 2.4525%.

As of December 31, 2018, Telecom recognized gains amounting to $ 13 million in connection with these contracts which are included in Interest on Financial debt under Financial Results.

As of December 31, 2019, Telecom recognized a liability of $189 million included under Financial Debt ($170 million current and $19 million non-current). Likewise, during the 2018, Telecom recognized gains amounting to $ 82 million in connection with these contracts which are included in Interest on Financial debt under Financial Results.

As of December 31, 2020, Telecom recognized a liability of $461 million included under Financial Debt ($450 million current and $11 million non-current). Likewise, during the 2018, the Group recognized losses amounting to $ 293 million in connection with these contracts which are included in Interest on Financial debt under Financial Results.

- **Hedge of Exchange Rate Fluctuations**

During 2018, Telecom entered into several NDF agreements to hedge the fluctuation of the exchange rate under certain commercial obligations for which it has recognized losses for $319 million included in Other Exchange Differences under Financial Results.

Also during 2018, Telecom recognized gains related to NDFs to hedge the fluctuation of the exchange rate under its loan portfolio of $2,338 million, which are included in Exchange Differences on Financial Debt under Financial Results.

During 2019, Telecom entered into several NDF agreements to hedge the fluctuation of the exchange rate under its loan portfolio of US$ 499 million, fixing the average exchange rate at $ 52.50 and expiring between March 2019 and April 2020. During 2019, Telecom recognized gains related to these agreements for $972 million, which are included in Exchange Differences on Financial Debt under Financial Results. As of December 31, 2019, Telecom held NDF agreements for a total of US$ 46.5 million, for which it recognized a receivable of $222 million, which is included under Other Current Receivables and liabilities in the amount of $321 million included under Current Financial Debt.

During the year ended December 31, 2019, Telecom entered into several NDF agreements to hedge the fluctuation of the exchange rate under its loan portfolio of US$ 477 million, fixing the average exchange rate at $ 87.54 and expiring between February 2020 and February 2021. During 2020, Telecom recognized losses related to these agreements for $1,523, which are included in Exchange Differences under Financial Results. As of December 31, 2020, Telecom held NDF agreements for a total of US$ 117.0 million, for which it recognized a receivable of $2 million, which is included under Other Current Receivables and liabilities in the amount of $66 million included under Current Financial Debt.

Offsetting of financial assets and liabilities that are within the scope of IFRS 7.

The information required by the amendment to IFRS 7 as of December 31, 2020 and 2019 is as follows:

	As of December 31, 2020			
	Trade Receivables	**Other Receivables**	**Accounts Payable**	**Other Liabilities**
Current and non-current assets (liabilities) - Gross value	19,902	2,144	(42,697)	(9,889)
Offsetting	(887)	(90)	887	90
Current and Non-Current Assets (Liabilities) – Book value	**19,015**	**2,054**	**(41,810)**	**(9,799)**

	As of December 31, 2019			
	Trade Receivables	**Other Receivables**	**Accounts Payable**	**Other Liabilities**
Current and non-current assets (liabilities) - Gross value	23,426	2,770	(46,952)	(582)
Offsetting	(218)	(69)	218	69
Current and Non-Current Assets (Liabilities) – Book value	**23,208**	**2,701**	**(46,734)**	**(513)**

Telecom and its subsidiaries offset the financial assets and liabilities to the extent that such setoff is contractually permitted and provided that they have the intention to make such setoff, in accordance with requirements established in IAS 32. The main financial assets and liabilities that are offset correspond to transactions with other national and foreign operators (including interconnection, international settlement charges and Roaming). Offsetting is a standard practice in the telecommunications industry at international level that Telecom and its subsidiaries apply regularly. Offsetting is also applied to transactions with agents.

NOTE 24 – REVENUES

	For the years ended December 31, 2020	2019
Mobile Services	113,348	111,901
Internet Services	64,233	71,677
Cable Television Services	59,582	67,262
Fixed Telephony and Data Services	45,597	51,137
Other Services	1,234	1,053
Subtotal Service Revenues	**283,994**	**303,030**
Sales of Handsets	17,602	19,656
Total Revenues	**301,596**	**322,686**

NOTE 25 – OPERATING EXPENSES

Operating expenses disclosed by nature of expense amounted to $ 281,532 million and $ 301,569 million for the years ended December 31, 2020 and 2019, respectively. The main components of the operating expenses are the following:

	For the years ended December 31, 2020	2019
Employee benefit expenses and severance payments	Income (loss)	
Salaries, Social Security Payables and Bonuses	(54,425)	(54,870)
Severance Payments	(2,485)	(7,015)
Other Labor Costs	(1,603)	(1,502)
	(58,513)	**(63,387)**
Fees for Services, Maintenance, Materials and Supplies		
Maintenance and Materials	(18,824)	(21,182)
Fees for services	(14,189)	(15,065)
Directors' and Supervisory Committee Members' Fees	(153)	(177)
	(33,166)	**(36,424)**
Taxes and Fees with the Regulatory Authority		
Turnover Tax	(10,929)	(11,625)
Municipal Taxes	(3,132)	(3,344)
Other Taxes and Charges	(8,961)	(10,069)
	(23,022)	**(25,038)**
Cost of Equipment and Handsets		
Inventory Balances at the beginning of the year	(4,690)	(6,011)
Plus:		
Purchase of Equipment	(11,734)	(14,263)
Other	1,316	950
Less:		
Inventory Balances at year-end	3,976	4,690
	(11,132)	**(14,634)**
Other Operating Costs		
Lawsuits and Contingencies	(3,003)	(1,751)
Rentals and Internet Capacity	(2,002)	(2,712)
Electricity, water supply and other utilities	(5,420)	(6,683)
Other	(3,216)	(4,220)
	(13,641)	**(15,366)**
Depreciation, Amortization and Impairment of Fixed Assets		
Depreciation of PP&E	(65,705)	(63,949)
Amortization of Intangible Assets	(10,627)	(11,246)
Amortization of Rights of Use	(5,870)	(4,736)
Impairment of Fixed Assets	(376)	(3,491)
	(82,578)	**(83,422)**

Operating Expenses disclosed by function are as follows:

Item	Operating Costs	Administrative Expenses	Selling Expenses	Total as of December 31, 2020	Total as of December 31, 2019
Employee benefit expenses and severance payments	(33,214)	(9,548)	(15,751)	**(58,513)**	**(63,387)**
Interconnection and Transmission Costs	(11,254)	-	-	**(11,254)**	**(10,238)**
Fees for Services, Maintenance, Materials and Supplies	(15,181)	(8,230)	(9,755)	**(33,166)**	**(36,424)**
Taxes and Fees with the Regulatory Authority	(22,770)	(76)	(176)	**(23,022)**	**(25,038)**
Commissions and Advertising	-	(3,420)	(13,832)	**(17,252)**	**(19,893)**
Cost of Equipment and Handsets	(11,132)	-	-	**(11,132)**	**(14,634)**
Programming and Content Costs	(20,169)	-	-	**(20,169)**	**(24,548)**
Bad Debt Expenses	-	-	(10,805)	**(10,805)**	**(8,619)**
Other Operating Costs	(7,903)	(1,232)	(4,506)	**(13,641)**	**(15,366)**
Depreciation, Amortization and Impairment of Fixed Assets	(66,445)	(8,782)	(7,351)	**(82,578)**	**(83,422)**
Total as of December 31, 2020	**(188,068)**	**(31,288)**	**(62,176)**	**(281,532)**	**-**
Total as of December 31, 2019	**(205,716)**	**(26,787)**	**(69,066)**	**-**	**(301,569)**

Operating Leases

Future minimum lease payments from of non-cancellable operating lease agreements as of December 31, 2020 and 2019 at historical currency as of the transaction date are as follows:

	Less than 1 year	1 to 5 years	Over 5 years	Total
2019	520	172	43	**735**
2020	226	24	-	**250**

For more information, see Note 3.k) to these consolidated financial statements.

NOTE 26 – FINANCIAL INCOME AND EXPENSE

	For the years ended December 31,	
	2020	2019
	Income (loss)	
Financial Debt Interest Expense (*)	(14,368)	(16,167)
Exchange Differences on Financial Debt (**)	(6,886)	(9,628)
Income from Renegotiation of Financial Debt	(3,444)	-
Total Financial Expenses on Debt	**(24,698)**	**(25,795)**
Results from Operations with Notes and Bonds (***)	987	(50)
Results from Credit Losses Risk	5	(3,497)
Other Exchange Differences	4,139	10,051
Other interest, net and other income from investments (****)	(1,346)	1,505
Taxes and Bank Expenses	(2,730)	(3,019)
Interest on Pension Benefits	(236)	(182)
Financial Discounts on Assets, debt and Other	(94)	2,426
Gain (Loss) on Net Monetary Position	5,643	10,124
Other	149	(130)
Total Other Financial Income and Expense, net	**6,517**	**17,228**
Total Financial Income and Expense, net	**(18,181)**	**(8,567)**

(*) Includes (293) and 82 of foreign currency exchange gains (losses), net generated by NDF for the years ended December 31, 2020 and 2019, respectively.
(**) Includes (1,523) and 972 of foreign currency exchange gains (losses), net generated by NDF for the years ended December 31, 2020 and 2019, respectively.
(***) Includes 666 corresponding to decreases in financial assets measured at amortized cost during the year ended December 31, 2020.
(****) Includes (737) and (693) of foreign currency exchange losses, net generated by lease liabilities for the years ended December 31, 2020 and 2019, respectively.

NOTE 27 – EARNINGS PER SHARE

The following table shows the net income (loss) and the weighted average of the number of common shares used in the calculation of basic earnings per share:

	December 31, 2020	December 31, 2019
Net Income used in the Calculation of Basic Earnings per Share (gain):		
from Continuing Operations (in millions of Argentine pesos)	(3,011)	(4,118)
	(3,011)	(4,118)
Weighted Average of the Number of Common Shares used in the Calculation of Basic Earnings per Share	180,641,317	180,641,002
Earnings per Share (in pesos)	(16.67)	(22.80)

The weighted average of outstanding shares for the years ended December 31, 2020 and 2019 was 180,641,317 and 180,641,002, respectively. Since no debt securities convertible into shares were recorded, the same weighted average should be used for the calculation of diluted earnings per share.

	December 31, 2020	December 31, 2019
Basic and Diluted Earnings per Share	(16.67)	(22.80)
Total Earnings per Share	(16.67)	(22.80)

NOTE 28 – FINANCIAL RISKS MANAGEMENT

FINANCIAL RISK FACTORS

The Group is exposed to the following financial risks in the ordinary course of its business operations:

- Market Risk: Stemming from changes in exchange rates and interest rates in connection with financial assets that have been originated and financial liabilities that have been assumed;
- Credit Risk: Representing the risk of the non-fulfillment of the obligations undertaken by the counterparty with regard to the operations of Telecom;
- Liquidity Risk: Related to the need to meet short-term financial commitments.

These financial risks are managed by:

- The definition of guidelines for directing operations;
- The activity of the Board of Directors and Management which monitors the level of exposure to the above-mentioned risks consistently with prefixed general objectives;
- The identification of the most suitable financial instruments, including derivatives, to reach prefixed objectives;
- The monitoring of the results achieved.

The policies to manage and the sensitivity analyses of the above financial risks by the Telecom Group are described below:

Market Risk

One of the main market risks faced by the Group is its exposure to changes in foreign currency exchange rates in the markets in which it operates.

Foreign currency risk is the risk that the future fair values or cash flows of a financial instrument may fluctuate due to exchange rate changes.

The Group has part of its commercial debt denominated in US$ and in other currencies. Additionally, a large portion of its financial debt is denominated in US dollars.

The financial risk management policies of the Group are directed towards diversifying market risks by the acquisition of goods and services in the functional currency and minimizing interest rate exposure by an appropriate diversification of the portfolio. This may also be achieved by using carefully selected derivative financial instruments to mitigate long-term positions in foreign currency and/or adjustable by variable interest rates. For more information, see Note 22 to these consolidated financial statements.

Additionally, the Group has cash and cash equivalents and investments mostly denominated in foreign currency that are also sensitive to changes in exchange rates and contribute to reduce the exposure to commercial and financial obligations in foreign currency.

Financial Asset and Liability Balances in Foreign Currency

The following table shows the financial assets and liabilities denominated in foreign currency as of December 31, 2020 and 2019:

	2020	**2019**
	(in millions of converted Argentine pesos)	
Assets	12,757	39,573
Liabilities	(198,541)	(224,633)
Net Liabilities	**(185,784)**	**(185,060)**

In order to reduce this net liability position in foreign currency, the Group holds, as of December 31, 2020, derivatives for US$ 117 million. Therefore, the net debt that is not covered by these instruments amounts to approximately US$ 2,088 million as of that date.

Exchange rate risk – Sensitivity analysis

Based on the composition of the consolidated statement of financial position as of December 31, 2020, which is a net liability position not covered by derivatives of approximately US$ 2,088 million, Management estimates that any positive or negative variation in the exchange rate of around 10% against the U.S. dollar would generate a variation of approximately $ 17,571 million of the consolidated amounts of foreign currency position.

This analysis assumes that this variation of the Argentine peso occurred at the same time against all other currencies.

This sensitivity analysis provides only a limited, point-in-time view of the market risk sensitivity of certain of the financial instruments. The actual impact of market foreign exchange rate changes on the financial instruments may differ significantly from the impact shown in the sensitivity analysis.

Interest Rate Risk – Sensitivity Analysis

Within its structure of financial debt, the Group has bank overdrafts denominated in Argentine pesos accruing interest at rates that are reset at maturity, notes at fixed rates and loans with banks and other financial institutions denominated in Argentine pesos, US dollars and guaraníes that accrue interest at a floating and fixed rates. For more information, see Note 13 to these consolidated financial statements.

As of December 31, 2020, the Group had a debt at variable rate of approximately $ 100,366 million. In order to reduce the effect of changes in interest rates, the Group holds as of December 31, 2020 derivatives for an aggregate principal amount of US$ 18,513 million, which convert variable rates into fixed rates. Therefore, the total debt subject to variable interest rate taking into consideration the derivatives amounts to approximately $ 81,853 million as of December 31, 2020. Management believes that any variation of 100 annual bps in the agreed interest rates would result in a variation of approximately $ 819 million.

This analysis assumes that this change in interest rates occurs at the same time and for the same periods.

This sensitivity analysis provides only a limited, point-in-time view of the market risk sensitivity of certain of the financial instruments. The actual impact of changes in interest rates of financial instruments may differ significantly from this estimate.

Credit Risk:

Credit risk represents the Group's exposure to possible losses arising from the failure of commercial or financial counterparties to fulfill their assumed obligations. That risk stems mainly from economic and/or financial factors that may affect debtors.

The credit risk affects cash and cash equivalents, deposits held at banks and financial institutions, as well as credit granted to clients, including outstanding accounts receivable and committed transactions.

The maximum theoretical credit risk exposure of the Group is represented by the book value of net financial assets, disclosed in the consolidated statement of financial position.

Maturities	Cash and Cash Equivalents	Investments	Trade Receivables	Other Receivables	Total
Total Due	-	-	9,657	21	9,678
Total not due	19,468	15,960	9,358	2,033	46,819
Total as of December 31, 2020	**19,468**	**15,960**	**19,015**	**2,054**	**56,497**

The allowance for bad debts is recorded: (i) for an exact amount on credit positions that present an element of individual risk (bankruptcy, customers under legal proceedings with Telecom); and (ii) for credit positions that do not present such characteristics allowances are recorded by customer segment considering the aging of the accounts receivable balances, the expected uncollectibility, customer creditworthiness and changes in the customer payment terms. Total overdue balances not covered by the allowance for bad debts amount to $ 9,657 million as of December 31, 2020 ($ 11,272 million as of December 31, 2019).

Regarding the credit risk relating to the assets included under "Net financial debt" or "net financial asset", it should be noted that Telecom evaluates the outstanding credit of the counterparty and the levels of investment, based, among other things, on their credit rating and the equity size of the counterparty.

In order to minimize credit risk, the Group also pursues a diversification policy for its investments by making deposits with reputable financial institutions and, generally, for short periods. Consequently, there are no significant positions with any one single counterparty.
Telecom has a wide range of customers, including individuals, businesses - medium-and-large-sized companies - and governmental agencies. Therefore, Telecom's receivables are not subject to credit risk concentration.

Liquidity Risk:

Liquidity risk represents the risk that the Group shall have no funds to fulfill its obligations of any nature (labor, commercial, fiscal and financial, among others).

The Group's working capital breakdown and its main variations are disclosed below:

	2020	2019	Changes
Trade Receivables	18,956	23,096	(4,140)
Other receivables (not considering financial NDF)	5,557	6,064	(507)
Inventories	3,722	4,373	(651)
Current Liabilities (without considering financial debt)	(64,477)	(69,144)	4,667
Operative working capital - negative	**(36,242)**	**(35,611)**	**(631)**
On Sales	12.0%	11.0%	
Cash and Cash Equivalents	19,468	36,844	(17,376)
Financial NDF	2	222	(220)
Investments	15,834	584	15,250
Current Financial Debt	(41,602)	(48,031)	6,429
Current Financial Liabilities, net	**(6,298)**	**(10,381)**	**4,083**
Negative operating working capital (current assets – current liabilities)	**(42,540)**	**(45,992)**	**3,452**
Liquidity Ratio	0.55	0.61	(0.06)

The Telecom Group has a typical working capital structure for a company with intensive capital that obtains spontaneous financing from its suppliers (especially PP&E) for longer terms than those it grants to its customers. The negative operating working capital was of $ 42,540 million as of December 31, 2020 (a decrease of $3,452 million compared to December 31, 2019.)

During fiscal years ended December 31, 2020 and 2019, the Group continued to obtain financing from the financial and capital markets to cover capital expenditures, working capital and other general corporate purposes and to refinance a portion of its financial debt within the framework of its ongoing policy, aimed at optimizing the term, rate and structure of its financial debt. For more information, see Note 13 to these consolidated financial statements.

The Group has an excellent credit rating and has several financing sources, with several instruments and offers from first-class international institutions to diversify its current funding structure, which includes access to domestic and international capital markets and competitive bank-loan terms and financial expenses on debt. For more information on the loans obtained, repaid and restructured, see Note 13 to these consolidated financial statements.

The Company's Management evaluates the national and international macroeconomic context to take advantage of market opportunities to preserve its financial health for the benefit of its investors.

The Group manages its cash and cash equivalents and, in general, its financial assets, trying to match the term of investments with those of its obligations. Its cash and cash equivalents position is invested in highly liquid, short-term instruments.

The Group maintains a liquidity policy that results in a significant volume of available cash in the ordinary course of business. The Group has consolidated cash and cash equivalents of $ 19,468 million (equal to US$ 220 million) as of December 31, 2020 (as of December 31, 2019, it had US$ 429 million.) Telecom has bank credit lines and a Notes program (see Note 13) that allow it to finance its short-term obligations and an investment plan in addition to the operating cash flow projected for the next years.

The following table shows the breakdown of financial liabilities by relevant groups of maturities based on the remaining period as from the date of the consolidated statement of financial position through the contractual maturity date. The amounts disclosed in this table represent undiscounted cash flows (principal plus contractual interest).

Maturities	Accounts Payable	Financial Debt	Salaries and Social Security Payables	Dividends Payable	Lease Liabilities	Other Liabilities	Total
Matured	2,816	-	-	-	-	-	**2,816**
January 2021 through December 2021	36,546	44,774	14,368	9,292	3,595	456	**109,031**
January 2022 through December 2022	1,774	53,313	407	-	2,393	52	**57,939**
January 2023 through December 2023	398	53,424	270	-	1,735	-	**55,827**
January 2024 onwards	276	88,847	259	-	3,614	-	**92,996**
	41,810	**240,358**	**15,304**	**9,292**	**11,337**	**508**	**318,609**

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments considering the evolution of its business and changes in macroeconomic conditions. To maintain or adjust its capital structure, the Company may adjust dividend payments to shareholders and the level of indebtedness.

The Company does not have to comply with regulatory capital adequacy requirements.

NOTE 29 - BALANCES AND TRANSACTIONS WITH COMPANIES UNDER ARTICLE 33 - LAW No. 19,550 AND RELATED PARTIES

a) Cablevisión Holding S.A.

i. Related Parties

For the purposes of these consolidated financial statements, related parties are individuals or legal entities that are related (under IAS 24) to Cablevisión Holding, except for companies under Article 33 of the LGS.

For the year presented, the Group has not conducted any transactions with Key Managers and/or persons related to them, except as set forth under e) below.

ii. Balances with Companies under Article 33 of General Associations Law No. 19,550, and related parties

- **Companies under Art. 33 of the LGS - Associates**

CURRENT ASSETS	Type of related party	December 31, 2020	December 31, 2019
Trade Receivables		2	-
Ver TV		**2**	**-**
Other Receivables			
La Capital Cable S.A.	Associate	105	49
Teledifusora San Miguel Arcángel S.A.	Associate	3	30
Ver T.V. S.A.	Associate	10	78
		118	**157**
CURRENT LIABILITIES			
Other Liabilities			
Televisora Privada del Oeste S.A.		3	3
		3	**3**

See our report dated
March 10, 2021
PRICE WATERHOUSE & CO. S.R.L.

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- **Related Parties**

CURRENT ASSETS	Type of related party	December 31, 2020	December 31, 2019
Trade Receivables			
Other Related Parties	Related company	163	186
		163	**186**
Other Receivables			
Other Related Parties		32	-
		32	**-**
CURRENT LIABILITIES			
Accounts Payable			
Other Related Parties	Related company	913	1,208
		913	**1,208**

iii. Transactions with Companies under Article 33 of General Associations Law No. 19,550, and related parties

- **Companies under Art. 33 of the LGS - Associates**

	Transaction	Type of related party	December 31, 2020	December 31, 2019
			Income (loss) Sales and Other Revenues	**Income (loss) Sales and Other Revenues**
La Capital Cable S.A.	Sales of services	Associate	44	68
La Capital Cable S.A.	Other Sales	Associate	1	-
			45	**68**
			Operating Costs	
La Capital Cable S.A.	Fees for services	Associate	(53)	(53)
			(53)	**(53)**
			Financial Results	
Ver TV	Interests		33	-
TSMA	Interests		15	-
			48	**-**

- **Related Parties (2)**

	Transaction	Type of related party	December 31, 2020	December 31, 2019
			Income (loss) Sales and Other Revenues	**Income (loss) Sales and Other Revenues**
Other Related Parties	Sales of Services and Advertising	Related company	212	225
			212	**225**
			Operating Costs	**Operating Costs**
Other Related Parties	Programming Costs	Related company	(3,058)	(3,078)
Other Related Parties	Publishing and distribution of magazines	Related company	(751)	(946)
Other Related Parties	Advisory Services	Related company	(481)	(457)
Other Related Parties	Purchase of Advertising	Related company	(495)	(636)
Other Related Parties	Other purchases and commissions	Related company	(153)	(117)
Other Related Parties	Fees for services	Related company	(114)	(111)
			(5,052)	**(5,345)**

(2) Includes mainly operations with the following companies related through Grupo Clarín S.A.: Arte Radiotelevisivo Argentino S.A., Arte Gráfico Editorial Argentino S.A., Unir S.A., Impripost S.A., Tele Red Imagen S.A., GC Gestión Compartida S.A. and Compañía De Medios Digitales S.A.

These transactions were carried out by the Group under the same conditions as if they had been carried out with an independent third party.

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March 10, 2021
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(Partner)

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On November 21, 2018, the Company accepted an assignment of collection rights on a credit, offered by Grupo Clarín S.A. for US$ 8.7 million. See Note 7 to these Consolidated Financial Statements.

iv. Key Management

Compensation for the Group's Directors and Key Managers for the years ended December 31, 2020 and 2019, including social security contributions, amounted to $ 1,719 million and $ 1,351 million, respectively, and was recorded as an expense under the line item "Employee benefits expenses and severance payments".

As of December 31, 2020, an amount of $ 1,140 million remained unpaid.

The estimated fees paid to the directors of the Group for the years ended December 31, 2020 and 2019 amounted to approximately $ 121 million and $ 205 million, respectively.

NOTE 30 - RESERVES, ACCUMULATED INCOME AND DIVIDENDS

1. Cablevisión Holding

At the General Ordinary Shareholders' Meeting held on April 25, 2019, the shareholders of the Company decided, among other things, to instruct the Board of Directors to call an Extraordinary Shareholders' Meeting for the sole purpose of considering the appropriation of retained earnings as of December 31, 2018 for $ 58,339 million. At the Extraordinary General Shareholders' Meeting held on May 31, 2019, the shareholders of the Company approved the Board of Directors' proposal concerning the appropriation of retained earnings as of December 31, 2018 ($ 58,339 million) adjusted as of April 30, 2019 by the National Consumer Price Index (National IPC, for its Spanish acronym) published on May 15, 2019 pursuant to CNV Resolution No. 777/2018 ($ 67,457 million) as follows: i) $795 million to increase the Legal Reserve, ii) $11,117 million to increase the Voluntary Reserve for Financial Obligations, and iii) $55,545 million to increase the Reserve for illiquid results. In addition, the Board of Directors approved the full reversal of the Voluntary Reserve for Future Dividends, the Voluntary Reserve to Ensure the Liquidity of the Company and its Subsidiaries and the Voluntary Reserve to Provide Financial Aid to subsidiaries and in connection with the Broadcasting Law, in order to reallocate all the amounts of the reversed reserves to the Voluntary Reserve for illiquid results.

On April 29, 2020, at the General Ordinary and Extraordinary Shareholders' Meeting of Cablevisión Holding S.A., the shareholders decided, among other things: (i) to absorb the net loss for the year ended December 31, 2019 which amounts to $3,246 million ($4,099 million in constant currency as of December 31, 2020) through the partial reversal of the Voluntary reserve for illiquid results and (ii) to make a full reversal of the Voluntary reserve for financial obligations which, as of December 31, 2019, amounted to $19,899 million ($25,116 million in constant currency as of December 31, 2020) and to allocate $162,348 million ($205,030 million in constant currency as of December 31, 2020) to increase the legal reserve, an amount in Argentine pesos equivalent to US$ 12 million to the payment of dividends in unrestricted US dollars, and the remaining amount to increase the Voluntary reserve for illiquid results. In May 2020, the Company paid all the distributed dividends.

At the General Extraordinary Shareholders' Meeting held on December 15, 2020, the shareholders decided 1) to distribute dividends in kind through: i) the delivery of Global Bonds of the Argentine Republic amortizable in US dollars maturing on July 9, 2030, code GD30, (the "2030 Global Bonds") for a nominal value of US$ 61,607,237 with a market price as of December 14, 2020 of $ 3,610,184,088, and ii) the delivery of Global Bonds of the Argentine Republic amortizable in US dollars maturing on July 9, 2035, code GD35 (the "2035 Global Bonds") for a nominal value of US$ 106,257,704, with a market price as of December 14, 2020 of $ 5,557,277,919, at a ratio of US$ 0.34104493525 of 2030 Global Bonds and US$ 0.58822069525 of 2035 Global Bonds per share of the Company and to settle in cash the resulting fractions of less than US$ 1, with the holders of all classes of shares of the Company entitled to receive the dividends in the same proportional combination in kind as mentioned above, and 2) to partially reverse the "Voluntary Reserve for Illiquid Results" in the amount of $9,167,462,007, corresponding to the valuation in Argentine Pesos as of December 14, 2020 of the dividends in kind. The valuation of those bonds as of December 31, 2020 amounts to $ 9,292 million. In January 2021, the Company settled all the dividends.

2. Telecom Argentina

The Ordinary and Extraordinary Shareholders' Meeting of Telecom was held on April 28, 2020 with the remote participation of its shareholders pursuant to CNV Resolution No. 830/20, due to the fact that the free movement of people in general was restricted, limited or banned as a result of the state of health emergency introduced by Emergency Decree No. 297/20 and subsequent regulations issued by the National Executive Branch. The Meeting was held using the Cisco Webex video-teleconference system. At such Shareholders' Meeting, the shareholders decided, among other things:

1. To approve the Annual Report and financial statements of Telecom as of December 31, 2019;

2. To approve the Board of Directors' proposal stated in constant currency as of March 31, 2020 using the National Consumer Price Index (National IPC, for its Spanish acronym) pursuant to CNV Resolution No. 777/2018 in connection with the Accumulated Deficit as of December 31, 2019 for $ 6,633,713,897 ($ 8,378 in constant currency as of December 31, 2020). The Board proposed: (i) to absorb $ 1,931,029,240 ($ 2,439 in constant currency as of December 31, 2020) of the "Voluntary reserve for capital investments"; (ii) to absorb $ 4,702,684,657 ($ 5,939 in constant currency as of December 31, 2020) of the "Voluntary reserve to maintain the Company's level of capital expenditures and its current solvency level"; and (iii) to reclassify $ 10,887,950,778 ($ 13,751 in constant currency as of December 31, 2020) from the "Voluntary reserve to maintain the Company's level of capital expenditures and its current solvency level" and appropriate it to the "Merger Surplus".

3. To approve the reversal of the balance of the "Voluntary reserve for capital investments" in the amount of $ 3,541,443,368 adjusted as of April 30, 2020 using the National IPC ($ 4,473 in constant currency as of December 31, 2020), increasing the "Voluntary reserve for future cash dividends" with the amount of said reversal.

At the General Extraordinary Shareholders' Meeting held on November 13, 2020, the shareholders of Telecom decided to distribute dividends in kind through: i) the delivery of Global Bonds of the Argentine Republic amortizable in US Dollars maturing on July 9, 2030 (the "2030 Global Bonds"), for a nominal value of US$ 157,642,897, and ii) the delivery of Global Bonds of the Argentine Republic amortizable in US Dollars maturing on July 9, 2035 (the "2035 Global Bonds") for a nominal value of US$ 271,896,177.

Consequently, the valuation in Argentine Pesos of the dividends in kind was set at $24,723,374,678 ($25,713 million in constant currency as of December 31, 2020), fully reversing the "Voluntary Reserve for Future Cash Dividends," which in constant currency as of December 31, 2020 amounts to $6,600 million, and partially reversing the "Voluntary reserve to maintain the Company's level of capital expenditures and its current solvency level" in the amount of $19,113 million in constant currency as of December 31, 2020.

2.1 Amendment of Telecom's Bylaws

At the General Extraordinary Shareholders' Meeting and the Special Shareholders' Meetings of Class "A" and Class "D" shares held on October 10, 2019, the shareholders approved the amendment of articles 4, 5, and 6 of the Bylaws so that Class "A" and Class "D" shares, currently book-entry shares, may be represented as certificated securities or book-entry securities, as determined by a Special Shareholders' Meeting of Class "A" or Class "D" shares. The shareholders approved the delegation of powers on the Board of Directors to determine and establish the time, form and conditions for the issuance of the certified securities, if so decided in the future by the shareholders at Special Shareholders' Meetings of Class "A" and Class "D" shares.

Subsequently, at the Extraordinary General Shareholders' Meeting and the Special Shareholders' Meetings of Class "A" and Class "D" shares held on December 11, 2020, the shareholders approved the amendment of Article 10 of the Bylaws, whereby it was provided that all Board of Directors' meetings shall be called with no less than a five-day notice to deal with ordinary matters and with no less than a 1-day notice for urgent matters. In addition, the amendment provides for new means of communication to be used for notifying the calls for said Board of Directors' meetings.

As of the date of these consolidated financial statements, both amendments of the Bylaws are pending registration with the IGJ.

NOTE 31 - RESTRICTIONS ON THE DISTRIBUTION OF RETAINED EARNINGS

Pursuant to the Argentine General Associations Law and CNV regulations, CVH is required to set up a Legal Reserve of no less than 5% of each year's retained earnings derived from the algebraic sum of net income for the year, adjustments to prior years and accumulated losses from previous years until such reserve reaches 20% of its outstanding capital stock plus the balance of the item Comprehensive adjustment of capital stock.

NOTE 32 - MANDATORY PUBLIC TENDER OFFER ("PTO") DUE TO CHANGE OF CONTROL

On January 1, 2018, the Company became the direct and indirect holder of 841,666,658 Class D shares of Telecom Argentina, representing 39.08% of the outstanding capital stock of said company. In addition, all the provisions of the agreement, described under Note 4 to the consolidated financial statements, came into effect. Said agreement entitles the Company to appoint the majority of the members of Telecom's Board of Directors. Therefore, the Company is the controlling shareholder of Telecom.

Accordingly, and pursuant to Law No. 26,831 (as amended by Law No. 27,440, the "Capital Markets Law") and the rules effective as of that date, ("CNV Rules" and together with the Capital Markets Law, the "PTO Rules"), on June 21, 2018, the Company's Board of Directors decided to promote and make a mandatory public tender offer ("PTO") due to change of control for all the Class B common shares issued by Telecom Argentina listed on Bolsas y Mercados Argentinos S.A. ("BYMA", for its Spanish acronym), (including the Class C common shares issued by Telecom which were converted into Class B common shares within the term provided) at a price of $110.85 per share (less the items detailed in the PTO Announcement).

Notwithstanding the fact that Fintech Telecom, LLC was not obligated to promote, make or launch a PTO pursuant to the PTO Rules and that it had not taken part in the determination or formulation of any of the terms and conditions of the PTO, as provided under Clause 6.7 of the agreement, Fintech Telecom LLC undertook with regard to the Company to pay and acquire 50% of the shares tendered under the PTO (notwithstanding the Company's right to acquire by itself the first 43,073,760 Class "B" shares of Telecom Argentina).

The price offered by the Company to be paid for each share tendered by its holder for its acquisition by the Company is of $ 110.85 per Share (less any cash dividend per Share to be paid by Telecom Argentina from the announcement date to the date the price of the PTO is paid and other expenses, such as transfer expenses, rights, fees, commissions, taxes, duties or contributions) (the "PTO Price"). The Company has obtained reports from two independent appraisers with respect to the method applied to determine the PTO Price. The PTO Price shall be payable in Pesos in Argentina no later than 5 business days following the expiration of the offer reception period.

Pursuant to Article 3, paragraph c), Chapter II, Title III of CNV Rules, on July 5, 2018, the Board of Directors of Telecom Argentina issued an opinion stating that the PTO Price had been set in accordance with the mandatory terms provided under applicable laws, in conformity with item I of Article 88 of the Capital Markets Law, and issued the Board of Directors' Report provided under such Rules.

As part of the administrative proceeding filed by the Company with the CNV, the regulatory agency challenged the PTO price offered by the Company and stated in its opinion that the price should be of US$ 4.8658 per share, payable in Argentine pesos at the exchange rate prevailing on the business day immediately preceding the PTO settlement date. CVH considered that CNV's position was unfounded and brought a claim entitled "Cablevisión Holding S.A. v. Argentine Securities Commission on Injunctions" (File No. 7998/2018) pending before Federal Civil and Commercial Court No. 3. On November 1, 2018, the judge granted the injunction requested by CVH and ordered the CNV to refrain from issuing any decision or deciding on the authorization of the PTO submitted and formulated by the Company on June 21, 2018, for a period of six (6) months.

On October 8, 2018, the Company filed the substantive claim on which the request for an injunction was grounded: a request for a declaratory judgment declaring that the Company submitted and formulated the PTO in conformity with applicable regulations and fully in accordance with the PTO Rules.

On June 10, 2019, the Company was served notice of the decision rendered on May 9, 2019 in re "Burgueño Daniel v. EN-CNV on Injunction (Autonomous)" (File 89,537/2018) pending before Federal Court on Administrative Matters No. 1, Clerk's Office No. 1, whereby that Court granted an injunction, suspending the proceeding related to the PTO until such Commission decides to apply Resolution No. 779/18 (the "New CNV Resolution"), or until the expiration of the maximum term allowed under Article 5 of Law No. 26,854, as the case may be. The above-mentioned injunction was extended for an additional term of six (6) months, and the Court of Appeals ratified such extension.

In addition, on July 19, 2019, the Company was served notice of a decision rendered by Chamber I of the Court of Appeals on Federal Civil and Commercial Matters of this City in re "Cablevisión Holding S.A v. Comisión Nacional de Valores on Injunctions" (File No. 7,998/2018), whereby said Court revoked the injunction granted to the Company that had ordered the CNV to refrain from resolving and deciding on the authorization of the PTO submitted and formulated by the Company. The Company pointed out that, in the decision rendered by the above-mentioned Chamber, it was ordered that any appeal that may be eventually filed by the Company against any decision rendered by the CNV in connection with the PTO shall have staying effects. Against this decision rendered by the Court of Appeals on Civil and Commercial Matters, the Company filed a federal extraordinary appeal, which was dismissed on December 26, 2019.Notwithstanding the foregoing, as of that date, the PTO submitted by the Company was still within the scope of the injunction ordered in re "Burgueño Daniel v. Executive Branch-CNV on Injunction (Autonomous)" (File 89,537/2018) mentioned in the previous paragraph.

On November 26, 2019, CVH was served notice of a claim filed by a shareholder of the Company, Daniel Burgueño, in re "Burgueño, Daniel Fernando v. Executive Branch - Argentine Securities Commission and Other re: Proceeding leading to a declaratory judgment" (File No. 33,763/2019), pending before Federal Court on Administrative Matters No. 1, Secretariat No. 1. The claim seeks to obtain a declaration that CVH is no longer under the obligation to carry out a PTO to acquire the shares of Telecom Argentina as a result of the change of control in that company, pursuant to subsection k) of Article 32 of the New CNV Resolution, which regulates Law No. 26,831 (as amended by Law No. 27,440.) On December 27, 2019, CVH was served notice of the decision issued by the court of first instance in re "Burgueño, Daniel Fernando v. Executive Branch - Argentine Securities Commission and Other re: Proceeding leading to a declaratory judgment" (File No. 33,763/2019), whereby the Court admitted the claim brought by Mr. Burgueño, confirmed that CVH no longer falls within the obligation to conduct a PTO due to the change of control in Telecom Argentina, pursuant to the terms of Article 32, subsection k.) of the New CNV Resolution and ordered the CNV to deem the proceedings initiated by the Company with the CNV concluded. In its ruling, the Court also ordered CVH to cease the proceeding initiated in connection with the PTO. On May 18, 2020, the Company was served notice of a decision rendered on May 15, 2020, whereby the court of first instance provided for the extension of the effectiveness of the injunction that had been granted in favor of Daniel Burgueño in re "Burgueño Daniel v. EN-CNV on Injunction" (File 89,537/2018/3).

As of the date of these financial statements, the decision rendered by the court of first instance served on the Company on December 27, 2019 in re Burgueño, Daniel Fernando v. Executive Branch - Argentine

Securities Commission and Other re: Proceeding leading to a declaratory judgment" (File No. 33,763/2019) was confirmed by Chamber V of the Court of Appeals on Federal Administrative Matters through the decision rendered on September 8, 2020. The CNV filed an extraordinary appeal against this decision. The Company was served notice of the decision rendered by Chamber V of the Court of Appeals on Federal Administrative Matters, whereby it dismissed the extraordinary appeal filed by the CNV, which may file an appeal with the Supreme Court against said decision.

NOTE 33 - IMPACT OF CORONAVIRUS

Towards the end of December 2019, the World Health Organization (WHO) received a report of pneumonia cases originated in Wuhan, Province of Hubei, China. The report was related to the outbreak of a new virus called Coronavirus ("COVID-19"), which soon spread to several provinces of China and then to other countries. The outbreak and spread of COVID-19 has generated several consequences on businesses and economic activities at a global level.

Given the extent of the spread, several governments in the world implemented drastic measures to restrict the movement of the population and to curb the spread, including, among other things, controls at airports and other transport hubs, suspension of visas, border closure and the ban on travel to and from certain parts of the world, closure of public and private institutions, suspension of sports events, restrictions on museums and tourist attractions, extension of vacations, and finally, the mandatory isolation of the population together with the suspension of non-essential commercial activities, with a high degree of compliance. On March 11, 2020, the WHO declared COVID-19 a global pandemic.

In Argentina, the National Government established a series of measures aimed at reducing the movement of the population, ordering the Mandatory and Preventive Social Isolation as from March 20, 2020, allowing the movement of only those people involved in the provision/production of essential services and products, among them, those involved in the provision of telecommunication, fixed and mobile Internet and digital services. Such isolation measures were amended and extended in different stages by geographical regions and may be extended as deemed necessary according to the epidemiological situation of each city.

On November 9, 2020, the National Government ordered the Mandatory and Preventive Social Distancing for all persons who reside or transit in urban centers and in districts and departments of the Argentine provinces that do not have a sustained community transmission of the virus and they positively verify certain epidemiological and sanitary parameters. The locations where these parameters were not met continued with the Mandatory and Preventive Social Isolation. During the effectiveness of the Mandatory and Preventive Social Distancing, several services and activities are still declared "essential" as they had been defined during the effectiveness of the Mandatory and Preventive Social Isolation. The services provided by Telecom fall within this category.

Argentina is one of the countries selected by the WHO that are participating in the Solidarity Trials in order to generate rigorous data throughout the world to find the most effective treatments for hospitalized COVID-19 patients and evaluate the efficacy of vaccines. Argentina has also been selected as part of the countries where clinical trials are being conducted for, at least, three of the COVID-19 vaccines, and the Government has announced that another vaccine will be produced in the national territory.

The Group provides services that are critical for society as it connects people, homes, companies and governments. The infrastructure deployed contributes to providing, through the capacity of fixed and mobile networks, essential services for the coordination of the security forces and the health ecosystem where communications at healthcare facilities and new field hospitals have been strengthened and enhanced. Additionally, we have facilitated the communication between students and teachers to ensure educational continuity through virtual educational platforms, enhancing learning through different applications, boosting the access to information for all the population. In the same way, the services offered by Telecom allow people to continue to stay informed and entertained, with contents such as series, movies, music concerts, and gaming available through different platforms, which strengthened the bond with our customers.

In economic terms, the services rendered by the Group favor the continuity of the activities of large, medium- and small-sized companies that are still operating, many of them remotely, boosted by online platforms so that sellers and consumers can connect and sustain consumption; cooperate with the productive process through the implementation of home office as one of the most disruptive tools given its massive and immediate application, contributing to sustaining the economy of the country. In this context of isolation, the services rendered by the Group enable people to keep in touch with their loved ones, entertain themselves, produce and stay informed from their homes.

Thanks to the investments in infrastructure made over the last years, Telecom has equipment and systems that enable its networks to work efficiently even with the increased use of its fixed and mobile connectivity services registered since the beginning of the Mandatory and Preventive Social Isolation and that are reflected in the increase of up to 50% in home Internet data traffic, 70% in mobile voice services and 30% in mobile data, taking into account that fixed and mobile networks are complementary and that customers use them alternatively, and with a 75% increase in upstream.

✓ External Actions Taken by Telecom in Response to the Health Emergency

The COVID-19 pandemic has driven joint actions by domestic companies providing essential support to face the health crisis, reflected in the donation of funds, services, supplies, products, and other type of assistance.

Telecom received a recognition from the NYSE for the social value initiatives implemented under its ongoing commitment to the community and in response to the COVID-19 emergency. The most relevant initiatives were the following:

- Connectivity for field hospitals;
- Discount in the services provided to over 500 hospitals and health centers throughout the country, to the Argentine Red Cross and to the Food Bank;
- Expansion of services for emergency lines;
- Discount in mobile data for use in over 2,900 educational platforms;
- discount in the services provided to over 11,000 educational institutions;
- Provision of Telecom's own educational contents through its program “Nuestro Lugar” (www.nuestrolugar.com.ar) with proposals on cyber citizenship for children, families and teachers;
- Increase of pedagogical contents in Flow, its entertainment platform, extending the access to Flow App to all the cable television customer base;
- Benefits granted to customers to enable them to take further advantage of connection possibilities and to access valuable information and educational and entertainment contents;
- Support to the solidarity initiative “Seamos Uno” for the delivery of food and personal care products to families that need them the most, among many other initiatives; and
- Provision of communication tools to disseminate health information to citizens, in alliance with boroughs and governments throughout the country.

✓ Internal Actions Taken by the Group in Response to the Health Emergency

The Group implemented a series of measures to ensure the continuity of its operations, safeguarding the health and welfare of all the personnel and of those that are part of the value chain. The main measures adopted by the Company are:

- The Crisis Committee, composed of members of Upper Management, started to hold meetings on a regular basis and added the advice of health experts in order to address the different scenarios that may arise and to be able to make quick decisions;
- Implementation of home office, prior to the declaration of the mandatory and preventive social isolation, for over 70% of the employees, including those engaged in customer service and call center, with access to the virtual private network so that they can work remotely with the same tools

and security levels they have in their workspaces at our offices. They use web and mobile applications for (i) administrative and human resources tasks, (ii) access to e-learning training and (iii) communication and collaborative workspaces, virtual rooms and access to files and documentation from anywhere, in a collaborative and safe way;

- Enhancement of cleaning and disinfection at workspaces and environments for those tasks that cannot be performed remotely, including the vans used by technical support teams, as well as provision of hygiene and hand sanitizing methods, the distribution of personal care kits in accordance with the protocol established by the Superintendency of Labor Risks;
- The early performance of the tasks planned for 2020 and the initiation of works to ensure the capacity required for the networks to continue operating seamlessly;
- Expansion of the capacity for international outgoing Internet traffic by 40%.
- Execution of agreements to boost the links with international suppliers and IP networks:
- Early execution in public thoroughfare of infrastructure works on residential fixed data networks, enhancement of data centers and hubs and increase of the capacity of Flow's content distribution network;
- Expansion of the capacity of the mobile network in certain smaller locations in the provinces where there is only one network, and the continuation of preventive maintenance tasks in all the networks;
- Launch of a campaign, since the first day of the mandatory isolation, promoting all the digital communication channels and encouraging customers to request support through those channels. Enhancement of digital support in order to handle the new flow of customers by implementing special microsites identified as “I pay from home”;
- In compliance with regulations in effect in each location, Telecom began to gradually open its customer service locations in cities that progressed to stages involving social distancing;
- Technical support focused on preventive maintenance and repairs in public thoroughfare and on Telecom's own infrastructure, giving priority to critical cases such as hospitals and security forces, among others;
- In the case of new installations and repairs that have to be made inside of our customers’ homes, Telecom provided technical teams with personal care and safety kits, which include special protective gear such as coveralls, gloves, cloth face covering and special goggles, hand sanitizer and training for the proper and safe use of those elements;
- From the beginning of the health situation, we have developed several initiatives under a corporate program called “Nos Acompañamos” (We support each other) aimed at all our employees for the purpose of safeguarding their biopsychosocial welfare, with a focus on work-life balance;
- Continuation of ongoing communication with unions to agree on work protocols that allow the Company to continue providing services and, at the same time, safeguard the health of employees; and
- Ongoing communication with our strategic partners and other international operators from the countries with greater spread of the pandemic in order to understand and foresee the potential impacts on our operations.

✓ Regulatory Matters

- <u>Prohibition to disconnect services in the event of late or non-payment</u>

On March 24, 2020, the Executive Branch issued Decree No. 311/20, whereby it provided, with respect to individuals that fell within the scope of Article 3, for the temporary suspension of the disconnection of services deemed essential for the development of daily life, such as electricity supply, running water supply, gas supply, fixed or mobile telephony, Internet and radio electric link or satellite link subscription television, among others, in order to guarantee access to those essential services in the event of late or non-payment of up to three consecutive or alternate bills due as from March 1, 2020. On June 18, 2020, the Executive Branch issued Decree No. 543/20, whereby it extended such temporary suspension in the event of late or non-payment of up to six consecutive or alternate bills, due as from March 1, 2020. On September 20, 2020, the Executive Branch issued Decree No. 756/20, whereby it extended such temporary suspension in the event of late or non-payment of up to seven consecutive or alternate bills.

Decree No. 311/20 also provides that companies that render fixed or mobile telephony, Internet and radio-electric link or satellite link subscription television services are under the obligation to maintain a reduced service, as established in the regulations, for a term of one hundred eighty (180) calendar days, which was extended with each extension of Decree No. 311/20. In addition, the decree provides that if users of mobile telephony or Internet prepaid services fail to pay the corresponding recharge to have access to consumption, the companies that provide those services must provide a reduced service within the terms provided by regulations, and that this obligation would be effective until April 30, 2020. Such term was subsequently extended through several decrees. Pursuant to Decree No. 756/20, its expiration was set for December 31, 2020.

- Agreement between the Industry and the ENACOM

In May 2020, Telecom, together with the other companies in the industry, executed an agreement with the ENACOM, effective until August 31, 2020, whereby the parties agreed, among other things: (i) to suspend the increase in the prices of mobile and fixed telephony, Internet and cable television services from May 1 to August 31, 2020, in order to ease the situation of the users affected by the quarantine, (ii) to create inclusive plans for fixed and mobile telephony and Internet services for individuals who request that benefit, with a fixed price until September 30, 2020, (iii) to extend the "reduced service" benefit, which guarantees the connectivity of users with prepaid mobile telephony and Internet services, maintaining the price until October 31, 2020, (iv) not to dismiss employees without cause during the term of this agreement, and (v) to renegotiate this agreement and immediately suspend its effects in case of salary increases granted under wage negotiations.

Despite said agreement, on August 22, 2020, the Executive Branch issued Decree No. 690/20, whereby it amended the LAD. For more information on Decree No. 690/20, see Note 2 to these consolidated financial statements.

✓ <u>Main Accounting Impacts</u>

As of the date of these consolidated financial statements, the pandemic has not had significant impacts on the Group's results. Even though various types of difficulties have slowed down our operations or made them more complex; such as the increased Internet data traffic, the increase in mobile voice service, the decrease in the collection of service fees, and mainly the inconveniences to make repairs and installations inside of our customers' homes, among others; the operations are still in place and are expected to continue in spite of the difficulties.

In accordance with the guidelines of IAS 36, during this year, the Group's Management assessed whether there was any indication of impairment of any asset. Even though the pandemic may have a significant impact on economic activity in Argentina and become an indicator of impairment, based on Management's estimates, no adverse effect has been identified on the Company's future cash-flow-generating capacity because the volume of operations is expected to remain stable.

The implementation of measures aimed at reducing the circulation of people initially included the closure of in-person collection channels, thus affecting the collections of the Company as from March 20, 2020. However, this situation gradually evolved during the second quarter of 2020 with the reopening of the in-person collection channels and the strengthening of the digital channels through the implementation of "I pay from home". The Company's Management estimates that the deterioration of Argentina's economic situation represents an increase of the credit risk in connection with the trade receivables existing at the end of the year. These consolidated financial statements include an increase in the allowance for bad debts as a result of the application of the model called "expected credit losses", as established by IFRS 9. For more information on the breakdown and maturity dates of trade receivables, see Notes 5 and 26, respectively to these consolidated financial statements.

- *Liquidity Risk:*

The negative effect on the collection of service fees mentioned above does not represent a liquidity risk with respect to the fulfillment of the short-term financial obligations because the Company has been working on strengthening its liquidity for some time now. Telecom and its subsidiaries have enough liquidity and bank credit lines and a notes program that allow them to finance their short-term obligations and investment plan in addition to the projected operating cash flows.

Notwithstanding the above, the Company implemented measures to ensure the highest liquidity possible to address the volatility of the context with heightened uncertainty, to offset the potential decrease of revenues and to be able to fulfill its obligations.

The ultimate effects of COVID-19 and its impact on the global and local economy are still unknown. Governments may issue more stringent measures, which cannot be predicted at this stage.

The Group's Management will continue to develop actions that minimize the potential impairment on its results, as a result of these situations, maintaining a high level of service and customer satisfaction, and seeking to maximize the precautions in social management in this context.

The Group's Board of Directors and the Crisis Committee continue to closely monitor the evolution of the situation and to take the necessary measures aimed at preserving human life and the sustainability of Telecom's businesses.

NOTE 34 – SUBSEQUENT EVENTS AS OF DECEMBER 31, 2020

1) Global Notes Programs

Telecom Argentina

Within the framework of the Global Notes Program for up to US$3,000 million or its equivalent in other currencies, Telecom offered the subscription as from January 14, 2021 of a new series of Notes for a nominal value denominated in UPP equivalent to up to $1,500 million, expandable to $12,000 million. The following is a detail of the amount of Notes actually issued and their main characteristics:

- ✓ **Class 8 Notes**

Issuance Date: 01/20/2021.
Amount Issued: 133,628,950 UPP (equivalent to $ 8,708,598,672 as of the issuance date).
Maturity Date: 01/20/2025.
Repayment: Principal will be repaid in one installment in an amount equal to 100% of the aggregate principal, at maturity.
Interest Rate and Payment Date: The notes accrue interest as from the Issuance Date until the Maturity Date, at a fixed annual rate of 4 %. Interest will be paid on a quarterly basis and the last interest payment date will be the maturity date.

1) Collection of Dividends from Associates

During February 2021, the Company collected dividends from Ver TV and TSMA for $157 million - $156 million directly and $1 million indirectly through the controlled company Inter Radios.

NOTE 35 - APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors of Cablevisión Holding has approved these consolidated financial statements and authorized their issuance for March 10, 2021.

Cablevisión Holding S.A.
SUPPLEMENTARY FINANCIAL INFORMATION
As of December 31, 2019

1. Company Activities

On January 1, 2018, the Company informed that its subsidiary Cablevisión S.A., within the framework of its Merger with Telecom Argentina S.A., had signed the minutes regarding the transfer of operations, in its capacity as Absorbed Company to the Absorbing Company, under the terms of the Final Merger Agreement signed on October 31, 2017. Therefore, as provided under the Pre-Merger Commitment and under the Final Merger Agreement, as from 0:00 hours of January 1, 2018 the Merger entered into effect and, consequently, Cablevisión S.A. was dissolved without liquidation and Cablevisión Holding S.A. became the controlling company of Telecom Argentina S.A.

As far as business management is concerned, our subsidiary Telecom Argentina recorded during 2020 revenues in the amount of $301,596 million, compared to $322,686 million in 2019. Operating costs (considering the costs of CVH) -including amortization, depreciation and impairment of fixed assets- amounted to $281,529 million (a decrease of $20,040 million compared to the same period of 2019), operating income before depreciation and amortization amounted to $102,645 million -equivalent to 34.0% of consolidated revenues -, compared to $104,539 million and 32.4% in 2019. Operating Income amounted to $20,067 million (a 5.0% decrease compared to 2019) -equivalent to 6.7% of consolidated revenues- and net income recorded a loss of $5,871 million compared to the loss recorded in 2019 of $7,059 million). The variations are mainly explained by a decrease in revenues, which was partially offset by lower operating costs, a decrease in depreciation, amortization and impairment of PP&E and lower financial expenses on debt equivalent to $ 24,698 million compared to $ 25,795 million recorded in 2019, mainly arising from a decrease in negative balances due to interest and exchange differences, which was partially offset by charges from the renegotiation of financial debt and lower positive financial results.

2. CONSOLIDATED FINANCIAL STRUCTURE

Note: the amounts are stated in thousands of Argentine Pesos. Pursuant to CNV regulations, the following table shows the balances and results for the year, prepared under IFRS.

	December 31, 2020	December 31, 2019	December 31, 2018
Current Assets	63,539	71,179	72,061
Non-Current Assets	685,544	704,636	695,184
Total Assets	749,083	775,815	767,245
Current Liabilities	115,392	117,199	129,348
Non-Current Liabilities	257,149	248,217	187,189
Total Liabilities	372,541	365,416	316,537
Equity of the Parent Company	156,503	170,245	175,376
Equity of Non-Controlling Interests	220,039	240,154	275,332
Total Equity	376,542	410,399	450,708
Total Equity and Liabilities	749,083	775,815	767,245

3. CONSOLIDATED COMPREHENSIVE INCOME STRUCTURE

Note: the amounts are stated in thousands of Argentine Pesos. Pursuant to CNV regulations, the following table shows the balances and results for the year, prepared under IFRS.

	December 31, 2020	December 31, 2019	December 31, 2018
Operating income/loss from continuing operations (1)	20,064	21,117	43,903
Financial Results	(18,181)	(8,567)	(46,380)
Equity in Earnings from Associates	496	(255)	493
Income/loss from continuing operations before income tax and tax on assets	2,379	12,295	(1,984)
Income tax and tax on assets	(8,253)	(19,354)	5,909
Net Income (Loss) for the Year	(5,874)	(7,059)	3,925
Other Comprehensive Income (Loss) for the Year	(1,822)	(2,927)	2,761
Total Comprehensive Income (Loss) for the Year	(7,696)	(9,986)	6,686

(1) Defined as net sales less cost of sales and expenses.

See our report dated
March 10, 2021
PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C.A.B.A. Vol. 1 Fol. 17

Sebastián Bardengo
Chair

4. Cash Flow Structure

Note: the amounts are stated in thousands of Argentine Pesos. Pursuant to CNV regulations, the following table shows the balances and results for the year, prepared under IFRS.

	December 31, 2020	December 31, 2019	December 31, 2018
Cash flows provided by operating activities	101,215	111,095	88,110
Cash Flows used in Investment Activities	(83,058)	(58,931)	(65,520)
Cash Flows used in Financing Activities	(36,795)	(34,871)	(30,707)
Exchange rate differences and net and gain (loss) on net monetary position on cash and cash equivalents	1,262	3,936	8,645
Total Cash (used in) provided for the Year	(17,376)	21,229	528

5. STATISTICAL DATA

	December 31, 2020	December 31, 2019	December 31, 2018
Cable Television Service Subscribers (i)	101.5%	100.7%	101.1%
Internet Access (i)	103.2%	101.5%	101.9%
Fixed Telephony Service Lines (iii)	84.9%	86.7%	93.7%
Personal Mobile Service Lines (iii)	98.5%	99.7%	96.5%
Núcleo Customers (iii)	96.0%	96.9%	98.3%

(i) Base December 2013= 100
(ii) Base December 2015= 100
(iii) Base December 2017= 100 (the variation corresponds to the information arising from the merger with Telecom Argentina)

6. RATIOS

	December 31, 2020	December 31, 2019	December 31, 2018
Liquidity (current assets / current liabilities)	0.55	0.61	0.56
Solvency (equity / total liabilities)	1.01	1.12	1.42
Capital assets (non-current assets / total assets)	0.92	0.91	0.91
Return on equity (Comprehensive income for the year / Average shareholders' equity)	(0.01)	(0.02)	0.01

See our report dated
March 10, 2021
PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C.A.B.A. Vol. 1 Fol. 17

Sebastián Bardengo
Chair

7. OUTLOOK

We started 2020 with an unprecedented scenario for humanity as a whole as a result of the health crisis triggered by COVID-19. As a consequence, governments all over the world implemented drastic social isolation measures to safeguard their people. The Government made changes to these isolation measures depending on the evolution of the epidemiological situation in different regions of Argentina, with progress and setbacks in the levels of restriction on the movement of people and in the economic activities allowed by the Government.

As a consequence of the pandemic and after several months of isolation, the macroeconomic variables continued to deteriorate, coupled with a deep economic slowdown and recession of the national economy. The health emergency situation and the current macroeconomic context are expected to continue to have a severe impact on the economic situation of the country, which had already showed difficulties by the end of 2019, and pose a highly challenging 2021 for the sustainability of the businesses.

During the second half of the year, there was a further acceleration of the monthly devaluation rate above the inflation rate. The economic and financial results of our subsidiary Telecom, as well as those of other companies operating in the country, are not impervious to the impact of these exchange rate fluctuations, especially considering that the main source of our revenues is in Argentine pesos, while we need to invest, with dollarized inputs, in the deployment of infrastructure and systems. In this sense, our subsidiary Telecom is strongly focusing its management on achieving operational efficiencies to maintain growth levels in line with its investment commitments, and remains committed to the development of the country through a strategic investment plan aimed at the deployment and upgrading of infrastructure throughout the national territory.

In addition to the complex macroeconomic context in Argentina, there is greater uncertainty for ICT companies arising from the issuance of Emergency Decree No. 690/20, whereby the Argentine Executive Branch declared ICT services as public services provided on a competitive basis. Our subsidiary Telecom, as well as the whole ICT industry, believes that this change of rules in the regulatory framework of the industry will have a detrimental effect since, apart from declaring ICT as public services, said Decree introduces, among other provisions, the control of prices, which could affect the sustainability of the operations.

We understand that this measure could have a negative impact not only on the ICT industry as a whole -capital intensive companies that require ongoing investments to maintain the quality of the service-, but also on investors, employees, customers, and the entire value chain, also affecting all other industries and sectors that depend on connectivity to develop their activities.

The Company believes that this change of rules in the regulatory framework of the industry will have a detrimental effect since it introduces, among other provisions, the control of prices, which could affect the sustainability of its operations. However, our subsidiary Telecom continues to invest in the evolution of the business with a long-term approach that will allow it to further boost the digital life of Argentines.

Thanks to the investments made in infrastructure during the last years, and to the digital transformation of the Company already underway, which had a boost during the pandemic, our subsidiary Telecom has strengthened its networks, adapting its systems, reconfiguring its management processes and accomplishing great milestones in the upgrade of its core platforms, focused on the omni channel experience of our customers and on the transformation of the back office of all its areas, which allowed it to quickly and timely implement digital tools to meet the needs of our customers in this context of isolation.

With these and other actions, Telecom managed to maintain its operations, to minimize the potential deterioration of its results as a consequence of this scenario and, at the same time, to maintain customer service and satisfaction level, promoting the safety of its employees and customers.

It should be noted that, during February 2021, our subsidiary Telecom switched on the first 5G network in Argentina, putting into operation 10 mobile antennas in the Cities of Buenos Aires and Rosario, which can be used with suitable devices. Just like the 4G technology transformed the mobile data world, the 5G network will go even further allowing for speeds of 10Gbps, enhanced capacity of connected devices, coverage and services than the 4G and 4.5G networks. The 5G technology will allow the development of smart cities, connected houses and cars, home automation and intelligence, among others.

Finally, thanks to its sound credit standing and business strategy, our subsidiary Telecom once again received the support of the national and international market and refinanced a portion of its financial debt. In August, it issued new Notes for a nominal value of US$388,9 million due in August 2025 and, in September, it refinanced several loans with multilateral agencies amending the maturity schedule of all principal maturities that were due during the last quarter of 2020 and in 2021, deferring 85% of them for periods between 2 and 5 years. It issued new Notes denominated in Argentine Pesos in the local market for approximately $14,100 million in January and December 2020 and $8,700 million in January 2021. These measures have allowed us to considerably improve the Company’s capital structure.

Now more than ever, the Group reinforces its commitment to ensure the continuity and quality of all the services, and to continue with its transformation plan to become increasingly agile, efficient and digital, boosting in our country the growth of digital economy and generating value for our customers.

Autonomous City of Buenos Aires, March 10, 2021.

Independent Auditors' Report

To the Shareholders, President and Directors of
Cablevisión Holding S.A.
Legal domicile: Tacuarí 1842, Floor 4
City of Buenos Aires
Tax Code No.: 30-71559123-1

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Cablevisión Holding S.A. (the "Company") and its subsidiaries (the "Group"), including the consolidated statement of financial position at December 31, 2020 and the consolidated statements of income, of comprehensive income, of changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of the most significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group at December 31, 2020 and its consolidated comprehensive income and its consolidated cash flows for the fiscal year then ended, in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We have conducted our audit in accordance with International Standards on Auditing (ISAs). Those standards have been adopted as auditing standards in Argentina by Technical Pronouncement No. 32 of the Argentine Federation of Professional Councils in Economic Sciences (FACPCE), and approved by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), together with requirements that are relevant to our audit of the consolidated financial statements in Argentina, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Emphasis of Matter Paragraph - SCI Resolution No. 50/10

Without modifying our opinion, we would like to draw attention to the information contained in Note 20.2.j) to the accompanying consolidated financial statements, which describes the situation relating to the resolution adopted by the Domestic Trade Secretariat (SCI) on the calculation of the monthly subscription prices payable by users of pay television service, whose outcome cannot be foreseen to date.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	Audit response
Recoverability of Goodwill	
At December 31, 2020, the consolidated carrying amount of goodwill amounts to $238,592 million, $237,325 million of which correspond to goodwill associated with the business in Argentina. As described in Notes 3.l) and 3.u.1.) to the consolidated financial statements, Management monitors the recoverability of goodwill for the cash generating unit (CGU) in Argentina at the end of each fiscal year, or with more frequency if there are events or circumstances that indicate that it might be impaired. To determine the recoverable value of that CGU, the higher of fair value less costs of disposal and value in use has been considered. Fair value is calculated by the market capitalization value of Telecom Argentina S.A. and value in use is estimated through a discounted cash flow model. At December 31, 2020, the recoverable value of the CGU for the business in Argentina was determined as fair value less costs of disposal. This area is key in our audit process due to the significance of the balances involved and the exercise of significant judgment by Management to determine the recoverable value of the CGU which is subject to uncertainty and future events. Addressing this issue shows the importance of professional judgment by the auditor and efforts in the procedures applied considering the nature of the associated asset.	We have performed audit procedures on the Management process to determine the recoverable value of the CGU of the business in Argentina, among which we can mention: • testing the effectiveness of controls relating to the assessment of the recoverability of goodwill, including controls over the determination of the recoverable value less disposal costs for the CGU of the business in Argentina; • reviewing the information and arithmetical calculations used to determine the fair value less costs of disposal, including the source of information used to determine the market capitalization value; • reviewing the sensitivity analysis performed by Management of the recoverable value of the CGU; • evaluating the sufficiency of disclosures included in the financial statements relating to the impairment of assets. Considering that relatively minor changes in the assumptions used could have material effects on the calculated recoverable value, we have also involved our valuation experts to help review the determination of the CGU recoverable value.

Information that accompanies the Consolidated Financial Statements (“Other Information”)

The Other Information comprises the annual report and the supplementary financial information. The Board of Directors is responsible for the Other Information.

Our opinion on the consolidated financial statements will not cover the Other Information and, therefore, we do not express any audit conclusion.

In relation to our audit of the consolidated financial statements, our responsibility is to read the other information and when doing so, considering whether the other information contained is materially inconsistent with the consolidated financial statements or with our knowledge obtained in the audit or if for any other reason it appears to contain a material misstatement. If, based on the work performed, we consider that, as regards our field of competence, there is a material misstatement in the other information, we have to report it. We have nothing to report in this regard.

Board of Directors' and Audit Committee's Responsibilities for the Consolidated Financial Statements

The Board of Directors of Cablevisión Holding S.A. is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for the internal control the Board of Directors may deem necessary to prepare the consolidated financial statements that are free of material misstatement, whether due to fraud or error.

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

The Audit Committee is responsible for overseeing the process of preparation of Group's financial reporting.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

The objective of our audit is to obtain reasonable assurance that the consolidated financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these consolidated financial statements.

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Board.

- Conclude on the appropriate application by the Company Board of Directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists as to events or conditions that may cast significant doubt on the Group's ability to continue operating as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of issue of our auditor's report. However, future events or conditions may cause the Company or the Group to cease to continue operating as a going concern.

- Evaluate the overall consolidated financial statement presentation, structure and content, including disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and adequate audit evidence in relation to the financial information of the entities or business activities within the Group to express an opinion on these consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We are the only responsible for our audit opinion.

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

We also provide the Audit Committee with a statement on our fulfillment of relevant ethical requirements regarding independence, and communicate any relationship and other matters that might be thought to affect our independence and, when applicable, the actions taken to reduce threats or the related safeguards.

Among the matters that have been subject to communications with those responsible for the Company's government (Company's Audit Committee), we determine those of most significance in the audit of the consolidated financial statements, which are, consequently, the key audit matters. We describe these matters in this audit report, except for those legal or regulatory provisions that prohibit the public disclosure of the matter or if, in extremely infrequent circumstances, we determine that a matter should not be disclosed in our report, because it is reasonable to expect that the adverse consequences of doing so would outweigh the public interest benefits thereof.

Report on Other Legal and Regulatory Requirements

In compliance with current regulations, we report that:

a) The consolidated Financial Statements of Cablevisión Holding S.A. are transcribed into the Inventory and Balance Sheet book and as regards those matters that are within our competence, they are in compliance with the provisions of the General Companies Law and pertinent resolutions of the National Securities Commission;

b) The Separate Financial Statements of Cablevisión Holding S.A. arise from accounting records kept in all formal respects in conformity with legal regulations, which maintain the security and integrity conditions on the basis of which they were authorized by the National Securities Commission;

c) at December 31, 2020, the debt of Cablevisión Holding S.A. accrued in favor of the Argentine Integrated Social Security System amounted, according to the Company's accounting records, to $771,419, none of which was claimable at that date;

d) as required by Section 21, subsection b), Chapter III, Part VI, Title II of the regulations issued by the National Securities Commission, we report that total fees for auditing and related services billed to the Cablevisión Holding S.A. during the fiscal year ended December 31, 2020 account for:

d.1) 100% of the total fees for services billed to the Company for all items during that fiscal year;

d.2) 1% of the total fees for services for auditing and related services billed to the Company, its parent company, subsidiaries and related companies during that year;

d.3) 1% of the total fees for services billed to the Company, its parent company, subsidiaries and related companies for all items during that year;

e) we have applied the anti-money laundering and financing of terrorism procedures for Cablevisión Holding S.A., as prescribed by professional standards issued by the Professional Council of Economic Sciences for the City of Buenos Aires.

City of Buenos Aires, March 10, 2021.

PRICE WATERHOUSE & CO. S.R.L.

(Partner)
C.P.C.E.C.A.B.A. Tº 1 Fº 17
Dr. Carlos A. Pace
Contador Público (UBA)
C.P.C.E.C.A.B.A. T° 150 F° 106

Cablevisión Holding S.A.

Separate Financial Statements
For the year ended December 31, 2020,
presented on a comparative basis

English free translation of the Financial Statements and Reports originally issued in Spanish.

Contents

CABLEVISIÓN HOLDING S.A.
SEPARATE STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(in millions of Argentine pesos)

	Notes	December 31, 2020	December 31, 2019
Equity in Earnings from Associates	**4.5**	(2,223)	(2,303)
Fees for services	**4.1**	(154)	(201)
Taxes, Duties and Contributions	**4.1**	(2)	(8)
Salaries and Social Security Payables	**4.1**	(34)	(37)
Other expenses	**4.1**	(16)	(15)
Other Operating Costs		(41)	(142)
Financial Expenses on Debt	**4.2**	-	(3,118)
Other Financial Results, net	**4.3**	(539)	1,788
Income (Loss) before Income Tax		(3,009)	(4,036)
Income Tax	**4.4**	(2)	(63)
Net Income (Loss) for the Year		**(3,011)**	**(4,099)**
Other Comprehensive Income			
Items which can be reclassified to Net Income (Loss)			
Equity in Earnings from subsidiaries		(580)	(958)
Total Comprehensive Income (Loss) for the Year		**(3,591)**	**(5,057)**

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

See our report dated
March 10, 2021
PRICE WATERHOUSE & CO. S.R.L.

(Partner)
C.P.C.E.C.A.B.A. Vol. 1 Fol. 17

Dr. Carlos A. Pace
Certified Public Accountant (UBA)
C.P.C.E.C.A.B.A. Vol. 150 Fol. 106

Pablo San Martín
Supervisory Committee

Sebastián Bardengo
Chair

CABLEVISIÓN HOLDING S.A.
SEPARATE STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020 AND 2019
(in millions of Argentine pesos)

	Notes	December 31, 2020	December 31, 2019
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	**4.6**	941	2,016
Other Investments	**11.1**	9,292	-
Other Receivables	**4.7**	43	33
Total Current Assets		**10,276**	**2,049**
NON-CURRENT ASSETS			
Other Receivables	**4.7**	535	465
Deferred Tax Assets	**4.4**	53	54
Investments in Unconsolidated Affiliates	**4.5**	148,806	161,658
Total Non-Current Assets		**149,394**	**162,177**
Total Assets		**159,670**	**164,226**
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	**4.8**	4	14
Salaries and Social Security Payables		13	12
Dividends Payable	**11.1**	9,292	-
Other Liabilities		32	116
Total Current Liabilities		**9,341**	**142**
Total Liabilities		**9,341**	**142**
EQUITY (as per the corresponding statement)			
Shareholders' Contribution		29,004	29,004
Other Items		(3,110)	(2,531)
Retained Earnings		124,435	137,611
Total Equity		**150,329**	**164,084**
Total Equity and Liabilities		**159,670**	**164,226**

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

See our report dated
March 10, 2021
PRICE WATERHOUSE & CO. S.R.L.

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Supervisory Committee

Sebastián Bardengo
Chair

CABLEVISIÓN HOLDING S.A.
SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(in millions of Argentine pesos)

	Equity attributable to Shareholders of the Parent Company									
	Shareholders' Contribution				Other Items		Retained Earnings			
	Capital Stock (1)	Inflation Adjustment on Capital Stock	Additional Paid-in Capital	Subtotal	Other Comprehensive Income	Other Reserves	Legal Reserve	Voluntary Reserves	Retained Earnings	Total Equity of Controlling Interests
Balances as of January 1, 2019	181	8,473	20,350	29,004	(1,439)	(122)	291	19,241	122,178	169,153
Set-up of Reserve (Note 11.1)	-	-	-	-	-	-	1,440	120,738	(122,178)	-
Changes in Other Reserves	-	-	-	-	-	(12)	-	-	-	(12)
Net Income (Loss) for the Year	-	-	-	-	-	-	-	-	(4,099)	(4,099)
Other Comprehensive Income	-	-	-	-	(958)	-	-	-	-	(958)
Balances as of December 31, 2019	181	8,473	20,350	29,004	(2,397)	(134)	1,731	139,979	(4,099)	164,084
Set-up of Reserves (Note 11.1)	-	-	-	-	-	-	-	(4,099)	4,099	-
Distribution of Dividends	-	-	-	-	-	-	-	(10,164)	-	(10,164)
Acquisition of Treasury Shares	-	-	-	-	-	1	-	-	(1)	-
Net Income (Loss) for the Year	-	-	-	-	-	-	-	-	(3,011)	(3,011)
Other Comprehensive Income	-	-	-	-	(580)	-	-	-	-	(580)
Balances as of December 31, 2020	181	8,473	20,350	29,004	(2,977)	(133)	1,731	(1) 125,716	(3,012)	150,329

(1) Voluntary Reserve for Illiquid Results.

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

See our report dated
March 10, 2021
PRICE WATERHOUSE & CO. S.R.L.

(Partner)
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Chair

CABLEVISIÓN HOLDING S.A.
SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(in millions of Argentine pesos)

	December 31, 2020	December 31, 2019
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Loss for the year	(3,011)	(4,099)
Income Tax and Tax on Assets	2	63
Accrued Interest, net	(9)	1,487
Adjustments to reconcile Net Loss for the Year to Cash used in Operating Activities:		
Financial Income, except Interest	586	(448)
Equity in Earnings from Associates	2,223	2,303
Gain (Loss) on Net Monetary Position	(43)	233
Changes in Assets and Liabilities:		
Other Receivables	89	57
Trade and Other Payables	(18)	(16)
Salaries and Social Security Payables	3	1
Taxes Payable	-	(44)
Other Liabilities	68	41
Payments of Income tax	-	(27)
Net Cash Flows used in Operating Activities	(110)	(449)
CASH FLOWS PROVIDED BY INVESTMENT ACTIVITIES		
Transactions with Notes and Bonds, Net	83	2,046
Dividends Collected	-	18,767
Net Cash Flows provided by Investment Activities	83	20,813
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		
Reversal of Reserve Account	-	707
Payment of Dividends	(981)	-
Payment of Interest	-	(1,492)
Repayment of Loans	-	(18,759)
Net Cash Flows used in Financing Activities	(981)	(19,544)
FINANCING RESULTS PROVIDED BY CASH (INCLUDING GAIN (LOSS) ON NET MONETARY POSITION)	(67)	13
(Decrease) Increase in cash flow, net	(1,075)	833
Cash and Cash Equivalents at the Beginning of the Year	2,016	1,183
Cash and Cash Equivalents at the Closing of the Year (Note 4.6)	941	2,016

The following transactions did not have an impact on cash or cash equivalents:

Collection of dividends with investments not considered as cash and cash equivalents (Note 11.2)	(10,049)	-

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

See our report dated
March 10, 2021
PRICE WATERHOUSE & CO. S.R.L.

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CABLEVISIÓN HOLDING S.A.
NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019,
PRESENTED ON A COMPARATIVE BASIS
(in millions of Argentine pesos)

NOTE 1 – GENERAL INFORMATION

The Company has been incorporated as a spun-off company from Grupo Clarín S.A. At the Extraordinary Shareholders' Meeting held on September 28, 2016, the shareholders of Grupo Clarín approved a corporate reorganization that consisted in (i) the merger of Southtel S.A., Vistone S.A., Compañía Latinoamericana de Cable S.A. and CV B Holding S.A. into Grupo Clarín and (ii) the subsequent partial spin-off of Grupo Clarín to create Cablevisión Holding S.A.

The corporate reorganization was registered with the IGJ on April 27, 2017, and the effective date of the spin-off was May 1, 2017. As from that date, Cablevisión Holding S.A. began its operations, the accounting and tax effects of the Spin-off became effective, and Grupo Clarín transferred to the Company the operations, risks and benefits.

Cablevisión Holding S.A. is a holding company that operates in the telecommunications industry. Its operating income and cash flows derive from the operations of its subsidiaries in which it participates directly or indirectly.

The Company holds a direct and indirect economic interest of 39.08% in the outstanding capital stock of Telecom Argentina.

Telecom provides mainly fixed and mobile telephony, cable television, data transmission and Internet services in Argentina and, through its subsidiaries, in Uruguay and Paraguay and international telephony services in the United States of America.

NOTE 2 - BASIS FOR THE PREPARATION AND PRESENTATION OF THE SEPARATE FINANCIAL STATEMENTS.

2.1. Basis for the preparation

Through General Resolutions No. 562/09 and No. 576/10, the Argentine Securities Commission ("CNV", for its Spanish acronym) provided for the application of Technical Resolutions ("TR") No. 26 and No. 29 issued by the Argentine Federation of Professional Councils of Economic Sciences ("FACPCE", for its Spanish acronym), which adopt the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") for entities subject to the public offering regime governed by Law No. 26,831, whether on account of their equity or their notes, or which have requested authorization to be subject to such regime. The FACPCE issues Adoption Communications in order to implement IASB resolutions in Argentina.

Technical Resolution No. 43 "Amendment of Technical Resolution No. 26", effective for fiscal years beginning on or after January 1, 2016, sets out that separate financial statements shall be prepared fully in accordance with IFRS without applying any changes, i.e. complying with the full contents of those standards as issued by the IASB and with the mandatory or guiding provisions established by IASB in each document.

That Resolution provides that for its disclosure in separate financial statements of entities that are required to present consolidated financial statements, the investments in subsidiaries, joint ventures and associates shall be valued under the equity method as set out by IFRS.

In preparing these separate financial statements of the Company for the year ended December 31, 2020, the Company has followed the guidelines provided by TR No. 43, and, therefore, these financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS.) Some additional disclosures required by the General Associations Law ("LGS") and/or by the CNV have been also included, among them, supplementary information required in the last paragraph of Article 1 Chapter III Title IV of the CNV General Resolution No. 622/13. That information is included in the Notes to these separate financial statements, as provided by IFRS. The accounting policies are based on IFRS issued by the International Accounting Standards Board ("IASB") and the interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

As mentioned in Note 1, Cablevisión Holding S.A. was created as a consequence of the spin-off of Grupo Clarín S.A. Consequently, the Company's Board of Directors has used as a general rule for the initial valuation of the assets received by the Company the valuation of those assets and liabilities as of the Effective Date of the Spin-off conducted by Grupo Clarín S.A. ("Predecessor Basis of Accounting"), which issues its financial statements under IFRS.

These parent-company only financial statements have been prepared based on historical cost restated as described in Note 2.1.1, except for the fair value measurement of certain non-current assets and financial instruments (including derivatives). In general, the historical cost is based on the fair value of the consideration granted in exchange for the assets.

Certain figures reported in the financial statements presented on a comparative basis were reclassified in order to maintain the consistency in the disclosure of the figures corresponding to this year.

The attached information, approved by the Board of Directors of the Company at the meeting held on March 10, 2021, is presented in Argentine Pesos ($), the Argentine legal tender, and arises from accounting records kept by the Company.

2.1.1 Application of IAS 29 (Financial Reporting in Hyperinflationary Economies)

IAS 29 sets out the conditions under which an entity shall restate its financial statements at the currency unit current as of the date of the accounting measurement when it operates in a country with an economic environment classified as "hyperinflationary."

To determine the existence of a highly inflationary economy under the terms of IAS 29, the standard details a series of factors to consider, including a cumulative inflation rate over three years that is close to or exceeds 100%.

The macroeconomic events that occurred in Argentina during 2018, and the cumulative inflation rate over the last three years as of December 31, 2018, which reached 147.8%, indicate that the qualitative and quantitative factors provided under IAS 29 to consider Argentina as a highly inflationary economy for accounting purposes were fulfilled. On September 29, 2018, the FACPCE issued Resolution No. 539/18, whereby it provided for the need to adjust the financial statements of Argentine companies for accounting periods ending as from July 1, 2018, and set out specific issues regarding the inflation adjustment, such as the indexes to be used. This Resolution was approved on October 10, 2018 by the CPCECABA through Resolution No. 107/2018.

In addition, Law No. 27,468 (published in the Official Gazette on December 4, 2018) amended Section 10 of Law No. 23,928, as amended, providing that the repeal of all the laws and regulations that establish or authorize price indexation, currency restatement, cost variance and any other form of restatement of debts, taxes, prices or fees related to property, works or services, does not apply to financial statements, which remain subject to Section 62 of the General Associations Law, as amended. In addition, it repealed Decree No. 1,269/2002, as amended, and delegated on the Executive Branch, through its oversight agencies, the power to set the date as from which those regulations will come into effect with respect to financial statements.

Therefore, through Resolution No. 777/18 (published in the Official Gazette on December 28, 2018), the CNV, the local regulator, also established the method to restate financial statements in constant currency to be applied by issuers subject to the oversight of the CNV, in accordance with IAS 29 for years/periods ended as from December 31, 2018. Therefore, these financial statements have been restated in constant currency as of December 31, 2020.

Pursuant to Resolution No. 539/18, the inflation rate was based on the Domestic Wholesale Price Index ("IPIM", for its Spanish acronym) until the year 2016, taking into consideration for the months of November and December 2015 the average variation of the IPC index of the City of Buenos Aires. As from January 2017, the Company used the National Consumer Price Index (National IPC, for its Spanish acronym).

The following table shows the evolution of the CPI over the last three fiscal years, according to official statistics (INDEC) in accordance with the guidelines described under Resolution No. 539/18:

	As of December 31, 2018	**As of December 31, 2019**	**As of December 31, 2020**
General Price Index	184.26	284.44	385.88
Variation of Prices			
Annual	47.6%	53.8%	36.1%
Accumulated over 3 years	147.8%	183.2%	209.2%

The Company restated all the non-monetary items in order to reflect the impact of the inflation adjustment, reporting in terms of the measuring unit current as of December 31, 2020. Consequently, the Company restated the Investments in unconsolidated affiliates (including goodwill) and the Equity items. Each item must be restated since the date of the initial recognition in the Company's Equity or since the last revaluation. Monetary items have not been restated because they are stated in terms of the measuring unit current as of December 31, 2020.

The comparative figures are presented at historical currency as of December 2020.

Restatement of the Income Statement and the Statement of Cash Flows

In the Statement of Income, the items must be restated in terms of the measuring unit current at the closing date of the reporting year. To this end, the Company shall apply the variations in a monthly general price index.

The effect of inflation on the monetary position is included in the Income Statement under Other financial results, net.

The items of the Statement of Cash Flows must also be restated in terms of the measuring unit current at the closing date of the Statement of Financial Position. The total cash and cash equivalents at the beginning of the year must be restated to constant currency as of the closing date, while cash and cash equivalents at the end of the year must be stated in nominal values. The gain arising from the adjustment has an impact on the income statement and must be eliminated from the statement of cash flows because it is not considered as cash or cash equivalents.

Restatement of the Statement of Changes in Equity

All the items of the Statement of Changes in Equity, except for the retained earnings, must be restated in accordance with IAS 29. The item "Capital Stock" has been stated at nominal value. The difference between the restated value of the capital stock in accordance with IAS 29 and the nominal value is disclosed under "Inflation Adjustment on Capital Stock."

2.2. Standards and Interpretations issued by the IASB but not yet effective

As of the date of these financial statements, the Company has not applied the following new standards and/or amendments to existing standards that are of mandatory application for periods beginning after December 31, 2020:

Standards and Amendments		Mandatory application date: years beginning on or after
amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16.	Interest Rate Benchmark Reform (Phase 2)	January 1, 2021
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract	January 1, 2022
Amendments to IFRS 3	Reference to the Conceptual Framework	January 1, 2022
Amendments to IAS 16	Property, Plant and Equipment - Proceeds before Intended Use	January 1, 2022
Amendments to IFRS 1, IFRS 9, IFRS 16, and IAS 41.	Annual Improvements - 2018-2020 Cycle	January 1, 2022
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2023

Even though Management is analyzing the potential impacts of those standards, according to the preliminary analysis of said standards, they would not have a significant impact on the Company's consolidated financial statements.

2.3. Standards and Interpretations issued and adopted to date by Telecom Group

- IFRS 16 "Leases": Issued in January 2016. It establishes the principles for the recognition, measurement, presentation and disclosure of leases. Said standard applies to years beginning January 1, 2019.

It does not have an impact on the separate financial statements other than the impact this standard has on the equity of the subsidiary Telecom (see note 3.s) to the consolidated financial statements.)

- IFRIC 23 "Uncertainty over Income Tax Treatments": issued in October 2017. In case of uncertainty over tax treatments, this IFRIC provides: (i) whether or not uncertain tax treatments must be assessed separately; (ii) the assumptions used by the tax authority with respect to the tax treatments (the Company will have to assess if it is probable that the tax authority will accept the uncertain tax treatment assuming that the taxation authority is going to assess such uncertain tax treatment); (iii) how a company measures the tax income (loss), the tax bases, taxes and fiscal credits not deducted and tax rates (assessment of the probability of occurrence); and (iv) how the changes in facts and circumstances are considered.

The new standard is effective for fiscal years beginning on or after January 1, 2019. The application of this amendment does not have an impact on the statement of financial position, the statement of comprehensive income or the statement of cash flows.

2.4. Interests in Subsidiaries and Associates

The Company records the interest in its subsidiaries and associates using the equity method, as established by IFRS.

A subsidiary is an entity over which the Company exercises control. Control is presumed to exist when the Company has a right to variable returns from its interest in a subsidiary and has the ability to affect those returns through its power over the subsidiary. This power is presumed to exist when it is evidenced by the voting rights, be it that the Company has the majority of voting rights or potential voting rights that are currently exercisable.

The subsidiaries' and associates' net income and the assets and liabilities are disclosed in the financial statements using the equity method, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations". Under the equity method, the investment in a subsidiary or associate is to be initially recorded at the cost incurred by the surviving company in the case of the equity interests received as part of the process that comprised the creation of the Company, or that incurred by the Company in subsequent acquisitions. As from that moment, the book value will be increased or decreased to recognize the investor's share in comprehensive income for the year obtained by the subsidiary or associate, after the acquisition date. The distributions received from the subsidiary or associate will reduce the book value of the investment.

The losses incurred by an associate in excess of the Company's interest in such company are recognized to the extent the Company has undertaken any legal or implicit obligation or has made payments on behalf of the associate.

Any excess of the acquisition cost over the Company's share in the net fair value of the subsidiary's or associate's identifiable assets, liabilities and contingent liabilities measured at the acquisition date is recognized as goodwill. Goodwill is included in the book value of the investment and tested for impairment as part of the investment. Any excess of the Company's share in the net fair value of the identifiable assets, liabilities and contingent liabilities over the acquisition cost, after its measurement at fair value, is immediately recognized in the statement of income.

Unrealized gains or losses on transactions between the Company and its subsidiaries and the associates are eliminated considering the Company's interest in those companies.

Adjustments were made, where necessary, to the subsidiaries' and associates' financial statements so that their accounting policies are in line with those used by the Company.

2.5 Business Combinations

The Company applies the acquisition method of accounting for business combinations. The consideration for each acquisition is measured at fair value (on the date of exchange) of the assets assigned, the liabilities incurred or assumed and the equity instruments issued by the Company in exchange for the control of the acquired company. The costs related to the acquisition are expensed as incurred.

The consideration for the acquisition, if any, includes any asset or liability arising from a contingent consideration arrangement, measured at fair value at the acquisition date. Subsequent changes to such fair value, identified during the measurement period, are adjusted against the acquisition cost.

The measurement period is the effective period that begins on the acquisition date and ends on the date on which the Company obtains all the information about the facts and circumstances existing on the acquisition date, which may not extend beyond one year after the acquisition date. All other changes in the fair value of the contingent consideration classified as assets or liabilities, outside the measurement period, are recognized in the statement of income. The changes in the fair value of the contingent consideration classified as equity are not recognized.

In the cases of business combinations conducted in stages, the Company's equity interest in the acquiree is remeasured at fair value on its acquisition date (i.e., the date on which the Company obtained control) and the resulting gain or loss, if any, is recognized in the statement of income or in other comprehensive income, as appropriate according to the source of the variation.

The identifiable assets, liabilities and contingent liabilities of the acquired company that meet the conditions for recognition under IFRS 3 (2008) are recognized at fair value at the acquisition date, except for certain particular cases provided by such standard.

Any excess of the acquisition cost, be it incurred by the surviving company in the case of equity interests received at the time of the creation of the Company or by the Company in subsequent acquisitions (including the interest previously held, if any, and the non-controlling interest) over the Company's share in the net fair value of the subsidiary's or associate's identifiable assets, liabilities and contingent liabilities measured at the acquisition date is recognized as goodwill. Any excess of the Company's share in the net fair value of the identifiable assets, liabilities and contingent liabilities over the acquisition cost, after its measurement at fair value, is immediately recognized in the statement of income.

The acquisition cost comprises the consideration transferred and the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree, if any.

2.6 Goodwill

Goodwill arises from the acquisition of subsidiaries and associates and refers to the excess of the sum of the consideration transferred, the fair value of the acquirer's previously-held equity interest (if any) in the acquiree over the interest acquired in the net amount of the fair value at the date of acquisition of the identifiable assets acquired and liabilities assumed.

If, after the fair value measurement, the Company's share in the fair value of the net identifiable assets of the acquiree exceeds the amount of the transferred consideration, plus the amount of any non-controlling interest in such company, plus the fair value of the interest previously held by the acquirer in the acquiree (if any), that excess is immediately recognized in the statement of comprehensive income as income from purchase in very profitable terms.

Goodwill is not amortized, but tested for impairment on an annual basis. For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units expected to render benefits from the synergies of the respective business combination. Those cash-generating units to which goodwill is allocated are tested for impairment on an annual basis, or more frequently, when there is any indication of impairment. If the recoverable value of the cash-generating unit, i.e. the higher of the value in use or the fair value net of selling expenses, is lower than the value of the net assets allocated to that unit, including goodwill, the impairment loss is first allocated to reduce the goodwill allocated to the unit and then to the other assets of the unit, on a pro rata basis, based on the valuation of each asset in the unit. The impairment loss recognized against the valuation of goodwill is not reversed under any circumstance.

In case of a loss of control in a subsidiary, the amount attributable to goodwill is included in the calculation of the gain or loss for retirement.

As of December 31, 2020, goodwill has not suffered any impairment.

2.7 Foreign Currency and Functional Currency

The financial statements of each of the Company’s subsidiaries or associates are prepared in the currency of the primary economic environment in which the entity operates (its functional currency). For the purposes of the Company’s separate statement of financial position, the financial position of each entity is stated in Argentine Pesos (Argentina’s legal tender for all companies domiciled in Argentina), which is the Company’s functional currency.

In preparing the financial statements of the individual entities, the transactions in currencies other than the entity’s functional currency (foreign currency) are recorded at the exchange rates prevailing on the dates on which transactions are carried out. At the end of each reporting year, the monetary items denominated in foreign currency are retranslated at the exchange rates prevailing on such date.

The exchange differences were charged to income (loss) for the year in which they were generated.

In preparing the Company’s separate financial statements, in order to measure, under the equity method, the Company’s interest in the entities which functional currencies is different from the Argentine Peso, the assets and liabilities of such companies are translated to Argentine pesos at the exchange rate prevailing at the end of the year, while the net income is translated at the exchange rate prevailing on the transaction date. Translation differences are recognized under other comprehensive income as “Equity in Earnings from subsidiaries”.

2.8. Taxes Payable

The main taxes that have an impact on net income for the Company are the following:

Income Tax

The Company records income taxes in accordance with IAS 12.

Income tax is recognized in the income statement, except to the extent that they relate to items recognized in Other comprehensive income or in equity, in which case they will also be recognized under said items. The income tax expense for the year comprises current and deferred tax.

In addition, if the income tax payments and withholdings in Argentina exceed the amount payable for the current tax, the excess shall be recognized as a tax credit, only if it is recoverable.

Deferred taxes are recognized using the liability method, which provides for the assessment of net deferred tax assets or liabilities based on temporary differences. Temporary differences arise when the tax base of an asset or liability differs from its carrying amount in the statement of financial position and its reversal in the future will have an impact on taxable income. The deferred tax asset / liability is disclosed under a separate item of the Financial Statements.

Deferred tax assets relating to unused tax loss carry forwards are recognized to the extent that it is probable that future taxable income will be available against which they can be utilized. Tax loss carryforwards may be computed against future taxable income for a maximum of 5 years.

The recoverable value of deferred tax assets must be examined at the end of each accounting reporting period. The company must reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available before it lapses to allow for the computing of the deductions of the deferred tax asset. Any such reduction may be reversed in future periods to the extent that it becomes probable that sufficient taxable profit will be available to compute these deductions.

The statutory income tax rate in Argentina was 35% until fiscal year 2017 and 30% for fiscal years 2018 and 2019, pursuant to Law No. 27,430. Said law provided that, as from January 1, 2020, the statutory tax rate would be 25%. However, on December 23, 2019, Law No. 27,541 was published in the Official Gazette (Social Solidarity and Production Reactivation Law), which introduced important tax reforms, among them, the suspension until December 31, 2020 of the reduction in the above-mentioned rate. Therefore, for fiscal year beginning January 1, 2020, the statutory income tax rate shall remain at 30%.

In addition, Law No. 27,430, amended by Law No. 27,541, establishes a withholding tax regime on distributed dividends at a rate of 7% for distributions of profits generated during fiscal years beginning on or after January 1, 2018 up to and including December 31, 2020, and at a rate of 13% for distributions of profits generated during fiscal years beginning on or after January 1, 2021.

The new withholding on dividends applies only to distributions made to shareholders who are Argentine resident individuals and to nonresident shareholders.

Additionally, the Law repeals the “equalization tax” (i.e., 35% withholding on dividend distributions exceeding accumulated taxable income) for distributions of profits generated during fiscal years beginning on or after January 1, 2018.

Cash dividends received from a foreign subsidiary are computed on the statutory income tax rate, under the “worldwide income” principle. As per Argentinian Tax Law, the taxes paid abroad can be recognized as a tax credit, which includes the income tax paid abroad, as well as any withholdings on dividends.

Income Tax Inflation Adjustment

Law No. 27,430, amended by Law No. 27,468, provides that, effective as from fiscal years beginning on or after January 1, 2018, the inflation adjustment procedure set out in Title VI of the income tax law shall be applicable in fiscal years in which the variation of IPC price index, accumulated in the 36 months immediately preceding the end of the relevant fiscal year, is higher than 100%.

In the first, second and third year as from its effectiveness, this procedure shall be applicable as long as the accumulated variation of the IPC, calculated from the beginning of the first year to the end of each year is higher than 55%, 30% and 15%, respectively. In addition, said bill provided that the positive or negative inflation adjustment, as the case may be, corresponding to the first, second and third fiscal years beginning as from January 1, 2018, that must be calculated if the triggers set forth in the bill occur, shall be allocated as follows: one third in that fiscal period, and the other two thirds, equally, in the immediately following two fiscal periods. Law No. 27,541 amended the above-mentioned and provided that in order to calculate inflation adjustments corresponding to the first and second fiscal year beginning as from January 1, 2019, one-sixth of the inflation adjustment shall be computed in that fiscal year, and the remaining five-sixths shall be computed in equal parts, in the five immediately following fiscal periods.

As December 31, 2020 and 2019, the accumulated variation of the IPC exceeds the threshold set for the application of the inflation adjustment for tax purposes. Accordingly and pursuant to a comprehensive interpretation of applicable regulations, the Company recognized the corresponding accounting impacts.

Other National Taxes

Tax on Personal Assets, Shares and Interests

Argentine companies shall pay the tax applicable to their shareholders who are Argentine individuals and non-resident individuals. Said tax is calculated based on the equity value of the shares according

to the latest financial statements of the Argentine entity prepared in accordance with effective local professional accounting standards and without considering the effect arising from the changes in the purchasing power of the currency.

Pursuant to Law No. 27,541, the rate applicable as from fiscal year 2019 for this tax is 0.50%.

Tax on Bank Credits and Debits

Pursuant to Law No. 27,432, the National Executive Branch may establish that the percentage of the tax rate on bank credit and debits that to date could not be creditable against income tax, be gradually reduced by up to 20% per year as from January 1, 2018. The National Executive Branch may provide that, by 2022, it be fully creditable against income tax. On May 7, 2018, Decree No. 409/2018 was issued, which provided that, for transactions subject to the general tax rate, up to 33% of the taxes payable arising from both credited and debited amounts and the other taxable events subject to this tax may be creditable against income tax. In the case of transactions subject to a lower rate, only 20% may be creditable against income tax.

These provisions are applicable to advance payments and balances of income tax returns corresponding to fiscal periods beginning on or after January 1, 2018, for the tax credits arising from taxable events executed as from that date.

Social Security

Law No. 27,430 gradually reduces the percentage of employers' social security contributions paid by large companies from 21% to 19.5% by 2022. In addition, the law establishes an incremental amount of the non-taxable base that shall be restated for inflation annually in accordance with the consumer price index. However, Law No. 27,541 set the percentage of employers' social security contributions paid by large companies at 20.4% and the non-taxable base at $7,003.68.

In addition, the National Budget Law for the year 2019 (Law No. 27,467), published in the Official Gazette on December 4, 2018, provides that entities that provide broadcast television or physical link and/or radio electric link subscription television services, audio broadcasting, cable television signals, newspaper, magazine or periodical publishing companies or companies engaged in digital journalism, and the distributors of those publishing companies, may all allocate employer's contributions on the payroll for the personnel engaged in said activities as a tax credit against VAT. These contributions must have been accrued in the fiscal period and effectively paid at the moment of submitting the VAT return. As provided above, when the salaries that give rise to the employer's contributions that may be allocated as a tax credit against VAT are also related to other activities outside the scope of this benefit, they will be subject to the apportionment procedure.

Provincial Taxes

Turnover Tax

This tax is levied on companies based in Argentina for the activities carried out in each province of the country. Rates differ depending on the jurisdiction where business is carried out and on the nature of such business (for example, sale of services or equipment).

Regarding this tax, on January 2, 2018, Law No. 27,429 - "Tax Consensus" was published in the Official Gazette. Said Law approves the Tax Consensus signed between the National Executive Branch and the representatives of the Provinces and the Autonomous City of Buenos Aires, which provides that the rates shall not exceed certain limits, among other issues. For the communications sector, the maximum rate effective for 2019 is 4% and 6.5% for mobile telephony. Cable television activities are exempt in some jurisdictions. However, on December 17, 2019, a new fiscal consensus, approved under Law No. 27,542 (published in the Official Gazette on February 12, 2020) was signed whereby the gradual reduction of the rates provided under Law No. 27,429 was suspended until December 31, 2020.

2.9 Financial Instruments

Financial assets and liabilities, on initial recognition, are measured at transaction price as of the acquisition date. Financial assets are derecognized in the financial statement when the rights to receive cash flows from them have expired or have been transferred and the Company has transferred substantially all the risks and benefits of ownership.

2.9.1 Financial Assets

Upon initial recognition, in accordance with IFRS 9, financial assets are subsequently measured at either amortized cost, or fair value, on the basis of:

(a) the Company's business model for managing the financial assets; and
(b) the contractual cash flow characteristics of the financial asset.

A financial asset shall be measured at amortized cost if both of the following conditions are met:

(a) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and
(b) the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset that is not measured at amortized cost according to the paragraphs above is measured at fair value.

Financial assets include:

Cash and Cash Equivalents

Cash and cash equivalents includes Cash and banks and short-term and highly liquid investments that are readily convertible to cash, subject to an insignificant risk of changes in value and their original maturity or the remaining maturity at the date of purchase does not exceed three months.

Cash and cash equivalents are recorded, according to their nature, at fair value or amortized cost.

Investments in mutual funds are carried at fair value. Gains and losses are included in Other Financial Results, net.

Investments in Government Securities were valued at amortized cost or at fair value, according to the business model established by the Company.

Balances in foreign currency have been valued as mentioned above, at the exchange rates effective at the closing of each year. The exchange differences were charged to income for each year.

Trade and Other Receivables

Trade and other receivables classified as either current or non-current assets are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less allowances for doubtful accounts.

Balances in foreign currency have been valued as mentioned above, at the exchange rates effective at the closing of each year. The exchange differences were charged to income for each year.

Investments

Depending on the business model adopted by Management, Securities and Bonds may be valued at amortized cost or at fair value and its results are recognized under Other Financial Results, net.

Balances in foreign currency have been valued as mentioned above, at the exchange rates effective at the closing of each year. The exchange differences were charged to income for each year.

Impairment of Financial Assets

At the time of initial recognition of financial assets (and at each closing), the Company estimates the expected losses, with an early recognition of a provision, pursuant to IFRS 9.

The expected losses to be recognized are calculated based on a percentage of uncollectibility per maturity ranges of each financial credit. For such purposes, the Company analyzes the performance of the financial assets grouped by type of market. Said historical percentage must contemplate the future collectibility expectations regarding those credits and, therefore, those estimated changes in performance.

Derecognition of Financial Assets

The Company derecognizes a financial asset when the contractual rights to the cash flows of such assets expire or when it transfers the financial asset and, therefore, all the risks and benefits inherent to the ownership of the financial asset are transferred to another entity. If the Company retains substantially all the risks and benefits inherent to the ownership of the transferred asset, it will continue to recognize it and will recognize a liability for the amounts received.

2.9.2 Financial Liabilities

Financial liabilities comprise accounts payable, bank and financial debt, salaries and social security payables, taxes payable and certain liabilities included in Other Liabilities.

Financial liabilities are initially recognized at fair value and subsequently measured at amortized cost. Amortized cost represents the initial amount net of principal repayments made, adjusted by the amortization of any differences between the initial amount and the maturity amount using the effective interest method.

Balances in foreign currency have been valued as mentioned above, at the exchange rates effective at the closing of each year. The exchange differences were charged to income for each year.

Derecognition of Financial Liabilities

The Company shall derecognize a financial liability (or part of it) when it has been extinguished, i.e., when the obligation specified in the corresponding agreement is discharged, canceled or expires.

2.9.3 Derivatives

Derivatives, if any, are initially recognized at fair value at the date of execution of the related contract and subsequently measured at fair value at the end of the reporting year. The resulting gain or loss is immediately recognized in the statement of income unless the derivate is designated as a hedging instrument, in which case the timing for its recognition will depend on the nature of the hedging relationship.

2.10 Separate Statement of Cash Flows

For the purposes of preparing the statement of cash flows, the item “Cash and Cash Equivalents” includes cash and bank balances, certain high liquidity short-term investments (with original maturities shorter than 90 days). Bank overdrafts payable on demand are deducted to the extent they are part of the Company’s cash management.

2.11 Distribution of Dividends

The distribution of dividends to the Company’s shareholders is recognized as a liability in the financial statements for the period in which the distribution of dividends is approved by the Shareholders’ Meeting.

2.12 Revenue Recognition

Management fees are recognized when such services are rendered at the fair value of the consideration received or to be received. They were restated at historical currency, as mentioned in Note 2.1.1.

NOTE 3 - ACCOUNTING ESTIMATES AND JUDGMENTS

In applying the accounting policies used in the preparation of these separate financial statements, the Company has to make judgments and prepare accounting estimates of the value of the assets and liabilities that may not be obtained otherwise. The estimates and related assumptions are based on historical experience and other pertinent factors. Actual results may differ from these estimates.

The underlying estimates and assumptions are continually reviewed. The effects of the reviews of accounting estimates are recognized for the year in which estimates are reviewed.

These estimates basically refer to:

Recoverability of Investments in Unconsolidated Affiliates

The Company’s Management conducts recoverability assessments of its investments in unconsolidated affiliates on a regular basis or when events or changes in circumstances indicate that their recoverable value (the higher of the value in use or the fair value net, less costs of disposal) may be below its carrying amount. When assessing whether there is any event or circumstance that may have an impact on an investment, the Company analyzes external and internal sources of information.

Given the fact that the goodwill that is part of the carrying value of the investments in unconsolidated affiliates is not recognized separately, the Company does not assess its impairment separately in accordance with the guidelines of IAS 36 in the valuation of goodwill. Instead, the Company assesses the impairment of the whole carrying value of the investment, as an individual asset.

For the year 2020, the recoverable value of the investment held by the Company in Telecom was determined using the fair value less the costs of disposal, based on the market capitalization value of Telecom. The estimated costs of disposal include costs such as legal and advisory fees that could be directly associated with the disposal of the investment.

As of December 31, 2020, the capitalization value of Telecom amounted to $ 423,523 million based on the market price of the share of $ 196.65 (source. BYMA 12/30/20, level 1 of fair value hierarchy in accordance with IFRS 13). In order to determine the fair value of the investment, the Company made an adjustment to the capitalization value with the estimated costs of disposal for an orderly transaction of around 0.04% and applied the percentage of the interest the Company holds in Telecom at year-end.

As a result of the calculation mentioned above, the fair value less the costs of disposal exceeds the carrying amount of the investment by approximately 10%. Consequently, Management did not deem it necessary to incorporate in the calculation the effect of a control premium on the market price of the share, which is estimated at between 10% and 30% for this type of industry.

The Company has considered the following sensitivity analysis of the recoverability test: If the percentage of the costs of disposal remains stable and without considering the effect of a control premium, the market price of the share of Telecom should decrease to $ 176.87 (10%) so that the fair value of the investment equates its carrying amount.

For fiscal year 2019, the Company estimated the recoverable value of the investment using a discounted cash flows approach (value in use). The calculation of the value in use requires the determination by the entity of the future cash flows that should arise from the cash-generating units and an appropriate discount rate to calculate the present value.

From the analysis conducted by the Company, no recoverability problems were observed.

Recognition and Measurement of Deferred Tax Items

As disclosed in Note 2.8, deferred tax assets are only recognized for temporary differences to the extent that it is probable that the entity will have enough future taxable income against which the deferred tax assets can be used. Deferred tax assets from unused tax loss carryforwards are only recognized when it is probable that the entity will have enough future taxable income against which they can be used.

The Company examines the recoverable value of deferred tax assets based on its business plans and books a valuation allowance, if appropriate, so that the net position of the deferred tax asset will reflect the probable recoverable value.

Measurement of the fair value of certain financial instruments

The fair value of a financial instrument is the amount at which the instrument could be purchased or sold between knowledgeable, willing parties in an arm’s length transaction. If there is a quoted market price available for an instrument in an active market, the fair value is calculated based on that price.

If there is no quoted market price available for a financial instrument, its fair value is estimated based on the price established in recent transactions involving the same or similar instruments and, otherwise, based on valuation techniques regularly used in financial markets. The Company uses its judgment to select a variety of methods and makes assumptions based on market conditions at closing.

NOTE 4 – BREAKDOWN OF MAIN ITEMS

4.1 - Information Required under Article 64, Subsection b) of Law No. 19,550

Item	Administrative Expenses December 31, 2020	Administrative Expenses December 31, 2019
Fees for services [(1)]	154	201
Salaries and Social Security Payables [(2)]	34	37
Taxes, Duties and Contributions	2	8
Other expenses	16	15
Total	**206**	**261**

(1) Includes Directors’ fees for the year 2020 in the amount of $ 17.28 million.
(2) Includes fees for technical and administrative services to Directors in the amount of $ 20.44 million for the year 2020.

4.2 - Financial expenses on debt

	December 31, 2020	December 31, 2019
Exchange Differences	-	(1,579)
Interests	-	(1,539)
	-	**(3,118)**

4.3 – Other Financial Results, net

	December 31, 2020	December 31, 2019
Exchange Differences	63	114
Gain (Loss) on Net Monetary Position	43	(233)
Financial Result from Assets	150	(133)
Other Taxes and Expenses	(6)	(58)
Income from Securities and Bonds	(798)	2,046
Interest Income	9	52
	(539)	**1,788**

4.4 – Deferred Tax Asset and Income Tax.

The balance of the item deferred income tax is broken down as follows:

	December 31, 2020	December 31, 2019
Other	53	54
Net Deferred Tax Assets	**53**	**54**

Deferred tax assets from unused tax loss carryforwards are recognized to the extent their realization is probable against future taxable profits. The Company did not recognize deferred tax assets corresponding to tax loss carryforwards for $ 5,327 million, which may be offset against future taxable profits. The following is a detail of the expiration of those unrecognized tax loss carryforwards:

Expiration year	Amount of Tax Loss Carryforward
2022	1,237
2023	4,090

The following table shows the reconciliation between the income tax and tax on assets charged to net income (loss) for the years ended December 31, 2020 and 2019 and the income tax liability that would result from applying the current tax rate on income (loss) before income tax and tax on assets and the income tax liability assessed for the year:

	December 31, 2020	December 31, 2019
Income Tax Assessed at the Current Tax Rate (30%) on Income (Loss) before Income Tax	902	1,212
Permanent Differences:		
Equity in Earnings from Associates	(667)	(692)
Gain (Loss) on Net Monetary Position	(249)	796
Other	(16)	(187)
Tax loss carryforwards not recognized as deferred tax assets	29	(1,155)
Income Tax	(1)	(26)
Deferred Taxes for the Year	(1)	(26)
Tax on assets	-	(14)
Valuation Allowance	(1)	(23)
Income Tax and Tax on Assets	(2)	(63)

4.5 - Investments in Associates

(amounts in millions of Argentine pesos, except for those corresponding to the nominal value of shares)

Companies	Country	Class	Nominal Value	Number	Valuation as of 12.31.2020 (1)	Valuation as of 12.31.2019 (1)	Interest (%)
Non-Current Investments:							
Telecom Argentina [2]	Argentina	Common	$ 1	406,757,183	66,121	72,331	18.89%
Telecom Argentina – Goodwill					10,735	10,735	
VLG [3]	Argentina	Common	$ 1	19,172,000,000	70,696	77,338	100%
VLG – Goodwill					1,254	1,254	
Total					**148,806**	**161,658**	

(1) In certain cases, the equity value does not correspond to the related shareholders' equity due to: (i) the adjustment of the equity value to the Company's accounting policies, as required by professional accounting standards, (ii) the elimination of goodwill generated by transactions between companies under the Company's common control, (iii) the existence of irrevocable contributions, and (iv) adjustments to fair market value of net assets for acquisitions made by the Company.

(2) See Note 13.

(3) Company through which an indirect interest is held in Telecom.

The information about the issuer is detailed below (in millions of Argentine pesos):

Companies	Main business activity	Date	Capital Stock	Outcome	Equity
Telecom	Provision of Information and Communications Technology Services ("ICT Services")	December 31, 2020	2,154	(5,715)	383,078
VLG	Investing and financing	December 31, 2020	19,172	(1,153)	77,148

The following is the evolution of the Investments in Unconsolidated Affiliates:

	December 31, 2020	December 31, 2019
Balance at the beginning of the year:	161,658	183,984
Equity in Earnings for the year from subsidiaries (*)	(2,223)	(2,303)
Interest in the dividends distributed by subsidiaries	(10,049)	(19,053)
Other Comprehensive Income	(580)	(958)
Changes in Other Reserves	-	(12)
Balance at year-end	**148,806**	**161,658**

(*) Included in the item "Equity in Earnings from Associates" of the separate statement of comprehensive income.

Equity in Earnings from Associates

	December 31, 2020	December 31, 2019
Telecom	(1,075)	(1,113)
VLG	(1,148)	(1,190)
	(2,223)	**(2,303)**

4.6 - Cash and Cash Equivalents

	December 31, 2020	December 31, 2019
Banks in Local Currency	6	6
Banks in Foreign Currency (Note 4.9)	338	5
Interest-bearing accounts (Note 4.9)	595	1,090
Mutual Funds (Note 4.9) (1)	2	915
Total	**941**	**2,016**

(1) Includes a nominal amount of $ 911 million in US dollars as of December 31, 2019.

4.7 – Other Receivables

	December 31, 2020	December 31, 2019
Current		
Tax Credits	23	28
Sundry Receivables	27	16
Prepaid Expenses	10	12
Valuation Allowance (Note 4.11)	(17)	(23)
Total	**43**	**33**
Non-Current		
Sundry Receivables	535	465
Income Tax Credit	22	30
Valuation Allowance (Note 4.11)	(22)	(30)
Total	**535**	**465**

4.8 Accounts Payable

	December 31, 2020	December 31, 2019
Current		
Suppliers and Trade Provisions	4	6
Related Parties (Note 5)	-	8
Total	**4**	**14**

4.9 - Assets and Liabilities in Foreign Currency

	As of December 31, 2020			As of December 31, 2019	
Items	**Amount in Foreign Currency (1)**	**Prevailing Exchange Rate (2)**	**Amount In local Currency (3)**	**Amount in Foreign Currency (1)**	**Amount In local Currency (3)**
			$		**$**
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	11	83.95	933	25	2,006
Other Receivables	-	83.95	27	-	16
Total Current Assets	11		960	25	2,022
NON-CURRENT ASSETS					
Other Receivables	6	83.95	535	6	464
Total Non-Current Assets	6		535	6	464
Total Assets	**17**		**1,495**	**31**	**2,486**

(1) US$.
(2) Bid/offered exchange rates, as appropriate.
(3) Since the amounts in foreign currency and the equivalent amount in Argentine pesos are stated in millions, the calculation of the amount in foreign currency as per the prevailing exchange rate may not be accurate.

4.10 – Maturities of Investments, Receivables and Liabilities

The following table shows the classification of investments, receivables and liabilities as of December 31, 2020 in the following categories:

	Investments (1)	Receivables (2)	Other Liabilities (3)
	In millions of Argentine pesos		
Without any established term	597	7	-
Due			
Within three months	9,292	15	9,309
More than three months and up to six months	-	7	32
More than six and up to nine months	-	7	-
More than nine months and up to twelve months	-	7	-
More than 1 year	-	535	-
Total with upcoming maturity	**9,292**	**571**	**9,341**
Total	**9,889**	**578**	**9,341**

(1) Bearing interest at variable rate. They include a balance of US$ 7.08.
(2) Includes US$ 6.7 million which does not accrue any interest.
(3) Does not accrue any interest. Includes accounts payable, salaries and social security payables, dividends payable, and other liabilities.

4.11 Changes in Allowances

Items	Balances as of December 31, 2019	Increases	Decreases (1)	Balances as of December 31, 2020
Deducted from Assets				
Valuation Allowance	53	1	(15)	39
Total	**53**	**1**	**(15)**	**39**

(1) Corresponds to Gain (Loss) on Net Monetary Position

NOTE 5 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The following table shows the breakdown of the Company's balances with its related parties as of December 31, 2020 and 2019.

Company	Item	December 31, 2020	December 31,
Other Related Parties			
Grupo Clarín	Accounts Payable	-	8

The following table details the transactions carried out by the Company with related parties for the years ended December 31, 2020 and 2019:

Company	Item	December 31, 2020	December 31, 2019
Other Related Parties			
Grupo Clarín	Fees for services	(103)	(98)
Gestión Compartida	Fees for services	(11)	(12)

The fees paid to the Board of Directors and the Upper Management of the Company for the years ended December 31, 2020 and 2019 amounted to approximately $ 42 million and $ 48 million, respectively.

See our report dated
March 10, 2021
PRICE WATERHOUSE & CO. S.R.L.

(Partner)
C.P.C.E.C.A.B.A. Vol. 1 Fol. 17

Pablo San Martín
Supervisory Committee

Sale of a share of PEM.

On June 27, 2019, the Company sold to Telecom a registered non-endorsable common share, with nominal value of $1 and entitled to one vote per share, representing 0.00000738% of the capital stock and votes of PEM for a total amount of $ 10,000 (ten thousand Argentine pesos). Upon this acquisition, Telecom became the holder of 100% of the capital stock of PEM.

NOTE 6 - TELECOM ARGENTINA SHAREHOLDERS' AGREEMENT AND VOTING TRUST

On July 7, 2017, the Company, together with VLG Argentina LLC, currently, after its nationalization, VLG S.A.U., Fintech Media LLC, Fintech Advisory Inc., GC Dominio S.A. and Fintech Telecom LLC executed a shareholders' agreement that governs their relationship as shareholders of Telecom Argentina (the "Agreement"). All the provisions of said Agreement became effective on the Effective Date of the Merger between Telecom Argentina and Cablevisión (January 1, 2018.) Under such Agreement, the parties agreed on:

- representation in corporate bodies, establishing that, subject to the fulfillment of certain conditions set therein and provided Cablevisión Holding complies with certain minimum participation requirements in the Merged Company, it may appoint the majority of the members of the Board of Directors, the Executive Committee, the Audit Committee and the Supervisory Committee;

- a scheme of special majority requirements for the approval by the Board of Directors and/or the Shareholders, as applicable, of certain issues, such as: i) the Business Plan and the Annual Budget of the Merged Company, ii) the amendment of the bylaws, iii) the change of external auditors, iv) the creation of committees of the Board of Directors, v) the hiring of Key Employees as defined under the Agreement, vi) the merger or consolidation of Telecom or any Controlled Company, vii) acquisitions of certain assets, viii) sales of certain assets, ix) increases of capital stock, x) incurring indebtedness above certain limits, xi) capital investments in infrastructure, plant and equipment above certain amounts, xii) related party transactions, xiii) contracts that impose restrictions on the distribution of dividends, xiv) new lines of business or the discontinuation of existing ones, and xv) actions to be taken in insolvency situations, among others; and

- The appointment of management, establishing that, subject to the fulfillment by the Company and Fintech Telecom LLC of certain ownership thresholds regarding the shares of Telecom Argentina, the Company will be entitled to appoint the general manager and other key employees of Telecom Argentina and Fintech Telecom LLC will be entitled to appoint the chief financial officer and the internal auditor, respectively.

Pursuant to the Agreement, Fintech Telecom LLC and the Company provided for the execution of a Voting Trust (the "Voting Trust") undertaking to (i) each contribute to the trust certain shares of Telecom which, upon incorporating the shares held by the Company in Telecom Argentina, exceed fifty percent (50%) of the outstanding shares after the Merger becomes effective, and (ii) each appoint a co-trustee who will vote the shares under the terms of the Voting Trust. The shares under the Voting Trust shall be voted as per the instructions of the co-trustee appointed by the Company, except in the case of certain issues subject to veto under the agreement, in which case the co-trustee of Fintech Telecom LLC will determine the vote with respect to the shares under the Voting Trust.

On April 15, 2019, the Voting Trust was formalized. Pursuant to said Voting Trust, Fintech Telecom LLC and VLG S.A.U. (i) each contributed 235,177,350 shares of Telecom which, upon incorporating the shares in Telecom held by Cablevisión Holding (directly and indirectly), exceed fifty percent (50%) of the outstanding shares of Telecom, and (ii) the Company and Fintech Telecom LLC each appointed a co-trustee. The shares contributed to the Voting Trust shall be voted by the co-trustee appointed by Cablevisión Holding as voted by Cablevisión Holding or as instructed by Cablevisión Holding, except in the case of certain matters subject to veto under the Shareholders' Agreement, in which case they shall be voted by the co-trustee appointed by Fintech Telecom LLC as voted by Fintech Telecom LLC or as instructed by Fintech Telecom LLC.

NOTE 7 – REGULATORY FRAMEWORK

a) REGULATORY AUTHORITY

The activities carried out by the Telecom Group, provider of Information Technology and Communications Services ("ITC" Services), are governed by a set of regulations that make up the regulatory framework applicable to the sector.

The Regulatory Authority for ITC services in Argentina is ENACOM (National Communications Agency) which, pursuant to Decrees Nos. 7/2019 and 50/2019, is under the jurisdiction of the Secretariat of Public Innovation under the Chief of the Cabinet of Ministers.

Micro Sistemas is under the oversight of the BCRA, because it is registered with the Central Bank as Payment Service Provider (PSP).

Núcleo, with operations in the Republic of Paraguay, is under the oversight of the CONATEL (like TUVES), and Personal Envíos is under the oversight of the Central Bank of the Republic of Paraguay.

Telecom USA, which operates in the United States of America, is under the oversight of the Federal Communications Commission ("FCC").

Adesol, a company incorporated in Uruguay, has contractual relationships with several licensees that provide subscription television services through various systems in said country and are under the oversight of the Communication Services Regulatory Agency ("URSEC", for its Spanish acronym).

b) LICENSES

- ✓ **Under the *Licencia Única Argentina Digital*, Telecom currently provides the following services:**

- Local fixed telephony,
- Public telephony,
- Domestic and international long-distance telephony,
- Domestic and international point-to-point link services,
- Value added, data transmission, videoconferencing, transportation of broadcasting signals, and Internet access,
- STM, SRMC, PCS and SCMA, also called mobile communications services ("SCM", for its Spanish acronym),
- SRS and
- SRCE.

The licenses for rendering SCM services had been originally granted to Personal and were subsequently transferred to Telecom under the merger with Personal pursuant to ENACOM Resolution No. 4,545-E/2017. Such licenses were granted for the provision of STM in the Northern Region of Argentina, of SRMC in the AMBA area, and of PCS and SCMA throughout the country.

Within the framework of the merger with Cablevisión pursuant to ENACOM Resolution No. 5,644-E/2017, Telecom also acquired licenses and authorizations to render SRCE services and the Registration to render Physical and Radio-Electric Link Subscription Television Services and the corresponding authorizations.

- ✓ Licenses held by subsidiaries in Paraguay

Núcleo holds a license to provide mobile telecommunication services - STMC and PCS throughout Paraguay. In addition, Núcleo holds a license for the installation and exploitation of Internet and data services throughout Paraguay. All these licenses were granted for renewable five-year periods.

Personal Envíos, a company controlled by Núcleo, was authorized by the Central Bank of the Republic of Paraguay to operate as an Electronic Payment Company ("EMPE", for its Spanish acronym) through Resolution No. 6 issued on March 30, 2015, and its corporate purpose is restricted to such service.

Tuves Paraguay holds a license for the provision of direct-to-home subscription audio and television services ("DATDH"). This license was granted for renewable five-year periods.

c) REGULATORY FRAMEWORK OF THE SERVICES PROVIDED BY THE TELECOM GROUP

Among the main regulations that govern the services rendered by Telecom, the following stand out:

- Law No. 27,078 - Digital Argentina Law (LAD, for its Spanish acronym), amended by Emergency Decree No. 267/15 and Decree No. 1,340/16.
- Law No. 19,798 to the extent it does not contradict the LAD.
- The Privatization Regulations, which regulated that process.
- The Transfer Agreement.
- The licenses for providing telecommunication services granted to Telecom and the Bidding Terms and Conditions and their respective general rules.

The exploitation of physical and/or radio electric link subscription broadcasting services held by Telecom, originally granted under Law No. 22,285, are currently governed by the LAD since Emergency Decree No. 267/15 was issued.

✓ **LAW NO. 27,078 – DIGITAL ARGENTINA LAW**

Enacted in December 2014, the LAD maintained the single country-wide license scheme and the individual registration of the services to be rendered, but replaced the name telecommunication services with ICT Services and added several changes to the regulatory framework of these services.

Law No. 19,798, the Telecommunications Act (passed in 1972), as amended, continues in effect only with respect to those provisions that do not contradict the provisions of the LAD (among them, for example, Article 39 of Law No. 19,798 regarding the exemption from all taxes on the use of soil, subsoil and airspace for telecommunications services).

The LAD also revoked Decree No. 764/00, as amended, but the provisions of the decree that do not contradict the LAD will remain in effect during the time it takes the Regulatory Authority to issue new licensing, interconnection services, SU and spectrum regulations (see paragraph f), section "Other Regulations" in this note).

✓ **DECREE No. 267/15 – AMENDMENTS TO THE LAD**

On January 4, 2016, Emergency Decree No. 267/15 was published in the Official Gazette, amending Law No. 26,522 ("the Audiovisual Communication Services Law or the Media Law") and Law No. 27,078 (LAD), and creating the ENACOM as the Enforcement Authority for these laws. On April 8, 2016, the House of Representatives voted in favor of the validity of Emergency Decree No. 267/15. Thus, such Decree acquired the status of Law.

Among the main amendments to the LAD relating to the Subscription Broadcasting Service, the following stand out:

✓ The incorporation of Subscription Broadcasting Services (physical or radio electric link, such as cable TV) as an ICT Service within the scope of the LAD, and excluding it from Law No. 26,522. Satellite subscription television services (known as satellite TV) shall remain within the scope of Law No. 26,522. Furthermore, Decree No. 267/15 states that the ownership of a satellite subscription television license is incompatible with having any other kind of audiovisual communication or ICT Service license.

- ✓ Any subscription broadcasting license (such as cable television), granted before the application of Emergency Decree No. 267/15 will be considered, for all purposes, *a Licencia Única Argentina Digital*, with a registration for such service. Furthermore, the Decree provides for a 10-year extension counted as from January 1, 2016 for the use of spectrum frequencies by radio electric link subscription broadcasting services licensees.

- ✓ Decree No. 267/15 replaces article 95 of the LAD and provides several obligations for fixed telephony licensees granted by Decree No.264/98 and mobile service providers with licenses granted by Decree No.1,461/93, which choose to provide subscription broadcasting services. This provision was subsequently amended by Decree No. 1,340/16.

It should be noted that pursuant to Article 21 of Emergency Decree No. 267/15 and until the enactment of a law that will unify the fee regime provided under the LSCA (Audiovisual Communication Services Law) and the LAD, the physical link and radio-electric link subscription broadcasting services will continue to be subject only to the fee regime provided under Law No. 26,522. Therefore, they shall not be subject to the investment contribution or the payment of the Control, Oversight and Verification Fee provided under Articles 22 and 49 of the LAD.

- ✓ **DECREE NO. 1,340/16 - AMENDMENTS TO EMERGENCY DECREE No. 267/15**

Decree No. 1,340/16 issued by PEN and published in the Official Gazette on January 2, 2017 provides the rules for achieving a greater convergence of networks and services under competitive conditions, promoting the deployment of next generation networks and the penetration of Broadband Internet access throughout the national territory, in accordance with the provisions of the LSCA and the LAD.

Among the most relevant provisions, it establishes:

- That a 15-year-term, as from the publication of the Decree, be fixed as differential condition pursuant to article 45 of the LAD, for the protection of last-mile fixed new generation networks for Broadband deployed by ICT licensees for Broadband regarding the regulations of open access to Broadband and infrastructure to be issued, notwithstanding the provisions of article 56 of the LAD.
- That the Ministry of Communications or the ENACOM, as appropriate, shall establish the rules for the administration, management, and control of the radio spectrum.
- That ICT licensees and Satellite Link Subscription Broadcasting licensees that as of December 29, 2016 simultaneously provided both services, may retain ownership of both types of licenses.

This Decree also sets out some principles on interconnection matters contemplated in the General Rules on Services and Networks Interconnection, approved through Resolution No. 286/18. (see “Other Regulations” in Note 2.f).

- ✓ **DECREE No. 690/20 – AMENDMENTS TO THE LAD**

On August 22, 2020, the National Executive Branch issued Decree No. 690/20, whereby it amended the Digital Argentina Law and declared that ICT services – fixed and mobile telephony, cable television and Internet – and the access to telecommunications networks for and between licensees are now deemed “essential and strategic public services provided on a competitive basis”, and their effective availability shall be guaranteed by ENACOM.

The prices of essential and strategic public ICT services provided on a competitive basis, the prices of the services provided under the Universal Service and of those determined by ENACOM based on reasons of public interest, shall be regulated by said agency.

The Decree also provides that ENACOM shall establish, in the respective regulations, the Mandatory Universal Basic Provision of ICT services.

It also provided for the suspension of price increases or modifications established or announced from July 31, 2020 to December 31, 2020 by ICT licensees.

The Decree has been ratified by Congress under the terms of Law No. 26,122.

On December 21, 2020, Resolutions Nos. 1,466/20 and 1,467/20 were published in the Official Gazette, whereby the ENACOM regulated Decree No. 690/2020.

Resolution No. 1,466/20 provides that ICT Services Licensees that render Internet access, subscription broadcasting services by physical, radio-electric or satellite link, and fixed and mobile telephony services - in all cases in their different and respective modalities- may increase up to 5% their retail prices as from January 2021. In order to establish the percentages approved, licensees shall take as reference the prices effective as of July 31, 2020. Said Resolution also provides that ICT Services Licensees may request on an exceptional basis price increases exceeding 5% in accordance with the provisions of Article 48 of the LAD.

Resolution No. 1,467/20 regulates the Mandatory Universal Basic Service set forth by Decree No. 690/20 for the different services provided by ICT Services Licensees, namely:

- PBU-SBT: Mandatory Universal Basic Provision of Basic Fixed Telephony Service;
- PBU-SCM: Mandatory Universal Basic Provision of Mobile Communication Service;
- PBU-I: Mandatory Universal Basic Provision of Internet Access Value Added Service;
- PBU-TP: Mandatory Universal Basic Provision of subscription television services by physical or radioelectric or satellite link;

Said resolution sets out the price and characteristics of each plan and the persons that are eligible to receive those services. The resolution requires companies to report on a monthly basis the number individuals subscribed to the Mandatory Universal Basic Provision of ICT services and also imposes different reporting obligations to be fulfilled before the ENACOM on the licensees that hold registration for subscription broadcasting services by physical or radio electric link and on licensees of subscription television audiovisual communication services by satellite link.

Telecom brought a legal action before the Federal Court on Administrative Litigation Matters against Emergency Decree No. 690 and against the above-mentioned Resolutions, grounded on the unconstitutionality of said regulations. The Company also requested an injunction ordering the suspension of its application. Such request for injunction was dismissed on January 29, 2021. Telecom filed an appeal against such decision. As of the date of these separate financial statements, the resolution of these appeals is still pending. Telecom, with the assistance of its legal advisors, is analyzing the actions that are necessary to protect its rights.

Innovative injunction requested by "*Asociación Civil de Usuarios Bancarios Argentinos* ("ACUBA", for its Spanish acronym)

On January 27, 2021, the Company was notified of an injunction granted in the above-mentioned claim, pending before the Court on Civil and Commercial Matters No. 10 of Mar del Plata. The court granted the innovative injunction requested by ACUBA, ordering Telecom to revert the value of its subscription broadcasting, Internet access, fixed telephony and mobile communication services to the prices that were in force as of December 2020, to which it may add a maximum of five percent (5%), as authorized by the regulatory authority ENACOM, and maintain those values until the court decides otherwise. Telecom claimed that the provincial court lacks jurisdiction to render a decision on the case and requested the nullity of the decision because it was rendered by a judge who lacks jurisdiction over the matter. It also requested that the injunction be revoked, and filed a subsidiary appeal. A decision has not yet been rendered as of the date of these separate financial statements. Telecom claimed that the injunction granted to an industry representative in Córdoba before a Federal Court of that province expressly suspended the application of Emergency Decrees Nos. 690/20 and 311/20 and ordered the ENACOM to refrain from issuing further resolutions.

Telecom, with the assistance of its legal advisors, is analyzing the actions that are necessary to protect its rights.

Injunction requested by an industry representative in Córdoba

On February 2, 2021, the Argentine Cable Television Association (ATVC, for its Spanish acronym) notified Telecom that an injunction, requested by an industry representative in the Province of Córdoba, had been granted by a Federal Court of that province, ordering the suspension of Emergency Decree No. 690/20, of Emergency Decree No. 311/20, and of all measures adopted as a result of those Decrees. In addition, the court ordered the National Executive Branch and the ENACOM to refrain from issuing or pursuing any measure based on said Decrees, until a final decision is rendered on the matter.

ATVC also informed Telecom that in accordance with the court's decision, the regulatory agency is not empowered to continue issuing regulations based on Emergency Decree No. 690/20 or enforcing those previously issued, which are suspended in general terms.

d) UNIVERSAL SERVICE REGULATION

- **Decree No. 764/00**

Annex III of Decree No. 764/00 required providers of telecommunications services to contribute 1% of their total accrued revenues, net of applicable taxes and charges, to the SU Fund. The regulation adopted a "pay or play" mechanism for compliance with the mandatory SU contribution. The regulation also established the exemption from contributions in the following cases: (i) for local services provided in areas with teledensity lower than 15%, and ii) when, in the case of Telecom Argentina and Telefónica, the conditions of an algorithm that combines loss of revenues and the market share of other operators which provide local telephony services, are met. Additionally, the regulation created an Executive Committee responsible for the management of the SU Fund and the development of specific SU programs.

Resolution No. 80/07, issued by the SC, provided that until the SU Fund was effectively created, telecommunication service providers were required to open an account at Banco de la Nación Argentina to deposit the corresponding amounts on a monthly basis. Resolution No. 2,713/07, issued by the former CNC in August 2007, established clarifications about the items that fall within this regulation and those that are deductible for the purposes of the calculation of the obligation to contribute to the SU Fund.

- **Amendment of Universal Service Regulation**

After several decrees and laws that approved and amended the General Regulation of the Universal Service ("RGSU", for its Spanish acronym), which replaced Annex III of Decree No. 764/00, the ENACOM issued Resolution No. 721/20, whereby it replaced the General Regulation of the Universal Service approved under ENACOM Resolution No. 2,642/16.

The new regulation maintains the obligation to contribute 1% of total revenues, as provided in the previous resolution. Among the most relevant aspects, the new regulation provides:

(i) That the ENACOM may deem that the monthly obligation of the Contributors has been partially settled for up to 30% of their contributions, based on the reporting of computable investments made in projects approved by the ENACOM;
(ii) That the licensees may submit Projects to the ENACOM for their review and assessment;
(iii) That the deployment of last mile fixed NGNs for the provision of broadband Internet services that are the subject matter of the Projects shall not fall within the scope of the protection described in Article 3 of Decree No. 1,340/16, obliging Telecom to grant last mile access if so requested by another operator.

Lastly, within the framework of the new regulation, universal service programs were issued involving the deployment of fixed broadband, the deployment of access networks for mobile communication services and for services rendered to public institutions, among others

- **SU Fund - Impact on Telecom with respect to its original license to provide SBT**

Within the framework of SC Resolutions Nos. 80/07 and 154/10 and CNC Resolution No. 2,713/07, Telecom started to file its affidavits including the deductible amounts based on the services that should be considered as SU services.

However, several years after the market's liberalization and the effectiveness of the first SU regulations, which were replaced with Decree No. 558/08 and the LAD, incumbent operators have still not received any set-offs for providing services with the characteristics set forth under the SU regime.

As of the date of these separate financial statements, Telecom filed its monthly SU affidavits related to the services associated with its original license to render SBT, which resulted in a receivable of approximately $13,229 million (unaudited). The programs and the valuation methodology used to estimate this receivable are pending approval by the Regulatory Authority. This receivable has not yet been recorded in these separate financial statements as of December 31, 2020 since it is subject to the approval of the SU Programs and the review of those affidavits by the Regulatory Authority and the confirmation of the existence of sufficient contributions to the SU Trust so as to compensate the incumbent operators.

On April 8, 2011, the SC issued Resolution No. 43/11 notifying Telecom that investments associated with "High-Cost Areas" (amounting to approximately $13,512 million and which are included in the above-mentioned receivable) did not qualify as an Initial Indicative Program.

Through SC Resolutions No. 53, 54, 59, 60, 61, 62, 69 and 70/12, Telecom was notified that: the "Special Information Service 110", the "Discounts for Retired People, Pensioners and Low Consumption Households", the services of "Social Public Telephony and Loss-Making Public Telephony", the "Services and Discounts relating to the Information Society Program argentin@internet.todos", the "Services for Deaf-Mute People", the "Free Access to Special Emergency Services and Special Community Services", the "Value Added Service 0611 and 0612" and the "Long Distance Semipublic Service (SSPLD)" (valued at approximately $1,541 million and included in the above-mentioned receivable), respectively, did not qualify as Initial SU Programs, pursuant to the terms of Article 26 of Annex III of Decree No. 764/00, and that, they did not constitute different services involving a SU provision, and therefore, cannot be financed with SU Funds, pursuant to the terms of Article 2 of Decree No. 558/08.

Telecom's Management, with the advice of its legal counsel, has filed appeals against the above-mentioned resolutions, presenting the legal arguments based on which such resolutions should be revoked.

In September 2012, the CNC ordered Telecom to deposit approximately $208 million. Telecom has filed a claim refusing the CNC's order on the grounds that the appeals against the SC Resolutions are still pending resolution.

On November 28, 2019, the ENACOM notified Telecom that the appeals filed by that company against the above-mentioned resolutions had been rejected, and that the file had been submitted to the Court of Appeals. As of the date of these separate financial statements, the appellate court has not yet issued a decision.

Although it cannot be assured that these issues will be favorably resolved at the administrative stage, Telecom's Management, with the assistance of its legal advisors, considers that it has solid legal and factual arguments to support the position of Telecom Argentina.

- **SU Fund - Impact on Telecom with respect to the SCMs originally provided by Personal**

In compliance with SC Resolution No. 80/07 and No. 154/10 and CNC Resolution No. 2,713/07, since July 2007 Personal has filed its affidavits and deposited the corresponding contributions.

On January 26, 2011, the SC issued Resolution No. 9/11 establishing the "Infrastructure and Facilities Program." The Resolution provided that telecommunication service providers could only allocate to investment projects under this program the amounts corresponding to outstanding investment contribution obligations arising from Annex III of Decree No. 764/00 before the effective date of Decree No. 558/08.

On July 5, 2012, the SC issued Resolution No. 50/12 pursuant to which it notified that the services declared by the SCM Providers as High Cost Areas or services provided in non-profitable areas, services provided to clients with physical limitations (deaf-mute and blind people), rural schools, and requests relating to the installation of radio-bases and/or investment in infrastructure development in various localities, did not constitute items that could be discounted from the amount of SU contributions pursuant to the last part of

Article 3 of Resolution No. 80/07, or Article 2 of Decree No. 558/08. It also provided that certain amounts already deducted could be used for investment projects within the framework of the Program created under SC Resolution No. 9/11, or deposited in the SU Fund, as applicable.

Personal filed an administrative appeal against SC Resolution No. 50/12 requesting its nullity. As of the date of these separate financial statements, this appeal is still pending resolution.

On October 1, 2012, in response to the order issued by the SC, Personal deposited under protest the equivalent amount in the SU Fund, corresponding to the assessment of the SU services provided by Personal since the effectiveness of Decree No. 558/08, reserving its right to take all actions it may deem appropriate to claim its reimbursement, as informed to the SC and the CNC on October 15, 2012. Since August 2012, Personal is paying such concepts under protest in its monthly affidavits.

Telecom's Management cannot assure that this issue will be resolved in its favor at the administrative stage.

- **SU Fund - Impact on Telecom with respect to the services originally provided by Cablevisión.**

Cablevisión has complied with its investment contribution obligations. The Regulatory Authority has not yet approved the Project filed by Cablevisión on June 21, 2011, within the framework of SC Resolution No. 9/11, in order to fulfill the SU contribution obligation for the amounts accrued since January 2001 until the effectiveness of Decree No. 558/08.

e) SPECTRUM

- **Pursuant to SC Resolution No. 79/14**

On October 31, 2014, the Secretariat of Trade held the Public Auction that had been approved under SC Resolutions Nos. 80/14, 81/14, 82/14 and 83/14. Personal was awarded Lots 2, 5, 6 and 8 of the remaining frequencies to provide Personal Communication Services ("PCS") and Cellular Mobile Radiocommunication Services ("SRMC"), as well as those of the new spectrum to provide Advanced Mobile Communications Services ("SCMA"). Pursuant to SC Resolution No. 25/15, issued on June 11, 2015, the Secretary of Trade awarded the rest of frequency bands in Lot 8, completing such lot.

Pursuant to the terms of the Auction, the authorizations for the use of the frequencies under the Auction are granted for a term of fifteen (15) years counted as from the notice of the administrative act that awards such frequencies. Upon the expiration of said term, the Regulatory Authority may extend the effectiveness at the express request of the awardee (which will be for consideration, under the conditions and price to be determined by the Regulatory Authority.)

f) OTHER RELEVANT REGULATORY MATTERS

✓ **REGULATORY SITUATION IN URUGUAY**

- **Uruguayan Audiovisual Communication Services Law**

Law No. 19,307 was published in the Official Gazette of the Republic of Uruguay on January 14, 2015. This Law governs radio, television, and other audiovisual communication services (hereinafter, the "Audiovisual Communications Law"). Article 202 of this law provides that the National Executive Branch shall issue its implementing regulations within a 120-day term, counted as from the day following publication of the Audiovisual Communications Law in the Official Gazette. As of the date of these separate financial statements, Decrees Nos. 45/015 and 160/019 had not been regulated yet. Decree No. 45/015 provides that the concession for the use and allocation of the radio-electric spectrum for non-satellite audiovisual communication services shall be granted for a term of 15 years, while Decree No. 160/019 regulates several provisions of the Audiovisual Communications Law.

Article 54 of the Audiovisual Communications Law provides that an individual or legal entity cannot be allocated the full or partial ownership of more than 6 authorizations or licenses to render television services to subscribers throughout the national territory of Uruguay. Such limit is reduced to 3 if one of the authorizations or licenses includes the department of Montevideo. Article 189 of this law provides that in the cases where such limits were exceeded as of the entry into force of the Law, the owners of those audiovisual communication services shall transfer the necessary authorizations or licenses so as not to exceed the limits mentioned above within a term of 4 years as from the date of entry into force of the Audiovisual Communications Law.

Adesol is analyzing the possible impact on its business that could be derived from the change in the regulatory framework and the eventual legal actions it may bring to safeguard its rights and those of its shareholders. That company is also monitoring the different unconstitutionality claims filed by other companies against certain articles of the above-mentioned law to consider whether the decisions to be rendered by the Supreme Court of Uruguay in those proceedings may be favorable to the position of Adesol in the future. On April 7, 2016, 28 unconstitutionality claims were brought against the above-mentioned law. As of the date of these separate financial statements, the Supreme Court has issued 28 decisions, whereby it declared the unconstitutionality of Articles 39 subsection 3, 55, 56 subsection 1, 60 point C, 98 subsection 2, 117 subsection 2, 143 and 149 subsection 2 of Law No. 19,307. It is noteworthy that some of the decisions rendered in this respect by the Supreme Court dismissed the unconstitutionality claim filed by the claimant with respect to Article 54 of that Law.

Based on the above-mentioned analysis, the permit holders AUDOMAR S.A., DOLFYCOR S.A., REIFORD S.A., SPACE ENERGY TECH S.A., TRACEL S.A., BERSABEL S.A., and VISION SATELITAL S.A., together with the majority shareholder of those companies, brought on November 22, 2019 an unconstitutionality claim against Articles 54 and 189 of Law No. 19,307. On October 15, 2020, the Supreme Court of Uruguay declared that the Legislative Branch could not be sued by claimant and dismissed the unconstitutionality claim.

In April 2020, the Executive Branch submitted to Parliament a media bill that would result, if passed, in the repeal of the current audiovisual communications law (Law No. 19,307) and, consequently, of the respective implementing decrees. As of the date of these separate financial statements, said media bill is still being reviewed by Parliament.

- **Migration of Services**

On January 11, 2018, Decree No. 387/17 dated December 28, 2017 was published in the Official Gazette. The Decree provides that all subscription television services provided through the Codified UHF System shall be migrated to the TDH Satellite system, without it entailing any changes to the original authorizations to operate or to the rest of the conditions established in the respective licenses. Those authorizations shall remain unchanged in the authorized service areas for a term of 18 months.

On February 9, 2018, Bersabel S.A. and Visión Satelital S.A., two of the licensees that use Codified UHF systems to provide services and have contractual relationships with Adesol, filed the migration plan for their subscribers with the URSEC, which was completed on July 11, 2019.

✓ **OTHER REGULATIONS**

o **General Rules Governing ICT Service Licenses**

On January 2, 2018, the Ministry of Modernization issued Resolution No. 697/17, whereby it approved the new General Rules Governing ICT Service Licenses. This Resolution repealed the General Rules approved pursuant to Annex I of Decree No. 764/00, as from the date the resolution became effective (February 1, 2018), and it also repealed ENACOM Resolutions No. 2,483/16 and No. 1,394/16 (except for Section 12 of its Annex I, which will remain in effect). Telecom has filed an appeal against certain aspects of this Resolution, which is still pending resolution.

- **General Rules Governing ICT Service Customers**

On January 4, 2018, the Ministry of Modernization issued Resolution No. 733/17, whereby it approved the new General Rules Governing ICT Service Customers. This Resolution became effective on March 5, 2018, repealing SC Resolutions No.490/1997, and Annexes I and III of SC Resolution No. 10,059/1999 and its supplementing regulations. Annex II of SC Resolution No. 10,059/1999 shall remain in effect, to the extent applicable, until the enactment of the penalty regime provided under Article 63 of the LAD. Said New General Rules repealed the general rules governing mobile and basic telephony service customers, thus becoming the only general rules that govern ICT Service customers, including Internet access services and subscription broadcasting services.

Telecom made a filing with the Ministry of Modernization regarding some regulations that infringe its right to sell its services (such as the 180-day prepaid credit; Article 56, which provides for compensation in favor of the customer, and Article 79, which establishes the obligation to replace any channels eliminated from the programming grid with other channels of similar quality.)

Through Resolution No. 363/18, published in the Official Gazette on June 27, 2018, the Ministry of Modernization provided for amendments to the General Rules. Some of those amendments were related to the provisions challenged by Telecom in its filing. As of the date of these separate financial statements, this appeal is still pending resolution. Subsequently, through Resolutions Nos. 1,150/19 and 1,522/19, the Secretariat of Modernization introduced amendments, among which the most relevant is the term of 30 business days to report in advance material changes in the services rendered to customers.

- **Number Portability Regulation**

On April 4, 2018, the Ministry of Modernization issued Resolution No. E-203/18, whereby it approved the new Number Portability Regulation, including the portability of fixed telephony service lines. Through said Resolution, said Ministry also approved the implementation schedule for the portability of these services and revoked SC Resolutions Nos. 98/2010, 67/11 and 21/13 and Resolution No. E-170/17 issued by the Ministry of Communications, as supplemented. Through Resolution No. 401/18, published on July 11, 2018, the Ministry of Modernization decided to extend for ninety (90) business days the term for the implementation of “Stage 1” provided under the Implementation Schedule for Fixed Telephony Service Number Portability. Said Resolution also provided that the ENACOM shall determine the way in which the number portability committee will be constituted and implemented.

Through Resolution No. 4,950 issued on August 14, 2018, the Board of the ENACOM delegated on the head of the first operational level of the National Administration of Planning and Convergence the powers to: (i) approve the Processes and Operational and Technical Specifications of Number Portability, (ii) approve the Bidding Terms for the selection of the Database Administrator for the contract to be executed between the Portable Services Providers and the Database Administrator and propose any relevant changes to the Number Portability Committee, and (iii) intervene on a binding basis in the procedure to procure the services of the Database Administrator.

Through said Resolution, the ENACOM also set out that the Number Portability Committee shall be composed of two representatives, one permanent and one alternate, and approved the work schedule in order to properly implement the Number Portability. As of the date of these separate financial statements, the representatives of such Committee have not been appointed yet.

On December 31, 2020, the ENACOM issued Resolution No. 1,509/20, whereby it replaced the work schedule for the implementation of Number Portability that had been approved as an Annex to Resolution No. 4,950/18. In addition, the ENACOM approved the new model of the Bidding Terms and Conditions for the selection of the centralized Number Portability Database Administrator (DA) for the Mobile Communication Service and the Fixed Telephony Service, and also approved the Network Technical Specifications.

This resolution is subject to the approval of ENACOM's Board. As of the date of these separate financial statements, that resolution has not been approved yet by ENACOM’s Board.

- **General Rules Governing Interconnection and Access**

On May 18, 2018, Ministry of Modernization Resolution No. 286/18 was published in the Official Gazette. Said Resolution approves the new General Rules Governing Interconnection and Access, effective as from July 3, 2018, repealing the General Rules that had been approved under Decree No. 764/00.

Pursuant to the new General Rules, the interconnection and access terms, conditions and prices may be freely established by mutual agreement between the parties. The ENACOM shall set provisional interconnection charges, as established under Decree No. 1,340/16.

In addition, the providers of ICT Services shall be under the obligation to provide interconnection at the request of another provider of ICT Services, on no less favorable technical and economic conditions than those applied by the requested ICT Service provider to itself or to third parties. They shall also guarantee the quality of the services, as well as transparency in compensation, and shall refrain from charging the requesting ICT Service Providers for functions or services that are not needed to render their services.

On August 14, 2018, the ENACOM issued Resolution No. 4,952/18, whereby it set a provisional charge equivalent to US$ 0.0108 per minute of communication, without considering taxes and charges that may be applicable to local origination or termination services over mobile communication service networks. In addition, said Resolution provides that for the purposes of the application of the charge, the measuring unit will be per second. Through Resolution No. 1,161/18 dated November 27, 2018, the ENACOM set the same charge for SRCE network termination.

On that same date, Resolution No. 1,160/18 was also published in the Official Gazette. Pursuant to said Resolution, the ENACOM set: (i) a provisional charge equivalent to forty-five ten-thousandths US dollars (US$ 0.0045) for local origination or termination services over fixed telephony service networks per minute of communication (ii) a provisional charge equivalent to ten ten-thousandths US dollars (US$ 0,0010) for local transit service per minute of communication (iii) a provisional charge equivalent to twenty-seven ten-thousandths US dollars (US$ 0,0027) for long distance transport service per minute of communication (iv) the second as the measuring unit for the purposes of applying the charges set under this Resolution.

Telecom filed an appeal with the ENACOM challenging those charges with the respective legal grounds to request the review of the above-mentioned Resolution by that agency. As of the date of these separate financial statements, this appeal is still pending resolution.

Pursuant to Resolution No. 4,266/19, published in the Official Gazette on October 8, 2019, the ENACOM decided, on a provisional and exceptional basis, that the reference exchange rate applicable to the interconnection charges in effect established under ENACOM Resolutions Nos. 4,952/18, 1,160/18 and 1,161/18, for calls made as from August 1, 2019, will be of forty five pesos and twenty five cents $45.25 per US dollar. In subsequent months, the exchange rate to be applied may not exceed six percent (6%) of the exchange rate established for the previous month and in no case may it exceed the selling exchange rate set by Banco de la Nación Argentina on the last business day of the month in which the services are rendered. This Resolution was applicable to services provided up to and including December 31, 2019.

Through Resolution No. 1,510/20, which was published in the Official Gazette on December 29, 2020, the ENACOM decided, on a provisional and exceptional basis, that the reference exchange rate applicable to calls made as from January 1, 2021, will be of eighty three point thirty six Argentine Pesos ($83.36) per US dollar. This Resolution shall be applicable to services provided up to and including June 30, 2021, and is subject to the approval of ENACOM's Board. As of the date of these separate financial statements, that resolution has not been approved yet by ENACOM's Board.

- **Quality Rules for ICT Services.**

Through Resolution No. 580/2018, published in the Official Gazette on September 6, 2018, the Ministry of Modernization approved the Quality Rules for ICT Services, which came into effect on January 4, 2019.

The Ministry of Modernization ordered the ENACOM to issue the implementing regulations within a term of 90 calendar days. Even though the term has expired, as of the date of these separate financial statements, such procedure has not been issued yet.

In addition, the Telecom Group is still analyzing the operating impact of the new Resolution.

- **National Rules for Contingencies.**

Through Resolution No. 51/18, published in the Official Gazette on November 6, 2018, the Secretariat of Modernization approved the National Rules for Contingencies and ordered the ENACOM to issue the implementing procedures or Contingency Plan (emergency situations) within a term of 90 calendar days as from its publication in the Official Gazette.

Even though the term has expired, as of the date of these separate financial statements, such procedure has not been issued yet.

- **Regulations on International Roaming between Argentina and Chile**

ENACOM issued Resolution No. 927/20, which was published in the Official Gazette on August 31, 2020, whereby said agency approved the Regulations on International Roaming between Chile and Argentina. Among other matters, under those Regulations, it was established that Argentine mobile communication service providers, including Virtual Mobile Operators, shall offer customers who use international Roaming services with Chile the same prices that they offer in their own country for voice communications, messaging and mobile data during their stay in that country.

- **Infrastructure Sharing Regulation**

On December 16, 2020, the Office of the Chief of the Cabinet of Ministers - Secretariat of Public Innovation issued Resolution No. 105/20, whereby it approved the Passive Infrastructure Sharing Regulation and established the terms and procedures regarding the access, availability and shared use of passive infrastructure owned by, controlled by or otherwise available to an ICT Services Licensee.

The most relevant provisions of the Regulation are the obligation to grant access to other ICT Services Licensees to available passive infrastructure; the obligation to reserve capacity in the installation of new ducts or structures for access to other ICT Services Licensees; the prohibition to agree on exclusive use; among other obligations.

As of the date of these separate financial statements, the Company is evaluating the impact of the obligations imposed under this new Regulation.

- **Subscription Television Services Regulation**

On December 24, 2020, ENACOM Resolution No. 1,491/20 was published in the Official Gazette, whereby said agency approved the "General Regulation of Subscription Television Services by Physical and/or Radio-electric and Satellite Link". Among other aspects, the Regulation provides for the arrangement of signals in programming grids so that the signals that correspond to the same genre are arranged consecutively; the obligation to submit an annual affidavit that sets forth the programming grid, the inclusion of signals of broadcast television Licensees; the list of mandatory signals, and, in case of disagreement regarding whether or not it is mandatory to include a given signal in the programming grid, be it broadcast television signals or those included in the Public Registry of Signals, any of the parties may resort to the ENACOM. In addition, said Resolution provides that the commercialization of one or several signals may not be conditional on the acquisition of other signals. In the event licensees offer a package of signals, they must include a breakdown of the price of each signal.

As of the date of these separate financial statements, the Company is evaluating the impact of these regulations.

- ✓ **COMPRE ARGENTINO (Buy Argentine)**

Pursuant to Law No. 27,437, Telecom Argentina- in its capacity as public fixed telephony service licensee-, and its respective direct subcontractors, shall give preference to the acquisition or lease of goods of national origin, under the terms of such law, for the procurement of supplies and public works and services.

Said law provides that preference shall be given to goods of national origin when the price of identical or similar goods, under cash payment conditions, is equal to or lower than the price of foreign goods increased by 15% when the offerors qualify as micro, small and medium-sized enterprises – (MSMEs), and by 8% for any other company. In the comparison, the price of foreign goods shall contemplate applicable import duties and all the taxes and expenses required for their nationalization.

Said law sets out that a good is considered to be of national origin when it has been produced or extracted in the Argentine Republic, provided that the cost of nationalized imported raw materials, inputs or supplies does not exceed 40% of its gross production value.

The procurement of services is subject to Law No. 18,875, which sets out the obligation to contract exclusively the services of domestic companies, consulting firms and professionals, as defined in said law. Any exception shall have to be previously approved by the competent ministry.

Through Resolution No. 2,350/04, the former CNC approved the "Procedure for the fulfillment of the Compre Trabajo Argentino Regime", which includes the obligation to file semi-annual affidavits regarding the fulfillment of these rules.

The rules provide for economic, administrative and criminal sanctions for failure to fulfill the obligations established under the Compre Argentino regime.

It should be noted that this regulation reduces the operating flexibility of Telecom due to, among other reasons, the request for authorizations prior to the completion of acquisitions, the time spent in preparing the publications and the required filings with respect to the obligation to file semi-annual affidavits regarding fulfillment of the Compre Argentino regime and the related administrative expenses.

NOTE 8 – PROVISIONS AND OTHER CHARGES

1. <u>Probable Contingent Liabilities</u>

Below is a summary of the most significant claims and legal actions for which Telecom's Management, with the assistance of its legal advisors and the background in each case, has recorded provisions as deemed sufficient:

a) Profit sharing bonds

Various legal actions are brought, mainly by former employees of Telecom Argentina against the Argentine government and Telecom Argentina, requesting that Decree No. 395/92 – which expressly exempted Telefónica and Telecom Argentina from issuing the profit sharing bonds provided in Law No. 23,696 – be struck down as unconstitutional. The plaintiffs also claim the compensation for damages they suffered because such bonds have not been issued.

In August 2008, the Argentine Supreme Court found Decree No. 395/92 unconstitutional when resolving a similar case against Telefónica.

Following the Argentine Supreme Court's decision on this matter, several Courts of Appeals have ruled that Decree No. 395/92 is unconstitutional. As a result, in the opinion of Telecom Argentina's counsel, there is an increased probability that Telecom Argentina will have to face certain contingencies, notwithstanding the reimbursement right to which Telecom Argentina would be entitled against the National Government.

The Supreme Court's decision not only found the above-mentioned Decree unconstitutional, but also ordered that the proceedings be remanded to the court of origin so that such court shall decide which defendant must pay —the licensee and/or the Argentine government— and set the parameters that are to be taken into account in order to quantify the remedies requested (percent of profit sharing, statute of limitations criteria, distribution method between the program beneficiaries, etc). There are no uniform criteria among the Courts in relation to each of these concepts.

On June 9, 2015, in re "Ramollino Silvana c/Telecom Argentina S.A.", the Argentine Supreme Court ruled that the profit sharing bonds do not apply to employees who joined Telecom Argentina after November 8, 1990 and who were not members of the PPP.

This judicial precedent is consistent with the criterion followed by Telecom Argentina for estimating provisions for these claims, based on the advice of its legal counsel, which considered remote the chances of paying compensation to employees who were not included in the PPP.

Statute of limitations criteria applied to claims: Argentine Supreme Court ruling "Dominguez v. Telefónica de Argentina S.A."

In December 2013, the Argentine Supreme Court decided a case similar to the above-referred legal actions, "Domínguez v. Telefónica de Argentina S.A", overturning a lower court ruling that had barred the claim as having exceeded the applicable statute of limitations because ten years had passed since the issuance of Decree No. 395/92.

The Argentine Supreme Court's decision states that the Court of Appeals on Federal Civil and Commercial Matters must hear the case again to consider statute of limitations arguments raised by the appellants that, in the opinion of the Argentine Supreme Court, were not considered by the lower court and are relevant to the resolution of the case.

After the Argentine Supreme Court's ruling and until the date of issuance of these separate financial statements, two chambers of the Court of Appeals on Federal Civil and Commercial Matters have issued opinions interpreting the doctrine developed by the Argentine Supreme Court in its ruling, acknowledging that the statute of limitations must be applied periodically –as of the time of each balance sheet- but limited to five years; and Chamber III ruled, by a majority of votes, that the statute of limitations must not be applied periodically, but that instead, was exceeded ten years after the issuance of Decree No. 395/92.

Criteria for determining the relevant profit to calculate compensation: ruling of the Court of Appeals on Federal Civil and Commercial Matters in Plenary Session "Parota c/ Estado Nacional y Telefónica de Argentina S.A."

On February 27, 2014, the Court of Appeals on Federal Civil and Commercial Matters issued its decision in plenary session in the case "Parota, César c/ Estado Nacional", as a result of a claim filed against Telefónica, ruling: *"that the amount of profit sharing bonds corresponding to former employees of Telefónica de Argentina should be calculated based on the taxable income of Telefónica de Argentina S.A. on which the income tax liability is to be assessed"*.

The Court explained that in order to make such determination: *"it is necessary to clarify that "taxable income" (pre-tax income) means the amount of income subject to the income tax that the company must pay, which generally means gross income, including all revenue obtained during the fiscal year (including contingent or extraordinary revenue), minus all ordinary and extraordinary expenses accrued during such fiscal year."*

Federación Argentina de las Telecomunicaciones and Other v. Telecom Argentina S.A. on profit sharing

In June 2013, Telecom was served notice of the claim entitled "Federación Argentina de las Telecomunicaciones and Other v. Telecom Argentina S.A. on profit sharing." The lawsuit was filed by four unions claiming the issuance of profit sharing bonds (hereinafter “the bonds”) for future periods and for periods for which the statute of limitations is not expired. To enforce this claim, the plaintiffs have requested that the court declare that Decree No. 395/92 is unconstitutional.

This collective lawsuit is for an unspecified amount. The plaintiffs presented the criteria that should be applied for the determination of the percentage of participation in the Company’s profit. The lawsuit requiring the issuance of a profit sharing bond represents an obligation with potential future economic impact for Telecom Argentina.

Telecom filed its response to the claim, arguing that labor courts lack jurisdiction over the matter. In October 2013, the judge rejected the lack of jurisdiction plea, established a ten-year period as statute of limitation and deferred ruling on the defenses of res judicata, lis pendens and on the third-party citation required after a hearing is held by the court. Telecom appealed the judge’s ruling.

In December 2013, the hearing took place and the intervening court deferred its decision on the defense filed by Telecom on the basis of the application of statutes of limitations to the moment of the final ruling, among other matters. It also ordered the plaintiff to provide evidence on the mandates granted by each individual to bring the claim against Telecom and suspended the proceeding until such evidence is filed with the court. The plaintiff appealed the decision and the judge deferred this issue to the time of sentencing.

In December 2017, the Court of First Instance dismissed the claim on the grounds that the claimant lacks standing because the claim is individual and not collective. The claimant filed an appeal, which is pending before Chamber 7 of the Court of Appeals. In June 2019, the Court of Appeals revoked the decision rendered by the Court of First Instance, returned the file, and ordered discovery proceedings.

Telecom, based on the advice of its legal counsel, believes that there are strong arguments to defend its position in this claim, based, among other things, on the application of the statutes of limitations to the claim relating to the unconstitutionality of Decree No. 395/92, the lack of active legal standing for a collective claim relating to the issuance of bonds —due to the existence of individual claims— in addition to arguments based on plaintiff's lack of active legal standing.

b) Claims filed by former sales representatives of Personal and Nextel

Former sales representatives of Personal and Nextel brought legal actions for alleged improper termination of their contracts and have submitted claims for payment of different items such as: commission differences, value of the customers’ portfolio and lost profit, among other matters. Telecom’s Management believes, based on the advice of its legal counsel, that certain items included in these claims should be dismissed, while other items could be admitted by the court, albeit for amounts that are lower than those claimed. As of the date of issuance of these separate financial statements, some legal actions are in the discovery phase and with expert opinions in progress.

Telecom’s Management, based on the advice of its legal counsel, has recorded provisions that it estimates are sufficient to cover the risks associated with these claims, which the Company estimates will not have a material adverse impact on its results and financial position.

c) Sanctions Imposed by the Regulator

Telecom is subject to various sanction procedures, in most cases promoted by the Regulatory Authority, for delays in repairs and service installations to fixed-line customers. Although generally a sanction considered on an individual basis does not have a material effect on Telecom’s equity, there is a significant disproportion between the amounts of the sanctions imposed by the Regulatory Authority and the revenue that the affected customer has generated to Telecom Argentina.

On March 3, 2021, through Resolution No. 221/2021, the ENACOM approved the “Sanctions Regime applicable to Information and Communication Technologies.” Such resolution, among other aspects, provides for: i) the price of the PBU-SBT (Mandatory Universal Basic Telephony Service) in effect at the time of payment as a unit of reference to set the amount of fines; ii) a maximum fine equivalent to

50,000 PBU-SBT and a minimum of 50 PBU-SBT; iii) the publication of the sanctions imposed in the media and/or the institutional website; and iv) the possibility of imposing daily fines for each day of non-compliance. As of the date of these separate financial statements, Telecom is evaluating the impact of the obligations imposed under this new Regulation.

d) <u>Task Solutions v. Telecom Personal S.A. on Ordinary proceeding and Task Solutions v. Telecom Argentina S.A. on Ordinary proceeding</u>

Task Solutions S.A., a company devoted to providing contact centers, brought claims against Telecom Argentina and Telecom Personal, claiming $408,721,835 for damages that it alleges to have suffered during the contractual relationship with those companies, as well as for the failure to renew those contracts at the end of their term. Task Solution S.A. argues that the only contractual relationship it had was the one with the defendants and the failure to renew such contract caused its insolvency. In August 2018, Telecom answered the claims rejecting the compensation claimed and requesting that the punitive damages claimed be declared unconstitutional.
Telecom counterclaimed for labor items already paid to third parties. In addition, it filed a claim for any amounts that it may eventually have to pay in this regard in the future. That estimate could vary according to the evidence submitted in connection therewith.

In December 2018, Task Solutions was declared bankrupt.

As of December 31, 2020, Telecom, with the assistance of its legal advisors, set up allowances deemed sufficient to cover the risks derived from these lawsuits, considering the allegations and the court precedents available as of the date of these separate financial statements.

2. <u>Possible Contingencies</u>

In addition to the possible contingencies related to regulatory matters described in Note 7 d), the following is a summary of the most significant claims and legal actions for which no provisions have been established, although the final outcome of these lawsuits cannot be assured.

a) <u>Radioelectric Spectrum Fees</u>

In October 2016, Personal modified the criteria used for the statement of some of its commercial plans (“Abono fijo”) for purposes of paying the radioelectric spectrum fees (derecho de uso de espectro radioeléctrico or “DER”), taking into account certain changes in such plans’ composition. This meant a reduction in the amount of fees paid by Personal.

In March 2017, the ENACOM demanded Personal to rectify its statements corresponding to October 2016, requiring that such plans’ statements continue to be prepared based on the previous criteria. The ENACOM issued a similar order in September 2018 for the subsequent periods. Telecom’s Management believes that it has solid legal arguments to defend its position. Such arguments were actually confirmed in the recitals of Resolution ENACOM No. 840/18. Therefore, Telecom filed the corresponding administrative responses. In August 2017, Personal received the notice of charge for the differences in the amounts owed in connection with the payment made in October 2016. Notwithstanding the grounds disclosed in its response, in April 2019, ENACOM imposed a sanction on Telecom due to the non-compliance alleged for that period. Telecom filed the corresponding administrative response. However, the company cannot assure that its arguments will be accepted by the ENACOM.

The difference resulting from both criteria since October 2016 is of approximately $ 717 million plus interest as of December 31, 2020.

On February 27, 2018, ENACOM Resolutions Nos. 840/18 and 1,196/18 were published in the Official Gazette. Through these Resolutions, the ENACOM updated the value of the Radioelectric Spectrum Fee per Unit and, in addition, established a new regime for mobile communication services, which substantially increased the amounts to be paid for such service.

Telecom filed the restated returns for March and April 2018 (due in April and May 2018) and paid (under protest) the corresponding amounts. It also started to comply, as from September 2018, with the filing and payment (under protest) of the corresponding returns.

Through Resolution No. 4,266/2019, dated October 8, 2019, the ENACOM changed the basis of calculation of Radioelectric Spectrum Fees to be paid for the provision of Mobile Communication Services (SRMC, STM, PCS and SCMA) starting as from the filing of the returns due after the publication date of the Resolution. Said change represents a reduction of the rate applicable to the radioelectric spectrum fees to be paid for those services.

b) “Consumidores Financieros Asociación Civil para su Defensa” claim

In November 2011, Personal was notified of a lawsuit filed by the “Consumidores Financieros Asociación Civil para su Defensa” claiming that Personal made allegedly abusive charges to its customers by implementing per-minute billing and setting an expiration date for prepaid telecommunication cards.

The plaintiff requested that Personal: i) cease such practices and bill its customers only for the exact time of telecommunication services used; ii) reimburse the amounts collected in excess in the ten years preceding the date of the lawsuit; iii) credit its customers for unused minutes on expired prepaid cards in the ten years preceding the date of the lawsuit; iv) pay an interest equal to the lending rate charged by the Banco de la Nación Argentina; and v) pay punitive damages provided by article 52 bis of Law No. 24,240.

Personal rejected the claim, with particular emphasis on the regulatory framework that explicitly endorses its practices, now challenged by the plaintiff in disregard of such regulations.

The proceeding is now in the discovery stage. However, the judge has ordered the accumulation of this claim with two other similar claims against Telefónica Móviles Argentina S.A. and América Móvil S.A. (“Claro”). So, the three legal actions will continue within the Federal Civil and Commercial Court No. 9.

The Secretariat of Commerce canceled the registration of “Consumidores Financieros Asociación Civil para su Defensa in the National Registry of Consumer Associations. Now the intervening court has to issue a resolution on this matter.

The plaintiffs are seeking damages for an unspecified amount. Although Telecom believes there are strong defenses that should result in a dismissal of the claim, in the absence of judicial precedents on the matter, Telecom’s Management (with the advice of its legal counsel) has classified the claim as possible until a judgment is rendered.

c) “Proconsumer” - Lawsuit on changes in services prices

In June 2012, the Consumer Association “Proconsumer” filed a lawsuit against Personal claiming that the company did not provide the clients with enough information regarding the new prices for the services provided by Personal between May 2008 and May 2011. It demands the reimbursement of the increase in the price billed to certain customers (with the “Abono fijo” plan) for a period of two months since the information inconsistencies alleged by the plaintiff.

Telecom filed a response and challenged the jurisdiction of the court, which was dismissed by the Argentine Supreme Court. The Supreme Court ordered that the file be submitted to the commercial court. The legal action is in the discovery phase.

The settlement agreement executed by the parties to put an end to the lawsuit was confirmed on October 8, 2020.

d) <u>Proceedings related to value added services - Mobile contents</u>

In October 2015, Personal was notified of a claim brought by the consumer association "*Cruzada Cívica para la defensa de los consumidores y usuarios de Servicios públicos*". The plaintiff invokes the collective representation of an undetermined number of Personal customers.

The plaintiff's claim relates to the manner in which content and trivia games are contracted, in particular the allegedly improper billing of messages sent to solicit such services and of their subscription. Additionally, it proposes the application of punitive damages to Personal.

This claim is substantially similar to other claims made by the consumer association Proconsumer where collective representation of customers is also invoked. As of the date of these separate financial statements, this claim for an unspecified amount is in its preliminary stages because notice of the claim has not been served on all interested parties.

Personal has responded the claims and filed legal and factual defenses, requesting that the court summon third parties involved in the provision of VAS. Based on the advice of its legal counsel, Telecom believes to have strong arguments for its defense. However, given the absence of any case law, the final outcome of these claims cannot be assured.

e) <u>Claims by certain Telecom Content Providers</u>

Within the framework of the general reorganization of the content business undertaken by Personal in 2016, and given the expiration of agreements with content providers, certain providers were notified that such agreements would not be renewed.

By virtue of that communication, some companies brought claims and obtained injunctions against Personal with the purpose of preventing the decision not to renew such contracts from becoming effective, thus, forcing Personal to refrain from disconnecting or interrupting the contractual relationship. As of the date of these separate financial statements, there are no pending legal actions.

In February 2017, the ENACOM notified Personal of Resolution 2017-1122-APN-ENACOM # MCO (Resolution No. 1,122), which provided, with respect to content providers that qualify as Value Added Audiotext and Mass Calling Service Providers, that Mobile Operators may receive, as total consideration, a percentage that shall not exceed 40% of the services invoiced on behalf of such providers. In addition, the Resolution granted 30 business days to file with the ENACOM the interconnection contracts or their addenda, to ensure that contracts that are currently in effect that are related to the services rendered by the members of Argentine Chamber of Mobile Value Added ("CAVAM"), conform to the Resolution.

In July 2019, the ENACOM issued Resolution No. 2019-2540-APN-ENACOM#JGM, whereby it revoked Resolution No. 1,122/17 regarding the Registry of the ENACOM and Resolution No. 184-SC/1997.

f) <u>"Asociación por la Defensa de Usuarios y Consumidores c/Telecom Personal S.A." claim</u>

In 2008, the "Asociación por la Defensa de Usuarios y Consumidores" sued Personal, seeking damages for an unspecified amount, in connection with the billing of calls to the automatic answering machine and the collection system called "send to end", in collective representation of an undetermined number of Personal customers. The court has to render judgment on this claim.

In 2015, Telecom learned of an adverse court ruling in a similar lawsuit, promoted by the same consumers association against another mobile operator. The court has to render judgment on this claim.

Based on the advice of its legal counsel, the Company's Management believes to have strong arguments for its defense. However, given the absence of any case law, the final outcome of these claims cannot be assured.

g) Claims filed by unions in connection with union contributions

The unions FOEESITRA, SITRATEL, SILUJANTEL, SOEESIT, FOETRA and SUTTACH and the Union of Telephone Workers and Employees of Tucumán brought 7 legal actions against Telecom claiming unpaid union contributions set forth in their respective collective bargaining agreements, corresponding to employees of third party companies that provide services to Telecom, for a 5-year term for which the statute of limitations has not expired, plus damages caused by the failure to pay said contributions. The items claimed are “Fondo Especial” (special fund) and “Contribución Solidaria” (solidarity contribution).

The above-mentioned unions argue that Telecom is jointly and severally liable for the payment of the above-mentioned contributions, based on Articles 29 and 30 of the Employment Contract Law and on the breach of Telecom's obligation to inform the Union about third party contracts under their collective bargaining agreements. Telecom answered all the claims.

In the action brought by FOEESITRA, the judge of first instance rejected the summons to third parties made by Telecom. An appeal has been filed against that decision.

In the action brought by FOETRA, the Court of Appeals revoked the decision rendered by the court of first instance that had declared the incompetence. The judge of first instance must render a decision on the exceptions filed by Telecom

The other claims have been suspended at the request of the parties.

The unions are seeking damages for an unspecified amount.

Even though Telecom's Management believes that there are sound grounds for the favorable resolution of these claims, given the lack of judicial precedents, the final outcome of these claims cannot be assured.

h) Asociación por la Defensa de Usuarios y Consumidores v. Cablevisión on expedited summary proceeding:

In November 2018, Telecom was served notice of a claim brought by Asociación por la Defensa de Usuarios y Consumidores. The Claimant requested that the defendant: 1) cease its practice of preventing customers from terminating Internet and cable television services when customers request such termination; 2) reimburse to each user the amounts collected for the period of 5 years and until the date on which the defendant ceases the above-mentioned practice; and 3) pay punitive damages for each of the affected customers.

In December 2018, Telecom filed a response, alleging the application of statutes of limitation (two-year term) as well as the lack of standing of the Association to file the lawsuit. Telecom also argued that the class to be represented had not been established and that it had not contravened the Consumer Defense Law. It also gave a detailed description of the termination procedure used by Cablevisión, highlighting its compliance with Articles 10 ter and 10 quater of said law. It also challenged the application of the punitive damages claimed by the plaintiff and produced documentary evidence. It requested that the claim be rejected in its entirety, and that the legal costs be borne by the plaintiff.

The plaintiffs are seeking damages for an unspecified amount.

Based on the advice of its legal counsel, Telecom believes to have strong arguments for its defense. However, the final outcome of this claim cannot be assured.

i) Claim “Unión de Usuarios y Consumidores and Other v. Telecom Argentina S.A.”

On September 3, 2019, Telecom (as surviving company of Cablevisión) was served notice of a class action brought by “Unión de Usuarios y Consumidores” and “Consumidores Libres Cooperativa Ltda. De Provisión de Servicios de Acción Comunitaria”, pending before the Commercial Court of First Instance No. 9, Clerk’s Office No. 17, for an unspecified amount.

Claimants seek to obtain an order against Telecom for the reimbursement of the price increases collected from its subscribers in September and October 2018 and in January 2019 and of any price increase that may be collected for the duration of the proceedings, for Internet, subscription television and other information technology and communication services and other supplementary services (all of those services are provided under the brands Cablevisión and Fibertel), plus interest accrued until the actual reimbursement date. Claimants allege that the defendant infringed certain provisions set forth under the General Rules Governing TIC and Communication Services Customers and Law No. 24,240 related to the terms and form of notice to subscribers of changes in the prices of such services.

Based on the advice of its legal counsel, Telecom believes to have strong arguments for its defense. However, the final outcome of this claim cannot be assured.

j) Resolution No. 50/10 et seq. issued by the Secretaría de Comercio Interior de la Nación (Secretariat of Domestic Trade or "SCI")

SCI Resolution No. 50/10 approved certain rules for the sale of pay television services. These rules provide that cable television operators must apply a formula to estimate their monthly basic subscription prices. The price arising from the application of the formula was to be informed to the Office of Business Loyalty (*Dirección de Lealtad Comercial*). Cable television operators must adjust such amount semi-annually and inform the result of such adjustment to said Office. Telecom filed an administrative appeal against Resolution No. 50/10 requesting the suspension of its effects and its nullification.

In accordance with the decision rendered on August 1, 2011 in re "LA CAPITAL CABLE S.A. v/ Ministry of Economy-Secretariat of Domestic Trade", the Federal Court of Appeals of the City of Mar del Plata ordered the SCI to suspend the application of Resolution No. 50/10 with respect to all cable television licensees represented by the Argentine Cable Television Association ("ATVC", for its Spanish acronym). Upon being served on the SCI and the Ministry of Economy on September 12, 2011, such decision became fully effective. The National Government filed an appeal against the decision issued by the Federal Court of Appeals of Mar del Plata to have the case brought before the Supreme Court. Such appeal was dismissed. The National Government filed a direct appeal with the Supreme Court, which has also been dismissed.

Notwithstanding the foregoing, between March 2011 and October 2014, several resolutions based on Resolution No. 50/10 were published in the Official Gazette, which regulated the prices to be charged by Cablevisión to its customers for the basic cable television service. The Company filed appeals against these resolutions and their enforcement was suspended pursuant to the above-mentioned injunction. Notwithstanding the foregoing, each Resolution had an effective term of between three and six months. The last one expired in October 2014.

In September 2014, the Supreme Court of Argentina rendered a decision in re "Municipality of Berazategui v. Cablevisión" and ordered that the cases related to these resolutions continue under the jurisdiction of the Federal Court of Appeals of Mar del Plata that had issued the decision on the collective action in favor of ATVC. Currently, all the claims related to this matter are pending before the Federal Courts of Mar del Plata.

In April 2019, La Capital Cable S.A. was served notice of the decision rendered by Federal Court No. 2 of Mar del Plata, whereby said court declared the unconstitutionality of certain articles of the law on which the SCI grounded Resolution No. 50/10 as well as the subsequent resolutions. The declaration of unconstitutionality entails that these resolutions are not applicable to La Capital Cable and the companies represented by ATVC. However, the National Government filed an appeal against said resolution.

On December 26, 2019, the Federal Court of Appeals of Mar del Plata rejected the grievances of the National Government and confirmed the decision rendered by the court of first instance, which declared the unconstitutionality of the articles of the law that were the basis for the issuance of SCI Resolution No. 50/10 and subsequent resolutions. The National Government filed an extraordinary appeal, which was granted on March 1, 2021. Telecom, with the assistance of its legal advisors, is evaluating the potential impacts in the light of those developments.

These separate financial statements should be read in the light of the circumstances described above, and the decisions made based on these separate financial statements should consider the potential impact that those circumstances may have on the Company and its subsidiaries.

k) CNV Resolution No. 16,765

In March 2012, CNV issued Resolution No. 16,765 whereby it ordered the initiation of summary proceedings against Cablevisión, its directors and members of the Supervisory Committee for an alleged failure to comply with the duty to inform. The CNV considers that this deprived the investor community of its right to become fully aware of the Decision rendered by the Supreme Court of Argentina in re "Application for judicial review brought by the National Government Ministry of Economy and Production of the case Multicanal S.A. and other v/CONADECO Decree No. 527/05" and other (this case has concluded to date), and also considers that Cablevisión had not disclosed certain issues related to the information required by the CNV in connection with its Class 1 and 2 Noteholders' Extraordinary Meetings held on April 23, 2010.

In April 2012, Cablevisión filed a response petitioning that its defenses be sustained and all charges dismissed. The discovery stage has been closed and the company submitted the legal brief. The file was submitted to the Legal area.

Telecom and its legal advisors believe that the company has strong arguments in its favor. Nevertheless, Cablevisión cannot assure the outcome of the said summary proceedings.

l) CNV Resolution No. 17,769

In August 2015, Cablevisión was served notice of Resolution No. 17,769 dated August 13, 2015 whereby the CNV ordered the initiation of summary proceedings against Cablevisión and its directors, members of the Supervisory Committee and the Head of Market Relations for an alleged delay in the submission of the required documentation regarding the registration with the IGJ of the appointment of the officers approved at the Ordinary General Shareholders' Meeting of Cablevisión held on April 30, 2000 and the update of the registered office in the Financial Information Highway.

In January 2016, the preliminary hearing was held pursuant to Article 138 of Law No. 26,831 and Article 8, Subsection b.1. of Section II, Chapter II, Title III of the Regulations (TR 2013).

Telecom, as the surviving company after the merger with Cablevisión, and its legal advisors believe that the company has strong arguments in its favor. Nevertheless, Cablevisión cannot assure the outcome of the said summary proceedings.

m) Additional Rate for the Tax on Commercial, Industrial or Service Revenues or "IRACIS"

In April 2017, a subsidiary of Cablevisión received a notification from the Under-Secretary of State for Taxation of the Treasury of the Republic of Paraguay, whereby that subsidiary was informed that it had failed to determine the additional IRACIS rate on the accumulated results of the companies merged in 2014.

The Telecom's subsidiary considers that it **has solid arguments to support its position.** However, the final outcome of this claim cannot be assured to date.

3. Remote Contingencies

The Telecom Group faces other legal, fiscal and regulatory proceedings considered normal in the development of its activities. Telecom's Management and its legal advisors estimate that these will not generate an adverse impact on their financial position and the result of its operations, or its liquidity. In accordance with IAS 37 provisions, it has not set up a provision or disclosed additional information in a note in connection with the resolution of these matters.

4. *Active Contingencies*

“AFA Plus Project” Claim

On July 20, 2012, Telecom entered into an agreement with the Argentine Football Association (“AFA”), for the provision of services for a system called “Argentine Football System Administration” (“AFA Plus Project”) related to the secure access to first division football stadiums whereby Telecom Argentina would provide the infrastructure and systems to enable AFA to manage the aforementioned project. The recovery of investments and expenses incurred by Telecom Argentina and its profit margin would come from charging AFA a reference price of 20% of the "popular" ticket price per football fan who attended stadiums during the term of the agreement, so the recoverability of Telecom’s assets related to the Project depended on AFA implementing the “AFA Plus Project”.

From 2012 and in compliance with its contractual obligations, Telecom made investments and incurred expenses amounting to $182 million, a portion of which are included in PP&E for the provision and installation of equipment and the execution of civil works for improving the football stadiums, registration center equipment, inventories and material storage and incurred other expenses directly associated with AFA Plus Project.

For several specific reasons relating to the Project itself, the football environment and the country’s context, the AFA Plus system was not implemented by AFA, not even partially. Accordingly, Telecom Argentina has not been able to begin collecting the agreed price.

Finally, throughout the agreement, Telecom Argentina received no compensation from AFA for the services rendered and the work performed. In September 2014, AFA notified Telecom of its decision to terminate the agreement with Telecom Argentina, modifying the AFA Plus Project, and also informed that it will assume the payment of the investments and expenditures incurred by Telecom. Accordingly, negotiations between the parties have started.

In February 2015, AFA made a proposal to compensate the investments and expenditures incurred by Telecom through advertising barter transactions exclusively related to the AFA Plus Project (or the one that replaces this Project in the future), in the amount of US$ 12.5 million. The proposal considered that if the advertising compensation was not realized in one year, AFA would pay to Telecom the agreed amount. The Company analyzed the quality of the assets offered by AFA in its offer of advertising spaces, and rejected the offer as insufficient. New negotiations were conducted in 2015 to improve the mentioned offer (requiring a combination of cash payments and advertising) but a satisfactory agreement was not reached. Subsequently, negotiations were suspended due to internal affairs of AFA.

In October 2015, Telecom formally demanded that AFA pay the amounts due ($179.2 million plus interest from its implementation). AFA rejected the claim but agreed to resume the negotiation of a settlement agreement. negotiations were subsequently suspended by the AFA due to its electoral process.

In January 2016, both parties resumed conciliatory negotiations, while Telecom reserved its right to exercise legal claims for amounts due.

In June 2016 the Company initiated a mandatory pre-judicial mediation procedure. The first hearing, held on July 12, 2016, was attended by both parties. A second hearing was held on August 3, 2016, and a third and last hearing was held on August 23, 2016, resulting in no agreement between the parties.

Telecom initiated a new pre-judicial mediation procedure which was finished without agreement. On December 19, 2018, that company brought a claim against AFA for $ 353,477,495.

At this time, the judge has ordered discovery proceedings.

Telecom’s Management, with the assistance of its external advisor, believes that the company has solid legal arguments to support its claim and is evaluating the necessary actions to recover the investments made and expenses incurred.

We note that the impairment recorded by the Company, arising from the uncertainties related to the recoverable value of assets recognized by the AFA Plus Project (Works in Progress and Materials amounting to $312 million as of December 31, 2019) has only been recorded in order to comply with accounting standards and in no way implies that Telecom has waived or limited its rights as a genuine creditor under the AFA Plus Project agreement.

NOTE 9 – FINANCIAL INSTRUMENTS

The relevant information about the financial assets and liabilities directly held by the Company is detailed below:

9.1 Financial Risks Management

The Company is a party to transactions involving financial instruments, which entail exposure to market, currency and interest rate risks. The management of these risks is based on the particular analysis of each situation, taking into account its own estimates and those made by third parties of the evolution of the respective factors.

9.1.1 Categories of Financial Instruments

	December 31, 2020	December 31, 2019
Financial Assets		
At amortized cost		
Cash and Cash Equivalents	344	11
Other Receivables	578	498
At fair value with an impact on net income		
Cash and Cash Equivalents	597	2,005
Other Investments	9,292	-
Total Financial Assets	10,811	2,514
Financial Liabilities		
At amortized cost		
Accounts Payable and Other payables (1)	9,341	142
Total Financial Liabilities	9,341	142

(1) Includes debt with related parties in the amount of $ 8 million as of December 31, 2019 and dividends payable for $ 9,292 as of December 31, 2020.

9.1.2 Objectives of Financial Risk Management

The Company monitors and manages the financial risks related to its operations; these risks include market risk (including exchange risk, interest rate risk and equity price risk), credit risk and liquidity risk.

The Company does not enter into financial instruments for speculative purposes as common practice.

9.1.3 Exchange Risk Management

The Company enters into foreign currency transactions, therefore, it is exposed to fluctuations of exchange rates.

The Company does not currently enter into foreign exchange hedging transactions to manage foreign currency fluctuation risk. In case the Company enters into such transactions, it cannot assure that those operations will protect its financial position from the eventual negative effect of exchange rate fluctuations.

The following table shows the monetary assets and liabilities denominated in foreign currency (US$) as of December 31, 2020 and 2019:

	US$ December 31, 2020	US$ December 31, 2019
ASSETS		
CURRENT ASSETS		
Other Receivables	6	6
Cash and Cash Equivalents	11	25
Total Current Assets	**17**	**31**
Total assets	**17**	**31**

Applicable bid/offered exchange rates as of December 31, 2020 and 2019 were of $ 83.95 / $ 84.15 and $ 59.69 / $ 59.89; respectively.

9.1.3.1 Foreign Exchange Sensitivity Analysis

The Company is exposed to exchange risk, mainly with respect to the US dollar.

The following table shows the Company's sensitivity to an increase in the exchange rate of the US dollar. The sensitivity rate represents the assessment of the possible reasonable changes in exchange rates. The sensitivity analysis only includes the outstanding monetary items denominated in foreign currency and adjusts its translation at the end of the year with a 20% increase in the exchange rate, assuming that all the remaining variables remain constant.

	Effect in $ (million)	Effect in $ (million)
	December 31, 2020	December 31, 2019
Gain	299	497

The sensitivity analysis presented above is hypothetical since the quantified impact is not necessarily an indicator of the actual impact, because exposure levels may vary over time. The effect reported as of December 31, 2019 is restated for inflation as of December 31, 2020.

9.1.4. Equity Price Risk Management

Cablevisión Holding is exposed to equity price risk in connection with its holdings of mutual funds, securities and bonds.

Its sensitivity to the variation in the price of these instruments is detailed below:

	December 31, 2020	December 31, 2019
Investments valued at quoted prices at closing (Level 1)	9,294	915

The estimated impact of an eventual 10% favorable/unfavorable fluctuation of the quoted price of investments valued at closing, assuming that all the other variables remain constant, would generate an income/loss before taxes of approximately $ 929 million and $ 92 million as of December 31, 2020 and 2019, respectively.

A potential 10% favorable/unfavorable fluctuation of the quoted price of investments valued as Level 2 would generate an income/loss before taxes of approximately $ 60 million and $ 109 million as of December 31, 2020 and 2019, respectively.

9.1.6. Credit Risk Management

Credit risk is defined as the risk that one of the parties may breach its contractual obligations, generating an eventual financial loss for the Company. The Company renders services solely to companies of the same economic group. The credit risk on liquid funds is limited due to the fact that the counterparties are banks with high credit ratings issued by credit rating agencies.

The following table details the maturities of the Company's financial assets as from December 31, 2020 and 2019. The amounts disclosed in the table are the undiscounted contractual cash flows.

	December 31, 2020	**December 31, 2019**
Without any established term	10,233	2,016
Due		
Within three months	22	21
More than three months and up to six months	7	4
More than six months and up to nine months	7	4
More than nine months and up to twelve	7	4
More than 1 year	535	465
	10,811	2,514

9.1.7. Liquidity Risk Management

The Board of Directors is ultimately responsible for liquidity management. Accordingly, it has established an adequate framework to manage liquidity so that it can meet short, medium and long-term financing requirements, as well as the Company's liquidity management. The Company manages liquidity risk maintaining an adequate level of reserves, financial facilities and loans, monitoring on an ongoing basis projected cash flows against actual cash flows and reconciling the maturity profiles of financial assets and liabilities.

9.1.8. Interest Rate Risk and Liquidity Risk Table

The following table details the maturities of the Company's financial liabilities as from December 31, 2020. The amounts disclosed in this table represent undiscounted cash flows (principal plus contractual interest):

	Accounts Payable and Other Payables	**Total as of December 31, 2020**
Due		
Up to three months	9,309	9,309
More than three months and up to six months	32	32
	9,341	9,341

9.1.9. Financial Instruments at Fair Value

The following table shows the Company's financial assets and liabilities measured at fair value as of December 31, 2020 and 2019:

	December 31, 2020	Quoted Prices (Level 1)	Other Significant Observable Items (Level 2)
Assets			
Current Investments	9,889	9,294	595

	December 31, 2019	Quoted Prices (Level 1)	Other Significant Observable Items (Level 2)
Assets			
Current Investments	2,005	915	1,090

Financial assets are valued using quoted prices for identical assets and liabilities (Level 1), or the prices of similar instruments arising from sources of information available in the market (Level 2). As of December 31, 2020 and 2019, the Company did not have any asset or liability for which a comparison had not been conducted against observable market data to determine their fair value (Level 3).

NOTE 10 - CAPITAL STOCK STRUCTURE

The Company's capital stock as of May 1, 2017, the date on which it started its operations, was set at $ 180,642,580, represented by:

- 47,753,621 Class A common, registered, non-endorsable shares, with nominal value of $ 1 each and entitled to five votes per share.

- 117,077,867 Class B book-entry common shares, with nominal value of $ 1 each and entitled to one vote per share.

- 15,811,092 Class C common, registered, non-endorsable shares, with nominal value of $ 1 each and entitled to one vote per share.

On March 21, 2017, the Company made a filing with the CNV in order to request admission to the public offering regime. On May 29, 2017, the Company requested the BCBA the listing of its Class B common shares.

On August 10, 2017, the CNV approved the prospectus for admission to the public offering regime filed by Cablevisión Holding and, consequently, the Company fulfilled the conditions detailed in CNV Resolution No. 18,818. On August 11, 2017, the BCBA notified the Company of its admission to the public offering regime.

Having obtained all of the required regulatory authorizations to complete the spin-off process approved on September 28, 2016 by the shareholders of Grupo Clarín S.A., on August 30, 2017, Grupo Clarín and the Company exchanged the shares of Grupo Clarín S.A. pursuant to the exchange ratio approved by Grupo Clarín's shareholders at the time of approval of the spin-off process. As a result of the exchange of shares and payment of fractions in cash, the Company holds 1,578 treasury shares as of December 31, 2018. During 2020, the Company sold all those shares, and does not have any treasury shares as of the date of these financial statements.

On September 26, 2017, the Company's Board of Directors approved, pursuant to Article five of the By-Laws, the conversion request submitted by the shareholder GS Unidos LLC of 4,028,215 Class C non-endorsable, registered common shares with nominal value of $ 1 each and entitled to one vote per share for the same number of Class B book-entry, common shares with nominal value of $ 1 each and entitled to one vote per share. Pursuant to the By-Laws, the Company informed the CNV and the BCBA of the conversion and: (i) on October 5, 2017, the CNV authorized, through Resolution No. DI 20178APN-GE #CNV, the public transfer by way of conversion of 4,028,215 Class C non-endorsable, registered common shares and, (ii) on October 6, 2017, the BCBA informed the Company of the transfer of the authorization for the listing of 4,028,215 non-endorsable registered common shares with nominal value of $ 1 each and entitled to one vote per share for the same number of Class B book-entry, common shares with nominal value of $ 1 each and entitled to one vote per share.

On February 16, 2018, the United Kingdom Listing Authority ("UKLA") approved the prospectus related to the listing of the Company's Class B shares in the form of global depositary shares (GDSs) to be traded on the London Stock Exchange. Those GDSs were admitted to the official list of the UKLA on February 21, 2018.

The Company's capital stock as of December 31, 2020 is of $ 180,642,580 and is represented by:

- 47,753,621 Class A common, registered, non-endorsable shares, with nominal value of $ 1 each and entitled to five votes per share.
- 121,106,082 Class B book-entry common shares, with nominal value of $ 1 each and entitled to one vote per share.
- 11,782,877 Class C common, registered, non-endorsable shares, with nominal value of $ 1 each and entitled to one vote per share.

10.1 Capital Markets Law – Law No. 26,831, as amended

On December 28, 2012, Capital Markets Law No. 26,831 was published in the Official Gazette. This law eliminated the self-regulation of the capital market, granted new powers to the CNV, and repealed Law No. 17,811 and Decree No. 677/01, among other regulations. Law No. 26,831 became effective on January 28, 2013. As from its effective date, the Public Tender Offer regime applies to all listed companies.

Productive Financing Law

On May 11, 2018, Productive Financing Law No. 27,440 was published in the Official Gazette. This law introduced several amendments to the Capital Markets Law No. 26,831 regarding the extent of the powers of the CNV; the exercise of preemptive rights on shares offered through public offering in the case of capital increases; private placements; public tender offers; the jurisdiction of the federal commercial courts of appeals to review the resolutions issued or sanctions imposed by the CNV, among other amendments.

With respect to public tender offers, under the previous regime, the offeror was obliged to formulate a "fair" price to be set by weighing the results of different company valuation methods, with a minimum floor related to the average market price for the six-month period immediately preceding the date of the agreement. Pursuant to the amendments introduced by Law No. 27,440 to the Capital Markets Law, the obligation is objective and consists in offering the higher of two existing prices:

the price paid or agreed by the offeror during the 12 months immediately preceding the first day of the public tender offer period, and the average price of the securities subject to the offer during the semester immediately preceding the date of the announcement of the transaction under which the change of control is agreed upon.

NOTE 11 - RESERVES, ACCUMULATED INCOME AND DIVIDENDS

1. Cablevisión Holding

The Company's bylaws provide that retained earnings shall be appropriated as follows: (i) 5% to the Company's legal reserve until such reserve equals 20% of the Company's capital stock; and (ii) the balance, in whole or in part, to the payment of the fees of the members of the Board of Directors and the Supervisory Committee, to dividends on common shares, or reserve accounts, or as otherwise determined by the Shareholders, among other situations.

At the General Ordinary Shareholders' Meeting held on April 25, 2019, the shareholders of the Company decided, among other things, to instruct the Board of Directors to call an Extraordinary Shareholders' Meeting for the sole purpose of considering the appropriation of retained earnings as of December 31, 2018 for $ 58,339 million. At the Extraordinary General Shareholders' Meeting held on May 31, 2019, the shareholders of the Company approved the Board of Directors' proposal concerning the appropriation of retained earnings as of December 31, 2018 ($ 58,339 million) adjusted as of April 30, 2019 by the National Consumer Price Index (National IPC, for its Spanish acronym) published on May 15, 2019 pursuant to CNV Resolution No. 777/2018 ($ 67,457 million) as follows: i) $795 million to increase the Legal Reserve, ii) $11,117 million to increase the Voluntary Reserve for Financial Obligations, and iii) $55,545 million to increase the Reserve for illiquid results. In addition, the Board of Directors approved the full reversal of the Voluntary Reserve for Future Dividends, the Voluntary Reserve to Ensure the Liquidity of the Company and its Subsidiaries and the Voluntary Reserve to Provide Financial Aid to subsidiaries and in connection with the Broadcasting Law, in order to reallocate all the amounts of the reversed reserves to the Voluntary Reserve for illiquid results.

On April 29, 2020, at the General Ordinary and Extraordinary Shareholders' Meeting of Cablevisión Holding S.A., the shareholders decided, among other things: (i) to absorb the net loss for the year ended December 31, 2019 which amounts to $3,246 million ($4,099 million in constant currency as of December 31, 2020) through the partial reversal of the Voluntary reserve for illiquid results and (ii) to make a full reversal of the Voluntary reserve for financial obligations which, as of December 31, 2019, amounted to $19,899 million ($25,116 million in constant currency as of December 31, 2020) and to allocate $162,348 million ($205,030 million in constant currency as of December 31, 2020) to increase the legal reserve, an amount in Argentine pesos equivalent to US$ 12 million to the payment of dividends in unrestricted US dollars, and the remaining amount to increase the Voluntary reserve for illiquid results. In May 2020, the Company paid all the distributed dividends.

At the General Extraordinary Shareholders' Meeting held on December 15, 2020, the shareholders decided to partially reverse the "Voluntary Reserve for Illiquid Results" in the amount of $9,167,462,007 and to distribute dividends in kind through: i) the delivery of Global Bonds of the Argentine Republic amortizable in US dollars maturing on July 9, 2030, code GD30, (the "2030 Global Bonds") for a nominal value of US$ 61,607,237 with a market price as of December 14, 2020 of $ 3,610,184,088, and ii) the delivery of Global Bonds of the Argentine Republic amortizable in US dollars maturing on July 9, 2035, code GD35 (the "2035 Global Bonds") for a nominal value of US$ 106,257,704, with a market price as of December 14, 2020 of $ 5,557,277,919, at a ratio of US$ 0.34104493525 of 2030 Global Bonds and US$ 0.58822069525 of 2035 Global Bonds per share of the Company and to settle in cash the resulting fractions of less than US$ 1, with the holders of all classes of shares of the Company entitled to receive the dividends in the same proportional combination in kind as mentioned above. The valuation of those bonds as of December 31, 2020 amounts to $ 9,292 million. In January 2021, the Company settled all the dividends.

2. Telecom Argentina

The Ordinary and Extraordinary Shareholders' Meeting of Telecom was held on April 28, 2020 with the remote participation of its shareholders pursuant to CNV Resolution No. 830/20, due to the fact that the free movement of people in general was restricted, limited or banned, as a result of the state of health emergency introduced by Emergency Decree No. 297/20 and subsequent regulations issued by the National Executive Branch. The Meeting was held using the Cisco Webex video-teleconference system. At such Shareholders' Meeting, the shareholders decided, among other things:

1. To approve the Annual Report and financial statements of Telecom as of December 31, 2019;

2. To approve the Board of Directors' proposal stated in constant currency as of March 31, 2020 using the National Consumer Price Index (National IPC, for its Spanish acronym) pursuant to CNV Resolution No. 777/2018 in connection with the Accumulated Deficit as of December 31, 2019 for $ 6,633,713,897 ($ 8,378 in constant currency as of December 31, 2020). The Board proposed: (i) to absorb $

1,931,029,240 ($ 2,439 million in constant currency as of December 31, 2020) of the “Voluntary reserve for capital investments”; (ii) to absorb $ 4,702,684,657 ($ 5,939 million in constant currency as of December 31, 2020) of the “Voluntary reserve to maintain the Company’s level of capital expenditures and its current solvency level”; and (iii) to reclassify $ 10,887,950,778 ($ 13,751 million in constant currency as of December 31, 2020) from the “Voluntary reserve to maintain the Company's level of capital expenditures and its current solvency level” and appropriate it to the “Merger Surplus”.

3. To approve the reversal of the balance of the “Voluntary reserve for capital investments” in the amount of $ 3,541,443,368 adjusted as of April 30, 2020 using the National IPC ($ 4,473 in constant currency as of December 31, 2020), increasing the “Voluntary reserve for future cash dividends” with the amount of said reversal.

At the General Extraordinary Shareholders’ Meeting held on November 13, 2020, the shareholders of Telecom decided to distribute dividends in kind through: i) the delivery of Global Bonds of the Argentine Republic amortizable in US Dollars maturing on July 9, 2030 (the “2030 Global Bonds”), for a nominal value of US$ 157,642,897, and ii) the delivery of Global Bonds of the Argentine Republic amortizable in US Dollars maturing on July 9, 2035 (the “2035 Global Bonds”) for a nominal value of US$ 271,896,177.

Consequently, the valuation in Argentine Pesos of the dividends in kind was set at $24,723,374,678 ($25,713 million in constant currency as of December 31, 2020), fully reversing the “Voluntary Reserve for Future Cash Dividends,” which in constant currency as of December 31, 2020 amounts to $6,600 million, and partially reversing the “Voluntary reserve to maintain the Company's level of capital expenditures and its current solvency level” in the amount of $19,113 million in constant currency as of December 31, 2020.

NOTE 12 – CNV GENERAL RESOLUTION No. 629/2014 - RECORD KEEPING

On August 14, 2014, the Argentine Securities Commission issued General Resolution No. 629, which provides for record keeping regulations.

The Company keeps certain supporting documentation related to the record of its operations and economic-financial events at GCGC located at Patagones 2550, City of Buenos Aires, and at the warehouse located at Ruta 36 Km 31.500, Florencio Varela, of the supplier AdeA - Administración de Archivos S.A., during the periods established by effective laws.

NOTE 13 - MANDATORY PUBLIC TENDER OFFER (“PTO”) DUE TO CHANGE OF CONTROL

On January 1, 2018, the Company became the direct and indirect holder of 841,666,658 Class D shares of Telecom Argentina, representing 39.08% of the outstanding capital stock of said company. In addition, all the provisions of the agreement, described under Note 4 to the consolidated financial statements, came into effect. Said agreement entitles the Company to appoint the majority of the members of Telecom’s Board of Directors. Therefore, the Company is the controlling shareholder of Telecom.

Accordingly, and pursuant to Law No. 26,831 (as amended by Law No. 27,440, the “Capital Markets Law”) and the rules effective as of that date, (“CNV Rules” and together with the Capital Markets Law, the “PTO Rules”), on June 21, 2018, the Company’s Board of Directors decided to promote and make a mandatory public tender offer (“PTO”) due to change of control for all the Class B common shares issued by Telecom Argentina listed on Bolsas y Mercados Argentinos S.A. (“BYMA”, for its Spanish acronym), (including the Class C common shares issued by Telecom which were converted into Class B common shares within the term provided) at a price of $110.85 per share (less the items detailed in the PTO Announcement).

Notwithstanding the fact that Fintech Telecom, LLC was not obligated to promote, make or launch a PTO pursuant to the PTO Rules and that it had not taken part in the determination or formulation of any of the terms and conditions of the PTO, as provided under Clause 6.7 of the agreement, Fintech Telecom LLC undertook with regard to the Company to pay and acquire 50% of the shares tendered under the PTO (notwithstanding the Company's right to acquire by itself the first 43,073,760 Class “B” shares of Telecom Argentina).

The price offered by the Company to be paid for each share tendered by its holder for its acquisition by the Company is of $ 110.85 per Share (less any cash dividend per Share to be paid by Telecom Argentina from the announcement date to the date the price of the PTO is paid and other expenses, such as transfer expenses, rights, fees, commissions, taxes, duties or contributions) (the "PTO Price"). The Company has obtained reports from two independent appraisers with respect to the method applied to determine the PTO Price. The PTO Price shall be payable in Pesos in Argentina no later than 5 business days following the expiration of the offer reception period.

Pursuant to Article 3, paragraph c), Chapter II, Title III of CNV Rules, on July 5, 2018, the Board of Directors of Telecom Argentina issued an opinion stating that the PTO Price had been set in accordance with the mandatory terms provided under applicable laws, in conformity with item I of Article 88 of the Capital Markets Law, and issued the Board of Directors' Report provided under such Rules.

As part of the administrative proceeding filed by the Company with the CNV, the regulatory agency challenged the PTO price offered by the Company and stated in its opinion that the price should be of US$ 4.8658 per share, payable in Argentine pesos at the exchange rate prevailing on the business day immediately preceding the PTO settlement date. CVH considered that CNV's position was unfounded and brought a claim entitled "Cablevisión Holding S.A. v. Argentine Securities Commission on Injunctions" (File No. 7998/2018) pending before Federal Civil and Commercial Court No. 3. On November 1, 2018, the judge granted the injunction requested by CVH and ordered the CNV to refrain from issuing any decision or deciding on the authorization of the PTO submitted and formulated by the Company on June 21, 2018, for a period of six (6) months.

On October 8, 2018, the Company filed the substantive claim on which the request for an injunction was grounded: a request for a declaratory judgment declaring that the Company submitted and formulated the PTO in conformity with applicable regulations and fully in accordance with the PTO Rules.

On June 10, 2019, the Company was served notice of the decision rendered on May 9, 2019 in re "Burgueño Daniel v. EN-CNV on Injunction (Autonomous)" (File 89,537/2018) pending before Federal Court on Administrative Matters No. 1, Clerk's Office No. 1, whereby that Court granted an injunction, suspending the proceeding related to the PTO until such Commission decides to apply Resolution No. 779/18 (the "New CNV Resolution"), or until the expiration of the maximum term allowed under Article 5 of Law No. 26,854, as the case may be. The above-mentioned injunction was extended for an additional term of six (6) months, and the Court of Appeals ratified such extension.

In addition, on July 19, 2019, the Company was served notice of a decision rendered by Chamber I of the Court of Appeals on Federal Civil and Commercial Matters of this City in re "Cablevisión Holding S.A v. Comisión Nacional de Valores on Injunctions" (File No. 7,998/2018), whereby said Court revoked the injunction granted to the Company that had ordered the CNV to refrain from resolving and deciding on the authorization of the PTO submitted and formulated by the Company. The Company pointed out that, in the decision rendered by the above-mentioned Chamber, it was ordered that any appeal that may be eventually filed by the Company against any decision rendered by the CNV in connection with the PTO shall have staying effects. Against this decision rendered by the Court of Appeals on Civil and Commercial Matters, the Company filed a federal extraordinary appeal, which was dismissed on December 26, 2019.Notwithstanding the foregoing, as of that date, the PTO submitted by the Company was still within the scope of the injunction ordered in re "Burgueño Daniel v. Executive Branch-CNV on Injunction (Autonomous)" (File 89,537/2018) mentioned in the previous paragraph.

On November 26, 2019, CVH was served notice of a claim filed by a shareholder of the Company, Daniel Burgueño, in re "Burgueño, Daniel Fernando v. Executive Branch - Argentine Securities Commission and Other re: Proceeding leading to a declaratory judgment" (File No. 33,763/2019), pending before Federal Court on Administrative Matters No. 1, Secretariat No. 1. The claim seeks to obtain a declaration that CVH is no longer under the obligation to carry out a PTO to acquire the shares of Telecom Argentina as a result of the change of control in that company, pursuant to subsection k) of Article 32 of the New CNV Resolution, which regulates Law No. 26,831 (as amended by Law No. 27,440.) On December 27, 2019, CVH was served notice of the decision issued by the court of first instance in re "Burgueño, Daniel Fernando v. Executive Branch - Argentine Securities Commission and Other re: Proceeding leading to a declaratory judgment" (File No. 33,763/2019), whereby the Court admitted the claim brought by Mr. Burgueño, confirmed that CVH no longer falls within the obligation to conduct a PTO due to the change of control in Telecom Argentina, pursuant to the terms of Article 32, subsection k.) of the New CNV Resolution and ordered the CNV to deem the proceedings initiated by the Company with the CNV concluded. In its ruling, the Court also ordered CVH to cease the proceeding initiated in connection with the PTO. On May 18, 2020, the Company was served notice of a decision rendered on May 15, 2020, whereby the court of first instance provided for the extension of the effectiveness of the injunction that had been granted in favor of Daniel Burgueño in re "Burgueño Daniel v. EN-CNV on Injunction" (File 89,537/2018/3).

As of the date of these financial statements, the decision rendered by the court of first instance served on the Company on December 27, 2019 in re Burgueño, Daniel Fernando v. Executive Branch - Argentine Securities Commission and Other re: Proceeding leading to a declaratory judgment" (File No. 33,763/2019) was confirmed by Chamber V of the Court of Appeals on Federal Administrative Matters through the decision rendered on September 8, 2020. The CNV filed an extraordinary appeal against this decision. The Company was served notice of the decision rendered by Chamber V of the Court of Appeals on Federal Administrative Matters, whereby it dismissed the extraordinary appeal filed by the CNV, which may file an appeal with the Supreme Court against said decision.

NOTE 14 - IMPACT OF CORONAVIRUS

Towards the end of December 2019, the World Health Organization (WHO) received a report of pneumonia cases originated in Wuhan, Province of Hubei, China. The report was related to the outbreak of a new virus called Coronavirus ("COVID-19"), which soon spread to several provinces of China and then to other countries. The outbreak and spread of COVID-19 has generated several consequences on businesses and economic activities at a global level.

Given the extent of the spread, several governments in the world implemented drastic measures to restrict the movement of the population and to curb the spread, including, among other things, controls at airports and other transport hubs, suspension of visas, border closure and the ban on travel to and from certain parts of the world, closure of public and private institutions, suspension of sports events, restrictions on museums and tourist attractions, extension of vacations, and finally, the mandatory isolation of the population together with the suspension of non-essential commercial activities, with a high degree of compliance. On March 11, 2020, the WHO declared COVID-19 a global pandemic.

In Argentina, the National Government established a series of measures aimed at reducing the movement of the population, ordering the Mandatory and Preventive Social Isolation as from March 20, 2020, allowing the movement of only those people involved in the provision/production of essential services and products, among them, those involved in the provision of telecommunication, fixed and mobile Internet and digital services. Such isolation measures were amended and extended in different stages by geographical regions and may be extended as deemed necessary according to the epidemiological situation of each city.

On November 9, 2020, the National Government ordered the Mandatory and Preventive Social Distancing for all persons who reside or transit in urban centers and in districts and departments of the Argentine provinces that do not have a sustained community transmission of the virus and they positively verify certain epidemiological and sanitary parameters. The locations where these parameters were not met continued with the Mandatory and Preventive Social Isolation. During the effectiveness of the Mandatory and Preventive Social Distancing, several services and activities are still declared "essential" as they had been defined during the effectiveness of the Mandatory and Preventive Social Isolation. The services provided by Telecom fall within this category.

Argentina is one of the countries selected by the WHO that are participating in the Solidarity Trials in order to generate rigorous data throughout the world to find the most effective treatments for hospitalized COVID-19 patients and evaluate the efficacy of vaccines. Argentina has also been selected as part of the countries where clinical trials are being conducted for, at least, three of the COVID-19 vaccines, and the Government has announced that another vaccine will be produced in the national territory.

The Telecom Group provides services that are critical for society as it connects people, homes, companies and governments. The infrastructure deployed contributes to providing, through the capacity of fixed and mobile networks, essential services for the coordination of the security forces and the health ecosystem where communications at healthcare facilities and new field hospitals have been strengthened and enhanced. Additionally, we have facilitated the communication between students and teachers to ensure educational continuity through virtual educational platforms, enhancing learning through different applications, boosting the access to information for all the population. In the same way, the services offered by Telecom allow people to continue to stay informed and entertained, with contents such as series, movies, music concerts, and gaming available through different platforms, which strengthened the bond with our customers.

In economic terms, the services rendered by the Telecom Group favor the continuity of the activities of large, medium- and small-sized companies that are still operating, many of them remotely, boosted by online platforms so that sellers and consumers can connect and sustain consumption; cooperate with the productive process through the implementation of home office as one of the most disruptive tools given its massive and immediate application, contributing to sustaining the economy of the country. In this context of isolation, the services rendered by the Telecom Group enable people to stay connected, entertain themselves, produce and stay informed from their homes.

Thanks to the investments in infrastructure made over the last years, Telecom has equipment and systems that enable its networks to work efficiently even with the increased use of its fixed and mobile connectivity services registered since the beginning of the Mandatory and Preventive Social Isolation and that are reflected in the increase of up to 50% in home Internet data traffic, 70% in mobile voice services and 30% in mobile data, taking into account that fixed and mobile networks are complementary and that customers use them alternatively, and with a 75% increase in upstream.

✓ External Actions Taken by Telecom in Response to the Health Emergency

The COVID-19 pandemic has driven joint actions by domestic companies providing essential support to face the health crisis, reflected in the donation of funds, services, supplies, products, and other type of assistance.

Telecom received a recognition from the NYSE for the social value initiatives implemented under its ongoing commitment to the community and in response to the COVID-19 emergency. The most relevant initiatives were the following:

- Connectivity for field hospitals;
- Discount in the services provided to over 500 hospitals and health centers throughout the country, to the Argentine Red Cross and to the Food Bank;
- Expansion of services for emergency lines;
- Discount in mobile data for use in over 2,900 educational platforms;
- discount in the services provided to over 11,000 educational institutions;
- Provision of Telecom's own educational contents through its program “Nuestro Lugar” (www.nuestrolugar.com.ar) with proposals on cyber citizenship for children, families and teachers;
- Increase of pedagogical contents in Flow, its entertainment platform, extending the access to Flow App to all the cable television customer base;
- Benefits granted to customers to enable them to take further advantage of connection possibilities and to access valuable information and educational and entertainment contents;
- Support to the solidarity initiative “Seamos Uno” for the delivery of food and personal care products to families that need them the most, among many other initiatives; and
- Provision of communication tools to disseminate health information to citizens, in alliance with boroughs and governments throughout the country.

✓ Internal Actions Taken by the Telecom Group in Response to the Health Emergency

In addition, the Telecom Group implemented a series of measures to ensure the continuity of its operations, safeguarding the health and welfare of all the personnel and of those that are part of the value chain. The main measures adopted by the Company are:

- The Crisis Committee, composed of members of Upper Management, started to hold meetings on a regular basis and added the advice of health experts in order to address the different scenarios that may arise and to be able to make quick decisions;
- Implementation of home office, prior to the declaration of the mandatory and preventive social isolation, for over 70% of the employees, including those engaged in customer service and call center, with access to the virtual private network so that they can work remotely with the same tools and security levels they have in their workspaces at our offices. They use web and mobile applications for (i) administrative and human resources tasks, (ii) access to e-learning training and (iii) communication and collaborative workspaces, virtual rooms and access to files and documentation from anywhere, in a collaborative and safe way;
- Enhancement of cleaning and disinfection at workspaces and environments for those tasks that cannot be performed remotely, including the vans used by technical support teams, as well as provision of hygiene and hand sanitizing methods, the distribution of personal care kits in accordance with the protocol established by the Superintendency of Labor Risks;
- The early performance of the tasks planned for 2020 and the initiation of works to ensure the capacity required for the networks to continue operating seamlessly;
- Expansion of the capacity for international outgoing Internet traffic by 40%.
- Execution of agreements to boost the links with international suppliers and IP networks:
- Early execution in public thoroughfare of infrastructure works on residential fixed data networks, enhancement of data centers and hubs and increase of the capacity of Flow's content distribution network;
- Expansion of the capacity of the mobile network in certain smaller locations in the provinces where there is only one network, and the continuation of preventive maintenance tasks in all the networks;
- Launch of a campaign, since the first day of the mandatory isolation, promoting all the digital communication channels and encouraging customers to request support through those channels. Enhancement of digital support in order to handle the new flow of customers by implementing special microsites identified as “I pay from home”;
- In compliance with regulations in effect in each location, Telecom began to gradually open its customer service locations in cities that progressed to stages involving social distancing;
- Technical support focused on preventive maintenance and repairs in public thoroughfare and on Telecom's own infrastructure, giving priority to critical cases such as hospitals and security forces, among others;
- In the case of new installations and repairs that have to be made inside of our customers’ homes, Telecom provided technical teams with personal care and safety kits, which include special protective gear such as coveralls, gloves, cloth face covering and special goggles, hand sanitizer and training for the proper and safe use of those elements;
- From the beginning of the health situation, we have developed several initiatives under a corporate program called “Nos Acompañamos” (We support each other) aimed at all our employees for the purpose of safeguarding their biopsychosocial welfare, with a focus on work-life balance;
- Continuation of ongoing communication with unions to agree on work protocols that allow the Company to continue providing services and, at the same time, safeguard the health of employees; and
- Ongoing communication with our strategic partners and other international operators from the countries with greater spread of the pandemic in order to understand and foresee the potential impacts on our operations.

✓ Regulatory Matters

- Prohibition to disconnect services in the event of late or non-payment

On March 24, 2020, the Executive Branch issued Decree No. 311/20, whereby it provided, with respect to individuals that fell within the scope of Article 3, for the temporary suspension of the disconnection of services deemed essential for the development of daily life, such as electricity supply, running water supply, gas supply, fixed or mobile telephony, Internet and radio electric link or satellite link subscription television, among others, in order to guarantee access to those essential services in the event of late or non-payment of up to three consecutive or alternate bills due as from March 1, 2020. On June 18, 2020, the Executive

Branch issued Decree No. 543/20, whereby it extended such temporary suspension in the event of late or non-payment of up to six consecutive or alternate bills, due as from March 1, 2020. On September 20, 2020, the Executive Branch issued Decree No. 756/20, whereby it extended such temporary suspension in the event of late or non-payment of up to seven consecutive or alternate bills.

Decree No. 311/20 also provides that companies that render fixed or mobile telephony, Internet and radio-electric link or satellite link subscription television services are under the obligation to maintain a reduced service, as established in the regulations, for a term of one hundred eighty (180) calendar days, which was extended with each extension of Decree No. 311/20. In addition, the decree provides that if users of mobile telephony or Internet prepaid services fail to pay the corresponding recharge to have access to consumption, the companies that provide those services must provide a reduced service within the terms provided by regulations, and that this obligation would be effective until April 30, 2020. Such term was subsequently extended through several decrees. Pursuant to Decree No. 756/20, its expiration was set for December 31, 2020.

- Agreement between the Industry and the ENACOM

In May 2020, the Company, together with the other companies in the industry, executed an agreement with the ENACOM, effective until August 31, 2020, whereby the parties agreed, among other things: (i) to suspend the increase in the prices of mobile and fixed telephony, Internet and cable television services from May 1 to August 31, 2020, in order to ease the situation of the users affected by the quarantine, (ii) to create inclusive plans for fixed and mobile telephony and Internet services for individuals who request that benefit, with a fixed price until September 30, 2020, (iii) to extend the “reduced service” benefit, which guarantees the connectivity of users with prepaid mobile telephony and Internet services, maintaining the price until October 31, 2020, (iv) not to dismiss employees without cause during the term of this agreement, and (v) to renegotiate this agreement and immediately suspend its effects in case of salary increases granted under wage negotiations.

On August 22, 2020, the National Executive Branch issued Decree No. 690/20, whereby it amended the Digital Argentina Law. For more information on Decree No. 690/20, see Note 2 to these consolidated financial statements.

✓ <u>Main Accounting Impacts</u>

As of the date of these separate financial statements, the pandemic has not had significant impacts on the results of the Company and the Group. Even though various types of difficulties have slowed down Telecom's operations or made them more complex; such as the increased Internet data traffic, the increase in mobile voice service, the decrease in the collection of service fees, and mainly the inconveniences to make repairs and installations inside of our customers’ homes, among others; the operations are still in place and are expected to continue in spite of the difficulties.

In accordance with the guidelines of IAS 36, Management has assessed whether there was any indication of impairment of any asset. Even though the pandemic may have a significant impact on economic activity in Argentina and become an indicator of impairment, based on Management’s estimates, no adverse effect has been identified on the Telecom Group's future cash-flow-generating capacity because the volume of operations is expected to remain stable.

The implementation of measures aimed at reducing the circulation of people initially included the closure of in-person collection channels, thus affecting the collections of the Company as from March 20, 2020. However, this situation gradually evolved during the second quarter of 2020 with the reopening of the in-person collection channels and the strengthening of the digital channels through the implementation of “I pay from home”. Telecom’s Management estimates that the deterioration of Argentina’s economic situation represents an increase of the credit risk in connection with the trade receivables existing at the end of the year.

- *Liquidity Risk:*

The negative effect on the collection of service fees mentioned above does not represent a liquidity risk with respect to the fulfillment of the short-term financial obligations because the Company has been working on strengthening its liquidity for some time now. Telecom and its subsidiaries have enough liquidity and bank credit lines and a notes program that allow them to finance their short-term obligations and investment plan in addition to the projected operating cash flows.

Notwithstanding the above, the Company implemented measures to ensure the highest liquidity possible to address the volatility of the context with heightened uncertainty, to offset the potential decrease of revenues and to be able to fulfill its obligations.

The ultimate effects of COVID-19 and its impact on the global and local economy are still unknown. Governments may issue more stringent measures, which cannot be predicted at this stage.

The Telecom Group's Management will continue to develop actions that minimize the potential impairment on its results, as a result of these situations, maintaining a high level of service and customer satisfaction, and seeking to maximize the precautions in social management in this context.

Telecom's Board of Directors and the Crisis Committee continue to closely monitor the evolution of the situation and to take the necessary measures aimed at preserving human life and the sustainability of Telecom's businesses.

NOTE 15 - APPROVAL OF SEPARATE FINANCIAL STATEMENTS

The Board of Directors of Cablevisión Holding has approved these separate financial statements and authorized their issuance for March 10, 2021.

Independent Auditors' Report

To the Shareholders, President and Directors of
Cablevisión Holding S.A.
Legal domicile: Tacuarí 1842, Floor 4
City of Buenos Aires
Tax Code No.: 30-71559123-1

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the accompanying separate financial statements of Cablevisión Holding S.A. (the "Company"), including the separate statement of financial position at December 31, 2020 and the separate statements of income, of comprehensive income, of changes in equity and cash flows for the year then ended, and notes to the separate financial statements, including a summary of the most significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Company at December 31, 2020 and its separate comprehensive income and its separate cash flows for the fiscal year then ended, in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We have conducted our audit in accordance with International Standards on Auditing (ISAs). Those standards have been adopted as auditing standards in Argentina by Technical Pronouncement No. 32 of the Argentine Federation of Professional Councils in Economic Sciences (FACPCE), and approved by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Separate Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), together with requirements that are relevant to our audit of the separate financial statements in Argentina, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Emphasis of Matter Paragraph - SCI Resolution No. 50/10

Without modifying our opinion, we would like to draw attention to the information contained in Note 8.2.j) to the accompanying separate financial statements, which describes the situation relating to the resolution adopted by the Domestic Trade Secretariat (SCI) on the calculation of the monthly subscription prices payable by users of pay television service, whose outcome cannot be foreseen to date.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements for the current year. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	Audit response
Recoverability of the Investment in Telecom Argentina S.A.	
At December 31, 2020, the carrying amount of Investments in Unconsolidated Affiliates relating to the direct and indirect interest in the subsidiary, Telecom Argentina S.A., amounts to $148,806 million, $11,989 million of which correspond to goodwill recorded by the Company on that investment. As described in Notes 2.6) and 3.a) to the separate financial statements, Management performs a recoverability analysis of its investments in subsidiaries on a regular basis or when there is an event or change in the circumstances that indicate that its recoverable value (the higher of fair value less costs of disposal and value in use) may be lower than its carrying amount. When assessing if there is an indicator of an event or circumstance by which an investment may be affected, external and internal sources of information are analyzed. At December 31, 2020, the recoverable value of the investment was determined as the fair value less costs of disposal. This area is key in our audit process due to the significance of the balances involved and the exercise of judgment by Management to determine the recoverable value of the investment, which is subject to uncertainty and future events. Addressing this issue shows the importance of professional judgment by the auditor and efforts in the procedures applied considering the nature of the associated asset.	We have performed audit procedures relating to this key audit matter, among which we can mention: • understanding and evaluating the controls relating to the assessment of the recoverability of investments in subsidiaries, including controls over the determination of the recoverable value less costs of disposal; • reviewing the information and arithmetical calculations used by Management to determine the fair value less costs of disposal, including the source of information used to determine the market capitalization value; • reviewing the sensitivity analysis performed by Management of the recoverable value of the investment; • evaluating the sufficiency of disclosures included in the financial statements relating to the impairment of investments in subsidiaries.

Information that accompanies the Separate Financial Statements (“Other Information”)

The Other Information comprises the annual report. The Board of Directors is responsible for the Other Information.

Our opinion on the separate financial statements will not cover the Other Information and, therefore, we do not express any audit conclusion.

In relation to our audit of the separate financial statements, our responsibility is to read the other information and when doing so, considering whether the other information contained is materially inconsistent with the separate financial statements or with our knowledge obtained in the audit or if for any other reason it appears to contain a material misstatement. If, based on the work performed, we consider that, as regards our field of competence, there is a material misstatement in the other information, we have to report it. We have nothing to report in this regard.

Board of Directors' and Audit Committee's Responsibilities for the Separate Financial Statements

The Board of Directors of Cablevisión Holding S.A. is responsible for the preparation and fair presentation of the separate financial statements in accordance with IFRS, and for the internal control the Board of Directors may deem necessary to prepare the separate financial statements that are free of material misstatement, whether due to fraud or error.

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

The Audit Committee is responsible for overseeing the process of preparation of Company's financial reporting.

Auditors' Responsibilities for the Audit of the Separate Financial Statements

The objective of our audit is to obtain reasonable assurance that the separate financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these separate financial statements.

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Board.

- Conclude on the appropriate application by the Company Board of Directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists as to events or conditions that may cast significant doubt on the Company's ability to continue operating as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of issue of our auditor's report. However, future events or conditions may cause the Company to cease to continue operating as a going concern.

- Evaluate the overall separate financial statement presentation, structure and content, including disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the Audit Committee with a statement on our fulfillment of relevant ethical requirements regarding independence, and communicate any relationship and other matters that might be thought to affect our independence and, when applicable, the actions taken to reduce threats or the related safeguards.

Among the matters that have been subject to communications with those responsible for the Company's government (Company's Audit Committee), we determine those of most significance in the audit of the separate financial statements, which are, consequently, the key audit matters. We describe these matters in this audit report, except for those legal or regulatory provisions that prohibit the public disclosure of the matter or if, in extremely infrequent circumstances, we determine that a matter should not be disclosed in our report, because it is reasonable to expect that the adverse consequences of doing so would outweigh the public interest benefits thereof.

Report on Other Legal and Regulatory Requirements

In compliance with current regulations, we report that:

a) The separate Financial Statements of Cablevisión Holding S.A. are transcribed into the Inventory and Balance Sheet book and as regards those matters that are within our competence, they are in compliance with the provisions of the General Companies Law and pertinent resolutions of the National Securities Commission;

b) The Separate Financial Statements of Cablevisión Holding S.A. arise from accounting records kept in all formal respects in conformity with legal regulations, which maintain the security and integrity conditions on the basis of which they were authorized by the National Securities Commission;

c) at December 31, 2020, the debt of Cablevisión Holding S.A. accrued in favor of the Argentine Integrated Social Security System amounted, according to the Company's accounting records, to $771,419, none of which was claimable at that date;

d) as required by Section 21, subsection b), Chapter III, Part VI, Title II of the regulations issued by the National Securities Commission, we report that total fees for auditing and related services billed to the Cablevisión Holding S.A. during the fiscal year ended December 31, 2020 account for:

d.1) 100% of the total fees for services billed to the Company for all items during that fiscal year;

d.2) 1% of the total fees for services for auditing and related services billed to the Company, its parent company, subsidiaries and related companies during that year;

d.3) 1% of the total fees for services billed to the Company, its parent company, subsidiaries and related companies for all items during that year;

e) we have applied the anti-money laundering and financing of terrorism procedures for Cablevisión Holding S.A., as prescribed by professional standards issued by the Professional Council of Economic Sciences for the City of Buenos Aires.

City of Buenos Aires, March 10, 2021.

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C.A.B.A. Tº 1 Fº 17

Dr. Carlos A. Pace

Contador Público (UBA)

C.P.C.E.C.A.B.A. T° 150 F° 106

Free translation from the original prepared in Spanish

SUPERVISORY COMMITTEE'S REPORT

To the Shareholders of:
Cablevisión Holding S.A.
Tax Identification Number: 30-71559123-1
Registered office: Tacuarí 1842, 4th Floor
City of Buenos Aires

I. REPORT ON THE FINANCIAL STATEMENTS

In our capacity as members of Cablevisión Holding S.A.'s Supervisory Committee and pursuant to Subsection 5, Section 294, of the Argentine General Associations Law (Law No. 19,550, as amended), the regulations of the Argentine Securities Commission ("CNV", for its Spanish acronym) and of the Buenos Aires Stock Exchange ("BCBA", for its Spanish acronym), we have performed a review of the documents mentioned below:

Documents Subject to Review:

a) The attached separate financial statements of Cablevisión Holding S.A. comprising the separate statement of financial position as of December 31, 2020, the separate statement of comprehensive income, the separate statement of changes in equity, and the separate statement of cash flows for the year then ended.

b) The attached consolidated financial statements of Cablevisión Holding S.A. and its subsidiaries comprising the consolidated statement of financial position as of December 31, 2020, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the year then ended.

c) A summary of the material accounting policies and other explanatory information.

The balances and other relevant information for the year 2019 are an integral part of the audited financial statements mentioned above and shall be considered in connection with said financial statements.

II. RESPONSIBILITY OF THE COMPANY'S MANAGEMENT

The Company is responsible for the preparation and presentation of the separate and consolidated financial statements detailed in paragraph I. in accordance with the International Financial Reporting Standards (IFRS) and for the internal control as it may deem necessary to prepare the separate and consolidated financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the separate and consolidated financial statements, the Board of Directors is responsible for assessing the ability of the Company and its subsidiaries to continue operating as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or its subsidiaries, or to cease operations, or has no realistic alternative but to do so.

III. RESPONSIBILITY OF THE SUPERVISORY COMMITTEE

Our responsibility is to report on the documents indicated in Section I. based on our statutory audit and the audit work carried out by the Company's external auditors. We conducted our review in accordance with Technical Resolution No. 15 issued by the FACPCE. (amended by Technical Resolution No. 45 issued by the FACPCE). Said standards require that the review of the financial statements be conducted in accordance with effective auditing standards for the review of financial statements; that the documents be checked for consistency with the information on corporate decisions stated in minutes and that such decisions conform to the law and the by-laws, in all formal and documentary aspects.

In order to conduct our professional work on the documents detailed in Section I. of this report, we have reviewed the work performed by the Company's external auditor Carlos A. Pace, a partner of Price Waterhouse & Co. S.R.L., who issued his audit reports on March 10, 2021. He conducted his audit in accordance with International Standards on Auditing (IAS). Our work included the review of the work plan, the nature, scope and timeliness of the procedures applied and the results of the audit carried out by the external auditor.

IAS were adopted as auditing standards in Argentina through Technical Resolution No. 32 issued by the FACPCE as approved by the International Auditing and Assurance Standards Board (IAASB) and the respective adoption communications and require that the auditor comply with ethical requirements, plan and perform the audit in order to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit involves performing procedures to obtain evidence supporting the amounts and other information disclosed in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the financial statements due to fraud or error. In making those risk assessments, the auditor must consider the internal control related to the preparation and fair presentation by the Company of the financial statements, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. An audit also includes evaluating the appropriateness of the accounting policies used, the reasonableness of significant estimates made by the Company's management, and the overall presentation of the financial statements.

We believe that our work and that of the Company's external auditors, detailed in their respective reports, provides a sufficient and appropriate basis to support our opinion. We have not performed any management control and, therefore, we have not assessed the business criteria and decisions on administrative, financing, commercialization and production matters, since these issues are the exclusive responsibility of the Company's Board of Directors.

IV. OPINION

In our opinion, based on our review, within the scope described in Section III. of this report: (i) the separate financial statements mentioned in Section I, present fairly, in all material respects, the separate financial position of Cablevisión Holding S.A. as of December 31, 2020, its separate comprehensive income and separate cash flows for the year then ended, in accordance with the International Financial Reporting Standards; and (ii) the consolidated financial statements mentioned in Section I, present fairly, in all material respects, the consolidated financial position of Cablevisión Holding S.A. and its subsidiaries as of December 31, 2020, and its consolidated comprehensive income and consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards.

V. EMPHASIS OF MATTER

Without modifying our opinion, we would like to draw attention to the information disclosed under Note 8.2.j. to the Separate Financial Statements and under Note 20.2.j. to the consolidated financial statements, which describe the situation related to the resolution issued by the Secretariat of Domestic Trade for the calculation of the monthly subscription prices payable by the users of cable television services, whose decision cannot be foreseen to date.

VI. REPORT ON COMPLIANCE WITH EFFECTIVE REGULATIONS

In accordance with effective regulations, we report with respect to Cablevisión Holding S.A. that:

a) The attached financial statements detailed in Section I, paragraphs a) and b) comply with the provisions of the General Associations Law No. 19,550, as amended, and the regulations issued by the CNV concerning accounting documentation, and have been transcribed to the Inventory and Balance Sheet Book.

b) The attached financial statements detailed under Section I, paragraph a) arise from accounting records kept, in all formal aspects, in accordance with effective legislation, which maintain the security and integrity conditions based on which they were authorized by the Argentine Securities Commission.

c) We have reviewed the Inventory and the Board of Directors' Annual Report for the year ended December 31, 2020. In this regard, within the scope of our competence, we have no observations to make. The representations about future events included in the Annual Report are the Board of Directors' exclusive responsibility.

d) Furthermore, we report that in exercise of the legality control within our field of competence, during the year ended December 31, 2020, we have applied the procedures set forth in Article 294 of Argentine General Associations Law (Law No. 19,550, as amended), as deemed necessary based on the circumstances and we have no observations to make in that regard.

e) We have reviewed the information included in the corresponding Exhibit about the degree of compliance with the Code of Corporate Governance required under CNV Regulations and we have no observations to make in that regard.

f) As required by CNV regulations, regarding the independence of the external auditors and the quality of the audit policies applied by them and the accounting polices applied by the Company, the above-mentioned external auditor's report includes the representation concerning the application of the International Auditing Standards as they were adopted in Argentina by the FACPCE through Technical Resolution No. 32 and the respective adoption communications, which provide for independence requirements, and was issued without qualifications as to the application of such regulations or discrepancies as to the professional accounting standards applied.

g) We have applied the asset laundering and terrorist financing crimes prevention procedures provided under the professional standards issued by *Consejo Profesional de Ciencias Económicas de la Ciudad Autónoma de Buenos Aires* (Professional Council in Economic Sciences of the City of Buenos Aires).

City of Buenos Aires, March 10, 2021

Supervisory Committee

Pablo San Martín
Chair