Cablevisión Holding S.A.

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

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 Consolidated Statement of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Shareholders' Equity and the Consolidated 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.

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 guarantee 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 4 to the Company's consolidated financial statements. In addition, Note 32 to the Company's consolidated 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 an 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:

- Learning: 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.

- Labor Relations: 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.

- Diversity and Inclusion: 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. RISK FACTORS

As an Argentine corporation whose only significant assets currently are shares of Telecom S.A. ("Telecom")—another Argentine corporation into which Cablevision S.A. was merged effective 1 January 2018—Cablevisión Holding S.A. is exposed to a wide range of risks related to the country and to its operations. The Company relies on a strong internal control system and its control of Telecom, which is the result of its ownership interest and the provisions of a shareholders' agreement that entitles the Company to designate a majority of the members of the board of directors of Telecom. The identification of risk and its assessment is part of Telecom's business plans, and is also addressed by a corporate based control department and by the Company's board on a regular basis.

Risks Relating to Argentina

Overview

A substantial majority of Telecom's property, operations and customers are located in Argentina, and a portion of its assets and liabilities are denominated in foreign currencies. Accordingly, our financial condition, results of operations and cash flows depend to a significant extent on economic and political conditions prevailing in Argentina and on the exchange rates between the Argentine peso and foreign currencies. In the recent past, Argentina has experienced severe recessions, political crises, periods of high inflation and significant currency devaluation. The Argentine economy has been volatile since 2011, with years of economic growth and others with recession. For example, Argentina's economy grew in 2017, but contracted in 2018, 2019 and 2020. Several factors have impacted negatively the Argentine economy in the recent past, and may continue to impact it in the future, including among others, inflation rates, exchange rates, commodity prices, level of Argentine Central Bank ("BCRA") reserves, public debt, tax pressures, trade and fiscal balances, government policy, the international context and further developments of the COVID-19 pandemic.

Devaluation of the Argentine peso and foreign exchange controls may adversely affect our results of operations, our capital expenditures and our ability to service our liabilities and pay dividends.

Since we generate a substantial portion of our revenues in Argentine Pesos (our functional currency), any devaluation may negatively affect the U.S. dollar value of our earnings while increasing, in Peso terms, our expenses and capital expenditures denominated in foreign currency. The Argentine peso has been subject to significant devaluation against the U.S. dollar in the past and may be subject to fluctuations in the future. We cannot predict whether and to what extent the value of the peso could depreciate or appreciate against the U.S. dollar and the way in which any such fluctuations could affect our business. The value of the peso compared to other currencies is dependent, among other factors, on the level of international reserves maintained by the BCRA, which have also shown significant fluctuations in recent years. As of 28 December 2020, the international reserves of the BCRA totalled US$ 39,236 million. The Argentine macroeconomic environment, in which we operate, was affected by the continued devaluation of the peso, which in turn had and could continue to have a direct impact on our financial and economic position.

The value of the peso has fluctuated significantly in the past. In 2020, the Argentine Peso continued to depreciate against the U.S. dollar and other major foreign currencies. According to Communication "A" 3500 of the BCRA, the peso/dollar exchange rate stood at Ps. 84.15 per US$ 1.00 as of 31 December 2020, evidencing a devaluation of the peso of approximately 40.5% from its value of 59.90 Pesos per dollar at 31 December 2019 (compared to 58.9%, 102.2% and 17.4% in the years ended 31 December 2019, 2018 and 2017, respectively). As a result of the Argentine Peso's increased volatility, the Argentine government and the BCRA implemented several measures to stabilise its value, including, among others, stronger exchange regulations, an increase in short term interest rates and the sale of foreign currency reserves made by the BCRA. The continued devaluation of the Argentine Peso during the past years has had and continues to have a negative impact on the payment of foreign currency denominated debts by local private sector debtors to unrelated foreign entities, and has also led to an increase in inflation, which in turn has a direct impact on real wages. The devaluation has also negatively impacted businesses whose success is dependent on domestic market demand, and adversely affected the Argentine government's ability to honour its foreign debt commitments. Any further depreciation of the Argentine Peso or our inability to acquire foreign currency could have a material adverse effect on our financial condition and results of operations. We cannot predict whether, and to what extent, the value of the Argentine Peso may depreciate or appreciate against the U.S. dollar or other foreign currencies, nor the way in which any such fluctuations could affect demand for the fixed and mobile telephony services, Internet services and cable television services we provide. Furthermore, no assurance can be given that, in the future, no additional currency or foreign exchange restrictions or controls will be imposed. Existing and future measures may negatively affect Argentina's international competitiveness, discouraging foreign investments and lending by foreign investors or increasing foreign capital outflow which could have an adverse effect on economic activity in Argentina, and which in turn could adversely affect our business and results of operations. We cannot predict how these conditions will affect the consumption of services provided by Telecom or our ability to meet our liabilities denominated in currencies other than the Argentine Peso. Any restrictions on transferring funds abroad imposed by the government could undermine our ability to pay dividends on our GDSs or make payments (of principal or interest) under our outstanding indebtedness in U.S. dollars, as well as to comply with any other obligation denominated in foreign currency.

A depreciation of the Argentine Peso against major foreign currencies may also have an adverse impact on our subsidiaries' capital expenditure program and increase the Argentine Peso amount of their trade liabilities and their financial debt denominated in foreign currencies. As of 31 December 2020, approximately P$206,279 million of Telecom's liabilities were denominated in foreign currencies. Telecom seeks to manage the risk of devaluation of the Argentine Peso, by entering from time to time into certain NDF agreements in order to hedge some of its exposure to foreign currency fluctuations. However, Telecom remains highly exposed to risks associated with the fluctuation of the Argentine Peso.

In September 2019, in light of the economic instability and the significant devaluation that followed the primary elections as described below, the Argentine government and the BCRA adopted a series of measures reinstating foreign exchange controls, which among other things, significantly curtailed access to the official foreign exchange market (the "FX Market") by individuals and entities. Higher restrictions to access the official FX markets were imposed during 2020, with a view to reducing the loss of international reserves generated by a greater demand of US dollars by individuals and companies. Pursuant to Communication "A" 7106 (as amended and supplemented from time to time), the BCRA established certain requirements to access the local exchange market for purposes of repayment of cross-border financial debts, in particular, for the payment of principal outstanding amounts in loans and securities having amortisation payments scheduled between 15 October 2020 and 31 December 2021 for principal amounts exceeding US$2,000,000 by the non-financial private sector and financial entities. Particularly, the payment of principal amounts pertaining to loans and securities subject to the regulation should be part of a refinancing plan that must be previously filed with the BCRA, which must provide that (i) only 40% of the principal amount owed and payable shall be paid through the local foreign exchange market on or prior to 31 March 2021; and (ii) the remaining 60% must be refinanced so the average life of the debt is increased for a minimum of two years. It is not possible to guarantee that the period covered by Communication "A" 7106 will not be extended or reinstated in the future by the BCRA or that other regulations with similar effects will be issued that would require Telecom to refinance its obligations, which in turn could have a negative impact on Telecom, and in particular, on its ability to meet its debt obligations.

Economic and political developments in Argentina, and future policies of the Argentine government may affect the economy as well as the operations of the telecommunications industry, including Telecom.

The Argentine government has historically exercised significant influence over the economy, and telecommunications companies in particular have operated in a highly regulated environment. The Argentine government may promulgate numerous, far-reaching regulations affecting the economy and telecommunications companies in particular.

In October 2019, Alberto Fernández was elected president of Argentina and took office on 10 December 2019. Fernández announced and implemented a wide range of economic and policy reforms. In March 2020, in response to the COVID-19 outbreak, the Argentine government enforced the ASPO (*Preventive and Mandatory Social Isolation*), which caused significant disruption to social, operative, economic and market activities. The Argentine government also introduced emergency measures in the telecommunications sector in order to alleviate the financial burden of the pandemic on individuals and companies. Decree No. 311/20 issued by the Argentine Executive on 24 March 2020 determined that services related to fixed and mobile telephony, Internet and cable TV would not be interrupted for defaults in payment by a certain group of customers defined therein. In August 2020, Decree No. 690/20 declared Information and Communications Technology ("ICT") services as an essential public service and imposed tariff regulations on such services.

On 13 March 2020, the Minister of Economy addressed a letter to the Paris Club members expressing Argentina's decision to postpone until 5 May 2021 the US$2.1 billion payment originally due on 5 May 2020, in accordance with the terms of the settlement agreement the Republic had reached with the Paris Club members on 29 May 2014 (the "Paris Club 2014 Settlement Agreement"). In addition, on 7 April 2020, the Minister of Economy sent the Paris Club members a proposal to modify the existing terms of the Paris Club 2014 Settlement Agreement, seeking mainly an extension of the maturity dates and a significant reduction in the interest rate.

On 18 August 2020, Argentina offered holders of its foreign currency bonds governed by Argentine law to exchange such bonds for new bonds, on terms that were equitable to the terms of the invitation made to holders of foreign law-governed bonds. On 18 September 2020, Argentina announced that holders representing 99.4% of the aggregate principal amount outstanding of all series of eligible bonds invited to participate in the local exchange offer had participated. As a result of the exchange offer, the average interest rate paid by Argentina's foreign currency bonds governed by Argentine law was lowered to 2.4%, compared to an average interest rate of 7.6% prior to the exchange. In addition, the exchange offer extended the average maturity of such bonds.

During the nine-month period ended 30 September 2020, Argentina sought to preserve the normal functioning of the local capital market for debt denominated in Pesos, which it considers a key factor for the development of the domestic capital market. In particular, during this period, the Argentine government sought to recover the Treasury's financing capacity, create conditions for the development of the domestic capital markets and generate savings instruments with positive and sustainable real rates, in turn reducing its monetary financing needs and expanding the depth of the local debt market and the participation of relevant institutional investors. In addition, the Treasury expanded its menu of financing instruments to obtain the funds needed to cover its 2020 financial needs and to design the 2021 financial program according to the guidelines outlined in the 2021 budget.

As of the date of the Company's Annual Report, the Argentine government has initiated negotiations with the International Monetary Fund ("IMF") in order to renegotiate the principal maturities of the US$ 44.1 billion disbursed between 2018 and 2019 under a Stand By Agreement ("SBA"), originally planned for the years 2021, 2022 and 2023. We cannot assure whether the Argentine government will be successful in the negotiations with that agency, which could affect its ability to implement reforms and public policies and boost economic growth, nor the impact of the result that renegotiation will have in Argentina's ability to access international capital markets (and indirectly in our ability to access those markets). Moreover, the long-term impact of these measures and any future measures taken by the Argentine government on the Argentine economy, as a whole and in the telecommunications sector in particular, remains uncertain. It is possible that such reforms could be disruptive to the economy and adversely affect the Argentine economy and the telecommunications industry, and consequently, our business, results of operations and financial condition. We are also unable to predict the measures that the Argentine government may adopt in the future, and how they will impact on the Argentine economy and our results of operations and financial condition.

In the event of any economic, social or political crisis, companies operating in Argentina may face the risk of strikes, expropriation, nationalisation, mandatory amendment of existing contracts, and changes in taxation policies including tax increases and retroactive tax claims. In addition, Argentine courts have sanctioned modifications on rules related to labour matters, requiring companies to assume greater responsibility for the assumption of costs and risks associated with sub-contracted labour and the calculation of salaries, severance payments and social security contributions. Since we operate in a context in which the governing law and applicable regulations change frequently, also as a result of changes in government administrations, it is difficult to predict if and how our activities will be affected by such changes.

We cannot assure you that future economic, regulatory, social and political developments in Argentina will not adversely affect our business, financial condition or results of operations, or cause the decrease of the market value of our securities.

Inflation could accelerate, causing adverse effects on the economy and negatively impacting Telecom's margins and/or ratios.

Argentina has experienced repeatedly, including in recent years, periods of high inflation. Inflation has increased since 2005 and has remained relatively high since then. There can be no assurance that inflation rates will not be higher in the future. Furthermore, the National Institute of Statistics and Census ("INDEC") experienced in the past periods of political interventionism that raised serious concerns about the reliability of the data published by that agency. Future political intervention in the INDEC could jeopardise the agency's autonomy and therefore affect the reliability of the statistics it publishes.

The National Consumer Price Index ("CPI") variation was of 36.1% in 2020 and 53.8% in 2019. Efforts made by the Argentine government to contain and reduce inflation have not achieved the desired results and inflation remains a significant problem for the Argentine economy. If the value of the Argentine Peso cannot be stabilised through fiscal and monetary policies, an increase in inflation rates could be expected.

Because the majority of our revenues are denominated in Pesos, any further increase in the rate of inflation not accompanied by a parallel increase in Telecom's prices would decrease our revenues in real terms and adversely affect our results of operations. Further, higher inflation rates generally lead to a reduction in the purchasing power, thus increasing the likelihood of a lower level of demand for Telecom's fixed and mobile telecommunications, cable television and Internet services in Argentina.

The Argentine government may exercise greater intervention in private sector companies, including Telecom

In November 2008, Argentina nationalised its private pension and retirement system, which had been previously administered by private pension funds (the "AFJPs") and appointed the National Social Security Administration ("ANSES") as its administrator. Argentina's nationalisation of its pension and retirement system constituted a significant change in the Argentine government's approach towards Argentina's main publicly traded companies. A significant portion of the public float of certain Argentine publicly traded companies is currently owned by the Argentine government through ANSES-FGS, including Telecom. The Argentine government exercised in the past, and may exercise in the future, influence over corporate governance decisions of companies in which it owns shares by combining its ability to exercise its shareholder voting rights to designate board and supervisory committee members with its ability to dictate tax and regulatory matters. Additionally, since the AFJPs were significant institutional investors and active market traders in Argentina, the nationalisation of the private pension and retirement system affected the access to financing in capital markets for publicly traded companies as well as the liquidity of their securities within the market.

On 9 June 2020, the Argentine government declared a 60-day intervention on Vicentín S.A.I.C. ("Vicentín"), an agro-industrial company based in the Province of Santa Fe. The decision to intervene, with a view to ensuring continuity in the company's operations and job preservation, came after Vicentín filed for a reorganisation proceeding on 10 February 2020, as a result of its inability to pay obligations amounting to Ps. 99.3 billion. In addition, the Argentine government intended to submit a bill to Congress that would declare Vicentín a company of public interest, and therefore would enable its expropriation. We cannot predict whether the Argentine government or future administrations will take similar or further measures, including nationalisation, expropriation and/or increased Argentine governmental intervention in companies. Government intervention in the industries in which we operate could create uncertainties for investors in public companies in Argentina, including Telecom, as well as have a material adverse effect on our business, financial condition and results of operations.

Argentina's economy contracted in 2020, 2019 and 2018 and may contract in the future due to international and domestic conditions, which may adversely affect our operations.

The Argentine economy has experienced significant volatility in the past few years and recent decades, characterised by periods of low or negative GDP growth, high and variable levels of inflation and currency devaluation. Argentina's economy contracted during 2020, 2019 and 2018 and the country's economy remains unstable notwithstanding the efforts by the Argentine government to address inflation and the constraints on the country's foreign exchange reserves and related pressure on the value of the peso. Substantially all of Telecom's operations, properties and customers are located in Argentina, and, as a result, our business is, to a large extent, dependent upon economic and legal conditions prevailing in Argentina. If economic conditions in Argentina were to further deteriorate, they could have an adverse effect on our results of operations, financial condition and cash flows.

Global economic and financial crises, and the general weakness of the global economy due to the COVID-19 pandemic negatively affected emerging economies like Argentina's economy. Global financial instability, any further economic global downturn due to COVID-19 and any future increases in the interest of the United States and other developed countries may impact the Argentine economy and prevent Argentina to be put back on track to growth or could aggravate the current recession with consequences in the trade and fiscal balances and in the unemployment rate.

Moreover, Argentina's economic growth was severely impacted as a consequence of the COVID-19 pandemic. It might also be negatively affected in the future by several domestic factors such as an appreciation of the real exchange rate which could affect its competitiveness, reductions and even reversion of a positive trade balance, which, combined with capital outflows could reduce the levels of consumption and investment resulting in greater exchange rate pressure. Additionally, abrupt changes in monetary and fiscal policies or foreign exchange regime could rapidly affect local economic output, while lack of appropriate levels of investment in certain economy sectors could reduce long-term growth. Access to the international financial markets could be limited. Consequently, an increase in public spending not correlated with an increase in public revenues could affect Argentina's fiscal results and generate uncertainties that might affect the economy's growth level.

In addition to the severe social and market disruption at a global scale during 2020 caused by the COVID 19 outbreak, in recent years, several trading partners of Argentina (such as Brazil, Europe and China) have experienced significant slowdowns or recession periods in their economies. These slowdowns intensified during 2020. If such slowdowns or recessions were to recur, this may impact the demand for products coming from Argentina and hence affect its economy. Additionally, there is uncertainty as to how the trade relationship between the Mercosur member States will unfold, in particular between Argentina and Brazil. We cannot predict the effect on the Argentine economy and our operations if trade disputes arise between Argentina and Brazil, or in case either country decided to exit the Mercosur.

Furthermore, the global macroeconomic environment is facing challenges. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China. There have been concerns over unrest and terrorist threats in the Middle East, Europe and Africa and over the conflicts involving Iran, Ukraine, Syria and North Korea. Moreover, political and social crises arose in several countries of Latin America during 2019, as the economy in much of the region has slowed down after almost a decade of sustained growth, among other factors. There have also been concerns on the relationship among China and other Asian countries, which may result in or intensify potential conflicts in relation to territorial disputes, and the possibility of a trade war between the United States and China. In addition, United Kingdom exited the European Union ("Brexit") on 31 January 2020. The medium and long-term implications of Brexit could adversely affect European and worldwide economic and market conditions and could contribute to instability in global financial and foreign exchange markets.

During 2020, the Argentine economy was adversely affected by some of aforementioned factors. If international and domestic conditions for Argentina were to worsen, the Argentine economy could be negatively affected as a result of lower international demand and lower prices for its products and services, higher international interest rates, lower capital inflows and higher risk aversion, which may also adversely affect our business, results of operations, financial condition and cash flows.

The coronavirus and the measures taken or to be implemented by the Argentine government in response to the coronavirus have had and could continue to have a significant adverse effect on our business operations

In late December 2019, COVID-19, originating from Wuhan, Hubei province, was reported to the World Health Organisation, with cases soon confirmed in multiple provinces in China, as well as in other countries. On 11 March 2020, the World Health Organisation categorised COVID-19 as a pandemic. Several measures have been undertaken by the Argentine Government and other governments around the globe, including the use of quarantine, screenings at airports and other transports hub, travel restrictions, suspension of visas, nation-wide lockdowns, closing of public and private institutions, suspension of sport events, restrictions to museums and tourist attractions and extension of holidays, among many others. However, the virus continues to spread globally and, as of the date of this Annual Report, has affected most countries and territories around the world, including Argentina, Uruguay, Paraguay and the United States. To date, the outbreak of COVID-19 has caused significant social, operational, economic and market disruption. The long-term impact on the global economy and financial markets is still uncertain, but is expected to be significant.

Since 20 March 2020 the Argentine government imposed a series of measures aimed at reducing the movement of the population, ordering the ASPO, which only allowed the movement of individuals involved in activities considered essential by the Argentine government. While the Argentine government has determined that the provision of fixed and mobile telephony, internet and digital services constitutes an essential service, Telecom implemented a home-office policy for a substantial portion of its employees in accordance with the recommendations of the authorities.

The long-term effects of the pandemic on the global economy and the Company are difficult to assess or predict. Although Telecom has devoted considerable resources to preventative measures in order to reduce the potential impacts of the COVID-19 pandemic on its employees, business, service and operations, there can be no assurance that these measures will be effective or that the pandemic will not have an adverse effect on our business, financial situation and results of operations, which could result in further decline in the market prices of our Class B Shares and GDSs. Due to investments in infrastructure that Telecom made during the last years, its equipment, systems and networks have been working efficiently and met the increased use of the services provided during the ASPO, both through fixed and mobile connectivity. However, the quality and reliability of Telecom's network could be affected in the event that the use of Telecom's networks continues to increase due to governmental measures. In addition, uncertain evolution of the COVID-19 pandemic might affect employees' health and safety, generate risks for the deployment of Telecom's services (including by limiting Telecom's customer support and domiciliary service repairs and installations, among other effects resulting from government measures), result in reduced sales in certain geographic locations, affect our revenues and result in an economic contraction in the countries in which we operate, which could have an adverse effect on the demand of Telecom's products and consequently in the results of our operations.

Furthermore, Argentine Decree No. 311/2020 declared the temporary suspension on disconnection of services deemed essential for the development of daily life in cases of delay or default in payments, including fixed and mobile telephony, Internet and television subscriptions. The decree also established that certain customers of our fixed and mobile telephony, Internet and cable television services would have reduced services in cases of delay or default in payments, which may adversely affect Telecom's cash flows from operations and increase its expected losses on trade receivables.

In addition, Telecom entered into an agreement with the ENACOM that suspended, among other things, any increases in the prices of mobile and fixed telephony, Internet and cable television services, as well as employee layoffs until 31 August 2020. Finally, on 22 August 2020, under Decree No. 690/20, the Argentine Digital Law was amended to suspend any increase in prices or changes from the ICT licensees from 31 July 2020 to 31 December 2020, specifically mentioning broadcasting service subscriptions by physical and/or radio-electric link and fixed or mobile telephony services. The decree has been ratified by Congress and is regulated by ENACOM Resolutions Nos. 1,466/20 and 1,467/20.

Any prolonged restrictive measures put in place in order to control a new outbreak of contagious disease or other adverse public health development in any of our targeted markets may have a material and adverse effect on our business operations. Moreover, considering that some of Telecom's strategic suppliers are located in countries affected by the outbreak of COVID-19, the delivery of equipment and fixed assets that are material to Telecom may be impacted, which would have an adverse effect on our business operations. We may also be affected by a decline in the demand of Telecom's products as a result of the economic contraction. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term. Additionally, we cannot predict how the disease will evolve (and potentially, spread) in Argentina during 2021 due to new outbreaks and new strains of the virus that have appeared practically simultaneously with the advance of the vaccination campaign, nor anticipate what additional restrictions governments of other countries may impose. To the extent COVID-19 adversely affects our business and financial results, it may also exacerbate many of the other risks described in this "Risk Factors" section.

Notwithstanding the foregoing, the outbreak of any novel strain of coronavirus and its impact on the demand of Telecom's products and the financial markets, among other factors, will be key issues to determine the duration and depth of the economic crisis in Argentina and worldwide, as well as on our strategy, financial situation and results of our operations.

Argentina's ability to obtain financing from international markets is limited, which could affect its capacity to implement reforms and sustain economic growth.

After Argentina's default on certain debt payments in 2001, the government successfully restructured 92% of the debt through two debt exchange offers in 2005 and 2010. Nevertheless, holdout creditors filed numerous lawsuits against Argentina in several jurisdictions, including the United States, Italy, Germany and Japan, asserting that Argentina failed to make timely payments of interest and/or principal on their bonds, and seeking judgments for the face value of and/or accrued interest on those bonds. Judgments were issued in numerous proceedings in the United States, Germany and Japan. Although creditors with favourable judgments did not succeed, with a few minor exceptions, in enforcing on those judgments, as a result of decisions adopted by the New York courts in support of those creditors in 2014, Argentina was enjoined from making payments on its bonds issued in the 2005 and 2010 exchange offers unless it satisfied amounts due to the holders of defaulted bonds. The Argentine government took a number of steps intended to continue servicing the bonds issued in the 2005 and 2010 exchange offers, which had limited success. Holdout creditors continued to litigate and succeeded in preventing the Argentine government from regaining market access.

Between February and April 2016, the Argentine government entered into agreements in principle with certain holders of defaulted debt and put forward a proposal to other holders of defaulted debt, including those with pending claims in U.S. courts, which resulted in the settlement of substantially all remaining disputes and closure to 15 years of litigation. On 22 April 2016, Argentina issued bonds for US$16.5 billion, and applied US$9.3 billion of the proceeds to satisfy payments under the settlement agreements reached with holders of defaulted debt. Since then, substantially all of the remaining claims under defaulted bonds have been settled.

As of the date of the Company's Annual Report, although litigation initiated by bondholders that have not accepted Argentina's settlement offer continues in several jurisdictions, the size of the claims involved has decreased significantly.

In addition, since 2001 foreign shareholders of some Argentine companies initiated claims for substantial amounts before the International Centre for Settlement of Investment Disputes ("ICSID") against Argentina, pursuant to the arbitration rules of the United Nations Commission on International Trade Law. Claimants allege that certain measures of the Argentine government issued during the economic crisis of 2001 and 2002 were inconsistent with the norms or standards set forth in several bilateral investment treaties by which Argentina was bound at the time. To date, several of these disputes have been settled, and a significant number of cases are in process or have been temporarily suspended by the agreement of the parties.

Between 2016 and early 2018, Argentina regained access to the market and incurred in additional debt. However, as a result of various external and domestic factors, during the first half of 2018, access to the market became increasingly onerous. On 8 May 2018, the Macri administration announced that the Argentine government would initiate negotiations with the IMF with a view to entering into a stand-by credit facility that would give Argentina access to financing by the IMF. On 7 June 2018, the Argentine government and the IMF staff reached an understanding on the terms of the SBA for disbursements totalling approximately US$50 billion, which was approved by the IMF's Executive Board on 20 June 2018. The SBA was intended to provide support to the Macri administration's economic program, helping build confidence, reduce uncertainties and strengthen Argentina's economic prospects. On 22 June 2018 the Argentine government made a first drawing of approximately US$15 billion under the SBA. Argentina has received disbursements under the SBA for US$44 billion. Notwithstanding the foregoing, the Argentine government has publicly announced that they will refrain from requesting additional disbursements under the agreement, and instead vowed to renegotiate its terms and conditions in good faith.

Following the execution of the SBA, in August 2018, Argentina faced an unexpected bout of volatility affecting emerging markets generally. In September 2018, the Macri administration discussed with the IMF staff further measures of support in the face of renewed financial volatility and a challenging economic environment. On 26 October 2018, in light of the adjustments to fiscal and monetary policies announced by the Argentine government and the BCRA, the IMF's Executive Board allowed the Argentine government to draw the equivalent of US$5.7 billion, bringing total disbursements since June 2018 to approximately US$20.6 billion, approved an augmentation of the SBA increasing total assets to approximately US$57.1 billion for the duration of the program through 2021 and the front loading of the disbursements. Under the revised SBA, IMF resources for Argentina in 2018-19 increased by US$18.9 billion. IMF disbursements for the remainder of 2018 more than doubled compared to the original IMF-supported program, to a total of US$13.4 billion (in addition to the US$15 billion disbursed in June 2018). Disbursements in 2019 were also nearly doubled, to US$22.8 billion, with US$5.9 billion planned for 2020-2021.

On 28 August 2019, the Macri administration issued a decree deferring the scheduled payment date for 85% of the amounts due on short-term notes maturing in the fourth quarter of 2019, governed by Argentine law and held by institutional investors. Of the deferred amounts, 30% would be repaid 90 days after the original payment date and the remaining 70% would be repaid 180 days after the original payment date, except for payments under Lecaps due 2020 held domestically, which would be repaid entirely 90 days after the original payment date. Amounts due on short-term notes held by individual investors would be paid as originally scheduled.

Moreover, in December 2019, the Argentine government further extended by decree payments of a series of short-term Argentine-law governed treasury notes denominated in U.S. dollars held by institutional investors through August 2020. Additionally, on 11 February 2020, the Argentine government decreed the extension of maturity to 30 September 2020 of a dollar-linked treasury note governed by Argentine law, which had been originally subscribed to a large extent with U.S. dollar remittances, to avoid a payment with Argentine pesos that would have required significant sterilisation efforts by the monetary authority.

On 12 February 2020, the Argentine Congress enacted Law No. 27,544 for the Sustainable Restoration of Foreign-Law Governed Public Debt, which granted the Ministry of Economy the power to restructure the Argentine government's external public debt. On 9 March 2020, the Executive Branch issued decree No. 250/20 authorizing the Ministry of Economy to restructure US$68,842 million in debt.

Following Law No. 27,544, on 10 March 2020, Decree No. 250/20 issued by the Argentine government established the maximum nominal amount of liability management transactions and/or exchanges and/or restructurings of the Republic of Argentina's outstanding public securities issued under foreign law as of 12 February 2020 at the nominal value of US$68,842,528,826, or its equivalent in other currencies. However, due to the COVID-19 pandemic, the timeline initially published by the Ministry of Economy for the restructuring of the public external debt that provided, among other steps, the launch of an exchange offer of such public securities issued under foreign law, was postponed.

On 21 April 2020, Argentina invited holders of approximately US$ 66.5 billion aggregate principal amount of its foreign currency external bonds to exchange such bonds for new bonds. The invitation contemplated the use of collective action clauses included in the terms and conditions of such bonds, whereby the decision by certain majorities would bind holders that did not tender into the exchange offer. On 31 August 2020 the Argentine government announced that it had obtained bondholder consents required to exchange and or modify 99.01% of the aggregate principal amount outstanding of all series of eligible bonds invited to participate in the exchange offer. The restructuring settled on 4 September 2020. As a result of the invitation, the average interest rate paid by Argentina's foreign currency external bonds was lowered to 3.07%, with a maximum rate of 5.0%, compared to an average interest rate of 7.0% and maximum rate of 8.28% prior to the invitation. In addition, the aggregate amount outstanding of Argentina's foreign currency external bonds was reduced by 1.9% and the average maturity of such bonds was extended.

On 5 April 2020, the Argentine government enacted Decree No. 346/20 (i) deferring the payments of principal and interest on certain of its foreign currency bonds governed by Argentine law until 31 December 2020, or until such earlier date as the Ministry of Economy may determine, considering the progress made in the process designed to restore the sustainability of Argentina's public debt, and (ii) authorizing the Ministry of Economy to conduct liability management transactions or exchange offers, or to implement restructuring measures affecting foreign currency bonds governed by Argentine law which payments had been deferred pursuant to such Decree.

On 18 August 2020, Argentina offered holders of its foreign currency bonds governed by Argentine law to exchange such bonds for new bonds, on terms that were equitable to the terms of the invitation made to holders of foreign law-governed bonds. On 18 September 2020, Argentina announced that holders representing 99.4% of the aggregate principal amount outstanding of all series of eligible bonds invited to participate in the local exchange offer had participated. As a result of the exchange offer, the average interest rate paid by Argentina's foreign currency bonds governed by Argentine law was lowered to 2.4%, compared to an average interest rate of 7.6% prior to the exchange. In addition, the exchange offer extended the average maturity of such bonds.

As of the date of the Company's Annual Report, the Argentine government has initiated negotiations with the IMF in order to renegotiate the principal maturities of the US$ 44.1 billion disbursed between 2018 and 2019 under the SBA, originally planned for the years 2021, 2022 and 2023. We cannot assure whether the Argentine government will be successful in the negotiations with that agency, which could affect its ability to implement reforms and public policies and boost economic growth, nor the impact of the result that renegotiation will have in Argentina's ability to access international capital markets (and indirectly in our ability to access those markets), in the Argentine economy or in our economic and financial situation or in our capacity to extend the maturity dates of our debt or other conditions that could affect our results and operations or businesses. Lack of access to international or domestic financial markets could affect the projected capital expenditures for Telecom's operations in Argentina, which, in turn, may have an adverse effect on our financial condition or the results of our operations.

Without renewed access to the financial market the Argentine government may not have the financial resources to implement reforms and boost growth, which could have a significant adverse effect on the country's economy and, consequently, on our activities. Likewise, Argentina's inability to obtain credit in international markets could have a direct impact on our ability to access those markets to finance our operations and our growth, including the financing of capital investments, which would negatively affect our financial condition, results of operations and cash flows. In addition, we cannot predict the outcome of any future restructuring of Argentine sovereign debt. Telecom has investments in Argentine sovereign bonds amounting to P$7,061 million as of 31 December 2020. Any new event of default by the Argentine government could negatively affect their valuation and repayment terms, as well as have a material adverse effect on the Argentine economy and, consequently, our business and results of operations.

The Argentine banking system may be subject to instability, which may affect our operations.

In recent years, the Argentine financial system grew significantly with a marked increase in loans and private deposits, showing a recovery of credit activity. Such recovery has been severely impacted by the COVID-19 pandemic. In spite of the fact that the financial system's deposits continue to grow in nominal terms, they are mostly short-term deposits and the sources of medium and long-term funding for financial institutions are currently limited. In 2020, nominal private deposits in Pesos increased 84.6% year-over-year (fuelled by the growth of savings and current accounts with a 91.5% increase) and nominal time deposits increased 81.0% year-over-year. During the same period, loans in foreign currency (composed mainly of corporate loans) evidenced a decrease of 4.9% at the end of 2020. In 2020, private deposits in U.S. dollars declined by 18.0%.

Financial institutions are particularly subject to significant regulation from multiple regulatory authorities, all of which may, among other things, establish limits on commissions and impose sanctions on the financial institutions. The lack of a stable regulatory framework, or changes to such regulatory framework by the government, could impose significant limitations on the activities of the financial institutions and could induce uncertainty with respect to the financial system stability.

The persistence of the current economic crisis or the instability of one or more of the larger banks, public or private, could have a material adverse effect on the prospects for economic growth and political stability in Argentina, resulting in a loss of consumer confidence, lower disposable income and fewer financing alternatives for consumers. These conditions would have a material adverse effect on us by resulting in lower usage of Telecom's services, lower sales of devices and the possibility of a higher level of uncollectible accounts or increase the credit risk of the counterparties regarding Telecom's investments in local financial institutions.

Exchange controls and restrictions on transfers abroad and capital inflows limit the availability of international credit.

We are subject to Argentine and international anti-corruption, anti-bribery and anti-money laundering laws. Our failure to comply with these laws could result in penalties, which could harm our reputation and have an adverse effect on our business, financial condition and results of operations.

The United States Foreign Corrupt Practices Act of 1977, the Organisation for Economic Co-Operation and Development Anti-Bribery Convention, the Argentine Anti-Money Laundering Law (*Ley de Prevención del Lavado de Activos*), the Argentine Corporate Criminal Liability Law (*Ley de Responsabilidad Penal Empresaria*) and other applicable anti-corruption laws prohibit companies and their intermediaries from offering or making improper payments (or giving anything of value) to government officials and/or persons in the private sector for the purpose of influencing them or obtaining or retaining business and require companies to keep accurate books and records and maintain appropriate internal controls. In particular, the Argentine Corporate Criminal Liability Law provides for the criminal liability of corporate entities for criminal offences against public administration and transnational bribery committed by, among others, its attorneys-in-fact, directors, managers, employees or representatives. A company may be held liable and subject to fines and/or suspension of its activities if such offences were committed, directly or indirectly, in its name, behalf or interest, the company obtained or may have obtained a benefit therefrom, and the offence resulted from a company's ineffective control.

It may be possible that, in the future, there may emerge in the press allegations of instances of misbehaviour on the part of former agents, current or former employees or others acting on our behalf or on the part of public officials or other third parties doing or considering business with us. We will endeavour to monitor such press reports and investigate matters that we believe warrant an investigation in keeping with the requirements of compliance programs, and, if necessary, make disclosure and notify the relevant authorities. However, any adverse publicity that such allegations attract may have a negative impact on our reputation and lead to increased regulatory scrutiny of our business practices.

If we or individuals or entities that are or were related to us are found to be liable for violations of applicable anti-corruption laws (either due to our own acts or our inadvertence, or due to the acts or inadvertence of others), we or other individuals or entities could face civil and criminal penalties or other sanctions, which in turn could have a material adverse impact on our reputation, business, financial condition and results of operations.

Risks Relating to Telecom and its Operations

Telecom may become subject to burdensome regulations, ordinances and laws affecting the services it offers, which could adversely affect its operations.

Activities in the fixed and mobile telephony, cable television and Internet businesses are subject to risks associated with the adoption and implementation of laws and governmental regulations that reflect changing governmental policies over time. The Argentine government has historically exercised significant influence over the economy, and telecommunications companies in particular have operated in a highly regulated environment. In the past, the Argentine government promulgated numerous, far-reaching regulations affecting the economy and telecommunications companies in particular. Existing regulations could further increase penalties that may be imposed by the regulatory authorities. In addition, local municipalities in the regions where Telecom operates have also introduced regulations and proposed various taxes and fees for the installation of infrastructure, equipment and expansion of fixed line and mobile networks. For example, municipalities usually restrict areas where antennas may be deployed, negatively impacting Telecom's mobile service coverage, which in turn affects the quality of its services. Municipal and provincial tax authorities have also brought an increasing number of claims against Telecom, which Telecom is replying. If changes to existing laws and regulations lead to negative consequences for Telecom, our business, financial condition, results of operations and cash flows may be adversely affected.

After the deregulation of Argentina's telecommunications and media industries, the Broadcasting Law (as defined below), the LAD and their implementing regulations have been amended on a number of occasions, modifying requirements to hold or transfer broadcasting licenses. In addition, Telecom is subject to the regulations of certain other governmental entities, including the SCI, which has issued resolutions requiring Argentine cable television operators to apply a formula to calculate their customers' monthly subscription prices.

In March 2020, in response to the COVID-19 outbreak, the Argentine government introduced emergency measures in the telecommunications sector in order to alleviate the financial burden of the pandemic on individuals and companies. Decree No. 311/20 issued by the Argentine Executive Branch on 24 March 2020, determined that services related to fixed and mobile telephony, Internet and cable TV would not be interrupted for defaults in payment by a certain group of customers defined therein. In August 2020, Decree No. 690/20 declared ICT services as an essential public service and imposed tariff regulations on such services.

We can offer no assurances that Telecom will not be subject to similar regulations in the future, which could force it to modify the prices of subscription services and have a material adverse effect on the revenues generated by Telecom's activities.

The regulatory authorities have imposed increasing burdens and new regulations on companies that could increase the penalties they can impose for breaches of the regulatory framework.

In certain municipalities, regulations have been adopted requiring Telecom to upgrade and/or modify its cable television systems. Telecom will seek to continue to upgrade its existing cable systems, including any network upgrades or modifications required by regulatory or local authorities if it has sufficient cash flow and financing is available at commercially attractive rates. Although currently applicable local ordinances provide that certain penalties may be imposed, including the suspension of the right to use the air space, municipalities have generally not imposed penalties on non-compliant cable systems operators. As of the date of the Company's Annual Report, no fines have been imposed to Telecom in relation to this matter.

The Auction Terms and Conditions approved by Resolution SC No. 38/14 established strict coverage and network deployment commitments that will require significant capital expenditures from Telecom. Additionally, many municipal governments have issued regulations that, in our view, exceed their authority, which frequently limit, hinder or restrict the installation of the infrastructure required to comply with such commitments. Therefore, such legislation negatively impacts the obligations that Telecom and its competitors assumed in the mobile telephony business pursuant to the requirements set out in the Regulation for the Quality of Telecommunications Services.

Telecom may also be subject to additional and unexpected governmental regulations in the future.

Telecom faces substantial and increasing competition in the Argentine fixed and mobile telephony, cable television and Internet businesses.

The fixed and mobile telephony, cable television and Internet businesses in Argentina are competitive. Telecom's competitors may consummate transactions that result in a further consolidation and convergence. Therefore, Telecom may lose a portion of its market share, which may create additional risks and adversely impact our financial condition and results of operations.

Telecom competes with other cable television operators that have built networks in the areas in which Telecom operates, providers of other pay television services, including direct broadcasting, direct-to-home satellite and multi-channel multi-point distribution system services, licensed suppliers of basic telephone services and cooperative entities providing utility services and also with free broadcasting services which are currently available to the Argentine population in certain areas from four privately-owned television networks (including one owned by Grupo Clarín) and their local affiliates and one state-owned national public television network. We expect competition to increase in the future due to a number of factors, including the development of new technologies. In relation to mobile services, we anticipate that Telecom will have to devote significant resources to the refurbishment and maintenance of its existing network infrastructure to comply with regulatory obligations and to remain competitive with respect to the quality of its services. In addition, Telecom must comply with the obligations arising from the acquisition of the 4G spectrum. We also expect Telecom to continue to devote resources to customer retention and loyalty in such services. Technological innovation relating to fixed and mobile telephony, cable television and Internet transmission increases the level of competition that Telecom faces and requires Telecom to make frequent investments to develop new and innovative programming services and products to attract and retain fixed and mobile telephony, cable television and Internet customers. We cannot assure you that Telecom will be able to make the investments necessary to remain competitive, or that Telecom will be able to attract new and retain its current customers. A substantial loss of customers to competitors would have a material adverse effect on our business and results of operations.

Additionally, Telecom's ability to successfully invest in, and implement, new technologies, coverage and its wireless network may be impaired if Telecom fails to obtain certain municipal authorisations, as well as by an adverse macroeconomic condition in Argentina. If Telecom is not successful in making such investments, the growth of its business and quality of its services would be adversely affected. Further, if Telecom is unable to make these capital expenditures, or if its competitors are able to invest in their businesses to a greater degree and/or faster than Telecom, Telecom's competitive position will be adversely impacted.

Telecom also faces competition from other cable television and Internet service providers. Certain competitors of the cable television and Internet business have well-established name recognition, larger customer bases, and significant financial, technical and marketing resources. This may allow them to devote significant resources to the development and promotion of their business. These competitors may also engage in more extensive research and development, adopt more aggressive pricing policies and make more attractive offers to advertisers. Competitors may develop products and services that are equal or superior to Telecom's offers or that achieve greater market acceptance. As a result, competition may have a material adverse effect on Telecom's operations.

Moreover, the products and services that Telecom offers may fail to generate revenues or attract and retain customers. If Telecom's competitors present similar or better responsiveness, functionality, services, speed, plans or features, Telecom's customer base and revenues may be materially affected.

Competitiveness is and will continue to be affected by the business strategies and alliances deployed by Telecom's competitors. Telecom may face additional pressure on the prices that it charges for its services or experience a loss of market share in the services it provides. In addition, the general business and economic climate in Argentina may affect Telecom and its competitors differently; thus Telecom's ability to compete in the market could be adversely affected.

Additionally, if in the future licensees of ICT services are allowed to register and provide subscription broadcasting service by satellite link, it will ease the entry of new competitors into the market. As a result, Telecom may face additional pressure with respect to prices it charges for its services or experience a loss of participation in the subscription broadcasting market.

Given the range of regulatory, business and economic uncertainties we face, it is difficult to predict with precision and accuracy Telecom's future market share in relevant geographic areas and customer segments, or to anticipate a decrease in demand for the products that Telecom offers that could result in a reduction of its revenues and market share, or the speed with which such change in Telecom's market share or prevailing prices for services may occur or the effects of competition. Those effects could be material and adverse to our overall financial condition, results of operations and cash flows.

Telecom's revenues are cyclical and depend upon the condition of the Argentine economy.

Revenues generated by Telecom's fixed and mobile telephony, cable television and Internet operations have proven cyclical and depend on general economic conditions. In the past, a general economic downturn in Argentina has had, and would be expected to have in the future, a negative effect on our revenues and a material adverse effect on our results of operations. Historically, for example, increases in losses of cable television subscribers have corresponded with general economic downturns and regional and local economic recessions. In particular, the 2001-2002 Argentine economic crisis had a material adverse effect on Telecom's revenues.

The regulation of rates may adversely affect Telecom's revenues

The LAD established that licensees of ICT services may freely set their prices, which shall be fair and reasonable, to offset the costs of exploitation and to tend to the efficient supply and reasonable margin of operations.

However, on 22 August 2020, the Argentine Executive Branch issued Decree No. 690/20 amending the LAD. Decree No. 690/20 declared ICT services (which includes fixed and mobile telephony services, cable television and Internet) as well as access to telecommunications networks for and between licensees as "Essential and Strategic Competition Public Services", and empowered ENACOM to ensure accessibility. Decree No. 690/20 further established that (i) the prices of the Essential and Strategic Competition Public ICT Services, (ii) the prices of those services provided in accordance with the Universal Service, and (iii) the prices of those services determined by ENACOM for public interest reasons, shall be regulated by ENACOM. Moreover, Decree No. 690/20 established that ENACOM is the agency responsible for the enactment of any regulation related to the ICT's Basic Universal Services ("PBUs," for its Spanish acronym), and also suspended any price increases or changes set or announced by the ICT's licensees from 31 July 2020 to 31 December 2020. Decree No. 690/20 has been ratified by the Argentine Congress under Law No. 26,122 and has been regulated through ENACOM Resolutions Nos. 1,466/20 and 1,467/20.

Resolution No. 1,466/20, among other things, allows ICT licensees providing Internet access services, subscription broadcasting services through physical, radio-electric or satellite link, fixed telephony services and mobile telecommunications services to increase retail prices for services up to 5% during January 2021.

In order to establish the percentages approved, licensees must consider the prices effective as of 31 July 2020 as the price of reference. Such Resolution also provides that ICT Services Licensees may request a higher increase, on an exceptional basis in accordance with the provisions of Section 48 of the LAD.

Resolution No. 1,467/20 regulated the PBU provided by Decree No. 690/20 for the different services provided by ICT licensees, establishing the price and the characteristics of each service plan. The Resolution also defines the beneficiaries of this PBU, among other matters.

Telecom has initiated legal proceedings before the Federal Court of Appeals on Administrative Litigation Matters challenging the constitutionality of Decree No. 690/20 and the aforementioned ENACOM Resolutions and requesting a preliminary injunction that would suspend its application. The preliminary injunction was denied on 29 January 2021 and Telecom appealed the court's decision. As of the date of the Company's Annual Report, the resolution of the mentioned appeal is still pending. Telecom is consulting with its legal advisors with respect to the further actions available to Telecom to protect its rights.

On 2 February 2021, Telecom was informed by the "Asociación Argentina de Televisión por Cable" ("ATVC") that a preliminary injunction requested by a representative of the cable television industry of the Province of Córdoba (Argentina) was granted, ordering the suspension of Decree N° 690/20, of Decree N° 311/20 and of all measures adopted as a result of such decrees. The court also ordered the PEN and the ENACOM to abstain from issuing or pursuing any measure based on said decrees, until a final court decision be issued. ATVC also informed that, pursuant to the court's indications, the regulatory authority should refrain from issuing regulations related to Decree No. 690/20 or enforcing the regulations previously issued. Telecom, with the assistance of its legal advisors, has made administrative and judicial filings supporting ATVC´s interpretation that such injunction is protective of all the participants in the industry.

On 27 January 2021, Telecom was served with notice of a preliminary injunction granted by the Civil and Commercial Court No. 10 of Mar del Plata obtained by Asociación Civil de Usuarios Bancarios Argentinos ("ACUBA")" in the aforementioned case, which ordered Telecom to roll back the tariffs of broadcasting service subscriptions, Internet access services, fixed telephony services and mobile telecommunications services to those of December 2020, which could only be increased up to 5% as authorised by ENACOM, and maintain such tariffs until any modification is resolved. Telecom challenged the preliminary injunction for lack of jurisdiction, and requested that the resolution granting the preliminary injunction be nullified. Telecom further requested that the preliminary injunction be lifted. A decision from the court remains pending as of the date of the Company's Annual Report. The Company argued that a preliminary injunction obtained by the representative of the industry of the Province of Córdoba from the federal courts of the province (see preceding paragraph) expressly suspended the application of Decree No. 690/20, Decree No. 311/20 and prohibited ENACOM from issuing any subsequent resolutions.

If the ENACOM imposes further restrictions on Telecom's prices, its operating margins may be adversely affected. Telecom's ability to comply with the conditions in its license, as well as the relevant provisions in applicable regulations and laws, may be affected by events or circumstances outside of our control, and therefore we cannot predict whether such events or circumstances result in an adverse effect on our financial condition, our operations and cash flows. Telecom, with the assistance of its legal advisors, is analysing the actions that may be necessary in order to protect its rights.

Technological advances and replacement of Telecom's equipment may require Telecom to make significant expenditures to maintain and improve the competitiveness of the services that it offers.

Our industries are subject to significant changes in technology and the introduction of new products and services. We cannot predict the effect of technological changes on our business. New services and technological advances related to the telecommunications, cable television and Internet industries are likely to offer additional opportunities to compete against Telecom on the basis of cost, quality or functionality. It may not be practicable or cost-effective for Telecom to replace or upgrade its installed technologies in response to its competitors' actions. Responding to such change may require us to devote substantial capital to the development, procurement or implementation of new technologies, and may depend on the final cost in local currency of imported technology and our ability to obtain additional financing. No assurance can be given that Telecom will have the funds to make the capital expenditures to improve its systems, compete with others in the market or replace equipment used in connection with its businesses.

Moreover, Internet, cable television and mobile telephony services, which we expect to account for an increasing percentage of Telecom's revenues in the future, are characterised by rapidly changing technology, evolving industry standards, changes in customer preferences and the frequent introduction of new services and products. To remain competitive, Telecom must invest in network, constantly upgrade its access technology and software for the internet service market, improve the commercial offers and the user experience and continue to enhance its mobile networks by expanding its network. Future technological developments may result in decreased customer demand for certain of Telecom's services or even render them obsolete. In addition, as new technologies develop, equipment may need to be replaced or upgraded or network facilities (in particular, mobile and Internet network facilities) may need to be rebuilt in whole or in part, at substantial cost, to remain competitive. These enhancements and the implementation of new technologies will continue requiring increased capital expenditures.

The media industry is a dynamic and evolving industry, and if it does not develop and expand as we currently expect, Telecom's results and operations relating to its cable television and Internet businesses may suffer.

We expect to derive an increasing amount of revenues from Telecom's activities in the cable television and Internet industries, but we may not do so if these non-traditional media operations do not develop and expand as we currently expect. The role of cable television in Argentina became increasingly important in the past. More recently, non-traditional technologies, including "Over-The-Top" services (which are services provided by a telecommunications provider through Internet Protocol ("IP") networks not necessarily owned by the provider, including communications, content and cloud-based offerings), such as technologies used by Netflix or other IP operators, have come to play a larger role in the Argentine telecommunications industry. These companies take advantage of the deregulation of the sector to bring their services through third-party networks without paying any fee or right to use it. These technology and new services areas are in the early stages of development, and growth may be inhibited for a number of reasons, including:

- the cost of connectivity;
- concerns about security, reliability, and privacy;
- unexpected changes in the regulatory framework;
- the appearance of technological innovations;
- the ease of use; and
- the quality of service.

Our business, financial condition and results of operations will be materially and adversely affected if these markets do not continue to grow or grow more slowly than we anticipate.

In addition, unlike the Argentine cable television industry, which has traditionally been dominated by companies located in Argentina, competitors in other services provided by Telecom may be based outside of Argentina and enjoy certain competitive advantages such as scale and access to financial resources on terms that are better than those available to us.

Telecom may not be able to renew programming contracts on favourable terms.

Telecom purchases basic and premium programming from approximately 52 programming suppliers. Several programming suppliers agreed to offer volume discount pricing structures because of the growth and market share shown by Telecom's cable television operations. Participants in the cable television industry negotiate the terms of a majority of the respective programming contracts that had originally been denominated in U.S. dollars to provide for Peso-denominated pricing formulas generally linked to the number of subscribers and without minimum purchase requirements. As a consequence, contract terms are generally shortened and pricing provisions are adjusted in order to transfer the benefit of increases in the monthly fee for basic cable television services to the programming companies. The new contracts also provide for automatic termination upon the occurrence of major macroeconomic disruptions. We cannot assure you that Telecom will be able to regularly negotiate renewals of its programming contracts at current cost levels, particularly since many of its suppliers have U.S. dollar-based costs. Additionally, suppliers are expected to seek price increases as a reflection of economic conditions in Argentina. There can similarly be no assurances that Telecom will be able to obtain volume discounts in the future.

Telecom may not be able to renew some leases of the facilities for the installation of its fixed and mobile telephony, cable television and Internet systems.

Telecom's fixed and mobile telephony, cable television and Internet services are distributed through networks installed in facilities leased from third parties, either through the lease of space on roofs or on utility poles. Telecom regularly renegotiates the renewal of short-term lease contracts for the use of poles in different areas of the country in the ordinary course of its business. If Telecom is not able to renew some of those lease contracts, its operations in such areas may be suspended if alternative third-party facilities are not promptly obtained on a cost-efficient basis. Underground distribution of Telecom's wire network would require additional governmental authorisations and significant capital expenditures that Telecom may not be able to afford or that Telecom may be restricted from making pursuant to the terms and conditions of its indebtedness and existing covenants. There can be no assurance that such renewals of lease contracts will be granted.

Our revenues may be adversely affected by an increase in churn rates, with respect to mobile telephony, cable television and Internet services, or reductions in fixed telephony lines in service, with respect to fixed telephony services.

Our revenues depend significantly on Telecom's ability to retain customers by limiting churn rates, with respect to mobile telephony, cable television and Internet services, or net reductions in fixed telephony lines in service, with respect to fixed telephony services. Any substantial increase in churn rates, with respect to mobile telephony, cable television and Internet services, or reductions in lines in service, with respect to fixed telephony services, may have a material adverse effect on our revenues and results of operations.

Our revenues relating to Telecom's cable television services are subject to uncertainty due to, and may be adversely affected by, the formula set forth in SCI Resolution No. 50/10 to estimate monthly fees paid by cable television subscribers.

SCI Resolution No. 50/10 approved certain rules governing pay television services. These rules provide that cable television operators must apply a formula to calculate their monthly 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"), requiring cable television operators to adjust such amount semi-annually and inform the result of such adjustment to that Office. Telecom challenged Resolution No. 50/10 and requested the suspension of its effects and its nullity.

A decision issued on 1 August 2011 in re "LA CAPITAL CABLE S.A. v. Ministerio de Economía-Secretaría de Comercio Interior de la Nación", by 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"), including Telecom. The injunction was notified to the SCI and the Ministry of Economy on 12 September 2011 and became fully effective. The PEN filed an appeal against the decision issued by the Court of Appeals of Mar del Plata. Such appeal was dismissed. Therefore, the PEN filed a direct appeal to the Supreme Court, which was also dismissed.

Notwithstanding the foregoing, between March 2011 and October 2014 certain resolutions were adopted based on Resolution No. 50/10 regulating the prices that Cablevision should charge for such months to its customers. These resolutions were challenged and suspended as a result of the aforementioned injunction. However, each Resolution had a valid period of three to six months, with the last one expiring in October 2014.

In September 2014, a decision was rendered in a case brought by the Municipality of Berazategui against Cablevisión ordering the submission of all cases relating to these resolutions to the jurisdiction of the Federal Courts of Mar del Plata, which had issued the decision on the class action in favour of ATVC.

In April 2019, La Capital Cable S.A. was served with notice of the resolution issued by the Federal Court of First Instance No. 2 of Mar del Plata declaring the unconstitutionality of certain sections of a law on which the SCI had found the legal basis for the issuance of Resolution No. 50/10 and the successive resolutions. The declaration of unconstitutionality implied that these resolutions are not applicable to the companies grouped by ATVC, including Telecom. However, the PEN filed an appeal against that resolution.

On 26 December 2019, the Federal Court of Appeals of Mar del Plata rejected the grievances of the Argentine government and confirmed the decision rendered by the Court of Mar del Plata which declared the unconstitutionality of the sections of the law on which SCI Resolution No. 50/10 and the subsequent resolutions were based. The Argentine government filed an extraordinary appeal, which was granted on 1 March 2021.

Telecom's Management, with the assistance of its legal advisors, is analysing the potential impact related to this new appeal and considers that it has strong arguments for its defence. However, an adverse outcome in the above-mentioned cases, which we cannot exclude, would have an adverse effect on our results of operations and financial condition.

Actual or perceived health risks or other problems relating to mobile handsets or transmission masts could lead to litigation or decreased mobile communications usage.

The effects of, and any damage caused by, exposure to an electromagnetic field were and are the subject of careful evaluations by the international scientific community, but until now there is no scientific evidence of harmful effects on health. We cannot rule out that exposure to electromagnetic fields or other emissions originating from wireless handsets will not be identified as a health risk in the future.

Telecom complies with the international security standards established by the World Health Organisation ("WHO") and Argentine regulations, which are similar to WHO requirements and mandatory for all Argentine mobile operators. Telecom's mobile business may be harmed as a result of any future alleged health risk. For example, the perception of these health risks could result in a lower number of customers, reduced usage per customer or potential consumer liability, all of which could have a material adverse effect on our financial condition and results of operations.

Our operations and financial condition could be affected by future union negotiations, Argentine labour regulations and governmental measures requiring private companies to increase salaries or otherwise provide workers with additional benefits.

In Argentina, labour organisations have substantial support and considerable political influence. In recent years, the demands of Telecom's labour organisations have increased mainly as a result of the increase in the cost of living, which was affected by increased inflation, higher tax pressure over salaries and the consequent decline in the population's purchasing power.

In addition, in the absence of a union agreement concerning convergent services, if we are unable to reach an agreement with the unions on work conditions, or in case of a lack of recognition among union associations, we may be adversely affected by individual labour claims, class actions, higher union contributions expenses, impacts to our operations, impairment of services due to inefficient processes, union conflicts, direct action measures and social impacts which may also affect the quality and continuity of our services to our customers and our reputation.

Certain labour and telecommunications unions have initiated claims against Telecom alleging non-compliance of certain conditions provided for in the collective bargaining agreements that could allow them to negotiate the inclusion of some suppliers' employees in their collective bargaining agreements. If labour organisation claims continue or are sustained, this could result in increased costs, greater conflict in the negotiation process and strikes (including general strikes and strikes by Telecom's employees and the contractors and subcontractors' employees) that may adversely affect our operations.

Moreover, the Argentine government has enacted laws and regulations requiring private sector companies to maintain certain salary levels and provide their employees with additional benefits. On 13 December 2019, the Argentine government declared a labour emergency for a 180-day term. In this context, the Argentine government doubled the amount of the statutory severance payments payable to employees hired before 13 December 2019 and dismissed between 13 December 2019 and 13 June 2020. The layoff prohibition was extended pursuant to Decree No. 528/20 and Decree No. 961/20. Decree No. 39/21, currently in effect until 27 April 2021, extended the prohibition of dismissals without just cause or based on lack or reduction of work and force majeure, as well as the prohibitions to suspensions for economic reasons, except for suspensions made under the terms of Section 223 *bis* of the Labour Contract Law (agreements between employers and employees later approved by the Ministry of Labour, made either individually or collectively with the purpose of suspending employment for lack or reduction of work due to no fault from the employer), which are not affected by the prohibition.

Likewise, Decree No. 39/21 extended the occupational emergency until 31 December 2021 in cases of dismissals without just cause, and granted the right of the affected worker to receive a double severance payment, with a cap of P$500,000 in excess of what would have been the regular single severance payment. Under the provisions of Section 5 of Decrees No. 624/20, 761/20 and 891/20, contracts entered into after the entry into force of Decree No. 34/19, are not affected by the aforementioned provisions.

The Argentine government may adopt new measures that determine salary increases or additional benefits for workers, and workers and their unions may pressure employers to comply with such measures. Any salary increase or additional benefit could result in an increase in costs and a decrease in the results of the operations of Argentine companies, including those of Telecom. Further, future extensions of the prohibition of layoffs and dismissals due to *force majeure* or lack of or decreased work or the duplication of the statutory severance payments to dismissed employees may affect the efficiency of Telecom's employees and therefore its costs and results of operations.

Telecom is or may be involved in legal and regulatory proceedings that could result in unfavourable decisions and financial penalties for Telecom.

Telecom is a party to a number of legal and regulatory proceedings, some of which have been pending for several years. We cannot be certain that these claims will be resolved in our favour. Responding to the demands of litigation claims and responding to, or initiating proceedings against, regulatory bodies may divert management's time attention and financial resources.

For example, Argentine law incentivises individuals to pursue employment-related litigation and certain judicial rulings have created a negative precedent in these matters and could increase our labour costs. Telecom is also exposed to employment-related claims of employees of suppliers, contractors and commercial agents claiming direct or indirect responsibility of Telecom based on a broad interpretation of the rules of labour law. Further, customers and consumers' trade unions have in the past initiated different claims against us regarding allegedly improperly billed charges. Although we have taken certain actions to reduce risks in connection with these claims, we cannot assure that new claims will not be filed against us in the future.

Telecom has in the past been subject to technical sanctions from regulatory bodies, mainly related to the delay in repairing defective lines, installing new lines and/or service failures. Although sanctions are appealed in the administrative stage, if the appeals are not resolved in our favour in administrative or judicial stage or if they are resolved for amounts larger than those recorded, these proceedings could have an adverse effect on our financial condition, results of our operations and cash flows.

As of 31 December 2020, Telecom recorded provisions that we estimate are sufficient to cover contingencies considered probable. However, Telecom may face increased risk of employment, commercial, regulatory, tax, consumer trade union and customers' proceedings, among others. If this occurs, we cannot guarantee that those proceedings will not have an adverse effect on our results of operations and financial condition.

The enforcement of the Law for the Promotion of Registered Labour and Prevention of Labour Fraud may have a material adverse effect on us.

The Law for the Promotion of Registered Labour and Prevention of Labour Fraud (*Ley de Promoción del Trabajo Registrado y Prevención del Fraude Laboral)*, among other things, establishes a Public Record of Employers subject to Labour Sanctions ("Repsal") and defines a series of labour and social security infringements as a result of which an employer shall be included in the Repsal.

The employers included in the Repsal are subject to sanctions, such as: the inability to access public programs, benefits, subsidies or credit from state-owned banks, the inability to enter into contracts and licenses of property owned by the Argentine government, or the inability to participate in the awarding of concessions of public services and licenses. Employers that commit the same infringement for which they were added to the Repsal within a 3-year period after the final first decision imposing sanctions cannot deduct from the Income Tax the expenses related to their employees while such employer continues to be included in the Repsal. This new regulation applies to both Telecom and its contractors and subcontractors, whose employees could initiate claims against Telecom for direct or indirect responsibility.

As of the date of the Company's Annual Report, Telecom has no sanctions registered in the Repsal. However, if sanctions are applied in the future, they could have a significant impact on Telecom's financial position, result of operations and cash flows.

A cyberattack, could adversely affect our business, balance sheet, results of operations and cash flow.

In general, information security risks have increased in recent years as a result of the proliferation of new and more sophisticated technologies and also due to cyberattack activities. As part of our development and initiatives, more equipment and systems have been connected to the Internet. We also rely on digital technology, including information systems to process financial and operational information. Due to the nature of our business and the greater accessibility allowed through the Internet connection, we could face an increased risk of cyberattacks. In the event of a cyberattack, Telecom could experience an interruption of its commercial operations, material damage and loss of customer information; a substantial loss of income, suffering response costs and other economic losses; and it could subject us to more regulation and litigation, affecting our reputation. As a result, a cyberattack could adversely affect our business, results of operations and financial condition.

Also, during 2020, the new working methodology and the exponential growth of the digital collection channels resulting from the COVID-19 isolation, required the implementation of several measures in order to grant security in virtual operations, which were all implemented successfully. Although Telecom has adopted, and continues to adopt, all required measures to ensure the proper functioning of its operating systems, as well as to ensure its customers' information, no assurance can be given that it will not be subject to any cyberattacks that could adversely affect our business and result of operations.

As of the date of the Company's Annual Report, Telecom's insurance policy does not cover damages caused by cyberattacks and other similar events.

Operational risks could adversely affect our reputation and our profitability.

Telecom faces operational risks inherent to its business, including those resulting from inadequate internal processes; fraud; employee errors or misconduct; failure to comply with applicable laws and regulations; failure to document transactions properly; systems failures (including our systems, the implementation of corporate systems and cloud services); errors or failures not foreseen in the foundational projects that Telecom is carrying out for updating its core systems; inadequate maintenance of posts or their electrification by proximity to the electric network; inadequate environmental management including reverse logistics of goods and materials in disuse that could become hazardous waste; incomplete or inadequate municipal authorisations and permissions resulting from changes in operations or changes in regulations; failure to preserve the secrecy and content of telecommunications required by law; weaknesses in data centres' energy scheme; the loss or improper use of confidential information, launching of "Internet of Things" products and services without proper security measures; excessive dependence on certain providers with which a large number of operations are concentrated due to the exclusivity of the technology or service they provide, economic convenience or for strategic reasons; among others. Moreover, certain assets of the Company could be damaged by acts of vandalism or theft of components or by works of third parties on public thoroughfare that damage infrastructure that do not have a second safety path to provide the service. These events could result in direct or indirect losses, inaccurate information for decision making, adverse legal and regulatory proceedings, technical failures in the Company's ability to provide its services, damages to third parties, and harm our reputation and operational effectiveness, among others.

Telecom maintains insurance policies to cover its main assets, particularly its properties. If economic and financial conditions in Argentina were to deteriorate (i.e. devaluation, inflation, etc.), the insurance coverage may not be representative of the market value of the properties which could result in losses for the Company. Telecom's suppliers of goods and services are contractually obliged to comply with laws and regulations (including tax, labour, social security, anti-corruption, money laundering standards, etc.). Additionally, such suppliers shall comply with a set of conduct standards, such as the Code of Ethics and Conduct, established by Telecom, and must require similar compliance by their employees and subcontractors. Despite these legal safeguards and monitoring efforts made by Telecom in relation to its suppliers, we cannot assure you that they will comply with all applicable regulations. As a result, Telecom could be adversely affected despite our contractual rights to claim for compensations for damages that suppliers could cause to Telecom.

Telecom has risk management practices at the highest levels including a Risk Management Committee designed to detect, manage and monitor the evolution of risks. However, we can give no assurances that these measures will be successful for effectively mitigating the operational risks that Telecom faces and such failures could have a material adverse effect on its results of operations and could harm its reputation.

Any failure by a strategic supplier to comply with its legal and contractual obligations could adversely affect Telecom's operations and any action or restriction by a foreign government against a strategic supplier could adversely affect Telecom's reputation.

Telecom relies on strategic suppliers of equipment and materials to provide it with equipment and materials that it needs in order to expand and to operate its business. As a result, Telecom is exposed to risks associated with these suppliers, including restrictions of production capacity for equipment and materials, availability of equipment and materials, delays in delivery of equipment, materials or services, and price increases. If these suppliers or vendors fail to provide equipment, materials or services to Telecom on a timely basis or otherwise in compliance with the terms of Telecom's contracts with these suppliers, Telecom could experience disruptions or declines in the quality of its services, which could have an adverse effect on our revenues and results of operations.

Telecom's suppliers of goods and services are contractually obliged to comply with applicable laws and regulations (including tax, labour, social security, anti-corruption, money laundering standards, etc.). Despite these legal safeguards, as well as monitoring efforts by Telecom, we cannot ensure that Telecom's suppliers will comply with all applicable standards. As a result, our financial condition and reputation could be adversely affected.

The U.S. Congress and certain regulatory agencies have raised concerns about American companies purchasing equipment and software from Chinese telecommunications companies such as Huawei, one of our strategic suppliers, including concerns relating to alleged violations of intellectual property rights and potential security risks. The U.S. Government is likewise urging other countries to avoid the operations of Chinese companies in their territory, citing concerns regarding potential use of the equipment for espionage. Our reputation could be adversely affected if such actions or restrictions were imposed on Huawei or if the equipment and materials Telecom purchases from Huawei are thought to pose a security risk for Telecom's network.

We cannot predict whether additional restrictions targeting Huawei, including restrictions that would prevent Telecom from acquiring supplies from Huawei in the future, will be adopted directly or the impact that such restrictions might have on Telecom's operations.

Telecom and/or its administrators are subject to environmental and safety regulations, non-compliance of which could result in increased costs and/or penalties for Telecom's administrators

Some of the goods and facilities used in Telecom's operations are subject to federal, state and municipal environmental and safety regulations. Failure adequately to comply with such rules could result in fines, potential delays or inability to obtain authorisations for Telecom's facilities and operations, which could have an adverse effect on its business and result in penalties for Telecom's administrators. In addition, in accordance with global trends, new and stricter standards may be issued, or authorities may enforce or construe existing laws and regulations in a more restrictive manner, which may force Telecom to make expenditures or incur increased costs to comply with such new rules.

Restrictive covenants in Telecom's outstanding indebtedness may restrict its ability to pursue its business strategies.

Telecom has outstanding financial debt that contains a number of restrictive covenants that impose significant operating and financial restrictions and may limit Telecom's ability to engage in acts that may be in its long-term best interests. These agreements governing its indebtedness include covenants restricting, among other things, Telecom's ability to:

- incur or guarantee additional debt;
- enter into sale and leaseback transactions;
- create liens on its assets to secure debt; and
- merge or consolidate with another person or sell or otherwise dispose of all or substantially all of its assets.

A breach of any covenant contained in the indentures governing Telecom's notes or the agreements governing any of its other indebtedness could result in a default under those agreements. If any such default occurs, the holders of such indebtedness may elect (after the expiration of any applicable notice or grace periods) to declare all outstanding amounts, together with accrued and unpaid interest and other amounts payable thereunder, to be immediately due and payable. If any of Telecom's debt, including its notes, were to be accelerated, its assets may not be sufficient to repay in full that debt or any other debt that may become due as a result of that acceleration.

We may be adversely affected by changes in LIBOR reporting practices or the method in which LIBOR is determined or fluctuations in interest rates.

As of 31 December 2020, P$ 83,065 million of Telecom's outstanding debt was indexed to the London Interbank Offered Rate ("LIBOR").

In 2017, the Financial Conduct Authority (the "FCA") announced its intention to phase out LIBOR by the end of 2021. The Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, has proposed replacing USD-LIBOR with a new index calculated by short-term repurchase agreements, the Secured Overnight Financing Rate. At this time, no consensus exists as to what rate or rates may become accepted alternatives to LIBOR, and it is impossible to predict whether and to what extent banks will continue to provide LIBOR submissions to the administrator of LIBOR, whether LIBO rates will cease to be published or supported before or after 2021 or whether any additional reforms to LIBOR may be enacted in the United Kingdom or elsewhere. It is also not possible to predict the further effect of the rules of the FCA, any changes in the methods by which LIBOR is determined, or any other reforms to LIBOR that may be enacted in the United Kingdom, the European Union or elsewhere. Any such developments may cause LIBOR to perform differently than in the past, or cease to exist. In addition, any other legal or regulatory changes made by the FCA, ICE Benchmark Administration Limited, the European Money Markets Institute (formerly Euribor-EBF), the European Commission or any other successor governance or oversight body, or future changes adopted by such body, in the method by which LIBOR is determined or the transition from LIBOR to a successor benchmark may result in, among other things, a sudden or prolonged increase or decrease in LIBOR, a delay in the publication of LIBOR, and changes in the rules or methodologies in LIBOR, which may discourage market participants from continuing to administer or to participate in LIBOR's determination, and, in certain situations, could result in LIBOR no longer being determined and published. If a published U.S. dollar LIBOR is unavailable after 2021, the interest rates on our debt which is indexed to LIBOR will be determined using various alternative methods, any of which may result in interest obligations which are more than or do not otherwise correlate over time with the payments that would have been made on such debt if U.S. dollar LIBOR was available in its current form. Further, the same costs and risks that may lead to the discontinuation or unavailability of U.S. dollar LIBOR may make one or more of the alternative methods impossible or impracticable to determine. Any of these proposals or consequences could have a material adverse effect on Telecom's and our financing costs and, as a result, our financial condition, operating results and cash flows.

Additionally, we are exposed to the fluctuations of the interest rates applicable to our indebtedness indexed to variable interest rates. We may also incur additional variable-rate debt in the future. Increases in interest rates on variable-rate debt would increase the Company's interest expense, which would negatively affect our financial costs.

Telecom may be unable to refinance its outstanding indebtedness, or the refinancing terms may be materially less favourable than their current terms, which would have a material adverse effect on our business, financial condition and results of operations.

In 2020, Telecom refinanced its outstanding financial debt maturing in 2021. However, there is no assurance that Telecom will be able to extend the maturity or otherwise refinance its outstanding indebtedness, or that it may be required to agree to refinancing terms that may be materially less favourable than the terms of its current loans and notes. Any amendment to or refinancing of Telecom's indebtedness could result in higher interest rates and may require Telecom to comply with more burdensome restrictive covenants, which may have a material adverse effect on our business, the ability of Telecom to meet its payment obligations, its financial condition, and results of operations.

If Telecom is unable to refinance its debt in favourable terms, it may be forced to reduce or delay capital expenditures or research and development expenditures, seek additional equity capital, restructure its debt, curtail or eliminate its cash dividend to stockholders, or sell assets. Non-payment of Telecom's obligations or any other default under any of Telecom's debt instruments could, in turn, result in a default and acceleration of its other outstanding debt obligations, which would have a further material adverse effect on Telecom's business, the ability to meet its payment obligations, financial condition, and results of operations.

Risks Relating to Our Shares and GDSs

The U.K. Listing Authority ("UKLA"), the London Stock Exchange ("LSE") and/or the Buenos Aires Stock Exchange ("BYMA") may suspend trading and/or delist our GDSs and Class B common shares, respectively, upon occurrence of certain events relating to our financial situation or compliance with ongoing regulatory obligations.

The UKLA, the LSE and/or the BYMA may suspend and/or cancel the listing of our GDSs and Class B common shares, respectively, in certain circumstances, including upon the occurrence of certain events relating to our financial situation or compliance with ongoing regulatory obligations.

The UKLA and the LSE may in their sole discretion determine the suitability for continued listing and admission to trading of our GDSs in the light of all pertinent facts. Some of the factors that may subject a company to suspension and potential delisting procedures, include, *inter alia*, (i) failure to comply with continuing obligations set out in the U.K. Listing Rules (such as the requirement to maintain a "free float" of at least 25 per cent), and (ii) an inability to assess accurately the financial position of the company and inform the market accordingly. The UKLA and the LSE may also suspend and ultimately cancel a company's listing if they determine that such action is necessary to protect investors with a view to maintaining a proper functioning of the market.

We cannot assure you that the UKLA, the LSE and/or the BYMA will not commence any suspension or delisting procedures in light of our financial situation or failure to comply with ongoing regulatory obligations. A delisting or suspension of trading of our GDSs or Class B common shares by the UKLA, the LSE and/or the BYMA, respectively, could adversely affect our results of operations and financial conditions and cause the market value of our GDSs and Class B common shares to decline.

In addition, a delisting or suspension of trading of Telecom's ADSs or Class B common shares by the New York Stock Exchange and/or the BYMA, respectively, could also adversely affect our results of operations and financial conditions and cause the market value of our GDSs and Class B common shares to decline.

Under Argentine corporate law, shareholder rights may be fewer or less well defined than in other jurisdictions.

Our corporate affairs are governed by our bylaws and by Argentine corporate law, which differ from the corporate regulatory framework that would apply if we were incorporated in a jurisdiction in the United Kingdom or in other jurisdictions outside Argentina. Thus, your rights under Argentine corporate law to protect shareholders' interests relating to actions by our Board of Directors may be fewer and less well defined than under the laws of those other jurisdictions. Although insider trading and price manipulation are illegal under Argentine law, the Argentine securities markets may not be as highly regulated or supervised as the U.K. securities markets or markets in some of the other jurisdictions. In addition, rules and policies against self-dealing and regarding the preservation of shareholder interests may be less well defined and enforced in Argentina than in the United Kingdom, or other jurisdictions outside Argentina, putting holders of our Class B Shares and GDSs at a potential disadvantage.

Changes in Argentine tax laws may adversely affect the tax treatment of our Shares and/or the GDSs.

In September 2013, the Argentine income tax law was amended by Law No. 26,893 (the "Argentine Income Tax Law"). The Argentine Income Tax Law provides that the sale, exchange or other transfer of shares and other securities is subject to a capital gain tax at a rate of 15% for Argentine resident individuals and foreign beneficiaries.

Until the enactment of Law No. 27,430, in force since fiscal year 2018, there was an exemption for Argentine resident individuals if certain requirements were met. However, there was no such exemption for non-Argentine residents. For transactions made until 31 December 2017, many aspects of the Argentine Income Tax Law as they apply to the holding and sale of GDSs still remain unclear and they were subject to further regulation and interpretation which may adversely affect the tax treatment of our Shares underlying GDSs and/or GDSs. The income tax treatment of income derived from the sale of GDSs or exchanges of shares from the GDS facility may not be uniform under the revised Argentine Income Tax Law. The possibly varying treatment of the source of income could impact both Argentine resident holders as well as non-Argentine resident holders.

Law No. 27,430 requires the capital gains tax to be paid for transactions carried out between September 2013 (when taxation on the sale of shares for non-residents was introduced) and the effective date of the tax reform, providing that no tax, however, will be due for stock exchange transactions as long as the tax has not yet been paid due to the lack of regulations for the withholding or collection by the stock exchange agents or intermediaries.

Consequently, holders of our Class B Shares, including in the form of GDSs, are encouraged to consult their tax advisors as to the particular Argentine income tax consequences of owning our Shares or the GDSs.

Our shareholders may be subject to liability under Argentine law for certain votes of their securities.

Under Argentine law, a shareholder's liability for losses of a company is limited to the value of his or her shareholdings in the company. However, shareholders who have a conflict of interest with us and who do not abstain from voting at the respective shareholders' meeting may be liable for damages to us, but only if the transaction would not have been approved without such shareholders' votes. Furthermore, shareholders who wilfully or negligently vote in favour of a resolution that is subsequently declared void by a court as contrary to the law or our bylaws may be held jointly and severally liable for damages to us or to other third parties, including other shareholders.

The price of our Class B Shares and the GDSs may fluctuate substantially, and your investment may decline in value.

The trading price of our Class B Shares is likely to be highly volatile and may be subject to wide fluctuations in response to factors, many of which are beyond our control. The market price of our GDSs declined by 34.6% and 33.9 % in 2020 and 2019, respectively. This decrease in value has been largely attributed to Argentina's most recent macroeconomic crisis and the impact of COVID 19. Such other factors include:

- Fluctuations in the value of Telecom's shares;
- fluctuations in our and/or Telecom's periodic operating results;
- changes in financial estimates, recommendations or projections by securities analysts;
- changes in conditions or trends in Telecom's industry;
- events affecting equities markets in the countries in which we operate;
- legal or regulatory measures affecting our and/or Telecom's financial conditions;
- departures of our and/or Telecom's management and key personnel; or
- potential litigation or the adverse resolution of pending litigation against us or our subsidiaries.

The stock markets in general have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the companies involved. We cannot assure you that trading prices and valuations will be sustained. These broad market and industry factors may materially adversely affect the market price of our Shares and the GDSs, regardless of our operating performance. Market fluctuations, as well as general political and economic conditions in the markets in which we operate, such as recession or currency exchange rate fluctuations, may also adversely affect the market price of our Shares and the GDSs.

Future sales of substantial amounts of our Class B Shares and GDSs, or the perception that such future sales may occur, may depress the price of our Class B Shares and GDSs.

Following periods of volatility in the market price of a company's securities, that company may often be subject to securities class-action litigation. This kind of litigation may result in substantial costs and a diversion of management's attention and resources, which would have a material adverse effect on our business, results of operations and financial condition.

Restrictions on transfers of foreign exchange and the repatriation of capital from Argentina may impair your ability to receive dividends and distributions on, and the proceeds of any sale of, the Class B Shares underlying the GDSs.

On 1 September 2019, the Argentine government issued Executive Decree No. 609/19 (as amended) which, inter alia, reinstated certain foreign currency exchange restrictions, most of which had been progressively repealed as from 2015. Decree No. 609/19 was further regulated, amended and complemented by several regulations issued by the BCRA (included, but not limited to, Communication "A" 6844, as further amended, supplemented and restated). Since then, the Argentine government implemented monetary and foreign exchange control measures that included restrictions on the transfer of funds abroad, including dividends, without prior approval by the BCRA or fulfilment of certain requirements.

In line with the restrictions that were in place in the past, the BCRA issued new regulations setting forth certain limitations on the flow of foreign currency into and from the Argentine foreign exchange market, aimed both at generating economic stability and supporting the country's economic recovery.

On 30 April 2020, the BCRA issued Communication "A" 7001 (as amended by Communication "A" 7030 and Communication "A" 7042 and as further amended and supplemented from time to time) Communication "A" 7001 setting forth certain limitations on the transfer of securities into and from Argentina. Pursuant to Communication "A" 7001 access to the Argentine foreign exchange market for the purchase or transfer of foreign currency abroad (for any purpose) shall be subject to BCRA's prior approval, if the individual or entity seeking access to the Argentine foreign exchange market has sold securities which settled in foreign currency or transferred any such securities to foreign depositaries during the immediately preceding 90 calendar days. Further, Communication "A" 7001 sets forth that the individual or entity must undertake not to perform any such sale or transfer during the succeeding 90 days after such access. In these cases, the Depositary for the GDSs may hold GDS holders' Argentine Pesos and may cannot convert them into foreign currency.

In addition, Communication "A" 7106 placed certain restrictions on foreign exchange transactions carried out by individuals, specifically with regards to payments with credit cards in foreign currency or with debit cards made abroad. Under Communication "A" 7106, it was also established that non-residents are not allowed to sell securities executed abroad in the local stock market in exchange for foreign currency.

We cannot predict how the current restrictions on foreign transfers of funds may change after the date hereof and whether they may impede our ability to fulfil our commitments in general and, in particular, our obligations underlying the GDSs. In addition, any future adoption by the Argentine government of restrictions to the movement of capital out of Argentina may affect the ability of our foreign shareholders and holders of GDSs to obtain the full value of their Class B Shares and GDSs, and may adversely affect the market value of the GDSs.

Trading of the Company's Class B Shares in the Argentine securities markets is limited and could experience further illiquidity and price volatility.

Argentine securities markets are substantially smaller, less liquid and more volatile than major securities markets in the United Kingdom. In addition, Argentine securities markets may be materially affected by developments in other emerging markets, particularly other countries in Latin America. Our Class B Shares underlying the GDSs are less actively traded than securities in more developed countries and, consequently, a GDS holder may have a limited ability to sell the Class B Shares underlying GDSs upon withdrawal from the GDSs facility in the amount and at the price and time that it may desire. This limited trading market may also increase the price volatility of the Class B Shares underlying the GDSs.

Holders of GDSs may be adversely affected by currency devaluations and foreign exchange fluctuations.

If the peso exchange rate falls relative to the U.S. dollar, the value of the GDSs and any distributions made thereon from the depositary could be adversely affected. Cash distributions made in respect of the GDSs may be received by the depositary (represented by the custodian bank in Argentina) in pesos, which will be converted into U.S. dollars and distributed by the depositary to the holders of GDSs if in the judgment of the depositary such amounts may be converted on a reasonable basis into U.S. dollars and transferred to GDS holders on a reasonable basis, subject to such distribution being impermissible or impracticable with respect to certain GDS holders. In addition, the depositary will incur foreign currency conversion costs (to be borne by the holders of the GDSs) in connection with the foreign currency conversion and subsequent distribution of dividends or other payments with respect to the GDSs.

The relative volatility and illiquidity of the Argentine securities markets may substantially limit your ability to sell the shares underlying the GDSs on the BYMA at the price and time desired by the shareholder.

Investing in securities that trade in emerging markets, such as Argentina, often involves greater risk than investing in securities of issuers in the United Kingdom, and such investments are generally considered to be more speculative in nature. The Argentine securities market is substantially smaller, less liquid, more concentrated and can be more volatile than major securities markets in the United Kingdom, and is not as highly regulated or supervised as some of these other markets. There is also significantly greater concentration in the Argentine securities market than in major securities markets in the United Kingdom. The ten largest companies in terms of market capitalisation represented approximately 90% of the aggregate market capitalisation of the BYMA as of 31 December 2020. Accordingly, although shareholders are entitled to withdraw the shares underlying the GDSs from the depositary at any time, the ability to sell such shares on the BYMA at a price and time shareholders might elect may be substantially limited.

We are traded on more than one market and this may result in price variations; in addition, investors may not be able to easily move shares for trading between such markets.

Trading in the shares underlying GDSs or the GDSs in Argentina and the United Kingdom, respectively, will use different currencies and take place at different times (resulting from different trading platforms, different time zones, different trading days and different public holidays in the United Kingdom and Argentina). The trading prices of the shares underlying GDSs on these two markets may differ due to these and other factors. Any decrease in the price of the shares underlying GDSs on the BYMA could cause a decrease in the trading price of the GDSs on the LSE. Investors could seek to sell or buy the shares underlying GDSs to take advantage of any price differences between the markets through a practice referred to as "arbitrage." Any arbitrage activity could create unexpected volatility in both our share prices on one exchange, and the GDSs available for trading on the other exchange. In addition, holders of GDSs will not be immediately able to surrender their GDSs and withdraw the underlying shares for trading on the other market without effecting necessary procedures with the depositary. This could result in time delays and additional cost for holders of GDSs.

If we do not file or maintain a registration statement and no exemption from the Securities Act of 1933 ("Securities Act") registration is available, U.S. holders of GDSs may be unable to exercise preemptive rights granted to our holders of shares underlying GDSs.

Under the GCL, if we issue new shares as part of a capital increase, our shareholders may have the right to subscribe to a proportional number of shares of the same class to maintain their existing ownership percentage. Rights to subscribe for shares in these circumstances are known as preemptive rights. In addition, shareholders are entitled to the right to subscribe for the unsubscribed shares remaining at the end of a preemptive rights offering on a pro rata basis, known as accretion rights.

Upon the occurrence of any future increase in our class B shares, U.S. persons (as defined in Regulation S under the Securities Act) holding our shares underlying GDSs or our GDSs may be unable to exercise preemptive and accretion rights granted to our holders of shares underlying GDSs in connection with any future issuance of our shares underlying GDSs unless a registration statement under the Securities Act is effective with respect to both the preemptive rights and the new shares underlying GDSs, or an exemption from the registration requirements of the Securities Act is available.

We are not obligated to file or maintain a registration statement relating to any preemptive rights offerings with respect to our shares underlying GDSs, and we cannot assure that we will file or maintain any such registration statement or that an exemption from registration will be available. Unless those shares underlying GDSs or GDSs are registered or an exemption from registration applies, a U.S. holder of our shares underlying GDSs or our GDSs may receive only the net proceeds from those preemptive rights and accretion rights if those rights can be assigned by the GDS depositary. If the rights cannot be sold, they will be allowed to lapse. Furthermore, the equity interest of holders of shares or GDSs located in the U.S. may be diluted proportionately upon future capital increases.

We are organised under the laws of Argentina and holders of the GDSs may find it difficult to enforce civil liability claims against us, our directors, officers and certain experts.

We are organised under the laws of Argentina. A significant portion of our and our subsidiaries' assets are located in Argentina. Furthermore, almost all of our directors, officers and advisors reside in Argentina. Investors may not be able to effect service of process in England upon such persons or to enforce against them or us in English courts judgments predicated upon the civil liability provisions of English law. Likewise, it may also be difficult for an investor to enforce in English courts judgments obtained against us or these persons in courts located in jurisdictions outside England, including judgments predicated upon the civil liability provisions of English law. It may also be difficult for an investor to bring an original action in an Argentine court predicated upon the civil liability provisions of English law against us or these persons.

Prior to any enforcement in Argentina, a judgment issued by an English court will be subject to the requirements of Article 517 through 519 of the Argentine Federal Civil and Commercial Procedure Code if enforcement is sought before federal courts or courts with jurisdiction in commercial matters of the City of Buenos Aires. Those requirements are: (1) the judgment, which must be valid and final in the jurisdiction where rendered, was issued by a competent court in accordance with the Argentine principles regarding international jurisdiction and resulted from a personal action, or an in rem action with respect to personal property which was transferred to Argentine territory during or after the prosecution of the foreign action; (2) the defendant against whom enforcement of the judgment is sought was personally served with the summons and, in accordance with due process of law, was given an opportunity to defend against foreign action; (3) the judgment must be valid in the jurisdiction where rendered, and its authenticity must be established in accordance with the requirements of Argentine law; (4) the judgment does not violate the principles of public policy of Argentine law; and (5) the judgment is not contrary to a prior or simultaneous judgment of an Argentine court. Any document in a language other than Spanish, including, without limitation, the foreign judgment and other documents related thereto, requires filing with the relevant court of a duly legalised translation by a sworn public translator into the Spanish language.

7. 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	Chairman
Sáenz Valiente, Ignacio José María	Vice Chairman
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.

8. 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.

9. 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.

10. FINANCIAL POSITION AND RESULTS OF ITS OPERATIONS

As mentioned in Note 1 to the Company's Consolidated financial statements, 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.

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 Telecom Argentina S.A. The Company holds an economic interest of 39.08% in the outstanding capital stock of Telecom Argentina.

Information per geographical area required under IFRS 8 (Operating Segments) is disclosed below (amounts in constant currency as of December 31, 2020):

i) Sales revenues from customers located in Argentina amounted to $ 280,625 million and $ 300,957 million during the years ended December 31, 2020 and 2019, respectively; while sales revenues from foreign customers amounted to $ 20,971 million and $ 21,729 million for the years 2020 and 2019, respectively;

ii) PP&E, goodwill, intangible assets, and right-of-use assets corresponding to the segment "Services rendered in Argentina" amounted to $ 654,312 million and $ 671,271 million as of December 31, 2020 and 2019, respectively; while PP&E, goodwill, intangible assets and right-of-use assets, and corresponding to the segment "Other Foreign Segments" amounted to $ 26,422 million and $ 27,153 million as of December 31, 2020 and 2019, respectively.

iii) The CAPEX corresponding to the segment “Services rendered in Argentina” amounted to $ 50,085 million and $ 82,209 million as of December 31, 2020 and 2019, respectively; while the CAPEX corresponding to the segment “Other Foreign Segments” amounted to $ 5,647 million and $ 6,947 million during fiscal years 2020 and 2019, respectively.

iv) The total amount of Loans corresponding to the segment “Services rendered in Argentina” amounted to $ 194,487 million and $ 201,349 million as of December 31, 2020 and 2019, respectively; while the total amount of Loans corresponding to the segment “Other Foreign Segments” amounted to $ 5,713 million and $ 5,579 million as of December 31, 2020 and 2019, respectively.

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 29 to the Consolidated Financial Statements.

11. 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, April 22, 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.

CONTROL ENVIRONMENT

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

XV. 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.

<u>ETHICS, INTEGRITY AND COMPLIANCE</u>

Principles

XVI. 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.

XVII. 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

XVIII. 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.
XIX. The company shall promote the active engagement of all shareholders with adequate information, especially in connection with the composition of the Board.
XX. The company must have a transparent Dividend Distribution Policy, in line with its strategy.
XXI. 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.

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Consolidated Financial Statements for the year ended December 31, 2020, presented on a comparative basis.

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.

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.

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

Amounts stated in Argentine Pesos - Note 1.c).

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.

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**

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, Amortization and Impairment of Fixed Assets		**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 Loss, net of Taxes		**(1,822)**	**(2,927)**
Total Comprehensive Loss		**(7,696)**	**(9,986)**
Net Loss attributable to:			
Shareholders of the Controlling Company		(3,011)	(4,118)
Non-Controlling Interest		(2,863)	(2,941)
Total Comprehensive 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.

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.

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 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 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.

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 Loss 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.

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.

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) Segment information.

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, Amortization and Impairment of Fixed Assets	**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 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, Amortization and Impairment of Fixed Assets	**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 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)

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.

In preparing these consolidated financial statements for the year ending December 31, 2020, and for the purposes of presentation to the London Stock Exchange (LSE), the Company has followed accounting policies that are in accordance with IFRS.

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, were approved by a resolution of the Board of Directors at the meeting held on April 22, 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.

<u>c) REGULATORY FRAMEWORK OF THE SERVICES PROVIDED BY THE GROUP</u>

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.

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

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.

<u>Injunction requested by an industry representative in Córdoba</u>

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.

<u>d) UNIVERSAL SERVICE REGULATION</u>

- **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.

<u>e) SPECTRUM</u>

- **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**

- **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 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.

- **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. 98/10, 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.

- **<u>Quality Rules for ICT Services.</u>**

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.

- **<u>National Rules for Contingencies.</u>**

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.

- **<u>Regulations on International Roaming between Argentina and Chile</u>**

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.

- **<u>Infrastructure Sharing Regulation</u>**

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) <u>Intangible Assets</u>

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) <u>Right-of-Use Assets and Liabilities</u>

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) <u>Goodwill</u>

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) <u>Impairment of Fixed Assets</u>

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:

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	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 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	December 31, 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	December 31, 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)**

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	Collection of Dividends: 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	Amount Distributed: 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.

	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)**

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**

NOTE 13 - ACCOUNTS PAYABLE

	December 31, 2020	December 31, 2019
Current		
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 Financial 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.

<u>Loans with Banco ICBC</u>

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.

<u>Loan with Banco Galicia</u>

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.

<u>Other Bank Loans</u>

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

<u>Cisco Systems Capital Corporation</u>

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.

<u>Núcleo</u>

<u>Global Notes Program</u>

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.

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 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	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	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**

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	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) <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 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) <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, 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) *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 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) <u>Additional Rate for the Tax on Commercial, Industrial or Service Revenues or “IRACIS"</u>

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. <u>Remote Contingencies</u>

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. <u>Active Contingencies</u>

<u>“AFA Plus Project” Claim</u>

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.

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)**

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
	Income (loss)	
Employee benefit expenses and severance payments		
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 (loss): 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 23 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			
Ver TV	Associate	2	-
		2	**-**
Other Receivables			
La Capital Cable S.A.	Associate	105	49
Teledifusora San Miguel Arcángel S.A.	Associate	3	30
Ver TV	Associate	10	78
		118	**157**
CURRENT LIABILITIES			
Other Liabilities			
Televisora Privada del Oeste S.A.	Associate	3	3
		3	**3**

- **Related Parties**

	Type of related party	December 31, 2020	December 31, 2019
CURRENT ASSETS			
Trade Receivables			
Other Related Parties	Related company	165	186
		165	**186**
Other Receivables			
Other Related Parties	Related company	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.

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.

2) <u>Collection of Dividends from Associates</u>

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.

3) *<u>Injunction issued in re "Catrie Televisora Color S.R.L. v. National Government re: Merely</u>* declaratory judgment action of unconstitutionality"

On March 31, 2021, Telecom received a communication from the Argentine Cable Television Association (ATVC, for its Spanish acronym) informing that, in re "Catrie Televisora Color S.R.L. v. National Government re: Merely declaratory judgment action of unconstitutionality" (File No. 858/21) brought before Federal Court No. 1 of the Province of Córdoba, it had requested joint litigation, pursuant to Article 90, subsection 2 of the Civil and Commercial Procedure Code of Argentina, invoking the legal standing for a collective claim, on behalf of the member companies, and that the injunction granted on said file be extended.

On the same date, ATVC was notified of the resolution issued by Federal Court No. 1 of the Province of Córdoba dated March 30, 2021 in re File No. 858/2021, whereby said court decided: 1) to grant ATVC's request for joint litigation; 2) to transform the proceeding into a collective claim; 3) to determine that the collective claim encompasses the cable television and ICT services companies that are members of ATVC; and 4) to order the National Government to suspend the application and enforcement of Emergency Decree No. 690/20 and of all regulations issued in connection with and based on said decree. In addition, said court ordered the National Executive Branch and the ENACOM to refrain from issuing or pursuing any measure based on said Decree until a final decision is rendered with respect to all the companies included in the certified class under this proceeding.

Telecom and its legal advisors are analyzing the effects of this injunction since Telecom Argentina is a member of ATVC.

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.

These consolidated financial statements for the year ended December 31, 2020, and for the purposes of their filing with the LSE, have been approved by Cablevisión Holding's Board of Directors on April 22, 2021.

Independent auditor's report

To the Shareholders, President and Directors of
Cablevisión Holding S.A.

Opinion

We have audited the consolidated financial statements of Cablevisión Holding S.A. ("the Company") and its subsidiaries ("the Group") which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, which include 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 as at December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's 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) and the ethical requirements that are relevant to our audit of the consolidated financial statements in Argentina. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Emphasis of Matter – Dispute of SCI's Resolution 50/10

Without modifying our opinion, we 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 of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Recoverability of Goodwill - CGU in Argentina	
The Group's consolidated goodwill balance was $ 238,592 million as of December 31, 2020, and the goodwill associated with the business in Argentina was $ 237,325 million. 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 matter 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.

Other information

The other information comprises the Annual Report. Board of Directors is responsible for the other information.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Board of Directors and Audit Committee for the consolidated financial statements

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

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

Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Board of Directors.
- Conclude on the appropriateness of Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on

the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

Autonomous City of Buenos Aires, April 22nd, 2021.

PRICE WATERHOUSE & CO. S.R.L.
Carlos Alberto Pace
Partner