



Cablevisión Holding S.A.

Interim Condensed Consolidated Financial Statements

For the nine-month period ended September 30, 2019
presented on a comparative basis

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

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CABLEVISIÓN HOLDING S.A.

Registration number with the IGJ: 1,908,463

Interim Condensed Consolidated Financial Statements for the nine-month period ended September 30, 2019

GLOSSARY OF TERMS

The Company / Cablevisión Holding	Interchangeably, Cablevisión Holding S.A.
Telecom Argentina/Telecom Group	Interchangeably, Telecom Argentina S.A.
Telecom Group	Economic group composed by the Company and its subsidiaries.
Telecom Personal/Personal/Micro Sistemas/Telintar/Pem/CV Berazategui/Cable Imagen/ Última Milla/AVC Continente Audiovisual/Inter Radios	Economic group composed by Telecom Argentina and its subsidiaries. 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 Telecom, directly or indirectly, to wit: Telecom Personal S.A., Micro Sistemas S.A., Telecomunicaciones Internacionales de Argentina Telintar S.A., Pem S.A., CV Berazategui S.A., Cable Imagen S.R.L., Última Milla S.A., AVC Continente Audiovisual S.A., Inter Radios S.A.U.
Sofofa	Sofofa Telecomunicaciones S.A.
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.
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.
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.
FFSU 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.
IFRS	International Financial Reporting Standards, issued by IASB.
NORTEL	Nortel Inversora S.A.
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).
Roaming	Charges for the use of network availability to customers of other national and foreign carriers.

See our report dated
November 11, 2019

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C.A.B.A. Vol. 1 Fol. 17

Pablo San Martín
Supervisory Committee

Sebastián Bardengo
Chairman

CABLEVISIÓN HOLDING S.A.

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GLOSSARY OF TERMS

TR/FACPCE	Technical Resolutions issued by the " <i>Federación Argentina de Consejos Profesionales de Ciencias Económicas</i> " (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	(<i>Servicio Básico Telefónico</i>): Basic Telephony Service.
SC	(<i>Secretaría de Comunicaciones</i>): Argentine Secretariat of Communications.
SCMA	(<i>Servicio de Comunicaciones Móviles Avanzadas</i>): Advanced Mobile Communications Service.
SEC	Securities and Exchange Commission.
SRCE	(<i>Servicio Radioeléctrico de Concentración de Enlaces</i>): Radio electric trunking services.
SRMC	(<i>Servicio de Radiocomunicaciones Móvil Celular</i>): Cellular Mobile Radiocommunications Service.
SRS	(<i>Servicio de Radiodifusión por Suscripción por vínculo físico y/o radioeléctrico</i>): Physical and/or radio-electric link subscription broadcasting services.
STM	(<i>Servicio de Telefonía Móvil</i>): Mobile Telephony Services.
SU	(<i>Servicio Universal</i>): 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.
TLRD	(<i>Terminación Llamada Red Destino</i>): 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	(<i>Valor Patrimonial Proporcional</i>): Equity Method.
WAI	W de Argentina-Inversiones S.A, former controlling company of Telecom

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Interim Condensed Consolidated Financial Statements as of September 30, 2019 and for the nine-month period beginning January 1, 2019 and ended September 30, 2019.

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

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

Main corporate business: Investing and financing

Date of incorporation: December 1, 2016

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

Business start date: May 1, 2017

Registration number with the IGJ: 1,908,463

Expiration of Articles of Incorporation: April 27, 2116

Information on Parent Company:

Name: GC Dominio S.A.

Registered office: Piedras 1743, Buenos Aires, Argentina

The information about the Company's subsidiaries is disclosed in Note 1 to the Interim Condensed Consolidated Financial Statements.

CAPITAL STOCK STRUCTURE (Note 20)

Type	Number of votes per share	Outstanding Shares	Treasury Stock	Total Subscribed, Registered and Paid-in Capital
Class "A" Common shares, \$1 par value	5	47,753,621	-	47,753,621
Class "B" Common shares, \$1 par value	1	121,104,504	1,578	121,106,082
Class "C" Common shares, \$1 par value	1	11,782,877	-	11,782,877
Total as of September 30, 2019		180,641,002	1,578	180,642,580

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CABLEVISIÓN HOLDING S.A.

Registration number with the IGJ: 1,908,463

CABLEVISIÓN HOLDING S.A.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2019 AND 2018,
AND THE THREE-MONTH PERIODS BEGINNING ON JULY 1
AND ENDED ON SEPTEMBER 30, 2019 AND 2018
(in millions of Argentine pesos)

	<u>Note</u>	<u>September 30, 2019</u>	<u>September 30, 2018</u>	<u>July 1, 2019 through September 30, 2019</u>	<u>July 1, 2018 through September 30, 2018</u>
Revenues	21	159,699	177,898	53,106	57,444
Employee benefit expenses and severance payments	22	(30,426)	(31,130)	(10,072)	(10,353)
Interconnection and Transmission Costs		(5,102)	(5,701)	(1,742)	(1,943)
Fees for Services, Maintenance, Materials and Supplies	22	(17,332)	(17,396)	(6,262)	(6,262)
Taxes and Fees with the Regulatory Authority	22	(12,520)	(14,319)	(4,060)	(4,505)
Commissions and Advertising		(9,538)	(11,312)	(3,262)	(3,747)
Cost of Equipment and Handsets	22	(7,495)	(10,162)	(2,278)	(3,065)
Programming and Content Costs		(12,043)	(12,760)	(4,008)	(4,259)
Bad Debt Expenses	3	(4,348)	(3,553)	(1,352)	(1,165)
Other Operating Income and Expense	22	(7,945)	(9,729)	(2,764)	(3,306)
Operating Income before Depreciation and Amortization		52,950	61,836	17,306	18,839
Depreciation, Amortization and Impairment of PP&E, Intangible Assets and Rights of Use.	22	(38,812)	(33,796)	(13,535)	(12,196)
Operating Income		14,138	28,040	3,771	6,643
Equity in Earnings from Associates	2.a	(204)	209	(390)	11
Financial Expenses on Debts	23	(25,817)	(68,344)	(28,040)	(46,413)
Other Financial Results, net	23	9,317	10,409	6,398	14,397
Loss before Income Tax Expense		(2,566)	(29,686)	(18,261)	(25,362)
Income Tax	13	(12,543)	11,257	(3,970)	7,152
Net Loss		(15,109)	(18,429)	(22,231)	(18,210)
Other Comprehensive Income - to be subsequently reclassified to profit or loss					
Currency Translation Adjustments (no effect on Income Tax)		(495)	3,874	1,668	1,872
Effect of NDF classified as hedges		(360)	544	(83)	214
Tax Effect of NDF classified as hedges		94	(153)	40	(52)
Other Comprehensive Income, net of Taxes		(761)	4,265	1,625	2,034
Total Comprehensive Income		(15,870)	(14,164)	(20,606)	(16,176)
Net Income attributable to:					
Shareholders of the Controlling Company		(7,477)	(11,356)	(9,921)	(8,780)
Non-Controlling Interest		(7,632)	(7,073)	(12,310)	(9,430)
Total Comprehensive Income (Loss) Attributable to:					
Shareholders of the Controlling Company		(7,762)	(10,122)	(9,464)	(8,132)
Non-Controlling Interest		(8,108)	(4,042)	(11,142)	(8,044)
Basic and Diluted Earnings per Share attributable to the Shareholders of the Controlling Company (in pesos)	24	(41.39)	(62.86)	(54.92)	(48.62)

Additional information on costs by function is provided in Note 22.

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

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November 11, 2019

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C.P.C.E.C.A.B.A. Vol. 1 Fol. 17

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Chairman

CABLEVISIÓN HOLDING S.A.

Registration number with the IGJ: 1,908,463

CABLEVISIÓN HOLDING S.A.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2019 AND DECEMBER 31, 2018
(in millions of Argentine pesos)

ASSETS	Note	September 30, 2019	December 31, 2018
CURRENT ASSETS			
Cash and Cash Equivalents	2	38,854	10,267
Investments	2	1,251	1,888
Trade Receivables	3	16,192	23,979
Other Receivables	4	6,049	7,063
Inventories	5	3,459	3,769
Other Assets		357	412
Total Current Assets		66,162	47,378
NON-CURRENT ASSETS			
Trade Receivables	3	101	84
Other Receivables	4	1,986	2,750
Deferred Income Tax Assets	13	171	161
Investments	2	2,079	7,704
Goodwill	6	157,047	157,098
Property, Plant and Equipment ("PP&E")	7	215,165	206,826
Intangible Assets	8	77,184	81,667
Right-of-Use Assets	9	8,207	781
Total Non-Current Assets		461,940	457,071
Total Assets		528,102	504,449
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	10	29,791	31,517
Financial Debt	11	38,938	38,864
Salaries and Social Security Payables	12	7,431	8,200
Taxes Payable	14	2,525	3,236
Lease Liabilities	15	2,829	-
Other Liabilities	16	1,782	2,202
Provisions	17	909	1,024
Total Current Liabilities		84,205	85,043
NON-CURRENT LIABILITIES			
Accounts Payable	10	1,725	785
Financial Debt	11	115,473	81,609
Salaries and Social Security Payables	12	609	478
Deferred Income Tax Liabilities	13	46,008	33,793
Taxes Payable	14	17	36
Lease Liabilities	15	3,657	-
Other Liabilities	16	1,355	1,597
Provisions	17	4,247	4,775
Total Non-Current Liabilities		173,091	123,073
Total Liabilities		257,296	208,116
EQUITY (as per the corresponding statement)			
Attributable to Shareholders of the Parent Company		107,516	115,307
Attributable to Non-Controlling Interests		163,290	181,026
TOTAL EQUITY		270,806	296,333
TOTAL LIABILITIES AND EQUITY		528,102	504,449

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

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CABLEVISIÓN HOLDING S.A.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2019 AND 2018
(in millions of Argentine pesos)

	Equity attributable to Shareholders of the Parent Company									Total Equity of Controlling Interests	Equity Attributable to Non-Controlling Interests	Total Equity
	Shareholders' Contribution			Other Items		Retained Earnings			Subtotal			
	Capital Stock ⁽¹⁾	Inflation Adjustment on Capital Stock	Additional Paid-in Capital	Other Comprehensive Income	Other Reserves	Legal Reserve	Voluntary Reserves	Retained Earnings				
Balances as of January 1, 2018	181	5,509	13,380	19,070	(1,555)	(10)	190	9,366	19,010	46,071	22,737	68,808
Effect of Adopting New Accounting Policies	-	-	-	-	-	-	-	-	(137)	(137)	(99)	(236)
Effect of the Merger	-	-	-	-	-	71,172	-	-	-	71,172	176,896	248,068
Set-up of Reserves	-	-	-	-	-	-	-	3,285	(3,285)	-	-	-
Dividends and Other Movements of Non-Controlling Interest	-	-	-	-	-	-	-	-	-	-	(24,188)	(24,188)
Changes in Other Reserves	-	-	-	-	-	(70)	-	-	-	(70)	(112)	(182)
Net Income (Loss) for the Period	-	-	-	-	-	-	-	-	(11,356)	(11,356)	(7,073)	(18,429)
Other Comprehensive Income	-	-	-	-	1,234	-	-	-	-	1,234	3,031	4,265
Balances as of September 30, 2018	181	5,509	13,380	19,070	(321)	71,092	190	12,651	4,232	106,914	171,192	278,106
Balances as of January 1, 2019	181	5,509	13,380	19,070	(945)	70,962	190	12,651	13,379	115,307	181,026	296,333
Set-up of Reserves (Note 26.1)	-	-	-	-	-	-	948	79,382	(80,330)	-	-	-
Dividends and Other Movements of Non-Controlling Interest	-	-	-	-	-	-	-	-	-	-	(9,500)	(9,500)
Acquisition of an equity interest in Tuves Irrevocable Call and Put Option on the Shares of AVC Continente Audiovisual	-	-	-	-	-	12	-	-	-	12	(66)	(54)
	-	-	-	-	-	(41)	-	-	-	(41)	(62)	(103)
Net Income (Loss) for the Period	-	-	-	-	-	-	-	-	(7,477)	(7,477)	(7,632)	(15,109)
Other Comprehensive Income	-	-	-	-	(285)	-	-	-	-	(285)	(476)	(761)
Balances as of September 30, 2019	181	5,509	13,380	19,070	(1,230)	70,933	1,138	(2) 92.033	(74.428)	107,516	163,290	270,806

(1) Includes 1,578 treasury shares. See Note 20.

(2) Broken down as follows: (i) Voluntary Reserve for Illiquid Results of \$ 75,510, (ii) Voluntary Reserve for Financial Obligations of \$ 16,523.

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

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CABLEVISIÓN HOLDING S.A.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2019 AND 2018
(in millions of Argentine pesos)

	<u>Note</u>	<u>September 30,</u> <u>2019</u>	<u>September 30,</u> <u>2018</u>
<u>CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES</u>			
Net Loss		(15,109)	(18,429)
Adjustments to reconcile Net Income to net Cash flows provided by Operating Activities			
Allowances Deducted from Assets and Provisions for Lawsuits and Other Contingencies		7,059	3,628
Depreciation of PP&E	7	30,946	27,701
Amortization of Intangible Assets	8	5,648	5,566
Amortization of Rights of Use	22	2,195	73
Equity in Earnings from Associates	2.a	204	(209)
Impairment of PP&E		23	456
Net Book Value of PP&E		97	984
Financial Results and Other		24,322	54,244
Income Tax Expense	13	12,543	(11,257)
Income Tax Paid		(1,352)	(8,937)
Decrease (Increase) in Assets, Net	2.b	2,175	(5,573)
Net Decrease in Liabilities	2.b	(13,222)	(9,237)
Net Cash Flows provided by Operating Activities		55,529	39,010
<u>CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES</u>			
PP&E Acquisitions		(31,154)	(30,629)
Intangible Assets Acquisition		(1,111)	(3,528)
Acquisition of an equity interest in Tuves		(54)	-
Acquisition of an equity interest in CV Berazategui		-	(324)
Collection of Dividends	2.b	147	68
Cash Incorporated under the Merger		-	5,658
Income from Sale of PP&E and Intangible Assets		1	57
Investments not considered as cash and cash equivalents		4,344	3,694
Net Cash Flows used in Investing Activities		(27,827)	(25,004)
<u>CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES</u>			
Proceeds from Financial Debt	2.b	48,402	42,384
Payment of Financial Debt	2.b	(31,145)	(24,889)
Payment of Interest and Related Expenses	2.b	(6,558)	(4,293)
Payment of Lease Liabilities		(1,755)	-
Decrease in the Reserve Account		108	497
Payment of Cash Dividends to Non-Controlling Interests	2.b	(9,257)	(26,030)
Net Cash Flows used in Financing Activities		(205)	(12,331)
NET INCREASE IN CASH FLOWS		27,497	1,675
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR:		10,267	10,199
EFFECTS OF EXCHANGE RATE DIFFERENCES AND GAIN (LOSS) ON NET MONETARY POSITION ON CASH AND CASH EQUIVALENTS		1,090	4,960
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		38,854	16,834

See Note 2.b for additional information on the consolidated statement of cash flows.

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

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CABLEVISIÓN HOLDING S.A.
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019
(in millions of Argentine pesos)

NOTE 1 – GENERAL INFORMATION AND BASIS FOR THE PRESENTATION OF THE INTERIM CONDENSED 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.

Telecom provides mainly fixed-line public and mobile telecommunication services, international long-distance service, data transmission and Internet services in Argentina and through its subsidiaries, mobile telecommunications services in Paraguay and international wholesale services in the United States of America.

As a consequence of the merger between Telecom and Cablevisión S.A., Telecom Argentina, as the legal surviving entity after the merger, develops, as from fiscal year 2018, the operations that Cablevisión S.A. developed until December 31, 2017.

The core business of Cablevisión and some of its subsidiaries was the operation of the cable television networks installed in different regions of Argentina and Uruguay and the provision of telecommunication and data transmission services.

Cablevisión exploited cable television services through licenses original granted by the COMFER and telecommunication services through licenses granted by the SC.

Information on the Group's licenses and on the applicable regulatory framework is described under Note 2 to the Company's annual financial statements as of December 31, 2018.

As of September 30, 2019 and December 31, 2018, the following are the most significant subsidiaries included in the consolidation process and the respective interests:

Company	Country	Interest as of September 30, 2019 ⁽²⁾	Direct and indirect interest in capital stock and votes as of 12.31.2018
Telecom Argentina ⁽¹⁾	Argentina	39.08%	39.08%

(1) See Note 28.

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- (2) As mentioned in Note 27.a) to these consolidated financial statements, on April 15, 2019, the Voting Trust created under the trust agreement (the "Trust Agreement") was formalized. Under said Voting Trust, Fintech Telecom LLC and VLG S.A.U., a subsidiary of the Company, each contributed the bare ownership -which includes the voting rights- of 235,177,350 shares of Telecom Argentina which represent 10.92% of the outstanding share capital 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 share capital 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 Shareholders' Agreement executed by Telecom Argentina. 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 Shareholders' Agreement executed by Telecom Argentina, 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 as of September 30, 2019. The Shares in Trust, in these cases, shall be voted by the trustee appointed by Fintech.

b) 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 by TR 29 and TR 43) issued by FACPCE, which adopted the IFRS as issued by the IASB. Those standards were adopted by the CPCECABA.

The Company has opted for the condensed format approach provided by IAS 34 to prepare these consolidated financial statements. To this end, these financial statements were prepared following the same accounting policies as those applied in the Company's most recent annual financial statements, except for the application of IFRS 16 (see Note 1.f). Accordingly, the Company has not included all the information required for a complete set of annual financial statements. Consequently, these consolidated financial statements should be read together with the Company's most recent annual financial statements.

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.

These consolidated financial statements (except for the statement of cash flows) were prepared in constant currency (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 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 interim consolidated financial statements as of September 30, 2019, as well as the separate financial statements as of the same date, were approved by a resolution of the Board of Directors at the meeting held on November 11, 2019.

c) Interim Condensed Consolidated Financial Statements Formats

The interim condensed 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 the period-end;
- the consolidated income statement has been prepared by classifying operating expenses by nature of expense as this form of presentation is considered more appropriate and 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;

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- the consolidated statement of comprehensive income includes the net profit (or loss) for the period 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 profit (loss) for the period, (ii) other comprehensive income (loss) for the period, and (iii) transactions with shareholders (owners and non-controlling interest);
- the consolidated statement of cash flows has been prepared by presenting cash flows from operating activities according to the “indirect method”, as permitted by IAS 7.

These consolidated financial statements contain all the disclosures required under IAS 34. Some additional disclosures required by the LGS and/or by the CNV have been also included, among them, supplementary information required in the last paragraph of Article 1 Chapter III Title IV of the CNV General Resolution No. 622/13. That information is included in the Notes to these consolidated financial statements, as provided by IFRS.

d) Segment information.

An operating segment is defined as a component of an entity or an Economic Group that engages in business activities, from which it may earn revenues and incur expenses, and whose financial information is available, held 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 and not one of them in particular. Based on the above and in accordance with effective accounting principles (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 nine-month periods ended September 30, 2019 and 2018, respectively:

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□ Consolidated income statement for the nine-month period ended September 30, 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	129,511	20,437	149,948	9,074	1,501	10,575	(824)	159,699
Operating Costs (Not Including Depreciation, Amortization and Impairment of PP&E, Intangible Assets and Rights of Use)	(85,578)	(14,694)	(100,272)	(6,266)	(1,035)	(7,301)	824	(106,749)
Operating Income before Depreciation and Amortization	43,933	5,743	49,676	2,808	466	3,274	-	52,950
Depreciation, Amortization and Impairment of PP&E, Intangible Assets and Rights of Use.	(18,084)	(18,268)	(36,352)	(2,023)	(437)	(2,460)	-	(38,812)
Operating Income	25,849	(12,525)	13,324	785	29	814	-	14,138

Equity in Earnings from Associates	(204)
Financial Expenses on Debts	(25,817)
Other Financial Results, net	9,317
Loss before Income Tax Expense	(2,566)
Income Tax	(12,543)
Net Loss	(15,109)
Attributable to:	
Shareholder of the Controlling Company	(7,477)
Non-Controlling Interest	(7,632)
	(15,109)

□ Consolidated income statement for the nine-month period ended September 30, 2018

	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	94,457	74,403	168,860	5,355	4,258	9,613	(575)	177,898
Operating Costs (Not Including Depreciation, Amortization and Impairment of PP&E, Intangible Assets and Rights of Use)	(61,043)	(48,940)	(109,983)	(3,707)	(2,947)	(6,654)	575	(116,062)
Operating Income before Depreciation and Amortization	33,414	25,463	58,877	1,648	1,311	2,959	-	61,836
Depreciation, Amortization and Impairment of PP&E, Intangible Assets and Rights of Use.	(13,978)	(17,514)	(31,492)	(1,263)	(1,041)	(2,304)	-	(33,796)
Operating Income	19,436	7,949	27,385	385	270	655	-	28,040

Equity in Earnings from Associates	209
Financial Expenses on Debts	(68,344)
Other Financial Results, net	10,409
Loss before Income Tax Expense	(29,686)
Income Tax	11,257
Net Loss	(18,429)
Attributable to:	
Shareholder of the Controlling Company	(11,356)
Non-Controlling Interest	(7,073)
	(18,429)

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

- i) Sales revenues from customers located in Argentina amounted to \$ 149,128 million and \$ 168,126 million during the nine-month periods ended September 30, 2019 and 2018, respectively; while sales revenues from foreign customers amounted to \$ 10,571 million and \$9,772 million during the nine-month periods ended September 30, 2019 and 2018, respectively;

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- ii) PP&E, goodwill, intangible assets, and rights of use corresponding to the segment “Services rendered in Argentina” amounted to \$438,800 million and \$430,150 million as of September 30, 2019 and December 31, 2018, respectively; while PP&E, goodwill, rights of use assets, and intangible assets corresponding to the segment “Other Foreign Segments” amounted to \$ 18,803 million and \$16,222 million as of September 30, 2019 and December 31, 2018, respectively.
- iii) The total amount of Loans corresponding to the segment “Services rendered in Argentina” amounted to \$ 150,278 million and \$ 117,375 million as of September 30, 2019 and December 31, 2018, respectively; while the total amount of Loans corresponding to the segment “Other Foreign Segments” amounted to \$ 4,133 million and \$ 3,098 million as of September 30, 2019 and December 31, 2018, respectively.

e) **IAS 29 (Financial Reporting in Hyperinflationary Economies)**

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

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

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

In addition, Law No. 27,468 (published in the Official Gazette on December 4, 2018) amended Section 10 of Law No. 23,928, as amended, providing that the repeal of all the laws and regulations that establish or authorize price indexation, currency restatement, cost variance and any other form of restatement of debts, taxes, prices or fees related to property, works or services, does not apply to financial statements, which remain subject to Section 62 of the General Associations Law, as amended. In addition, it repealed Decree No. 1,269/2002, as amended, and delegated on the Executive Branch, through its oversight agencies, the power to set the date as from which those regulations will come into effect with respect to financial statements.

Therefore, through Resolution No. 777/18 (published in the Official Gazette on December 28, 2018), the CNV, the local regulator, also established the method to restate financial statements in constant currency to be applied by issuers subject to the oversight of the CNV, in accordance with IAS 29 for years/periods ended as from December 31, 2018. Therefore, these financial statements have been restated in constant currency as of September 30, 2019.

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 those indexes over the last three fiscal years and as of September 30, 2019, according to official statistics (INDEC) in accordance with the guidelines described under Resolution No. 539/18:

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	<u>As of</u> <u>December 31,</u> <u>2016</u>	<u>As of</u> <u>December</u> <u>31, 2017</u>	<u>As of</u> <u>December 31,</u> <u>2018</u>	<u>As of</u> <u>September</u> <u>30, 2018</u>	<u>As of</u> <u>September</u> <u>30, 2019</u>
<u>Variation of Prices</u>					
Annual	34.6%	24.8%	47.6%	40.5%	53.5%
Accumulated over 3 years	102.3%	96.8%	148.0%	137.9%	160.1%
Accumulated over 3 months since					
June	n/a	n/a	n/a	14.1%	12.5%
Accumulated over 9 months	n/a	n/a	n/a	32.4%	37.7%

The Company applied the same restatement policies to the items identified in the annual consolidated financial statements as of December 31, 2018. The exchange differences, as well as the interest accrued, are calculated in real terms, excluding the corresponding inflationary effect.

f) IFRS 16 (Leases)

IFRS 16, issued in January 2016, replaces IAS 17, IFRIC 14 and SIC 15 and 27. This standard establishes the criteria for recognition and valuation of leases for lessees and lessors. The changes incorporated have an impact mainly on the lessees' accounting.

IFRS 16, effective as from January 1, 2019, provides that the lessee recognizes a right of use asset and a liability at present value with respect to those contracts that meet the definition of leases under IFRS 16. 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.

The application of IFRS 16 generates an increase in assets and liabilities and a decrease in operating costs. It also generates an increase in the balance of amortization of rights of use and financial results as a result of the restatement of lease liabilities. In addition, it changes the presentation of the income statement and the statement of cash flows. The Company has applied this standard retroactively, recognizing the accumulated effect on the date of initial application.

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 commercial offices and for other purposes); c) leases of posts (for cable-laying); d) rights of use of dark fiber (lease of fiber optic cables for data transmission), and e) leases of locations (for co-location of antennas).

The initial impact of the implementation of this standard generated an increase in non-current assets due to the initial recognition of the right-of-use assets of \$6,168 million and current and non-current liabilities due to the initial recognition of Lease Liabilities of \$5,346 million in constant currency as of September 30, 2019. In addition, PP&E asset retirement obligations for \$222 million and irrevocable rights from the use of intangible assets for \$559 million were reclassified as right-of-use assets.

The following is a breakdown of the residual value of right-of-use assets, valued at amortized cost, as of January 1, 2019 and September 30, 2019:

	<u>January 1,</u> <u>2019</u>	<u>September 30,</u> <u>2019</u>
Posts	416	274
Buildings and Other	1,028	1,276
Sites and Other (1)	4,369	5,618
Lease Payments	355	327
Asset Retirement Obligations	222	209
Irrevocable Rights of Use (IRUs)	559	503
Ending Balances (1)	<u>6,949</u>	<u>8,207</u>

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(1) Includes \$1,039 million and \$1,014 million corresponding to Núcleo S.A.E. as of January 1, 2019 and September 30, 2019, respectively.

As a consequence of the application of IFRS 16, the Company recorded in the statement of income for the nine-month period ended September 30, 2019 a decrease in operating leases for \$2,317 million, an increase in the amortization of rights of use for \$2,114 million (without considering the amortization of irrevocable rights of use and asset retirement obligations) and an increase in financial results derived from the restatement of lease liabilities for \$1,554 million, generating a net loss of \$1,351 million before income tax and a deferred income tax expense of \$346 million (a net loss of \$1,005 million). 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\$.

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS. ADDITIONAL INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

a) Cash and Cash Equivalents and Investments

The breakdown of cash and cash equivalents and investments is as follows:

	<u>September 30,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
<u>Cash and Cash Equivalents</u>		
Cash and Banks	1,691	2,618
Short-Term Investments	1,185	7,566
Mutual Funds	35,978	83
Total Cash and Cash Equivalents	<u>38,854</u>	<u>10,267</u>
<u>Investments</u>		
<u>Current</u>		
Notes and Bonds at Fair Value	248	1,001
Notes and Bonds at Amortized Cost	1,960	715
Mutual Funds	60	3
Other Investments at Amortized Cost	29	169
Allowance for Credit Losses (*)	(1,046)	-
Total Current Investments	<u>1,251</u>	<u>1,888</u>
<u>Non-Current</u>		
Notes and Bonds at Amortized Cost	2,426	6,371
Allowance for Credit Losses (*)	(1,370)	-
Investments in Associates (**)	1,022	1,332
Trust "Complejo industrial de Telecomunicaciones 2003"	1	1
Total Non-Current Investments	<u>2,079</u>	<u>7,704</u>

(*) 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.

(**) The information on investments in associates is detailed below:

Financial Position Information

Companies	Main business activity	Country	Interest in Capital and Votes	Valuation at	
				9/30/2019	12/31/2018
Ver T.V. S.A. (1)	Cable Television Station	Argentina	49.00	574	816
Teledifusora San Miguel Arcángel S.A. (1) (2) (3)	Cable Television Station	Argentina	50.10	237	311
La Capital Cable S.A. (2)	Closed-Circuit Television	Argentina	50.00	205	197
Other minor investments valued under the equity method				6	8
Total				<u>1,022</u>	<u>1,332</u>

(1) The data about the issuer arise from non-accounting information.

(2) Direct and Indirect Interest.

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(3) Even though Telecom has an interest of more than 50%, it does not exercise control or significant power in accordance with the requirements of IFRS.

Information on Income

	<u>Nine-month periods</u>		<u>Three-month periods</u>	
	<u>ended September 30</u>		<u>ended September 30</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Ver T.V. S.A.	(180)	122	(310)	(1)
Teledifusora San Miguel Arcángel S.A.	(47)	61	(97)	5
La Capital Cable S.A.	23	26	17	7
Total	<u>(204)</u>	<u>209</u>	<u>(390)</u>	<u>11</u>

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

	<u>September 30,</u>	
	<u>2019</u>	<u>2018</u>
Balances at the beginning of the year:	-	-
Increases - Other Financial Income and Expense, net	(1,046)	-
Balances at period-end	<u>(1,046)</u>	<u>-</u>

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

	<u>September 30,</u>	
	<u>2019</u>	<u>2018</u>
Balances at the beginning of the year:	-	-
Increases - Other Financial Income and Expense, net	(1,370)	-
Balances at period-end	<u>(1,370)</u>	<u>-</u>

b) Additional Information about the Consolidated Statement of Cash Flows

The Company applies the indirect method to reconcile the net income for the period 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:

	<u>September 30, 2019</u>	<u>September 30,</u> <u>2018</u>
Net Decrease (Increase) of Assets		
Trade Receivables	3,206	(4,063)
Other Receivables	(1,121)	(1,063)
Inventories	90	(447)
	<u>2,175</u>	<u>(5,573)</u>
Net Increase (Decrease) of Liabilities		
Accounts Payable	(8,292)	(1,614)
Salaries and Social Security Payables	(612)	(875)
Taxes Payable	(568)	(4,384)
Other Liabilities and Provisions	(3,750)	(2,364)
	<u>(13,222)</u>	<u>(9,237)</u>

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Main Financing Activities Components

The following table presents the financing activities components:

	<u>September 30,</u>	
	<u>2019</u>	<u>2018</u>
Bank Overdraft	5,036	69
Notes	20,143	-
For Acquisition of Equipment	755	1,166
Banks and other Financial Institutions	22,468	41,149
Proceeds from Financial Debt	<u>48,402</u>	<u>42,384</u>
Notes	-	(2,580)
Banks and other Financial Institutions	(29,061)	(20,774)
For Acquisition of Equipment	(2,084)	(1,535)
Payment of Financial Debt	<u>(31,145)</u>	<u>(24,889)</u>
Bank Overdraft	(869)	(52)
Banks and other Financial Institutions	(5,826)	(3,463)
Notes	(806)	(1,176)
NDF, Purchase of Equipment and Other	943	398
Payment of Interest and Related Expenses	<u>(6,558)</u>	<u>(4,293)</u>

Distribution of dividends of Telecom

- **Fiscal Year 2019**

At the Ordinary and Extraordinary Shareholders' Meeting held on April 24, 2019, the shareholders of Telecom approved the distribution of cash dividends, in aggregate, \$6,300 million (approximately \$7,758 million in constant currency as of September 30, 2019). They were paid to the shareholders on May 7, 2019 (approximately \$7,280 million in constant currency as of September 30, 2019).

At its meeting held on August 8, 2019, the Board of Directors of Telecom decided, pursuant to the powers delegated by the shareholders at the Annual General Extraordinary and Ordinary Shareholders' Meeting of Telecom held on April 24, 2019, the reversal and distribution of the "Voluntary reserve for future cash dividends" for \$7,045 million to be made available to shareholders on August 16, 2019 (approximately \$7,460 million in constant currency as of September 30, 2019).

- **Fiscal Year 2018**

On January 31, 2018, the Board of Directors of Telecom Argentina approved (amounts stated in nominal terms):

1. the reversal of \$9,729,418,019 Argentine pesos of the "Reserve for future cash dividends" of Telecom Argentina as of December 31, 2017, and its distribution as cash dividends in two installments: i) \$2,863,000,000 Argentine pesos on February 15, 2018 and ii) \$6,866,418,019 Argentine pesos on April 30, 2018. The Board was vested with the power to make such payment on an earlier date if it deemed it convenient;
2. The distribution of \$5,640,728,444 Argentine pesos as interim cash dividends pursuant to Article 224, 2nd paragraph of the General Associations Law, corresponding to the net profit (liquid and realized) of the period between January 1, 2017 and September 30, 2017, as reflected in the Special-Purpose Unconsolidated Financial Statements of Telecom Argentina as of September 30, 2017, which were settled on February 15, 2018; and
3. The distribution of \$4,502,777,155 Argentine pesos as distribution of interim cash dividends pursuant to Article 224, 2nd paragraph of the General Associations Law, corresponding to the net profit (liquid and realized) of the period between January 1, 2017 and September 30, 2017, as reflected in the Special-Purpose Unconsolidated Financial Statements of Cablevisión-absorbed by Telecom Argentina as of September 30, 2017, which were settled on February 15, 2018.

The dividends mentioned in items 2 and 3 were subsequently ratified by the shareholders at the Ordinary General Shareholders' Meeting held on April 25, 2018.

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In conclusion, the above-mentioned distribution of dividends for a total of \$19,872,923,618 (approximately \$ 39,685 million in constant currency as of September 30, 2019) was paid on February 15, 2018 for \$13,006,505,599 and on March 21, 2018 for \$6,866,418,019 (together, approximately \$38,456 million in constant currency as of September 30, 2019).

Payment of Dividends declared by Cablevisión

- **Fiscal Year 2018**

On January 8, 2018, Telecom Argentina, as surviving company of Cablevisión paid the dividends declared by Cablevisión on December 18, 2017 for \$4,077,790,056 (approximately \$8,143 million in constant currency as of September 30, 2019).

Distribution of Dividends of Subsidiaries and Associates

- **Fiscal Year 2019**

In May 2019, Núcleo paid dividends to non-controlling shareholders of \$201 million (\$277 million in constant currency as of September 30, 2019), which had been approved by the shareholders at the General Ordinary Shareholders' Meeting held on April 23, 2019.

During the nine-month period ended September 30, 2019, the Company collected dividends from Ver T.V., Teledifusora San Miguel Arcángel and La Capital Cable of \$125 million - \$124 million directly and \$1 indirectly through the controlled company Inter Radios (\$147 million in constant currency as of September 30, 2019), with \$41 million pending collection.

- **Fiscal Year 2018**

In May 2018, Núcleo paid dividends to non-controlling shareholders of \$161 million (\$250 million in constant currency as of September 30, 2019), which had been approved by the shareholders at the General Ordinary Shareholders' Meeting held on April 24, 2018.

During the nine-month period ended September 30, 2018, the Company collected dividends from Ver T.V., Teledifusora San Miguel Arcángel and La Capital Cable for \$36 million (approximately \$68 million in constant currency as of September 30, 2019). Those dividends corresponded to fiscal year 2016.

Additional Information Required under IAS 7

	Balances as of December 31, 2018	Cash flows	Accrual of interest	Exchange Differences and effect of currency translation and other	Balances as of September 30, 2019
Bank Overdraft - Principal	3,134	5,035	-	(811)	7,358
Banks and other Financial Institutions - principal	76,252	(6,595)	-	8,260	77,917
Notes - principal	25,929	18,061	-	(5,646)	38,344
NDF	138	(739)	-	802	201
For Acquisition of Equipment	2,863	756	-	282	3,901
Interest and Related Expenses	12,157	(7,607)	7,901	14,239	26,690
Total Current and Non-Current Financial Debt (Note 11)	120,473	8,911	7,901	17,126	154,411

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PRICE WATERHOUSE & CO. S.R.L.

(Partner)

Pablo San Martín
Supervisory Committee

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NOTE 3 – TRADE RECEIVABLES

The breakdown of trade receivables is as follows:

	<u>September 30,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
Current		
Trade Receivables	20,181	27,421
Contract Asset under IFRS 15	133	85
Companies under Article 33 of General Associations Law No. 19,550, and related parties (Note 25)	125	127
Allowance for Bad Debts	<u>(4,247)</u>	<u>(3,654)</u>
	16,192	23,979
Non-Current		
Trade Receivables	56	52
Contract Asset under IFRS 15	<u>45</u>	<u>32</u>
	101	84
Total Trade Receivables, Net	<u>16,293</u>	<u>24,063</u>

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

	<u>September 30,</u> <u>2019</u>	<u>September 30,</u> <u>2018</u>
Balances at the beginning of the year:	(3,654)	(954)
Effect of Adopting New Accounting Policies	-	(333)
Increases - Bad Debts (Note 22)	(4,348)	(3,553)
Uses of the Allowance and Currency Translation	3,755	2,206
Balances at period-end	<u>(4,247)</u>	<u>(2,634)</u>

NOTE 4 – OTHER RECEIVABLES

The breakdown of Other Receivables is as follows:

	<u>September 30,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
Current		
Prepaid Expenses	1,494	1,990
Tax Credits	2,328	1,885
Advances to Suppliers	10	142
Financial NDF	942	1,033
Companies under Article 33 of General Associations Law No. 19,550, and related parties (Note 25)	66	198
Trade Receivables from Customer Portfolio	82	99
Sundry Receivables	40	58
Other	1,117	1,684
Subtotal	<u>6,079</u>	<u>7,089</u>
Allowance for Other Debts	<u>(30)</u>	<u>(26)</u>
	6,049	7,063
Non-Current		
Prepaid Expenses	191	620
Advances to Suppliers	-	98
Tax Credits	858	967
Financial NDF	221	62
Regulatory Receivables (Núcleo)	-	215
Credit of indemnity for Tuves Paraguay acquisition	-	76
Trade Receivables from Customer Portfolio	85	156
Sundry Receivables	325	379
Other	<u>306</u>	<u>177</u>
	1,986	2,750
Total Other Receivables, Net	<u>8,035</u>	<u>9,813</u>

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

	<u>September 30,</u> <u>2019</u>	<u>September 30,</u> <u>2018</u>
Balances at the beginning of the year:	(26)	-
Increases	(4)	(20)
Balances at period-end	(30)	(20)

NOTE 5 – INVENTORIES

The breakdown of inventories is as follows:

	<u>September 30,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
Mobile Handsets and Other	2,458	3,104
Radio Equipment and Other	1	88
Fixed telephones and equipment	90	21
Inventories for construction projects	1,098	739
Subtotal	3,647	3,952
Allowance for Obsolescence of Inventories	(188)	(183)
	3,459	3,769

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

	<u>September 30,</u> <u>2019</u>	<u>September 30,</u> <u>2018</u>
Balances at the beginning of the year:	(183)	(65)
Increases	(21)	(55)
Decreases	16	22
Balances at period-end	(188)	(98)

NOTE 6 – GOODWILL

	<u>September 30,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
Business in Argentina	156,041	156,036
Foreign Business ⁽¹⁾	1,006	1,062
Total	157,047	157,098

(1) The decrease compared to the balance as of December 31, 2018 corresponds to translation differences.

NOTE 7 - PROPERTY, PLANT AND EQUIPMENT

	<u>September 30,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
PP&E before Allowances	216,405	207,800
Allowance for Obsolescence and Impairment of Materials	(774)	(516)
Allowance for Impairment of PP&E	(466)	(458)
	215,165	206,826

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The following table shows the changes in PP&E (without considering the allowance for obsolescence and impairment of materials and PP&E):

	<u>September 30,</u> <u>2019</u>	<u>September 30,</u> <u>2018</u>
Balances at the beginning of the year:	207,800	63,000
Addition under the Merger	-	127,273
Acquisitions	39,319	38,714
Effect of Currency Translation	353	3,562
Retirements and Consumption of Materials	(121)	(885)
Depreciation for the Period	(30,946)	(27,701)
Balances at period-end	216,405	203,963

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

	<u>September 30,</u> <u>2019</u>	<u>September 30,</u> <u>2018</u>
Balances at the beginning of the year:	(516)	(252)
Increases	(258)	(264)
Balances at period-end	(774)	(516)

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

	<u>September 30,</u> <u>2019</u>	<u>September 30,</u> <u>2018</u>
Balances at the beginning of the year:	(458)	-
Increases	(8)	(158)
Balances at period-end	(466)	(158)

NOTE 8 - INTANGIBLE ASSETS

	<u>September 30,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
Intangible Assets before Allowances	79,420	83,903
Allowance for Impairment	(2,236)	(2,236)
	77,184	81,667

The evolution of intangible assets (without considering the allowance for impairment) is as follows:

	<u>September 30,</u> <u>2019</u>	<u>September 30,</u> <u>2018</u>
Balances at the beginning of the year:	83,903	6,384
Addition under the Merger	-	80,840
Acquisitions	1,111	3,528
Effect of Currency Translation	54	542
Retirements	-	(158)
Amortization for the Period	(5,648)	(5,566)
Balances at period-end	79,420	85,570

NOTE 9 – RIGHT-OF-USE ASSETS

	<u>September 30,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
Rights of Use from Leases	7,495	-
Irrevocable Rights of Use	503	559
Asset Retirement Obligations	209	222
	8,207	781

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The evolution of right-of-use assets is as follows:

	<u>September 30,</u> <u>2019</u>	<u>September 30,</u> <u>2018</u>
Balances at the beginning of the year:	781	186
Addition under the Merger	-	650
Addition upon adoption of IFRS 16	6,168	-
Acquisitions	3,509	-
Retirements and Effect of Currency Translation	(56)	(8)
Amortization for the Period	(2,195)	(73)
Balances at period-end	8,207	755

NOTE 10 - ACCOUNTS PAYABLE

<u>Current</u>	<u>September 30,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
Suppliers and Trade Provisions	29,059	30,729
Companies under Article 33 of General Associations Law No. 19,550, and related parties (Note 25)	732	788
	<u>29,791</u>	<u>31,517</u>
Non-Current		
Suppliers and Trade Provisions	1,725	785
	<u>1,725</u>	<u>785</u>
Total Accounts Payable	31,516	32,302

NOTE 11 – FINANCIAL DEBT

The item Financial Debt is composed as follows:

	<u>September 30,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
Current		
Bank Overdraft - Principal	7,358	3,134
Banks and other Financial Institutions - principal	12,693	29,078
For Acquisition of Equipment	1,481	1,443
NDF	178	138
Interest and Related Expenses	17,228	5,071
	<u>38,938</u>	<u>38,864</u>
Non-Current		
Notes - principal	38,344	25,929
Banks and other Financial Institutions - principal	57,054	47,174
NDF	23	-
For Acquisition of Equipment	2,420	1,420
Interest and Related Expenses	17,632	7,086
	<u>115,473</u>	<u>81,609</u>
Total Debt	154,411	120,473

Banks and other Financial Institutions**a) Syndicated Loan**

On February 11, 2019, Telecom settled the outstanding balance of US\$ 100 million it owed under the syndicated loan agreement. On February 2, 2018, Telecom entered into a syndicated loan agreement with Citibank, NA, HSBC México, S.A., Institución De Banca Múltiple, Grupo Financiero HSBC, Industrial and Commercial Bank of China Limited, JPMorgan Chase Bank, NA and Banco Santander, S.A., in their capacity as lenders, Citigroup Global Markets Inc, HSBC México, S.A., Institución De Banca Múltiple, Grupo Financiero HSBC, Industrial and Commercial Bank of China Limited, JPMorgan Chase Bank, NA and

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Santander Investment Securities Inc., as arrangers, Citibank NA as an administrative agent, and the branch of Citibank NA in Argentina, as the local collateral agent, for an aggregate amount of US\$ 1,000 million.

b) Disbursements under the Loan with the IFC

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 equal 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 equal 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 equal 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.

The outstanding balance as of September 30, 2019 amounts to \$17,694 million.

c) Prepayment of the Term Loan

On October 17, 2018, Telecom requested a US\$ 500 million disbursement under the loan agreement it had executed with Citibank, NA, HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, Industrial and Commercial Bank of China Limited, Dubai (DIFC) Branch, JPMorgan Chase Bank, NA and Banco Santander, S.A., as lenders, Citibank, NA, HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, Industrial and Commercial Bank of China Limited, Dubai (DIFC) Branch, JPMorgan Chase Bank, NA and Banco Santander, S.A., as arrangers, Citibank NA as an administrative agent, and the branch of Citibank NA established in Argentina, as the local collateral agent, for a term of 48 months.

On March 25, 2019, Telecom made a partial prepayment under the loan in the amount of US\$101.4 million (US\$ 100 million principal amount and US\$ 1.4 million corresponding to interest). On July 25, 2019, Telecom made a partial prepayment under the loan in the amount of US\$100.15 million (US\$ 100 million principal amount and US\$ 0.15 million corresponding to interest).

The outstanding balance as of September 30, 2019 amounts to \$17,347 million.

d) Disbursements under the Loan with the IDB

On June 7, 2019, Telecom received a disbursement for a total of 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), under the loan agreement executed on May 29, 2019 with the Inter-American Development Bank (IDB invest) for a total of up to US\$ 300 million. The loan, which accrues interest, is payable in arrears on a semi-annual basis at an annual rate equal 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 equal 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.

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The outstanding balance as of September 30, 2019 amounts to \$5,794 million.

e) Other Bank Loans Held by Telecom:

On June 11, 2019, Telecom received a disbursement for a total of US\$ 4.4 million under the credit facility granted by Banco Macro S.A. The loan accrues interest at a fixed nominal rate of 6% payable at maturity in January 2020.

On June 24, 2019, Telecom entered into a credit facility agreement with Banco Galicia for US\$ 8.4 million for the purpose of financing imports. Telecom instructed the bank to make payments directly to foreign suppliers. Therefore, the Company did not receive any disbursements in bank accounts. The loan accrues interest at a fixed nominal rate of 6.45% payable at maturity in June 2020.

The outstanding balance under these loans as of September 30, 2019 amounts to \$752 million.

The loan that had been granted by Banco Macro in August 2018 matured on August 20, 2019. On that date, Telecom paid US\$10.6 million (US\$10 million corresponding to principal and US\$0.6 million corresponding to interest).

f) Loan executed by Cablevisión Holding

In connection with the Loan executed by the Company mentioned in note 13.2 to the annual consolidated financial statements as of December 31, 2018, on March 21, 2019, the Company acknowledged the acceptance by the Lenders, the Arrangers, Collateral Agents and the Administrative Agent of the Amendment Offer (the "Amendment Offer") delivered by the Company, in order to amend certain provisions of the Loan granted by the Lenders on September 27, 2017. The main terms of the Amendment Offer are the following:

- **Maturity Date:** the date that is 18 months from the Amendment Effective Date (March 25, 2019).
- **Applicable Margin:** the Loan shall accrue interest on any outstanding amounts until their actual payment at a rate equal to "LIBOR", plus an applicable margin equal to (i) 5.75% per annum for the period from the Amendment Effective Date to the date that is six months thereafter, (ii) 6.50% per annum for the period from, but excluding, the date that is six months following the Amendment Effective Date and the date that is the first anniversary of the Amendment Effective Date, and (iii) 7.25% per annum for the period from, but excluding, the first anniversary of the Amendment Effective Date to and including the Maturity Date.
- **Permitted Debt:** The Company shall not create, incur, assume or guaranty, or otherwise become or remain directly or indirectly liable with respect to, any Debt (other than the Obligations), except the following (collectively, the "Permitted Debt"): (a) Debt in an amount not exceeding US\$ 50,000,000 outstanding at any time; and (b) Debt in an amount necessary to fund, in whole or in part, any Tender Offer or Additional Acquisition of Telecom shares; provided that such Debt shall (i) be subordinated in right of payment to the payment in full of the Obligations, (ii) be unsecured or, if secured, the collateral for such Tender Offer/Additional Acquisition Debt will consist solely of new equity interests in Cablevisión acquired with the proceeds of such Tender Offer/Additional Acquisition Debt; (iii) have a maturity date falling at least six (6) months after the Maturity Date, (iv) provide that no interest or scheduled amortization payments of principal shall be payable in cash while any of the Obligations are outstanding.
- **Collateralization:** For as long as the Loan is outstanding, the Company undertakes to create and maintain collateral. For such purpose, the Borrower shall pledge a number of common shares of Telecom Argentina it holds directly or indirectly that shall result from the application of the Collateralization Ratio ("Collateralization Ratio") of 2.5:1.00. This Ratio shall be increased to 2.75:1.00 as long as Cablevisión Holding maintains any Permitted Debt described under paragraph (b), above.

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On May 13 and August 22, 2019, the Company made partial prepayments of principal in the amount of US\$ 29.2 million and US\$ 46.2 million, plus interest, respectively, pursuant to the terms and conditions of the loan, which sets out that the collections of dividends by the Company shall be applied to the prepayment of the Loan.

As of September 30, 2019, the outstanding principal amount of the loan amounts to US\$ 141.9 million. See Note 29.f).

As of September 30, 2019, the lenders maintain a pledge on 178,597,678 shares of Telecom Argentina held by the Company.

During the period covered by these consolidated financial statements, the Company complied with all covenants.

Notes

Telecom

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.

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 shall be used to refinance liabilities, including the use of up to US\$ 250 million to refinance the Class "A" Notes due in 2021.

The following is a detail of the amount of Notes actually issued and its main characteristics:

Issuance Date: July 18, 2019.

Amount Issued: US\$ 400 million (approximately \$ 17,148 million as of the issuance date).

Maturity Date: July 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 US\$ 2.4 million was deducted from such amount due to the debt issuance expenses and US\$ 5.24 million corresponding to below par issuance), equivalent to \$16,820 million as of the date of disbursement.

Since the repurchase offer for Class "A" Notes expired on August 9, 2019, Telecom paid US\$34.15 million to repurchase those notes. In addition, on July 23, 2019, Telecom informed the CNV about the use of a portion of the funds obtained under the above-mentioned Notes to make a partial prepayment of the Term Loan (requested in October 2018) for US\$ 100 million, which was settled on July 25, 2019.

The outstanding balance under these notes as of September 30, 2019 amounts to \$50,153 million.

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Núcleo

At the Extraordinary Shareholders' Meeting held on April 24, 2018, the shareholders of Núcleo amended articles 3, 7, 9 and 10 of its Bylaws in order to conform to the securities market's regulations. Upon registering the amendment of its bylaws with the Public Registry of Commerce, Núcleo became 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 Gs.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 two Series of Notes with the following characteristics:

Series I

Issuance Date: March 12, 2019.

Amount Issued: Gs. 120,000,000,000 (approximately \$ 841 million as of the issuance date).

Maturity Date: 60 months from the Issuance Date (March 12, 2019).

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: March 28, 2019.

Amount Issued: Gs. 30,000,000,000 (approximately \$ 210 million as of the issuance date).

Maturity Date: 60 months from the Issuance Date (March 28, 2019).

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.

The outstanding balance as of September 30, 2019 amounts to \$1,364 million.

For Acquisition of Equipment

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 will be guaranteed by Finnvera plc, the official export credit agency of Finland, which will grant a guarantee in favor of the lenders subject to certain terms and conditions.

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The financing consists of an "A" tranche and a "B" tranche. The principal amount disbursed will accrue interest at an annual rate equivalent to LIBOR plus 1.04 percentage points payable semi-annually in 14 equal and consecutive semi-annual installments.

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 payable semi-annually in 13 consecutive semi-annual installments as from November 2019, with final maturity in November 2025.

Telecom executed loan agreements for the acquisition of Cisco equipment. During the nine-month period ended September 30, 2019, Cisco Systems Capital Corporation granted Telecom an additional loan of US\$ 37 million under these agreements. Said agreements have an average maturity of 49 months, with partial repayments, and accrue interest at an average annual rate of 4%.

The outstanding balance under these loans for the acquisition of equipment as of September 30, 2019 amounts to \$5,906 million.

As of September 30, 2019, the fair value of such loans amounted to \$ 149,319 million, with a book value of \$ 154,411 million.

NOTE 12 - SALARIES AND SOCIAL SECURITY PAYABLES

	<u>September 30,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
<u>Current</u>		
Salaries, annual supplementary salary, vacations and bonuses	5,711	6,028
Social Security Payables	1,211	1,764
Termination Benefits	509	408
	<u>7,431</u>	<u>8,200</u>
<u>Non-Current</u>		
Termination Benefits	609	478
	<u>609</u>	<u>478</u>
Total Salaries and Social Security Payables	<u><u>8,040</u></u>	<u><u>8,678</u></u>

NOTE 13 - 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:

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Tax Loss Carryforwards	(4,401)	(3,946)
Allowance for Bad Debts	(1,340)	(1,274)
Provisions for Lawsuits and Other Contingencies	(1,317)	(1,462)
PP&E and Intangible Assets	46,759	41,016
Dividends from Foreign Companies	539	576
Effect of Income Tax Inflation Adjustment	5,679	-
Other Deferred Tax Liabilities (Assets), Net	736	(152)
Total Deferred Tax Liabilities, Net	<u>46,655</u>	<u>34,758</u>
Tax Receivables Related to Reimbursement Claims	(818)	(1,126)
Net Deferred Tax Liability	<u>45,837</u>	<u>33,632</u>
Deferred Tax Assets, Net	<u>(171)</u>	<u>(161)</u>
Deferred Tax Liabilities, Net	<u>46,008</u>	<u>33,793</u>

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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 \$ 7,113 million, which may be offset against future taxable profits.

The breakdown of income tax expense included in the consolidated statement of comprehensive income is the following:

	<u>September 30, 2019</u>	<u>September 30, 2018</u>
	<u>Income (loss)</u>	<u>Income (loss)</u>
Tax	(141)	(210)
Deferred Tax	(12,402)	11,467
Income Tax	(12,543)	11,257

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:

	<u>September 30, 2019</u>	<u>September 30, 2018</u>
	<u>Income (loss)</u>	<u>Income (loss)</u>
Accounting Loss before Income Tax Expense	(2,566)	(29,686)
Permanent Differences - Equity in Earnings from Associates	204	(209)
Permanent Differences - other	(340)	102
Restatement of Equity and Goodwill and Other in Constant Currency	49,020	23,967
Subtotal	46,318	(5,826)
Average effective tax rate (*)	24.42%	33.04%
Income Tax at the Average Effective Tax Rate	(11,311)	1,925
Tax loss carryforwards not recognized as deferred tax assets	(1,196)	(2,397)
Effect of Income Tax Inflation Adjustment	(8,519)	-
Restatement at Constant Currency of Deferred Income Tax Liabilities	8,537	11,788
Income Tax on Dividends from Foreign Companies	(54)	(59)
Income Tax on the Income Statement	(12,543)	11,257

(*) Effective tax rate based on average tax rate in the different countries where the Company has operations. The effective rate in Argentina was 30% for the periods presented (it will be 25% as from January 1, 2020). In Paraguay, the effective tax rate is 10% plus an additional rate of 5% in case of distribution of dividends for the periods presented, in Uruguay the effective tax rate is 25% for the periods presented, and in the United States of America the effective tax rate is 26.5% for the periods presented.

- *Income Tax Inflation Adjustment*

Law No. 27,430 and its amending Law No. 27,468 provide that, effective as from fiscal years beginning on or after January 1, 2018, the inflation adjustment procedure set out in Title VI of the income tax law shall be applicable in fiscal years in which the variation of IPC, accumulated in the 36 months immediately preceding the end of the relevant fiscal year, is higher than 100%.

Regarding fiscal years 2018, 2019 and 2020, this procedure shall be applicable to the extent the annual variation of the IPC exceeds 55%, 30% and 15%, respectively. In addition, it provides that the positive or negative effect, as the case may be, of the inflation adjustment corresponding to the first, second and third fiscal years beginning as from January 1, 2018, that must be calculated if the triggers occur, shall be allocated as follows: in equal thirds in the first fiscal period, and in the immediately following two fiscal periods.

During 2018, the Company did not reach the 55% threshold. Therefore, it did not apply the inflation adjustment regime in such fiscal period.

As of the date of these financial statements, the accumulated variation of the IPC exceeds the threshold set for the application of the inflation adjustment for tax purposes. Accordingly and pursuant to a comprehensive interpretation of applicable regulations, the Company recognized the corresponding accounting impacts.

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- *Income Tax - Reimbursement Claims filed by Telecom with the Tax Authority*

As detailed in Note 15 to the consolidated financial statements as of December 31, 2018, Telecom filed during 2015, 2016, 2017 and 2018, reimbursement claims with the AFIP to claim the full income tax overpaid for fiscal years 2009, 2010, 2011, 2012 and 2013, under the argument that the inability to apply income tax inflation adjustment is confiscatory.

On September 24, 2019, Telecom was served with the decisions rendered by AFIP on September 12, 2019 and August 30, 2019, whereby it rejected the claims corresponding to fiscal years 2009 and 2010, respectively. On October 15, 2019, Telecom filed two 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 similar precedents, among others. Therefore, Telecom should obtain a favorable resolution to such claims.

NOTE 14 - TAXES PAYABLE

The breakdown of Taxes Payable is as follows:

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
<u>Current</u>		
Income Tax	22	22
Other National Taxes	1,873	968
Provincial Taxes	319	1,998
Municipal Taxes	311	248
	<u>2,525</u>	<u>3,236</u>
<u>Non-Current</u>		
National Taxes	17	36
	<u>17</u>	<u>36</u>
Total Taxes Payable	<u><u>2,542</u></u>	<u><u>3,272</u></u>

NOTE 15 - LEASE LIABILITIES

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Current	2,829	-
Non-Current	3,657	-
Total Lease Liabilities	<u><u>6,486</u></u>	<u><u>-</u></u>

NOTE 16 – OTHER LIABILITIES

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
<u>Current</u>		
Deferred revenues on prepaid calling cards	751	978
Deferred revenues on connection fees and intern. capacity rental	130	105
Deferred Revenues from Construction Projects	188	443
Customer Loyalty Program	177	238
Irrevocable Call and Put Option on the Shares of AVC (Note 27 h)	102	-
Directors' and Supervisory Committee Members' Fees	12	65
Companies under Article 33 of General Associations Law No. 19,550, and related parties (Note 25)	4	-
Other	418	373
	<u>1,782</u>	<u>2,202</u>
<u>Non-Current</u>		
Deferred revenues on connection fees and intern. capacity rental	265	350
Pension Benefits	342	337
Customer Loyalty Program	288	386
Other (*)	460	524
	<u>1,355</u>	<u>1,597</u>
Total Other Liabilities	<u><u>3,137</u></u>	<u><u>3,799</u></u>

(*) Includes deferred revenues from subsidiaries arising from government grants for the acquisition of PP&E.

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NOTE 17 – PROVISIONS

The evolution of provisions is as follows:

	Balances as of December 31, 2018	Increases		Reclassifications	Decreases	Balances as of September 30, 2019
		Capital Stock (i)	Interest (ii)			
Current						
Lawsuits and Contingencies	1,024	171	-	2,156	(2,442)	909
Total Current Provisions	1,024	171	-	2,156	(2,442)	909
Non-Current						
Lawsuits and Contingencies	4,093	687	1,000	(2,156)	-	3,624
Asset Retirement Obligations	682	1	156	-	(216)	623
Total Non-Current Provisions	4,775	688	1,156	(2,156)	(216)	4,247
Total Provisions	5,799	859	1,156	-	(2,658)	5,156

	Balances as of December 31, 2017	Addition under the Merger	Increases		Reclassifications	Decreases	Balances as of September 30, 2018
			Capital Stock (i)	Interest (ii)			
Current							
Lawsuits and Contingencies	-	825	87	-	1,630	(1,787)	755
Total Current Provisions	-	825	87	-	1,630	(1,787)	755
Non-Current							
Lawsuits and Contingencies	1,738	2,551	857	641	(1,630)	-	4,157
Asset Retirement Obligations	479	754	11	120	-	(327)	1,037
Total Non-Current Provisions	2,217	3,305	868	761	(1,630)	(327)	5,194
Total Provisions	2,217	4,130	955	761	-	(2,114)	5,949

- (i) Charged to Other Operating Income and Expense
 (ii) Charged to Other Financial Results, net, interest on provisions.

NOTE 18 – ADDITIONAL INFORMATION
Classification of asset and liability balances by maturity as of September 30, 2019

Maturities	Cash and Cash Equivalents	Investments	Trade Receivables	Other Receivables	Other Assets	Deferred Income Tax Assets
Total Due	-	-	5,407	15	-	-
Due						
10.2019 through 12.2019	38,854	1,218	9,777	1,920	357	-
01.2020 through 03.2020	-	1	651	1,759	-	-
04.2020 through 06.2020	-	2	272	2,235	-	-
07.2020 through 09.2020	-	30	85	136	-	-
10.2020 through 09.2021	-	489	101	1,282	-	-
10.2021 through 09.2022	-	317	-	121	-	-
10.2022 onwards	-	250	-	364	-	-
Without an established term	-	1	-	203	-	171
Total not due	38,854	2,308	10,886	8,020	357	171
Total	38,854	2,308	16,293	8,035	357	171

Interest-Bearing Balances	37,162	2,307	1,761	518	-	-
Non-Interest-Bearing Balances	1,692	1	14,532	7,517	357	171
Total	38,854	2,308	16,293	8,035	357	171

Average Annual Nominal Interest Rate (%)	(a)	(b)	(c)	(d)	-	-
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- (a) 56 corresponds to assets stated in pesos that accrue interest at annual rates of 34%, and 37,106 corresponds to assets in foreign currency that accrue interest at annual interest rates of between 0.75% and 6.5%.
 (b) Assets in foreign currency that accrue interest at annual rates of between 3.24% and 8.75%.
 (c) 1,622 accrues interest at 59.4%, 114 accrues interest at an annual rate of 36% and 25 accrues interest at an annual rate of 91.3%.
 (d) 152 accrues interest at a rate of 10.5% and 366 accrues interest at a rate of 12.68%.

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Maturities	Accounts Payable	Financial Debt	Salaries and Social Security Payables	Taxes Payable	Lease Liabilities	Other Liabilities	Deferred Income Tax Liabilities
Total Due	2,380	-	-	-	-	-	-
Due							
10.2019 through 12.2019	26,078	16,276	4,123	2,501	1,310	1,245	-
01.2020 through 03.2020	846	11,596	1,706	3	251	134	-
04.2020 through 06.2020	296	4,761	1,524	19	957	270	-
07.2020 through 09.2020	181	6,305	78	2	311	133	-
10.2020 through 09.2021	1,383	50,473	280	10	1,680	471	-
10.2021 through 09.2022	208	29,906	169	7	625	186	-
10.2022 onwards	134	35,094	160	-	1,352	698	-
Without an established term	10	-	-	-	-	-	46,008
Total not due	29,136	154,411	8,040	2,542	6,486	3,137	46,008
Total	31,516	154,411	8,040	2,542	6,486	3,137	46,008

Interest-Bearing Balances	-	154,381	-	26	-	-	-
Non-Interest-Bearing Balances	31,516	30	8,040	2,516	6,486	3,137	46,008
Total	31,516	154,411	8,040	2,542	6,486	3,137	46,008

Average Annual Nominal Interest Rate (%)	-	(e)	-	18.0	(f)	-	-
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(e) 7,534 corresponds to liabilities stated in pesos that accrue interest at annual rates of between 20% and 55.8%. 146,674 corresponds to liabilities in foreign currency that accrue interest at annual interest rates of between 3.62% and 8.88% and 173 accrues interest at annual rates of 2.22%.

(f) See Note 1.f)

Financial Asset and Liability Balances in Foreign Currency

The following table shows the financial assets and liabilities denominated in foreign currency as of September 30, 2019 and December 31, 2018:

	September 30, 2019	December 31, 2018
	(in millions of converted Argentine pesos)	
Assets	49,250	25,182
Liabilities	(174,875)	(135,494)
Net Liabilities	(125,625)	(110,312)

In order to reduce this net liability position in foreign currency, the Group holds, as of September 30, 2019, derivatives for US\$ 151 million. Therefore, the net debt that is not covered by these instruments amounts to approximately US\$ 2,028 as of that date.

Offsetting of Financial Assets and Liabilities.

The information required by the amendment to IFRS 7 as of September 30, 2019 and December 31, 2018 is as follows:

	As of September 30, 2019				
	Trade Receivables	Other Assets	Other Receivables (1)	Accounts Payable	Other Liabilities (1)
Current and non-current assets (liabilities) - Gross value	18,131	357	2,990	(33,354)	(1,026)
Offsetting	(1,838)	-	(30)	1,838	30
Current and Non-Current Assets (Liabilities) - Book value	16,293	357	2,960	(31,516)	(996)
	As of December 31, 2018				
	Trade Receivables	Other Assets	Other Receivables (1)	Accounts Payable	Other Liabilities (1)
Current and non-current assets (liabilities) - Gross value	25,787	412	3,012	(34,164)	(527)
Offsetting	(1,723)	-	(43)	1,723	43
Current and Non-Current Assets (Liabilities) - Book value	24,064	412	2,969	(32,441)	(484)

(1) Includes only financial assets and liabilities that are within the scope of IFRS 7.

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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 19 – PURCHASE COMMITMENTS

As of September 30, 2019, there are outstanding purchase orders with local and foreign providers for the supply of switching equipment, inventories, external wiring works, network infrastructure, and other goods and services amounting in the aggregate to approximately \$48,217 million (of which \$13,490 million corresponds to PP&E acquisition commitments).

NOTE 20 - CAPITAL STOCK

20.1 – 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.

On September 26, 2017, the Company's Board of Directors approved, pursuant to Section 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-G #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

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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 September 30, 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.

20.2 – Telecom Argentina

Capital Stock

As of September 30, 2019, the total capital stock of Telecom Argentina amounted to \$ 2,157,472,731, represented by the same number of common book-entry shares with nominal value of \$1, of which 2,153,688,011 are entitled to one vote per share, given that 3,784,720 are treasury shares that were acquired by Telecom.

Statutory Capital Reduction. Cancellation of Treasury Stock

First Tranche as of June 30, 2019

Pursuant to Article 67 of the Capital Markets Law No. 26,831, between May 28, 2019 and June 28, 2019, Telecom Argentina S.A. statutorily reduced its capital stock by a nominal amount of \$ 3,672,960, through the cancellation of 3,672,960 Class "B" common shares of Telecom, with nominal value of \$1 each and entitled to 1 vote per share, held as treasury stock. Upon this statutory reduction, the capital stock of Telecom Argentina as of June 30, 2019 is now composed of a total of 2,165,236,424 book-entry common shares, with nominal value of \$1 each and entitled to one vote per share, broken down as follows: Class "A" shares: 683,856,600; Class "B" shares: 639,502,300; Class "C" shares: 210,866; Class "D" shares: 841,666,658.

On July 1, 2019, Telecom made a filing with the Argentine Securities Commission in connection with the reduction of its capital stock for a nominal value of \$ 3,672,960 for its subsequent registration with the Public Registry of Commerce, which falls under the jurisdiction of the Argentine Superintendency of Legal Entities. This statutory capital reduction was registered with the Argentine Superintendency of Legal Entities on September 19, 2019.

Second Tranche as of September 30, 2019

Pursuant to Article 67 of the Capital Markets Law No. 26,831, between July 1, 2019 and September 30, 2019, Telecom Argentina statutorily reduced its capital stock by a nominal amount of \$ 7,763,693, through the cancellation of 7,763,693 Class "B" common shares of Telecom, with nominal value of \$1 each and entitled to 1 vote per share, held as treasury stock. Upon this statutory reduction, the capital stock of Telecom Argentina as of September 30, 2019 is now composed of a total of 2,157,472,731 book-entry common shares, with nominal value of \$1 each and entitled to one vote per share, broken down as follows:

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Class "A" shares: 683,856,600; Class "B" shares: 631,738,607; Class "C" shares: 210,866; Class "D" shares: 841,666,658.

On October 11, 2019, Telecom made a filing with the Argentine Securities Commission in connection with the Second Tranche of the reduction of its capital stock, for a nominal value of \$ 7,763,693 for its subsequent registration with the Public Registry of Commerce, which falls under the jurisdiction of the Argentine Superintendency of Legal Entities.

As a consequence of the equity reduction mentioned in the previous paragraphs, Telecom recognized a decrease in its treasury stock of \$11 million, a decrease in the Comprehensive Adjustment of \$640 million and a decrease in the Cost of treasury stock of \$1,773 million with an offsetting entry in Accumulated Results of \$1,122 million.

As of September 30, 2019, the Company still held as treasury stock 3,784,720 Class "B" common shares. The statutory reduction shall become effective between October 1, 2019 and November 5, 2019, pursuant to Article 67 of the Capital Markets Law.

Authorization for the Public Offering and Listing of the Shares of Telecom Argentina issued as a result of the Merger whereby Telecom Argentina absorbed Cablevisión

Through Resolution No. RESFC-2019-20407-APN-DIR#CNV dated September 4, 2019, the Board of Directors of the Argentine Securities Commission authorized the public offering of 1,184,528,406 book-entry common shares of Telecom, with nominal value of \$1 each and entitled to one vote per share, to be delivered to the shareholders of Cablevisión as a result of the Merger whereby Telecom Argentina absorbed Cablevisión and upon the capital stock increase approved at the General Ordinary and Extraordinary Shareholders' Meeting of Telecom Argentina S.A. held on August 31, 2017 and at the Board of Directors' Meeting held on January 1, 2018.

In addition, on September 10, 2019, the Buenos Aires Stock Exchange, in exercise of the powers delegated pursuant to Article 32, subsection b) of Law No. 26,831, authorized the listing of 1,184,528,406 book-entry common shares of Telecom, with nominal value of \$1 each and entitled to one vote per share, of which 342,861,748 are Class "A" shares and 841,666,658 are Class "D" shares of Telecom Argentina.

Therefore, as of the date of these 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 the Company, are traded on the NYSE under the ticker symbol TEO.

NOTE 21 – REVENUES

Revenues consist of the following:

	<u>September 30, 2019</u>	<u>September 30, 2018</u>	<u>July 1, 2019 through September 30, 2019</u>	<u>July 1, 2018 through September 30, 2018</u>
Mobile Services	54,829	61,857	18,806	19,657
Internet Services	35,859	40,003	11,728	13,058
Cable Television Services	33,390	38,283	10,874	12,336
Fixed Telephony and Data Services	25,021	23,297	8,422	7,827
Other Services	542	864	164	434
Subtotal Service Revenues	149,641	164,304	49,994	53,312
Sale of Handsets	10,058	13,594	3,112	4,132
Total Revenues	159,699	177,898	53,106	57,444

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NOTE 22 – OPERATING EXPENSES

Operating expenses disclosed by nature of expense amounted to \$ 145,561 million and \$ 149,858 for the nine-month periods ended September 30, 2019 and 2018.

	<u>September 30, 2019</u>	<u>September 30, 2018</u>	<u>July 1, 2019 through September 30, 2019</u>	<u>July 1, 2018 through September 30, 2018</u>
			Income (loss)	
<u>Employee benefit expenses and severance payments</u>				
Salaries, Social Security Payables and Bonuses	(26,854)	(28,271)	(8,673)	(9,047)
Severance Payments	(2,923)	(2,151)	(1,088)	(1,031)
Other Labor Costs	(649)	(708)	(311)	(275)
	<u>(30,426)</u>	<u>(31,130)</u>	<u>(10,072)</u>	<u>(10,353)</u>
<u>Fees for Services, Maintenance, Materials and Supplies</u>				
Maintenance and Materials	(9,995)	(9,043)	(3,694)	(3,240)
Fees for services	(7,296)	(8,244)	(2,543)	(2,988)
Directors' and Supervisory Committee Members' Fees	(41)	(109)	(25)	(34)
	<u>(17,332)</u>	<u>(17,396)</u>	<u>(6,262)</u>	<u>(6,262)</u>
<u>Taxes and Fees with the Regulatory Authority</u>				
Turnover Tax	(5,790)	(7,826)	(1,892)	(2,440)
Municipal Taxes	(1,656)	(1,933)	(493)	(611)
Other Taxes and Charges	(5,074)	(4,560)	(1,675)	(1,454)
	<u>(12,520)</u>	<u>(14,319)</u>	<u>(4,060)</u>	<u>(4,505)</u>
<u>Cost of Equipment and Handsets</u>				
Inventory Balances at the beginning of the year	(3,952)	(261)	(3,782)	-
Plus:				
Addition under the Merger	-	(3,813)	-	(46)
Purchase of Equipment	(7,682)	(11,218)	(2,340)	(3,672)
Other	492	166	197	188
Less:				
Inventory Balances at period-end	3,647	4,964	3,647	465
	<u>(7,495)</u>	<u>(10,162)</u>	<u>(2,278)</u>	<u>(3,065)</u>
<u>Other Operating Income and Expense</u>				
Lawsuits and Contingencies	(856)	(904)	(366)	(298)
Rentals and Internet Capacity	(3,415)	(3,439)	(1,214)	(1,276)
Other	(3,674)	(5,386)	(1,184)	(1,732)
	<u>(7,945)</u>	<u>(9,729)</u>	<u>(2,764)</u>	<u>(3,306)</u>
<u>Depreciation, Amortization and Impairment of PP&E, Intangible Assets and Rights of Use.</u>				
Depreciation of PP&E	(30,946)	(27,701)	(10,756)	(10,122)
Amortization of Intangible Assets	(5,648)	(5,566)	(2,139)	(1,874)
Amortization of Rights of Use	(2,195)	(73)	(717)	(25)
Impairment of PP&E	(23)	(456)	77	(175)
	<u>(38,812)</u>	<u>(33,796)</u>	<u>(13,535)</u>	<u>(12,196)</u>

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Operating Expenses disclosed by function are as follows:

Item	Cost of services provided	Selling Expenses	Administrative Expenses	Total as of September 30, 2019	Total as of September 30, 2018
Employee benefit expenses and severance payments	(16,921)	(4,780)	(8,725)	(30,426)	(31.130)
Interconnection and Transmission Costs	(5,102)	-	-	(5,102)	(5.701)
Fees for Services, Maintenance, Materials and Supplies	(8,642)	(3,586)	(5,104)	(17,332)	(17.396)
Taxes and Fees with the Regulatory Authority	(12,424)	(33)	(63)	(12,520)	(14,319)
Commissions and Advertising	-	(670)	(8,868)	(9,538)	(11,312)
Cost of Equipment and Handsets	(7,495)	-	-	(7,495)	(10,162)
Programming and Content Costs	(12,043)	-	-	(12,043)	(12,760)
Bad Debt Expenses	-	-	(4,348)	(4,348)	(3,553)
Other Operating Income and Expense	(4,826)	(968)	(2,151)	(7,945)	(9,729)
Depreciation, Amortization and Impairment of PP&E, Intangible Assets and Rights of Use.	(31,325)	(2,388)	(5,099)	(38,812)	(33,796)
Total as of September 30, 2019	(98,778)	(12,425)	(34,358)	(145,561)	
Total as of September 30, 2018	(101,133)	(11,535)	(37,190)		(149,858)

NOTE 23 – FINANCIAL INCOME AND EXPENSE

	<u>September 30, 2019</u>	<u>September 30, 2018</u>	<u>July 1, 2019 through September 30, 2019</u>	<u>July 1, 2018 through September 30, 2018</u>
	<u>Income (loss)</u>	<u>Income (loss)</u>	<u>Income (loss)</u>	<u>Income (loss)</u>
Financial Debt Interest Expense (*)	(7,589)	(9,725)	(2,927)	(4,474)
Exchange Differences on Financial Debt (**)	(18,228)	(58,619)	(25,113)	(41,939)
Total Financial Expenses on Debt	(25,817)	(68,344)	(28,040)	(46,413)
Interests	1,387	1,895	64	768
Taxes and Bank Expenses	(1,479)	(1,792)	(495)	(650)
Other Exchange Differences	8,421	1,489	7,331	10,314
Financial Discounts on Assets, debt and Other	3	6	52	6
Results from Operations with Notes and Bonds	200	1,583	4	1,078
Results from Credit Losses Risk	(2,416)	-	(2,416)	-
Interest on Allowances	(1,156)	(761)	(460)	(294)
Interest on Pension Benefits	(95)	(78)	(29)	(24)
Gain (Loss) on Net Monetary Position	4,620	8,089	2,439	3,206
Other	(168)	(22)	(92)	(7)
Total Other Financial Income and Expense, net	9,317	10,409	6,398	14,397
Total Financial Income and Expense, net	(16,500)	(57,935)	(21,642)	(32,016)

(*) Includes 38 and (11) of foreign currency exchange gains (losses), net generated by NDF for the nine-month periods ended September 30, 2019 and 2018, respectively. It also includes 135 and 77 for the capitalization of interest from works-in-progress for the nine-month periods ended September 30, 2019 and 2018, respectively.

(**) Includes (1,590) and 619 of foreign currency exchange (losses) gains, net generated by NDF for the nine-month periods ended September 30, 2019 and 2018, respectively.

NOTE 24 – EARNINGS PER SHARE

The following table shows the net income and the weighted average of the number of common shares used in the calculation of basic earnings per share:

	<u>September 30, 2019</u>	<u>September 30, 2018</u>	<u>July 1, 2019 through September 30, 2019</u>	<u>July 1, 2018 through September 30, 2018</u>
Net Income used in the Calculation of Basic Earnings per Share (loss / gain):				
from Continuing Operations (in millions of Argentine pesos)	(7,477)	(11,356)	(9,921)	(8,780)
	<u>(7,477)</u>	<u>(11,356)</u>	<u>(9,921)</u>	<u>(8,780)</u>
Weighted Average of the Number of Common Shares used in the Calculation of Basic Earnings per Share	180,641,002	180,641,002	180,641,002	(5.701)
Earnings per Share (in pesos)	(41.39)	(62.86)	(54.92)	(17.396)

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The weighted average of outstanding shares for the nine-month periods ended September 30, 2019 and 2018 was 180,641,002. Since no debt securities convertible into shares were recorded, the same weighted average should be used for the calculation of diluted earnings per share.

	<u>September 30, 2019</u>	<u>September 30, 2018</u>	<u>July 1, 2019 through September 30, 2019</u>	<u>July 1, 2018 through September 30, 2018</u>
Basic and Diluted Earnings per Share	(41.39)	(62.86)	(54.92)	(48.62)
Total Earnings per Share	(41.39)	(62.86)	(54.92)	(48.62)

NOTE 25 - 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 interim condensed 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 periods presented, the Group has not conducted any transactions with Key Managers and/or persons related to them.

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	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Other Receivables ⁽¹⁾		
La Capital Cable S.A.	31	107
Teledifusora San Miguel Arcángel S.A.	10	26
Ver TV S.A.	25	65
	<u>66</u>	<u>198</u>
CURRENT LIABILITIES		
Accounts Payable		
Televisora Privada del Oeste S.A. ⁽²⁾	-	3
	<u>-</u>	<u>3</u>

⁽¹⁾ Includes 54 as of September 30, 2019 and December 31, 2018, respectively, corresponding to dividends receivable.

⁽²⁾ Associate through Pem.

• Related Parties

CURRENT ASSETS	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Trade Receivables		
Other Related Parties	125	127
	<u>125</u>	<u>127</u>
CURRENT LIABILITIES		
Accounts Payable		
Other Related Parties	732	785
	<u>732</u>	<u>785</u>
Other Liabilities		
Other Related Parties	4	-
	<u>4</u>	<u>-</u>

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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**

<u>Transaction</u>		<u>September 30, 2019</u>	<u>September 30, 2018</u>
		<u>Income (loss) Sales and Other Revenues</u>	<u>Income (loss) Sales and Other Revenues</u>
La Capital Cable S.A.	Sales of Services and Other	34	31
		<u>34</u>	<u>31</u>
		<u>Operating Costs</u>	
La Capital Cable S.A.	Fees for services	(26)	(25)
		<u>(26)</u>	<u>(25)</u>
		<u>Financial Results</u>	
La Capital Cable S.A.	Interest income from loans received	-	(2)
		<u>-</u>	<u>(2)</u>

• **Related Parties**

<u>Transaction</u>		<u>September 30, 2019</u>	<u>September 30, 2018</u>
		<u>Income (loss) Sales and Other Revenues</u>	<u>Income (loss) Sales and Other Revenues</u>
Other Related Parties	Sales of services	110	128
		<u>110</u>	<u>128</u>
		<u>Operating Costs</u>	<u>Operating Costs</u>
Other Related Parties	Programming Costs	(1,647)	(1,755)
Other Related Parties	Publishing and distribution of magazines	(462)	(587)
Other Related Parties	Advisory Services	(255)	(288)
Other Related Parties	Purchase of Advertising	(251)	(350)
Other Related Parties	Other purchases and commissions	(73)	(115)
		<u>(2,688)</u>	<u>(3,095)</u>

These transactions were carried out by the Group under the same conditions as if they had been carried out with an independent third party.

NOTE 26 - RESERVES, ACCUMULATED INCOME AND DIVIDENDS**1. Cablevisión Holding**

The Company's bylaws provide that retained earnings shall be appropriated as follows: (i) 5% to the Company's legal reserve until such reserve equals 20% of the Company's capital stock; and (ii) the balance, in whole or in part, to the payment of the fees of the members of the Board of Directors and the Supervisory Committee, to dividends on common shares, or reserve accounts, or as otherwise determined by the Shareholders, among other situations.

At the General Ordinary Shareholders' Meeting held on April 25, 2019, the shareholders of the Company decided, among other things, to instruct the Board of Directors to call an Extraordinary Shareholders' Meeting for the sole purpose of considering the appropriation of retained earnings as of December 31, 2018 for \$ 58,339 million. At the Extraordinary General Shareholders' Meeting held on May 31, 2019, the

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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.

2. Telecom Argentina

At the Ordinary and Extraordinary Shareholders' Meeting held on April 24, 2019, the shareholders of Telecom decided, among other things:

- (a) To approve the Board of Directors' proposal to appropriate Retained Earnings as of December 31, 2018 (\$30,102,883,523) stated in constant currency as of March 31, 2019 using the National Consumer Price Index (National IPC, for its Spanish acronym). (i) \$297,363,703 to the Legal Reserve; (ii) \$6,300,000,000 to Cash Dividends; (iii) \$7,045,307,602 to the "Voluntary Reserve for future cash dividends"; and (iv) \$16,460,212,218 to the "Voluntary Reserve to maintain the Company's level of capital expenditures and its current solvency level";
- (b) To approve cash dividends for a total of \$6,300,000,000 (equivalent to \$ 2.925214779 per share of nominal value \$1 outstanding as of the date of the Shareholders' Meeting), which were made available to shareholders on May 7, 2019; and
- (c) To grant broad powers to the Board of Directors of Telecom to decide, based on the evolution of the business, on the total or partial reversal, in one or more times, of up to \$7,045,307,602 of the "Voluntary Reserve for Future Cash Dividends" and its distribution to the shareholders as cash dividends. The Board may exercise these powers until December 31, 2019.

Reversal and distribution of the Voluntary Reserve for future cash dividends of Telecom

At its meeting held on August 8, 2019, the Board of Directors of Telecom decided, pursuant to the powers delegated by the shareholders at the Annual General Extraordinary and Ordinary Shareholders' Meeting of Telecom held on April 24, 2019, the reversal and distribution of the "Voluntary reserve for future cash dividends" for \$7,045,307,602 to be made available to shareholders on August 16, 2019.

NOTE 27 – DEVELOPMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019

a) Voting Trust under the Shareholder Agreement Executed between Fintech and the Company

As mentioned in Note 4.a) to the annual consolidated financial statements of the Company as of December 31, 2018, on April 15, 2019, the Voting Trust was formalized. Under said Voting Trust, Fintech Telecom LLC and VLG S.A.U. (i) each contributed 235,177,350 shares of Telecom to a voting trust (the "Voting Trust") 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.

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b) 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.

On September 23, 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 with 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, among which is Telecom. However, the National Government filed an appeal against said resolution.

These interim condensed financial statements should be read in the light of the circumstances described above, and the decisions made based on these interim condensed financial statements should consider the potential impact that those circumstances may have on Telecom and its subsidiaries.

Based on the advice of its legal counsel, the Company's Management believes to have strong arguments for its defense.

c) 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 with 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

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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.

d) Claims by certain Telecom Content Providers

Within the framework of the general reorganization of the content business undertaken by Personal in 2016, and given the expiration of agreements with content providers, certain providers were notified that such agreements would not be renewed.

Upon receipt of such notice, some companies requested and obtained injunctions. Currently, only one of those injunctions is in effect.

On February 24, 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.

On July 3, 2019, the ENACOM issued Resolution No. 2019-2540-APN-ENACOM#JGM, whereby it revoked Resolution No. 1,122/2017 regarding the Registry of the ENACOM and Resolution No. 184-SC/1997.

e) Code of Corporate Governance

CNV Resolution No. 797/19 (the "Resolution"), published in the Official Gazette of Argentina on June 19, 2019, amended Title IV -Periodical Reporting Regime- of CNV General Resolution No. 622/2013. The Resolution replaces the previous Code of Corporate Governance added as Exhibit III of such Title IV of the Regulations and adds as Exhibit IV the Model of Reporting on such Code. It sets forth that, on an annual basis and as from the approval of the financial statements as of December 31, 2019, the entities subject to the public offering regime shall include in their annual reports a Report on the Code of Corporate Governance in which they shall report whether they apply the principles and practices recommended by the Code of Corporate Governance in its current version and in which way they do so. In those cases in which they do not apply any recommended practice, such entities shall explain how they comply with the relevant principle through the application of another practice, or how they will apply such practice in the future or, otherwise, they shall state the reasons why they do not deem appropriate or applicable such practice for the relevant entity.

f) Stock Purchase Agreement with Tuves

On May 10, 2019, Núcleo executed a stock purchase agreement with TU VES, a company incorporated under the laws of the Republic of Chile owner of 30% of Tuves Paraguay. Subject to the approval by the Paraguayan National Telecommunications Commission ("CONATEL"), such agreement provided for the purchase of 211,848 Series B registered common shares, all of them entitled to one vote per share, representing the percentage indicated above for US\$ 1 million (\$54 million).

On August 14, 2019, the CONATEL authorized the transaction. Therefore, on September 4, 2019, the acquisition by Núcleo of 211,848 Series B shares representing 30% of the capital stock and votes of Tuves Paraguay became effective.

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This operation represents a transaction between controlling and non-controlling shareholders in the consolidated financial statements. Therefore, the Company recorded a \$66 million adjustment to the non-controlling interest balance as of September 30, 2019 and the difference arising from the purchase price of \$12 million was recorded in "Other Deferred" under Equity attributable to controlling shareholders as of that date, as provided under IFRS 10.

In order to guarantee the plurality of shareholders required by the Paraguayan legislation, Telecom and ABC Telecomunicaciones S.A., purchased from Núcleo two shares and one share of Tuves Paraguay, respectively, at a pro rata price per share relative to the price paid by Núcleo to TU VES, i.e. U\$S4,72 per share.

g) Regulatory Framework

Spectrum - SC Resolution No. 38/14

On October 31, 2014, the Secretary of Trade held the Public Auction that had been approved under SC Resolution No. 38 for the award of the remaining frequencies to provide Personal Communication Services (PCS) and SRMC, as well as those of the new spectrum to provide SCMA. Personal submitted its economic bids and was awarded Lots 2, 5, 6 and 8, pursuant to SC Resolution No. 79/14 (with respect to the SCMA) and pursuant to SC Resolutions Nos. 80/14, 81/14, 82/14 and 83/14 (with respect to the PCS and the SRMC)

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. Personal argued that such Lot formed a single and comprehensive block for purposes of fulfilling the obligations undertaken in connection with the deployment of the SCMA, also expressing that the Federal Government has the obligation to cause the awarded bands to be free from occupants and interferences.

The Auction Terms also provided for stringent coverage and network deployment obligations, which would require significant investments by Telecom.

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.) Subsequently, pursuant to Decree No. 1,340/16, the term of the authorizations for the use of frequencies of the SCMA, as well as the corresponding deployment obligations, shall be counted as from the effective migration of the services currently operating in these bands within Area II (AMBA). On August 30, 2018, the Ministry of Modernization issued Resolution No. 528/18, whereby it stated that the effective migration of those services had been verified on February 27, 2018.

Pursuant to Resolution No. 865/2019, published in the Official Gazette on June 5, 2019, the Secretariat of Modernization ordered that providers of Mobile Communications Services (SCM, for its Spanish acronym) that were awarded frequencies under said Auction shall enter into national automatic roaming agreements or use other alternative technical solutions to share infrastructure for the provision of their services in road corridors and in locations with 500-10,000 inhabitants, during the term set for the fulfillment of their deployment and network coverage obligations, and until completion.

General Rules Governing Interconnection and Access

Pursuant to Resolution No. 4,266/2019, dated 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. 4,952/2018, 1,160/2018 and 1,161/2018, for calls made as from August 1, 2019, will be of \$45.25 per US dollar. In subsequent months, the exchange rate to be applied may not exceed 6% of the exchange rate established for the previous month and in no case may it exceed

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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 shall be applicable to services provided up to and including December 31, 2019.

Implementation of the Rules for the Registration of SCM Customers

On December 2, 2016, the ENACOM published Resolution No. 8,507 - E/2016, whereby it approved the Rules for the Registration and Validation of the Identity of Users who Hold Mobile Communication Service Accounts.

Through Resolution No. 466/2018, published in the Official Gazette on October 19, 2018, the ENACOM extended until October 31, 2018 the term for the registration and validation of all the preexisting prepaid customers.

On May 31, 2019, the ENACOM published Resolution No. 2,249/2019, whereby as of June 1, 2019 the Providers of Mobile Communications Service are required to block the mobile lines that were not registered as of the date of publication of said resolution, except for the purpose of requesting the providers' Customer Service Center the registration of the holder of the mobile line and to call emergency services, pursuant to the provisions of Resolution No. 8,507 issued by the ENACOM on December 1, 2016.

Telecom has conducted all the necessary actions and implementations required to fulfill the guidelines for the registration of its customers pursuant to said regulations.

ENACOM Resolutions Nos. 840/18, 1,196/18 and 4,353/18 – New Regime for Radioelectric Spectrum Fees

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 increases the amounts to be paid for such service.

Pursuant to Resolution No. 4,353/18, published in the Official Gazette on May 24, 2018, the new Regime for Radioelectric Spectrum Fees will not have an impact until August 31, 2018. This Resolution seeks to suspend the effects of Resolutions Nos. 840/18 and 1,196/18 as from the date of their publication and until August 31, 2018. During this period, the accrued Radioelectric Fees corresponding to Mobile Communication Services (SRMC, STM, PCS and SCMA) will be paid in accordance with the previous regime established under Resolutions Nos. 840/18 and 1,196/18. The returns corresponding to Mobile Communication Services (SRMC, STM, PCS and SCMA), due in April and May 2018, which were not prepared in accordance with ENACOM Resolution No. 840/2018 had to be restated and the resulting differences paid on October 10, 2018.

Telecom filed the restated returns for March and April 2018 (due in April and May) and paid (under protest) the corresponding amounts. It also started to comply, as from September 2018, with the filing and payment (under protest) of the corresponding returns.

Through Resolution No. 4,266/2019, dated October 8, 2019, the ENACOM changed the basis of calculation of Radioelectric Spectrum Fees to be paid for the provision of Mobile Communication Services (SRMC, STM, PCS and SCMA) starting as from the filing of the returns due after the publication date of the Resolution. Said change represents a reduction of the rate applicable to the radioelectric spectrum fees to be paid for those services.

h) 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.

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PRICE WATERHOUSE & CO. S.R.L.

(Partner)

Pablo San Martín
Supervisory Committee

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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, grants Telecom the right, but not the obligation, to purchase the shares from the Assignors. Conversely, 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 economic and political rights inherent to such shares.

If the option is exercised, Telecom shall 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 (approximately \$102 million as of the date of these financial statements). As of the date of these financial statements, Telecom has paid US\$720,000.

This transaction has an impact on the Company's consolidated financial statements. Accordingly, a call option liability in the amount of \$102 million has been recognized with an offsetting entry in Other Deferred under Equity Attributable to Controlling Shareholders as of September 30, 2019.

i) Interests in Joint Operations

The UTE Ertach – Cablevisión 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 was created in April 2005 and 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.

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 and the UTE is still providing services within the framework of said agreement.

In view of the above, and since the above-mentioned agreement provided for the continuation of the services after the expiration of the above-mentioned terms, the UTE is still under the obligation to continue providing services regardless of the new terms that may be set by the Province of Buenos Aires.

NOTE 28 - MANDATORY PUBLIC TENDER OFFER ("PTO") DUE TO CHANGE OF CONTROL

As described under Note 4.a) to the Company's consolidated financial statements as of December 31, 2018, 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 said note, 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 of the Argentine Securities Commission (CNV, for its Spanish acronym), 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 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) issued by Telecom.

Notwithstanding the fact that Fintech Telecom, LLC is not obligated to promote, make or launch a PTO pursuant to the PTO Rules and that it has not taken part in the determination or formulation of any of the

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terms and conditions of the PTO, as provided under the above-mentioned agreement, Fintech Telecom LLC has undertaken with regard to the Company to pay and acquire 50% of the shares that will be tendered under the PTO (notwithstanding the Company's right to acquire by itself the first 43,073,760 shares).

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 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.

Subsequent to the announcement of the PTO by the Company, the CNV made certain objections to the Price of the PTO and served notice on the Company of the reports issued by its technical areas, which were answered in due time and form by the Company. Due to the imminent possibility that the CNV would reject the PTO and order the Company to make the PTO at the price assessed by the CNV within a mandatory term or, if the Company did not comply with that order, due to the possibility that the CNV would apply the sanctions provided under Article 89 of the Capital Markets Law, the Company requested an injunction ordering the CNV to refrain from resolving and deciding on the authorization of the PTO submitted and formulated by the Company until a final judgment is rendered on the merits of the Company's claim, which seeks a decision by the court declaring that the Company submitted and formulated the PTO in conformity with applicable law.

On September 21, 2018, the Company was served notice of the decision rendered on September 20, 2018 in re "Cablevisión Holding S.A. v. *Comisión Nacional de Valores* on Injunctions" File No. 7,998/2018, pending before the Federal Civil and Commercial Court No. 3, whereby, as a preliminary injunction, the CNV was ordered to refrain from resolving and deciding on the authorization of the PTO submitted and formulated by the Company on June 21, 2018, until the court renders a final decision on the injunction, once the requirements of article 4 of Law No. 26,854 have been fulfilled.

As required under the applicable law, the CNV filed a response and submitted the report provided under Article 4 of Law No. 26,854. The CNV also filed a subsidiary appeal against the decision rendered on September 20, 2018 that granted the preliminary injunction requested by the Company.

On October 8, 2018, the Company filed the substantive claim on which the request for a preliminary 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 effective laws.

On November 28, 2018, the Company was served with the decision rendered on November 27, 2018 in re "Cablevisión Holding S.A. v. *Comisión Nacional de Valores* on Injunctions" File 7,998/2018, pending before Federal Civil and Commercial Court No. 3, whereby the Court accepted (as a requirement of admissibility) the guarantee posted by the Company pursuant to the decision of November 1, 2018, which had granted the injunction requested by the Company. Pursuant to the Court's injunction, the CNV was instructed to refrain from issuing any decision on the authorization of the PTO submitted and formulated by the Company on June 21, 2018, for a period of six months. On May 8, 2019, the Company was served notice of a resolution rendered on May 6, 2019 by the Federal Civil and Commercial Court No. 3, whereby the Court ordered to extend the injunction for three months, counted as from its original expiration date, with the scope provided.

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On June 10, 2019, and in connection with the PTO, the Company was served with the decision rendered on May 9, 2019 in re “Burgueño Daniel v. EN-CNV on Preliminary Injunction (Autonomous)” (File 89,537/2018) pending before Federal Court on Administrative Matters No. 1, Clerk’s Office No. 1, whereby that Court decided, as a preliminary injunction, to suspend the proceeding related to the Public Tender Offer of Class B Shares of Telecom Argentina, filed by the Company with the Argentine Securities Commission, until such Commission decides to apply the new regulation (Resolution No. 779/18), or until the expiration of the maximum term allowed under Article 5 of Law No. 26,854, as the case may be.

In addition, on July 19, 2019, the Company was served with 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, pending before the National Court of First Instance on Federal Civil and Commercial Matters No. 3, 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 points out that: (a) in its decision, the above-mentioned Chamber 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; (b) the substantive claim remains pending before the Court of First Instance, and (c) the PTO submitted by the Company falls within the scope of the injunction ordered in re “Burgueño Daniel v. EN - CNV on Preliminary Injunction (Autonomous)” mentioned in the previous paragraph, which, to date, is in full force and effect.

The Company filed an appeal before the National Supreme Court against the decision rendered by Chamber I that revoked the above-mentioned injunction.

On November 1, the Company was served notice of the decision rendered on October 25, 2019 by Chamber V of the Court of Appeals on Federal Administrative Matters, whereby that Court decided a) to dismiss the appeal filed by the Argentine Securities Commission against the decision rendered in re “Burgueño Daniel vs. EN-CNV on Preliminary Injunction (Autonomous)” (File 89,537/2018), whereby an injunction had been issued suspending the proceeding related to the Public Tender Offer of Class B Shares of Telecom Argentina, filed by the Company with the Argentine Securities Commission, until such Commission decides to apply the new regulation (Resolution No. 779/18), or until the expiration of maximum term allowed under Article 5 of Law No. 26,854, as the case may be, and b) to confirm the jurisdiction of said court to decide on the appeal and the decision rendered by the Federal Court on Administrative Matters No. 1, Clerk’s Office No. 1.

NOTE 29 – SUBSEQUENT EVENTS

a) Telecom - Total Reversal of the Voluntary Reserve for future cash dividends and Partial Reversal of the Voluntary Reserve to maintain the Company's level of capital expenditures and its current solvency level. Distribution of Cash Dividends

At the General Ordinary Shareholders' Meeting held on October 10, 2019, the shareholders of Telecom decided to distribute dividends for US\$300 million, payable in cash in unrestricted US dollars. To such effect, the shareholders approved the total reversal of the “Voluntary reserve for future dividends”, which in constant currency as of August 31, 2019 amounted to \$15,431 million and the partial reversal of the “Voluntary reserve to maintain the Company's level of capital expenditures and its current solvency level” for \$1,955 million (both reversals account for \$17,387 million). Therefore, under the reference exchange rate set by the Central Bank of Argentina- Communication “A” 3,500 dated October 9, 2019 (\$57.9), those amounts account for US\$300 million.

In accordance with the decisions mentioned above, the dividends were made available to shareholders on October 18, 2019.

b) Amendment of Telecom’s Bylaws

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At the General Extraordinary Shareholders' Meeting of Telecom and the Special Shareholders' Meetings of Class "A" and Class "D" shares of Telecom 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.

c) Conversion of Class "C" Shares into Class "B" Shares

According to the resolutions of Telecom's Ordinary and Extraordinary and Special General Class "C" Shareholders' Meetings held on December 15, 2011 and in compliance with the court order, 97,688 Class "C" shares were converted into the same number of Class "B" shares on October 15, 2019.

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

On September 10, 2019, the Board of Directors of Telecom approved the Pre-Merger Commitment executed by Telecom, Ultima Milla, CV Berazategui and PEM, whereby Telecom Argentina, as absorbing company, would absorb Ultima Milla, CV Berazategui (the "Absorbed Companies") and the Spun-off Equity of PEM (the "Corporate Reorganization"), thus generating the corresponding operating, accounting and tax effects. The purpose of the Corporate Reorganization is to unify the operations of Telecom Argentina, Última Milla, CV Berazategui and the Spun-off Equity of PEM, thus enhancing efficiency, synergy and streamlining costs and optimizing, through the Reorganization, the use of the companies' technical, administrative and financial structures. The Corporate Reorganization Date is October 1, 2019.

As a result of the Corporate Reorganization, the Absorbed Companies would be dissolved without liquidation and PEM would spin off a portion of its equity and its capital stock would be reduced pro rata as of October 1, 2019.

Such Corporate Reorganization is 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 BCBA, 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.

e) Loan for Acquisition of Equipment

On October 25, 2019, Telecom received the second disbursement from Finnvera 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.

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f) Syndicated Loan executed by Cablevisión Holding

On October 23, 2019, the Company made a partial prepayment of principal in the amount of US\$ 116.4 million, plus interest, pursuant to the terms and conditions of the loan, which sets out that the collections of dividends by the Company shall be applied to the prepayment of the Loan.

In addition, on October 28, 2019, the Company made a prepayment of the outstanding principal under the loan for US\$ 25.4 million plus interest. Therefore, the loan has been fully repaid.

g) Prepayment of the Bank Loan borrowed by Núcleo

On October 23, 2019, within the framework of its ongoing policy aimed at optimizing the term, rate and structure of its financial debt, Núcleo made a prepayment under the loan agreement executed with Banco Bilbao Vizcaya Argentaria Paraguay S.A. (BBVA) for an aggregate PYG 20,000 million (equivalent to approximately \$182 million).

NOTE 30 - APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Company's Board of Directors has approved these interim condensed consolidated financial statements and authorized their issuance for November 11, 2019.

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Chairman

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Cablevisión Holding S.A. SUPPLEMENTARY FINANCIAL INFORMATION

As of September 30, 2019

1. COMPANY ACTIVITIES

On January 1, 2018, the Company informed that its subsidiary Cablevisión S.A., within the framework of its Merger with Telecom Argentina S.A., had signed the minutes regarding the transfer of operations, in its capacity as Absorbed Company to the Absorbing Company, under the terms of the Final Merger Agreement signed on October 31, 2017. Therefore, as provided under the Pre-Merger Commitment and under the Final Merger Agreement, as from 0:00 hours of January 1, 2018 the Merger entered into effect and, consequently, Cablevisión S.A. was dissolved without liquidation and Cablevisión Holding S.A. became the controlling company of Telecom Argentina S.A.

In 2018, in connection with the US\$ 750,000,000 Loan agreement executed in September 2017 with Citibank, NA, Goldman Sachs Bank USA, Industrial and Commercial Bank of China Limited, Dubai (DIFC) Branch and Itaú Unibanco S.A. Nassau Branch, pursuant to clauses 2.10(b) and 2.11(a) which provide that the collection of dividends by the Company shall be applied to the prepayment of said loan, the Company made three payments and prepaid US\$ 532.7 million during the first quarter of 2018. After those prepayments, the outstanding principal of the Loan amounted to US\$ 217.3. On March 21, 2019, certain terms of the loan were amended and the maturity was extended for 18 months.

On May 13 and August 22, 2019, the Company made partial prepayments of principal in the amount of US\$ 29.2 million and US\$ 46.2 million, plus interest, respectively, pursuant to the terms and conditions of the loan, which sets out that the collections of dividends by the Company shall be applied to the prepayment of the Loan. As of September 30, 2019, the outstanding principal amount of the loan amounts to US\$ 141.9 million.

On October 23, 2019, the Company made a partial prepayment of principal in the amount of US\$ 116.4 million, plus interest, pursuant to the terms and conditions of the loan mentioned above. In addition, on October 28, 2019, the Company made a prepayment of the outstanding principal under the loan for US\$ 25.4 million plus interest. Therefore, the loan has been fully repaid.

As required by Argentine regulations, on June 21, 2018, Cablevisión Holding submitted and formulated its PTO due to the change of control for the acquisition of Class B shares of Telecom Argentina at a price of \$ 110.85 per share. As part of the administrative process for the authorization of the PTO, the CNV served various notices on Cablevisión Holding in which it challenged the price offered by Cablevisión Holding and held that the price for each Class B share of Telecom Argentina should be US\$ 4.8658 payable in Argentine pesos at the exchange rate prevailing on the business day immediately preceding the date of the payment of the PTO. Due to the fact that Cablevisión Holding believes that CNV's position is unfounded, it brought a legal claim to request a preliminary injunction in order to avoid the irreparable harm that would have resulted from a CNV resolution ordering Cablevisión Holding to conduct the PTO at the above-mentioned price.

On September 21, 2018, the Company was served notice of the decision rendered on September 20, 2018, whereby, as a preliminary injunction, the CNV was ordered to refrain from resolving and deciding on the authorization of the PTO submitted and formulated by the Company, until the court renders a final decision on the injunction, once the requirements of article 4 of Law No. 26,854 have been fulfilled.

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(Partner)

Sebastián Bardengo
Chairman

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On October 8, 2018, the Company filed the substantive claim on which the request for a preliminary 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 effective laws.

On November 28, 2018, the Company was served with the decision rendered on November 27, 2018, whereby the Court accepted (as a requirement of admissibility) the guarantee posted by the Company pursuant to the decision of November 1, 2018, which had granted the injunction requested by the Company. Pursuant to the Court's injunction, the CNV was instructed to refrain from issuing any decision on the authorization of the PTO submitted and formulated by the Company, for a period of six months.

On May 8, 2019, the Company was served notice of a resolution rendered on May 6, 2019 by the Court, whereby it ordered to extend the injunction for three months, counted as from its original expiration date, with the scope provided.

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 Preliminary Injunction (Autonomous)" (File 89,537/2018) pending before Federal Court on Administrative Matters No. 1, Clerk's Office No. 1, whereby that Court decided, as a preliminary injunction, to suspend the proceeding related to the Public Tender Offer of Class B Shares of Telecom Argentina, filed by the Company with the Argentine Securities Commission, until such Commission decides to apply the new regulation (Resolution No. 779/18), or until the expiration of the maximum term allowed under Article 5 of Law No. 26,854, as the case may be.

In addition, on July 19, 2019, the Company was served with 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 points out that: (a) in its decision, the above-mentioned Chamber 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; (b) the substantive claim remains pending before the Court of First Instance, and (c) the PTO submitted by the Company falls within the scope of the injunction ordered in re "Burgueño Daniel v. EN - CNV on Preliminary Injunction (Autonomous)" mentioned in the previous paragraph, which, to date, is in full force and effect.

The Company will file, within the corresponding procedural term, an appeal before the National Supreme Court against the decision rendered by Chamber I that revoked the above-mentioned injunction.

In line with the notice of the decision rendered on May 9, 2019 in re "Burgueño Daniel v. EN-CNV on Preliminary Injunction (Autonomous)", on November 1, 2019, the Company was served notice of the decision rendered on October 25, 2019 by Chamber V of the Court of Appeals on Federal Administrative Matters, whereby that Court decided to reject the appeal filed by the CNV, to confirm its own jurisdiction to review the appeal and the decision rendered by the Court of Appeals on Federal Administrative Matters No. 1, which had granted an injunction suspending the proceeding related to the Public Tender Offer of Class B Shares of Telecom Argentina S.A., filed by the Company with the Argentine Securities Commission, until such Commission decides to apply the new regulation (Resolution No. 779/18), or until the expiration of maximum term allowed under Article 5 of Law No. 26,854, as the case may be.

As far as business management is concerned, our subsidiary Telecom Argentina recorded in the first nine months of 2019 revenues in the amount of \$159,699 million, compared to \$177,898 million in the same period of 2018. Operating costs -including amortization, depreciation, of PP&E, intangible assets and rights of use- amounted to \$145,561 million (a decrease of \$4,297 million compared to the same period of 2018),

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operating income before depreciation and amortization amounted to \$52,950 million -equivalent to 33.2% of consolidated revenues -, compared to \$61,836 million and 34.8% in 2018. Operating Income amounted to \$14,138 million (a 49.6% decrease compared to 2018) -equivalent to 8.9% of consolidated revenues- and net income recorded a loss of \$15,109 million (a decrease compared to the loss recorded for the same period in 2018 of \$ 3,320 million). The variations are mainly explained by a decrease in revenues; an increase in depreciation, amortization and impairment of PP&E, which was partially offset by lower debt financial costs equivalent to \$42,527 million mainly arising from a decrease in negative balances due to exchange differences.

2. CONSOLIDATED FINANCIAL STRUCTURE

Note: the amounts are stated in thousands of Argentine Pesos. Pursuant to CNV regulations, the following table shows the balances and results for the period, prepared under IFRS.

	<u>September 30, 2019</u>
Current Assets	66,162
Non-Current Assets	<u>461,940</u>
Total Assets	<u>528,102</u>
Current Liabilities	84,205
Non-Current Liabilities	<u>173,091</u>
Total Liabilities	<u>257,296</u>
Equity of the Parent Company	107,516
Equity of Non-Controlling Interests	<u>163,290</u>
Total Equity	<u>270,806</u>
Total Equity and Liabilities	<u>528,102</u>

3. CONSOLIDATED COMPREHENSIVE INCOME STRUCTURE

Note: the amounts are stated in thousands of Argentine Pesos. Pursuant to CNV regulations, the following table shows the balances and results for the period, prepared under IFRS.

	<u>September 30, 2019</u>
Operating income/loss from continuing operations ⁽¹⁾	14,138
Financial Results	(16,500)
Equity in Earnings from Associates	<u>(204)</u>
Income/loss from continuing operations before income tax	(2,566)
Income Tax	<u>(12,543)</u>
Net Income (Loss) for the Period	(15,109)
Other Comprehensive Income (Loss) for the Period	<u>(761)</u>
Total Comprehensive Income (Loss) for the Period	<u>(15,870)</u>

⁽¹⁾ Defined as net sales less cost of sales and expenses.

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4. CASH FLOW STRUCTURE

Note: the amounts are stated in thousands of Argentine Pesos. Pursuant to CNV regulations, the following table shows the balances and results for the period, prepared under IFRS.

	<u>September 30, 2019</u>
Cash provided by (used in) operating activities	55,529
Cash provided by (used in) investment activities	(27,827)
Cash provided by (used in) financing activities	<u>(205)</u>
Total cash provided (used) for the period	27,497
Financial Results Generated by Cash and Cash Equivalents	<u>1,090</u>
Total changes in cash	<u><u>28,587</u></u>

5. STATISTICAL DATA

	<u>September 30, 2019</u>	<u>September 30, 2018</u>
Cable Television Service Subscribers (i)	100.6	102.0
Internet Access (i)	102.0	101.7
Fixed Telephony Service Lines (iii)	84.5	95.6
Personal Mobile Service Lines (iii)	100.0	97.4
Núcleo Customers (iii)	95.4	96.8

(i) Base December 2013= 100

(ii) Base December 2015= 100

(iii) Base December 2017= 100 (the variation corresponds to the information arising from the merger with Telecom Argentina)

6. RATIOS

	<u>September 30, 2019</u>
Liquidity (current assets / current liabilities)	0.79
Solvency (equity / total liabilities)	1.05
Capital assets (non-current assets / total assets)	0.87

7. OUTLOOK

The Company will focus on maintaining and consolidating its presence in the telecommunications market to meet the growing demand for products and services mainly associated with broadband and mobility. Its long-term business strategy is aimed at upgrading the networks of its subsidiaries to improve the quality of the service provided to their customers and increase its penetration in the fixed and mobile broadband business, which has the greatest potential for future growth.

See our report dated
November 11, 2019

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

Sebastián Bardengo
Chairman

C.P.C.E.C.A.B.A. Vol. 1 Fol. 17

CABLEVISIÓN HOLDING S.A.

Registration number with the IGJ: 1,908,463

The purpose of the Merger is for Telecom Argentina, in its capacity as merged company, to offer in an efficient manner, in line with the national and international trend, technological products for media and telecommunications that converge the different separate or independent modalities in which voice, data, sound and video transmission wired and wireless services are provided, into a single product or a series of products to be provided as a whole for the benefit of the users and consumers of those multiple individual services. Both companies understood that their respective operating and technical structures were highly complementary and could be optimized through a structural consolidation, achieving synergies and efficiencies in the development of convergence products along with the demand of the market.

In a very short period, the Company strengthened the integration of the financial and operating structures of the merged companies that began in January, managing to reinforce the position of the new company in a competitive market and to sustain high levels of investment to reconvert and upgrade its networks, ensuring the quality and the continuity of the services to meet the connectivity demands of our customers.

The Group focuses on providing the best convergent products and services offerings in terms of speed, quality, technological reliability and high-value contents. During the first months of this year the brands Personal and Fibertel teamed up to provide the best Wi-Fi connectivity and 4G service experience, with benefits for its Club Personal customers. During 2019, Telecom will continue with the technological reconversion and the upgrading of its management systems to provide the best customer service.

Telecom continues with fiber optic cable laying increasingly closer to households, unifying different access technologies to improve browsing speeds and converting copper fixed networks into fiber networks or hybrid fiber-coaxial networks to offer higher connection speed and capacity. This process is boosted by a strong commercial leveraging of the brand Fibertel, which has the best performance in terms of customers preference.

In macroeconomic terms, during the third quarter, the evolution of the political scenario associated with the electoral calendar had a considerable impact on Argentina's macroeconomic indexes, which generated a rise in the inflation rate and the fluctuation of the exchange rate, with direct consequences on the purchasing power of the citizens.

The economic-financial performance of the Company and its subsidiary Telecom, and other companies that operate in Argentina, was not oblivious to the impact of exchange differences, especially for a company that has to make intensive investments in infrastructure, with dollarized inputs, but operates in Argentine pesos in the local market.

Even though Telecom continues with its long-term commitment to Argentina through a strategic investment plan aimed at infrastructure deployment and systems integration, the economic scenario forces Telecom to strongly focus its management on achieving operational efficiencies to maintain the growth levels in line with the investments undertaken.

Through our subsidiary Telecom Argentina, we continue to invest in strong networks with a focus on residential customers, in areas with low and high concentration of population, and in order to meet the connectivity needs required by the economic development of the country. In that sense, it continues working to expand connectivity throughout the national territory to be able to offer high quality products and services to the entire population.

See our report dated
November 11, 2019

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C.A.B.A. Vol. 1 Fol. 17

Sebastián Bardengo
Chairman

CABLEVISIÓN HOLDING S.A.

Registration number with the IGJ: 1,908,463

To such end, with a customer focused approach, Telecom seeks to provide the best service offerings in terms of speed, quality and technological reliability, constantly expanding the contents offered that support and add value to our product portfolio.

We continue with fiber optic cable laying increasingly closer to households, unifying different access technologies to improve Internet browsing speeds through the fixed broadband service provided by Fibertel. At the same time, Telecom is converting copper fixed networks into fiber networks or hybrid fiber-coaxial networks to offer higher connection speed and capacity.

Regarding the mobile network, Personal has become the fastest 4G service provider in Argentina, and we continue to expand its coverage and capacity, upgrading the installed sites throughout the country with 4.5G technology, which will allow us to be prepared for 5G deployment and the possibilities it provides through IoT solutions. In this regard, Telecom has made the first two 5G technology demos open to the public in Argentina.

Through its fixed and mobile networks, Telecom seeks to provide customers with a comprehensive connectivity service, and an experience that ensures constant and seamless connection, with a broad range of contents at their disposal which can be consumed from any device from any place and at any time. For this purpose, Telecom relies on the high capacity and capillarity of the IP transport interurban network, with a new architecture that allows that company to transport digital contents based on the growing demand.

In addition, through Flow it offers users high quality audiovisual contents, with a catalogue designed to cater to the needs of the most diverse audiences. This multi device platform also offers new entertainment experiences through Flow Music.

The full integration of Telecom Argentina's fixed mobile network, Argentina's most powerful and sustainable network, will allow Telecom to expand the plan for the transformation of connectivity services and contents.

City of Buenos Aires, November 11, 2019.

See our report dated
November 11, 2019

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C.A.B.A. Vol. 1 Fol. 17

Sebastián Bardengo
Chairman

Free translation from the original prepared in Spanish

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders, President and Directors of
Cablevisión Holding S.A.
Legal domicile: Tacuarí 1842, 4th floor,
City of Buenos Aires
Tax ID No. 30-71559123-1

Introduction

We have reviewed the attached interim condensed consolidated financial statements of Cablevisión Holding S.A. and its controlled subsidiaries (the "Company") which comprise the consolidated statement of financial position at September 30, 2019, the consolidated statements of comprehensive income for the nine and three-month periods ended at September 30, 2019 and the consolidated statements of changes in equity and of cash flows for the nine-month period ended on that date and a summary of significant accounting policies and other explanatory information.

The balances and other information corresponding to fiscal year 2018 and interim period are an integral part of the above-mentioned financial statements and, therefore, they should be considered in relation to those financial statements.

Management's responsibility

The Board of Directors of the Company is responsible for the preparation and presentation of the financial statements in accordance with International Financial Reporting Standards, adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE, for its Spanish acronym) as professional accounting standards and incorporated by the Argentine Securities Commission (CNV, for its Spanish acronym) to its regulations, as approved by the International Accounting Standards Board (IASB) and, therefore, is responsible for the preparation and presentation of the interim condensed consolidated financial statements mentioned in the first paragraph in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34).

Scope of our review

Our review was limited to the application of the procedures established by International Standard on Review Engagements ISRE 2410 "Review of interim financial information performed by the independent auditor of the entity", which was adopted as review standard in Argentina by Technical Resolution No. 33 of the FACPCE as it was approved by the International Auditing and Assurance Standards Board (IAASB). A review of interim financial information consists of making inquiries to the Company's personnel responsible for preparing the information included in the interim condensed consolidated financial

statements and applying analytical and other review procedures. The scope of this review is substantially less than an audit conducted in accordance with International Standards on Auditing, and consequently, a review does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated statement of financial position, consolidated comprehensive income and consolidated cash flows of the Company.

Conclusion

Based on our review, nothing has come to our attention that caused us to believe that the interim condensed consolidated financial statements mentioned in the first paragraph of this report are not prepared, in all material respects, in accordance with International Accounting Standard 34.

Emphasis of Matter

Without modifying our conclusion, we would like to emphasize the information contained in Note 27.b) to the interim condensed consolidated financial statements, which describes the situation related to the resolution issued by the regulator to calculate the monthly fee payable by the users of television services provided by the subsidiary Telecom Argentina S.A., whose decision cannot be foreseen to date.

Report on compliance with current regulations

In accordance with current regulations, in respect to Cablevisión Holding S.A., we report that:

the interim condensed consolidated financial statements of Cablevisión Holding S.A. have been transcribed to the "Inventory and Balance Sheet" book and comply with the General Companies Law and pertinent resolutions of the Argentine Securities Commission, as regards those matters that are within our competence;

the interim condensed separate financial statements of Cablevisión Holding S.A. arise from accounting records kept in all formal respects in conformity with legal provisions;

we have read the supplementary financial information, on which, as regards those matters that are within our competence, we have no observations to make;

at September 30, 2019, the debt accrued in favor of the Argentine Integrated Social Security System of Cablevisión Holding S.A. according to the Company's accounting records and calculations amounted to \$ 294,487, none of which was claimable at that date.

City of Buenos Aires, November 11, 2019.

PRICE WATERHOUSE & CO. S.R.L.

by _____ (Partner)

Dr. Carlos A. Pace



Cablevisión Holding S.A.

Interim Condensed Separate Financial Statements
For the nine-month period ended September 30, 2019
presented on a comparative basis

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

Contents

Interim Condensed Separate Financial Statements

- Separate Statement of Comprehensive Income.
- Separate Statement of Financial Position.
- Separate Statement of Changes in Equity.
- Separate Statements of Cash Flows.

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2. Basis for the Preparation and Presentation of the Interim Condensed Separate Financial Statements
3. Accounting Estimates and Judgments.
4. Breakdown of main items.
5. Balances and transactions with related parties.
6. Developments for the nine-month period ended September 30, 2019.
7. Financial Instruments.
8. Capital Stock Structure.
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10. CNV General Resolution No. 629/2014 - Record Keeping
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CABLEVISIÓN HOLDING S.A.

Registration number with the IGJ: 1,908,463

CABLEVISIÓN HOLDING S.A.
SEPARATE STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIODS ENDED September 30, 2019 AND 2018
AND THE THREE-MONTH PERIODS BEGINNING ON JULY 1
AND ENDED ON SEPTEMBER 30, 2019 AND 2018
(in millions of Argentine pesos)

	Notes	September 30, 2019	September 30, 2018	July 1, 2019 through September 30, 2019	July 1, 2018 through September 30, 2018
Equity in Earnings from Associates	4.4	(5,036)	62,067	(7,947)	(6,048)
Fees for services	4.1	(109)	(150)	(42)	(56)
Salaries and Social Security Payables	4.1	(17)	(25)	(6)	(7)
Other expenses	4.1	(18)	(66)	(12)	(6)
Other Operating Income and Expense		(125)	(66)	(36)	(82)
Financial Costs	4.2	(2,029)	(6,739)	(2,116)	(3,044)
Other Financial Results, net	4.3	(119)	609	260	470
Income (Loss) before Income Tax		(7,453)	55,630	(9,899)	(8,773)
Income Tax		(11)	(34)	(10)	(9)
Net Income (Loss) for the Period		<u>(7,464)</u>	<u>55,596</u>	<u>(9,909)</u>	<u>(8,782)</u>
Other Comprehensive Income					
Items which can be reclassified to Net Income (Loss)					
Equity in Earnings from subsidiaries		(285)	1,234	457	650
Total Comprehensive Income (Loss) for the Period		<u>(7,749)</u>	<u>56,830</u>	<u>(9,452)</u>	<u>(8,132)</u>

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

See our report dated
November 11, 2019
PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C.A.B.A. Vol. 1 Fol. 17

Pablo San Martín
Supervisory Committee

Sebastián Bardengo
Chairman

Dr. Carlos A. Pace
Certified Public Accountant (UBA)
C.P.C.E.C.A.B.A. Vol. 150 Fol. 106

CABLEVISIÓN HOLDING S.A.

Registration number with the IGJ: 1,908,463

CABLEVISIÓN HOLDING S.A.
SEPARATE STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2019 AND DECEMBER 31, 2018
(in millions of Argentine pesos)

	Notes	September 30, 2019	December 31, 2018
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	4.5	1,300	778
Other Receivables		66	78
Other Assets		357	412
Total Current Assets		1,723	1,268
NON-CURRENT ASSETS			
Other Receivables		341	377
Deferred Tax Assets		36	54
Investments in Unconsolidated Affiliates	4.4	109,698	120,966
Total Non-Current Assets		110,075	121,397
Total Assets		111,798	122,665
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable		21	48
Bank and Financial Debt	4.6	8,181	11,265
Salaries and Social Security Payables		7	11
Taxes Payable		-	43
Other Liabilities		124	84
Total Current Liabilities		8,333	11,451
Total Liabilities		8,333	11,451
EQUITY (as per the corresponding statement)			
Shareholders' Contribution		19,070	19,070
Other Items		(1,312)	(1,027)
Retained Earnings		85,707	93,171
Total Equity		103,465	111,214
Total Equity and Liabilities		111,798	122,665

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

See our report dated
November 11, 2019

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CABLEVISIÓN HOLDING S.A.
SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2019 AND 2018
 (in millions of Argentine pesos)

	Equity attributable to Shareholders of the Parent Company									
	Shareholders' Contribution				Other Items		Retained Earnings			Total Equity of Controlling Interests
	Capital Stock ⁽¹⁾	Inflation Adjustment on Capital Stock	Additional Paid-in Capital	Subtotal	Other Comprehensive Income	Other Reserves	Legal Reserve	Voluntary Reserves	Retained Earnings	
Balances as of January 1, 2018	181	5,509	13,380	19,070	(1,555)	(10)	190	9,366	19,009	
Effect of Adopting New Accounting Policies	-	-	-	-	-	-	-	-	(137)	(137)
Setup of Reserves	-	-	-	-	-	-	-	3,285	(3,285)	-
Changes in Other Reserves	-	-	-	-	-	(72)	-	-	-	(72)
Net Income (Loss) for the Period	-	-	-	-	-	-	-	-	55,596	55,596
Other Comprehensive Income	-	-	-	-	1,234	-	-	-	-	1,234
Balances as of September 30, 2018	181	5,509	13,380	19,070	(321)	(82)	190	12,651	71,183	102,691
Balances as of January 1, 2019	181	5,509	13,380	19,070	(945)	(82)	190	12,651	80,330	111,214
Set-up of Reserves (Note 9.1)	-	-	-	-	-	-	948	79,382	(80,330)	-
Net Income (Loss) for the Period	-	-	-	-	-	-	-	-	(7,464)	(7,464)
Other Comprehensive Income	-	-	-	-	(285)	-	-	-	-	(285)
Balances as of September 30, 2019	181	5,509	13,380	19,070	(1,230)	(82)	1,138	(2) 92,033	(7,464)	103,465

(1) Includes 1,578 treasury shares. See Note 8.

(2) Broken down as follows: (i) Voluntary Reserve for Illiquid Results of \$ 75,510, (ii) Voluntary Reserve for Financial Obligations of \$ 16,523.

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

See our report dated
November 11, 2019

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CABLEVISIÓN HOLDING S.A.

Registration number with the IGJ: 1,908,463

CABLEVISIÓN HOLDING S.A.
SEPARATE STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2019 AND 2018
(in millions of Argentine pesos)

	<u>September 30,</u> <u>2019</u>	<u>September 30,</u> <u>2018</u>
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Net Income (Loss) for the Period	(7,464)	55,596
Income Tax	11	34
Accrued Interest, net	913	1,075
Adjustments to reconcile Net Income (Loss) for the Period to Cash used in Operating Activities:		
Exchange Differences and Other Financial Results	999	4,766
Gain (Loss) on Net Monetary Position	151	286
Equity in Earnings from Associates	5,036	(62,067)
Changes in Assets and Liabilities:		
Other Receivables	88	191
Trade and Other Payables	(28)	28
Other Liabilities	72	81
Taxes Payable	(36)	(6)
Net Cash Flows used in Operating Activities	<u>(258)</u>	<u>(16)</u>
CASH FLOWS PROVIDED BY INVESTMENT ACTIVITIES		
Dividends Collected	<u>5,760</u>	<u>20,819</u>
Net Cash Flows provided by Investment Activities	<u>5,760</u>	<u>20,819</u>
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		
Reversal of Reserve Account	108	497
Payment of Interest	(907)	(737)
Repayment of Loans	<u>(4,206)</u>	<u>(20,367)</u>
Net Cash Flows used in Financing Activities	<u>(5,005)</u>	<u>(20,607)</u>
Net Increase in Cash Flow	497	196
FINANCING RESULTS PROVIDED BY CASH (INCLUDING GAIN (LOSS) ON NET MONETARY POSITION)	25	728
Cash and Cash Equivalents at the Beginning of the Year (Note 4.5)	<u>778</u>	<u>947</u>
Cash and Cash Equivalents at the End of the Period (Note 4.5)	<u>1,300</u>	<u>1,871</u>

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

See our report dated
November 11, 2019

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CABLEVISIÓN HOLDING S.A.

Registration number with the IGJ: 1,908,463

CABLEVISIÓN HOLDING S.A.
NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019
PRESENTED ON A COMPARATIVE BASIS
(in millions of Argentine pesos)

NOTE 1 – GENERAL INFORMATION

Cablevisión Holding S.A. is a holding company that operates in the telecommunications industry. Its operating income and cash flows derive from its direct and indirect interest in Telecom.

Telecom provides mainly fixed-line public and mobile telecommunication services, international long-distance service, data transmission and Internet services in Argentina and through its subsidiaries, mobile telecommunications services in Paraguay and international wholesale services in the United States of America.

As a consequence of the merger between Telecom and Cablevisión S.A., Telecom Argentina, as surviving entity, develops, as from fiscal year 2018, the operations that Cablevisión S.A. developed until December 31, 2017.

The core business of Cablevisión and some of its subsidiaries was the operation of the cable television networks installed in different regions of Argentina and Uruguay and the provision of telecommunication services.

Cablevisión exploited cable television services through licenses original granted by the Federal Broadcasting Committee (COMFER, for its Spanish acronym) and telecommunication services through licenses granted by the SC.

NOTE 2 - BASIS FOR THE PREPARATION AND PRESENTATION OF THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

2.1. Basis for the preparation

Through General Resolutions No. 562/09 and No. 576/10, the Argentine Securities Commission (“CNV”, for its Spanish acronym) provided for the application of Technical Resolutions (“TR”) No. 26 and No. 29 issued by the Argentine Federation of Professional Councils of Economic Sciences (“FACPCE”, for its Spanish acronym), which adopt the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) for entities subject to the public offering regime governed by Law No. 26,831, whether on account of their equity or their notes, or which have requested authorization to be subject to such regime. The FACPCE issues Adoption Communications in order to implement IASB resolutions in Argentina.

Technical Resolution No. 43 “Amendment of Technical Resolution No. 26”, effective for fiscal years beginning on or after January 1, 2016, sets out that separate financial statements shall be prepared fully in accordance with IFRS without applying any changes, i.e. complying with the full contents of those standards as issued by the IASB and with the mandatory or guiding provisions established by IASB in each document.

That Resolution provides that for its disclosure in separate financial statements of entities that are required to present consolidated financial statements, the investments in subsidiaries, joint ventures and associates shall be valued under the equity method as set out by IFRS.

In preparing these interim condensed separate financial statements for the nine-month period ended September 30, 2019, the Company has followed the guidelines provided by TR 43, and, therefore, these financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting”. Some

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November 11, 2019
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additional disclosures required by the General Associations Law (“LGS”) and/or by the CNV have been also included, among them, supplementary information required in the last paragraph of Article 1 Chapter III Title IV of the CNV General Resolution No. 622/13. That information is included in the Notes to these interim condensed separate financial statements, as provided by IFRS. The interim condensed separate financial statements have been prepared in accordance with the accounting policies the Company expects to adopt in its annual separate financial statements as of December 31, 2019. The accounting policies are based on IFRS issued by the International Accounting Standards Board (“IASB”) and the interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

These parent-company only financial statements have been prepared based on historical cost restated as described in Note 2.1.1, except for the fair value measurement of certain non-current assets and financial instruments (including derivatives). In general, the historical cost is based on the fair value of the consideration granted in exchange for the assets.

These interim condensed separate financial statements should be read together with the Company’s financial statements for the fiscal year ended December 31, 2018, prepared under IFRS.

The accounting policies used in the preparation of these interim condensed separate financial statements are consistent with those used in the preparation of the financial statements for the fiscal year ended December 31, 2018.

Certain figures reported in the financial statements presented on a comparative basis were reclassified in order to maintain the consistency in the disclosure of the figures corresponding to this period.

The attached information, approved by the Board of Directors of the Company at the meeting held on November 11, 2019, is presented in Argentine Pesos (\$), the Argentine legal tender, and arises from accounting records kept by the Company.

2.1.1 Application of IAS 29 (Financial Reporting in Hyperinflationary Economies)

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

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

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

In addition, Law No. 27,468 (published in the Official Gazette on December 4, 2018) amended Section 10 of Law No. 23,928, as amended, providing that the repeal of all the laws and regulations that establish or authorize price indexation, currency restatement, cost variance and any other form of restatement of debts, taxes, prices or fees related to property, works or services, does not apply to financial statements, which remain subject to Section 62 of the General Associations Law, as amended. In addition, it repealed Decree No. 1,269/2002, as amended, and delegated on the Executive Branch, through its oversight agencies, the power to set the date as from which those regulations will come into effect with respect to financial statements.

See our report dated
November 11, 2019

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Therefore, through Resolution No. 777/18 (published in the Official Gazette on December 28, 2018), the CNV, the local regulator, also established the method to restate financial statements in constant currency to be applied by issuers subject to the oversight of the CNV, in accordance with IAS 29 for years/periods ended as from December 31, 2018. Therefore, these financial statements have been restated in constant currency as of September 30, 2019.

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 those indexes over the last three fiscal years and as of September 30, 2019, according to official statistics (INDEC) in accordance with the guidelines described under Resolution No. 539/18:

	<u>As of</u> <u>December</u> <u>31. 2016</u>	<u>As of</u> <u>December</u> <u>31. 2017</u>	<u>As of</u> <u>December</u> <u>31. 2018</u>	<u>As of</u> <u>September</u> <u>30. 2018</u>	<u>As of</u> <u>September</u> <u>30. 2019</u>
<u>Variation of Prices</u>					
Annual	34.6%	24.8%	47.6%	40.5%	53.5%
Accumulated over 3 years	102.3%	96.8%	148.0%	137.9%	160.1%
Accumulated over 3 months since					
June	n/a	n/a	n/a	14.1%	12.5%
Accumulated over 9 months	n/a	n/a	n/a	32.4%	37.7%

The Company applied the same restatement policies to the items identified in the annual separate financial statements as of December 31, 2018. The exchange differences, as well as the interest accrued, are calculated in real terms, excluding the corresponding inflationary effect.

2.2. Standards and Interpretations issued but not adopted to date

There are no standards and interpretations issued but not adopted by the Company as of September 30, 2019.

2.3. Standards and Interpretations issued and adopted to date

- IFRS 16 "Leases": Issued in January 2016. It establishes the principles for the recognition, measurement, presentation and disclosure of leases. Said standard applies to years beginning January 1, 2019.

It does not have an impact on the separate financial statements other than the impact this standard has on the equity of the subsidiary Telecom (see note 1.f) to the consolidated financial statements.)

- IFRIC 23 "Uncertainty over Income Tax Treatments": issued in October 2017. In case of uncertainty over tax treatments, this IFRIC provides: (i) whether or not uncertain tax treatments must be assessed separately; (ii) the assumptions used by the tax authority with respect to the tax treatments (the Company will have to assess if it is probable that the tax authority will accept the uncertain tax treatment assuming that the taxation authority is going to assess such uncertain tax treatment); (iii) how a company measures the tax income (loss), the tax bases, taxes and fiscal credits not deducted and tax rates (assessment of the probability of occurrence); and (iv) how the changes in facts and circumstances are considered.

The new standard is effective for fiscal years beginning on or after January 1, 2019. The application of this amendment does not have an impact on the statement of financial position, the statement of comprehensive income or the statement of cash flows.

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2.4 Income Tax Inflation Adjustment

Law No. 27,430 and its amending Law No. 27,468 provide that, effective as from fiscal years beginning on or after January 1, 2018, the inflation adjustment procedure set out in Title VI of the income tax law shall be applicable in fiscal years in which the variation of IPC, accumulated in the 36 months immediately preceding the end of the relevant fiscal year, is higher than 100%.

Regarding fiscal years 2018, 2019 and 2020, this procedure shall be applicable to the extent the annual variation of the IPC exceeds 55%, 30% and 15%, respectively. In addition, it provides that the positive or negative effect, as the case may be, of the inflation adjustment corresponding to the first, second and third fiscal years beginning as from January 1, 2018, that must be calculated if the triggers occur, shall be allocated as follows: in equal thirds in the first fiscal period, and in the immediately following two fiscal periods.

During 2018, the Company did not reach the 55% threshold. Therefore, it did not apply the inflation adjustment regime in such fiscal period.

As of the date of these financial statements, the accumulated variation of the IPC exceeds the threshold set for the application of the inflation adjustment for tax purposes. Accordingly, and pursuant to a comprehensive interpretation of applicable regulations, the Company recognized the corresponding accounting impacts.

NOTE 3 - ACCOUNTING ESTIMATES AND JUDGMENTS

In applying the accounting policies used in the preparation of these interim condensed separate financial statements, the Company has to make judgments and prepare accounting estimates of the value of the assets and liabilities that may not be obtained otherwise. The estimates and related assumptions are based on historical experience and other pertinent factors. Actual results may differ from these estimates.

The underlying estimates and assumptions are continually reviewed. The effects of the reviews of accounting estimates are recognized for the period in which estimates are reviewed.

The estimates and assumptions used in the preparation of these interim condensed separate financial statements are consistent with those used in the preparation of the financial statements as of December 31, 2018, which are disclosed in Note 3 to such financial statements for fiscal year ended December 31, 2018.

NOTE 4 – BREAKDOWN OF MAIN ITEMS

4.1– Information required under article 64, subsection b) of Law No. 19,550

Item	Administrative Expenses	Administrative Expenses
	September 30, 2019	September 30, 2018
Fees for services	109	150
Salaries and Social Security Payables	17	25
Other expenses	18	66
Total	144	241

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4.2 - Financial Costs

	September 30, 2019	September 30, 2018
Exchange Differences	(1,080)	(5,655)
Interests	(949)	(1,084)
	(2,029)	(6,739)

4.3 – Other Financial Results, net

	September 30, 2019	September 30, 2018
Exchange Differences	81	889
Other Taxes and Expenses	(11)	(3)
Gain (Loss) on Net Monetary Position	(151)	(286)
Restatement of Receivables	(74)	-
Interests	36	9
	(119)	609

4.4 - Investments in Associates

(amounts in millions of Argentine pesos, except for those corresponding to the nominal value of shares)

Companies	Country	Class	Nominal Value	Number	Valuation as of September 30, 2019 ⁽¹⁾	Valuation as of December 31, 2018 ⁽¹⁾	Interest (%)
Non-Current Investments:							
Telecom Argentina ⁽²⁾	Argentina	Common	\$ 1	406,757,183	49,205	54,651	18.89%
Telecom Argentina – Goodwill					7,058	7,058	
VLG ⁽³⁾	Argentina	Common	\$ 1	19,172,000,000	52,610	58,432	100%
VLG – Goodwill					825	825	
PEM ⁽⁴⁾	Argentina	Common	\$ 1	-	-	-	-
Total					109,698	120,966	

⁽¹⁾ In certain cases, the equity value does not correspond to the related shareholders' equity due to: (i) the adjustment of the equity value to the Company's accounting policies, as required by professional accounting standards, (ii) the elimination of goodwill generated by transactions between companies under the Company's common control, (iii) the existence of irrevocable contributions, and (iv) adjustments to fair market value of net assets for acquisitions made by the Company.

⁽²⁾ See Note 11.

⁽³⁾ Company through which an indirect interest is held in Telecom.

⁽⁴⁾ See Note 6.c.

The information about the issuer is detailed below (in millions of Argentine pesos):

Companies	Main business activity	Date	Capital Stock	Net Income	Equity
Telecom	Provision of Information and Communications Technology Services ("ICT Services")	September 30, 2019	2,158	(12,910)	282,237
VLG	Investing and financing	September 30, 2019	19,172	(2,604)	56,856

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The following is the evolution of the Investments in Unconsolidated Affiliates:

	<u>September 30, 2019</u>	<u>September 30, 2018</u>
Balance at the beginning of the year:	120,966	69,312
Equity in Earnings for the period from subsidiaries	(5,036)	(4,884) (*)
Effect of the Merger between Telecom and Cablevisión	-	66,951 (*)
Effect of Adopting New Accounting Policies	-	(137)
Interest in the dividends distributed by subsidiaries	(5,947)	(18,256)
Other Comprehensive Income	(285)	1,234
Changes in Other Reserves	-	(71)
Balance at period-end	<u><u>109,698</u></u>	<u><u>114,149</u></u>

(*) Included in the item "Equity in Earnings from Associates" of the separate statement of comprehensive income.

Equity in Earnings from Associates

	<u>September 30, 2019</u>	<u>September 30, 2018</u>
Telecom	(2,434)	36,393
VLG	(2,602)	25,674
	<u><u>(5,036)</u></u>	<u><u>62,067</u></u>

4.5 - Cash and Cash Equivalents

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Banks in Local Currency	3	6
Banks in Foreign Currency (Note 4.7)	19	28
Mutual Funds (Note 4.7)	772	-
Interest-bearing accounts (Note 4.7)	506	332
Fixed-Term Deposits (Note 4.7)	-	412
Total	<u><u>1,300</u></u>	<u><u>778</u></u>

4.6 – Bank and Financial Debt

The following is a breakdown of the Company's loans and indebtedness:

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Current		
Bank Loans - principal	8,170	11,280
Bank Loans - Interest	11	11
Financial debt measured at present value	-	(26)
Total	<u><u>8,181</u></u>	<u><u>11,265</u></u>

The following table details the changes in loans and indebtedness in the nine-month periods ended September 30, 2019 and 2018:

	<u>September 30, 2019</u>	<u>September 30, 2018</u>
Balance at the Beginning	11,265	28,064
Accrued Interest	949	1,084
Exchange Differences	1,080	5,655
Payment of Financial Debt	(4,206)	(20,367)
Payment of Interest	(907)	(737)
Balances at period-end	<u><u>8,181</u></u>	<u><u>13,699</u></u>

In connection with the Loan executed by the Company mentioned in note 4.9 to the annual separate financial statements as of December 31, 2018, on March 21, 2019, the Company acknowledged the

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acceptance by the Lenders, the Arrangers, Collateral Agents and the Administrative Agent of the Amendment Offer (the "Amendment Offer") delivered by the Company, in order to amend certain provisions of the Loan granted by the Lenders on September 27, 2017. The main terms of the Amendment Offer are the following:

- **Maturity Date:** the date that is 18 months from the Amendment Effective Date (March 25, 2019).
- **Applicable Margin:** the Loan shall accrue interest on any outstanding amounts until their actual payment at a rate equal to "LIBOR", plus an applicable margin equal to (i) 5.75% per annum for the period from the Amendment Effective Date to the date that is six months thereafter, (ii) 6.50% per annum for the period from, but excluding, the date that is six months following the Amendment Effective Date and the date that is the first anniversary of the Amendment Effective Date, and (iii) 7.25% per annum for the period from, but excluding, the first anniversary of the Amendment Effective Date to and including the Maturity Date.
- **Permitted Debt:** The Company shall not create, incur, assume or guaranty, or otherwise become or remain directly or indirectly liable with respect to, any Debt (other than the Obligations), except the following (collectively, the "Permitted Debt"): (a) Debt in an amount not exceeding US\$ 50,000,000 outstanding at any time; and (b) Debt in an amount necessary to fund, in whole or in part, any Tender Offer or Additional Acquisition of Telecom shares; provided that such Debt shall (i) be subordinated in right of payment to the payment in full of the Obligations, (ii) be unsecured or, if secured, the collateral for such Tender Offer/Additional Acquisition Debt will consist solely of new equity interests in Cablevisión acquired with the proceeds of such Tender Offer/Additional Acquisition Debt; (iii) have a maturity date falling at least six (6) months after the Maturity Date, (iv) provide that no interest or scheduled amortization payments of principal shall be payable in cash while any of the Obligations are outstanding.
- **Collateralization:** For as long as the Loan is outstanding, the Company undertakes to create and maintain collateral. For such purpose, the Borrower shall pledge a number of common shares of Telecom Argentina it holds directly or indirectly that shall result from the application of the Collateralization Ratio ("Collateralization Ratio") of 2.5:1.00. This Ratio shall be increased to 2.75:1.00 as long as Cablevisión Holding maintains any Permitted Debt described under paragraph (b), above.

On May 13 and August 22, 2019, the Company made partial prepayments of principal in the amount of US\$ 29.2 million and US\$ 46.2 million, plus interest, respectively, pursuant to the terms and conditions of the loan, which sets out that the collections of dividends by the Company shall be applied to the prepayment of the Loan.

As of September 30, 2019, the outstanding principal of the loan amounts to US\$ 141.9 million. See Note 12.b).

As of September 30, 2019, the lenders maintain a pledge on 178,597,678 shares of Telecom Argentina held by the Company.

During the period covered by these separate financial statements, the Company complied with all covenants.

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4.7 - Assets and Liabilities in Foreign Currency

Items	As of September 30, 2019			As of December 31, 2018	
	Amount in Foreign Currency (1)	Prevailing Exchange Rate (2)	Amount In local Currency (3)	Amount in Foreign Currency (1)	Amount in Local Currency (3)
			\$		\$
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	23	57.39	1,297	15	772
Other Receivables	1	57.39	40	1	58
Other Assets	6	57.39	357	8	412
Total Current Assets	30		1,694	24	1,242
NON-CURRENT ASSETS					
Other Receivables	6	57.39	325	7	377
Total Non-Current Assets	6		325	7	377
Total Assets	36		2,019	31	1,619

(1) US\$.

(2) Bid/offered exchange rates, as appropriate.

(3) Since the amounts in foreign currency and the equivalent amount in Argentine pesos are stated in millions, the calculation of the amount in foreign currency as per the prevailing exchange rate may not be accurate.

Items	As of September 30, 2019			As of December 31, 2018	
	Amount in Foreign Currency (1)	Prevailing Exchange Rate (2)	Amount In local Currency (3)	Amount in Foreign Currency (1)	Amount In local Currency (3)
			\$		\$
LIABILITIES					
CURRENT LIABILITIES					
Bank and Financial Debt	142	57.59	8,181	217	11,265
Total Current Liabilities	142		8,181	217	11,265
Total Liabilities	142		8,181	217	11,265

(1) US\$.

(2) Bid/offered exchange rates, as appropriate.

(3) Since the amounts in foreign currency and the equivalent amount in Argentine pesos are stated in millions, the calculation of the amount in foreign currency as per the prevailing exchange rate may not be accurate.

4.8 – Maturities of Investments, Receivables and Liabilities

The following table shows the classification of investments, receivables and liabilities as of September 30, 2019 in the following categories:

	Investments (1)	Other Assets (2)	Receivables	Other Liabilities (3)	Bank and Financial Debt (4)
In millions of Argentine pesos					
Without any established term	1,278	-	-	10	-
Due					
Within three months	-	357	36	12	8,181
More than three months and up to six months	-	-	10	6	-
More than six and up to nine months	-	-	26	124	-
More than nine months and up to twelve months	-	-	10	-	-
More than 1 year	-	-	325	-	-
Total with upcoming maturity	-	357	407	142	8,181
Total	1,278	357	407	152	8,181

(1) Includes US\$ 22.2 which accrues interest at a variable rate. Included in the item "Cash and Cash Equivalents."

(2) Includes US\$ 6.2 million which does not accrue any interest.

(3) Does not accrue any interest. Includes taxes payable, accounts payable and salaries and social security payables, and other liabilities.

(4) Includes US\$ 142 million which accrues interest at a variable rate.

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NOTE 5 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The following table shows the breakdown of the Company's balances with its related parties as of September 30, 2019 and December 31, 2018.

Company	Item	September 30, 2019	December 31, 2018
<u>Other Related Parties</u>			
Gestión Compartida	Accounts Payable	-	6
Grupo Clarín	Accounts Payable	10	-

The following table details the transactions carried out by the Company with related parties for the nine-month periods ended September 30, 2019 and 2018:

Company	Item	September 30, 2019	September 30, 2018
<u>Other Related Parties</u>			
Grupo Clarín	Fees for services	51	66
Gestión Compartida	Fees for services	6	7

NOTE 6 – DEVELOPMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019**a) Voting Trust under the Shareholder Agreement Executed between Fintech and the Company**

As mentioned in Note 6 to the annual separate financial statements of the Company as of December 31, 2018, on April 15, 2019, the Voting Trust was formalized. Under said Voting Trust, Fintech Telecom LLC and VLG S.A.U. (i) each contributed 235,177,350 shares of Telecom to a voting trust (the "Voting Trust") 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.

b) 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

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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.

On September 23, 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 with 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, among which is Telecom. However, the National Government filed an appeal against said resolution.

These interim condensed financial statements should be read in the light of the circumstances described above, and the decisions made based on these interim condensed financial statements should consider the potential impact that those circumstances may have on Telecom and its subsidiaries.

Based on the advice of its legal counsel, the Company's Management believes to have strong arguments for its defense.

c) 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 with 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.

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d) Claims by certain Telecom Content Providers

Within the framework of the general reorganization of the content business undertaken by Personal in 2016, and given the expiration of agreements with content providers, certain providers were notified that such agreements would not be renewed.

Upon receipt of such notice, some companies requested and obtained injunctions. Currently, only one of those injunctions is in effect.

On February 24, 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.

On July 3, 2019, the ENACOM issued Resolution No. 2019-2540-APN-ENACOM#JGM, whereby it revoked Resolution No. 1,122/2017 regarding the Registry of the ENACOM and Resolution No. 184-SC/1997.

e) Code of Corporate Governance

CNV Resolution No. 797/19 (the "Resolution"), published in the Official Gazette of Argentina on June 19, 2019, amended Title IV -Periodical Reporting Regime- of CNV General Resolution No. 622/2013. The Resolution replaces the previous Code of Corporate Governance added as Exhibit III of such Title IV of the Regulations and adds as Exhibit IV the Model of Reporting on such Code. It sets forth that, on an annual basis and as from the approval of the financial statements as of December 31, 2019, the entities subject to the public offering regime shall include in their annual reports a Report on the Code of Corporate Governance in which they shall report whether they apply the principles and practices recommended by the Code of Corporate Governance in its current version and in which way they do so. In those cases in which they do not apply any recommended practice, such entities shall explain how they comply with the relevant principle through the application of another practice, or how they will apply such practice in the future or, otherwise, they shall state the reasons why they do not deem appropriate or applicable such practice for the relevant entity.

f) Regulatory Framework

Spectrum - SC Resolution No. 38/14

On October 31, 2014, the Secretary of Trade held the Public Auction that had been approved under SC Resolution No. 38 for the award of the remaining frequencies to provide Personal Communication Services (PCS) and SRMC, as well as those of the new spectrum to provide SCMA. Personal submitted its economic bids and was awarded Lots 2, 5, 6 and 8, pursuant to SC Resolution No. 79/14 (with respect to the SCMA) and pursuant to SC Resolutions Nos. 80/14, 81/14, 82/14 and 83/14 (with respect to the PCS and the SRMC)

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. Personal argued that such Lot formed a single and comprehensive block for purposes of fulfilling the obligations undertaken in connection with the deployment of the SCMA, also expressing that the Federal Government has the obligation to cause the awarded bands to be free from occupants and interferences.

The Auction Terms also provided for stringent coverage and network deployment obligations, which would require significant investments by Telecom.

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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.) Subsequently, pursuant to Decree No. 1,340/16, the term of the authorizations for the use of frequencies of the SCMA, as well as the corresponding deployment obligations, shall be counted as from the effective migration of the services currently operating in these bands within Area II (AMBA). On August 30, 2018, the Ministry of Modernization issued Resolution No. 528/18, whereby it stated that the effective migration of those services had been verified on February 27, 2018.

Pursuant to Resolution No. 865/2019, published in the Official Gazette on June 5, 2019, the Secretariat of Modernization ordered that providers of Mobile Communications Services (SCM, for its Spanish acronym) that were awarded frequencies under said Auction shall enter into national automatic roaming agreements or use other alternative technical solutions to share infrastructure for the provision of their services in road corridors and in locations with 500-10,000 inhabitants, during the term set for the fulfillment of their deployment and network coverage obligations, and until completion.

General Rules Governing Interconnection and Access

Pursuant to Resolution No. 4,266/2019, dated 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. 4,952/2018, 1,160/2018 and 1,161/2018, for calls made as from August 1, 2019, will be of \$45.25 per US dollar. In subsequent months, the exchange rate to be applied may not exceed 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 shall be applicable to services provided up to and including December 31, 2019.

Implementation of the Rules for the Registration of SCM Customers

On December 2, 2016, the ENACOM published Resolution No. 8,507 - E/2016, whereby it approved the Rules for the Registration and Validation of the Identity of Users who Hold Mobile Communication Service Accounts.

Through Resolution No. 466/2018, published in the Official Gazette on October 19, 2018, the ENACOM extended until October 31, 2018 the term for the registration and validation of all the preexisting prepaid customers.

On May 31, 2019, the ENACOM published Resolution No. 2,249/2019, whereby as of June 1, 2019 the Providers of Mobile Communications Service are required to block the mobile lines that were not registered as of the date of publication of said resolution, except for the purpose of requesting the providers' Customer Service Center the registration of the holder of the mobile line and to call emergency services, pursuant to the provisions of Resolution No. 8,507 issued by the ENACOM on December 1, 2016.

Telecom has conducted all the necessary actions and implementations required to fulfill the guidelines for the registration of its customers pursuant to said regulations.

ENACOM Resolutions Nos. 840/18, 1,196/18 and 4,353/18 – New Regime for Radioelectric Spectrum Fees

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 increases the amounts to be paid for such service.

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Pursuant to Resolution No. 4,353/18, published in the Official Gazette on May 24, 2018, the new Regime for Radioelectric Spectrum Fees will not have an impact until August 31, 2018. This Resolution seeks to suspend the effects of Resolutions Nos. 840/18 and 1,196/18 as from the date of their publication and until August 31, 2018. During this period, the accrued Radioelectric Fees corresponding to Mobile Communication Services (SRMC, STM, PCS and SCMA) will be paid in accordance with the previous regime established under Resolutions Nos. 840/18 and 1,196/18. The returns corresponding to Mobile Communication Services (SRMC, STM, PCS and SCMA), due in April and May 2018, which were not prepared in accordance with ENACOM Resolution No. 840/2018 had to be restated and the resulting differences paid on October 10, 2018.

Telecom filed the restated returns for March and April 2018 (due in April and May) and paid (under protest) the corresponding amounts. It also started to comply, as from September 2018, with the filing and payment (under protest) of the corresponding returns.

Through Resolution No. 4,266/2019, dated October 8, 2019, the ENACOM changed the basis of calculation of Radioelectric Spectrum Fees to be paid for the provision of Mobile Communication Services (SRMC, STM, PCS and SCMA) starting as from the filing of the returns due after the publication date of the Resolution. Said change represents a reduction of the rate applicable to the radioelectric spectrum fees to be paid for those services.

g) Interests in Joint Operations

The UTE Ertach – Cablevisión 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 was created in April 2005 and 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.

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 separate 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 and the UTE is still providing services within the framework of said agreement.

In view of the above, and since the above-mentioned agreement provided for the continuation of the services after the expiration of the above-mentioned terms, the UTE is still under the obligation to continue providing services regardless of the new terms that may be set by the Province of Buenos Aires.

h) Sale of a share of PEM.

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

NOTE 7 – FINANCIAL INSTRUMENTS

Grupo Clarín's activities are exposed to several financial risks: Market risk (including exchange risk, fair value interest rate risk and price risk), credit risk and liquidity risk.

No changes were made in the risk department or to risk management policies, as from the time the Company's separate financial statements as of December 31, 2018 were issued.

See our report dated
November 11, 2019

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

Pablo San Martín
Supervisory Committee

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The following table shows the monetary assets and liabilities denominated in foreign currency (US\$) as of September 30, 2019 and December 31, 2018:

	US\$ September 30, 2019	US\$ December 31, 2018
ASSETS		
Other Receivables	7	8
Other Assets	6	8
Cash and Cash Equivalents	23	15
Total assets	36	31
LIABILITIES		
Bank and Financial Debt	142	217
Total Liabilities	142	217

Applicable bid/offered exchange rates as of September 30, 2019 and December 31, 2018 were of \$ 57.39 / \$ 57.59 and \$ 37.50 / \$ 37.70, respectively.

7.1.1. Financial Instruments at Fair Value

The following table shows the Company's financial assets and liabilities measured at fair value as of September 30, 2019 and December 31, 2018:

	<u>September 30, 2019</u>	<u>Quoted Prices (Level 1)</u>	<u>Other Significant Observable Items (Level 2)</u>
Assets			
Current Investments	1,278	772	506
Liabilities			
Total			
	-	-	-
Assets			
Current Investments	332	-	332

Financial assets are valued using quoted prices for identical assets and liabilities (Level 1), or the prices of similar instruments arising from sources of information available in the market (Level 2). As of September 30, 2019 and December 31, 2018, the Company did not have any asset or liability for which a comparison had not been conducted against observable market data to determine their fair value (Level 3).

7.1.2. Fair Value of Financial Instruments

The book value of cash and banks, accounts receivable and short-term liabilities is similar to the fair value because these are instruments with short-term maturities.

NOTE 8 - CAPITAL STOCK STRUCTURE

The Company's capital stock as of May 1, 2017, the date on which it started its operations, was set at \$ 180,642,580, represented by:

- 47,753,621 Class A common, registered, non-endorsable shares, with nominal value of \$ 1 each and entitled to five votes per share.

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- 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.

On September 26, 2017, the Company's Board of Directors approved, pursuant to Section 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-G #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 depository 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 September 30, 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.

NOTE 9 - RESERVES, ACCUMULATED INCOME AND DIVIDENDS

1. Cablevisión Holding

The Company's bylaws provide that retained earnings shall be appropriated as follows: (i) 5% to the Company's legal reserve until such reserve equals 20% of the Company's capital stock; and (ii) the balance,

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in whole or in part, to the payment of the fees of the members of the Board of Directors and the Supervisory Committee, to dividends on common shares, or reserve accounts, or as otherwise determined by the Shareholders, among other situations.

At the General Ordinary Shareholders' Meeting held on April 25, 2019, the shareholders of the Company decided, among other things, to instruct the Board of Directors to call an Extraordinary Shareholders' Meeting for the sole purpose of considering the appropriation of retained earnings as of December 31, 2018 for \$ 58,339 million. At the Extraordinary General Shareholders' Meeting held on May 31, 2019, the shareholders of the Company approved the Board of Directors' proposal concerning the appropriation of retained earnings as of December 31, 2018 (\$ 58,339 million) adjusted as of April 30, 2019 by the National Consumer Price Index (National IPC, for its Spanish acronym) published on May 15, 2019 pursuant to CNV Resolution No. 777/2018 (\$ 67,457 million) as follows: i) \$795 million to increase the Legal Reserve, ii) \$11,117 million to increase the Voluntary Reserve for Financial Obligations, and iii) \$55,545 million to increase the Reserve for illiquid results. In addition, the Board of Directors approved the full reversal of the Voluntary Reserve for Future Dividends, the Voluntary Reserve to Ensure the Liquidity of the Company and its Subsidiaries and the Voluntary Reserve to Provide Financial Aid to subsidiaries and in connection with the Broadcasting Law, in order to reallocate all the amounts of the reversed reserves to the Voluntary Reserve for illiquid results.

2. Telecom Argentina

At the Ordinary and Extraordinary Shareholders' Meeting held on April 24, 2019, the shareholders of Telecom decided, among other things:

- (a) To approve the Board of Directors' proposal to appropriate Retained Earnings as of December 31, 2018 (\$30,102,883,523) stated in constant currency as of March 31, 2019 using the National Consumer Price Index (National IPC, for its Spanish acronym). (i) \$297,363,703 to the Legal Reserve; (ii) \$6,300,000,000 to Cash Dividends; (iii) \$7,045,307,602 to the "Voluntary Reserve for future cash dividends"; and (iv) \$16,460,212,218 to the "Voluntary Reserve to maintain the Company's level of capital expenditures and its current solvency level";
- (b) To approve cash dividends for a total of \$6,300,000,000 (equivalent to \$ 2.925214779 per outstanding share of nominal value \$1 as of that date), which were made available to shareholders on May 7, 2019; and
- (c) To grant broad powers to the Board of Directors of Telecom to decide, based on the evolution of the business, on the total or partial reversal, in one or more times, of up to \$7,045,307,602 of the "Voluntary Reserve for Future Cash Dividends" and its distribution to the shareholders as cash dividends. The Board may exercise these powers until December 31, 2019.

Reversal and distribution of the Voluntary Reserve for future cash dividends of Telecom

At its meeting held on August 8, 2019, the Board of Directors of Telecom decided, pursuant to the powers delegated by the shareholders at the Annual General Extraordinary and Ordinary Shareholders' Meeting of Telecom held on April 24, 2019, the reversal and distribution of the "Voluntary reserve for future cash dividends" for \$7,045,307,602 to be made available to shareholders on August 16, 2019.

NOTE 10 – CNV GENERAL RESOLUTION No. 629/2014 - RECORD KEEPING

On August 14, 2014, the Argentine Securities Commission issued General Resolution No. 629, which provides for record keeping regulations.

The Company keeps certain supporting documentation related to the record of its operations and economic-financial events at GCGC located at Patagones 2550, City of Buenos Aires, and at the warehouse located at Ruta 36 Km 31.500, Florencio Varela, of the supplier AdeA - Administración de Archivos S.A., during the periods established by effective laws.

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PRICE WATERHOUSE & CO. S.R.L.

(Partner)

Pablo San Martín
Supervisory Committee

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NOTE 11 - MANDATORY PUBLIC TENDER OFFER (“PTO”) DUE TO CHANGE OF CONTROL

As described under Note 6.a) to the Company's separate financial statements as of December 31, 2018, 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 said note, 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 of the Argentine Securities Commission (CNV, for its Spanish acronym), 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 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) issued by Telecom.

Notwithstanding the fact that Fintech Telecom, LLC is not obligated to promote, make or launch a PTO pursuant to the PTO Rules and that it has not taken part in the determination or formulation of any of the terms and conditions of the PTO, as provided under the above-mentioned agreement, Fintech Telecom LLC has undertaken with regard to the Company to pay and acquire 50% of the shares that will be tendered under the PTO (notwithstanding the Company's right to acquire by itself the first 43,073,760 shares).

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 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.

Subsequent to the announcement of the PTO by the Company, the CNV made certain objections to the Price of the PTO and served notice on the Company of the reports issued by its technical areas, which were answered in due time and form by the Company. Due to the imminent possibility that the CNV would reject the PTO and order the Company to make the PTO at the price assessed by the CNV within a mandatory term or, if the Company did not comply with that order, due to the possibility that the CNV would apply the sanctions provided under Article 89 of the Capital Markets Law, the Company requested an injunction ordering the CNV to refrain from resolving and deciding on the authorization of the PTO submitted and formulated by the Company until a final judgment is rendered on the merits of the Company's claim, which seeks a decision by the court declaring that the Company submitted and formulated the PTO in conformity with applicable law.

On September 21, 2018, the Company was served notice of the decision rendered on September 20, 2018 in re “Cablevisión Holding S.A v. *Comisión Nacional de Valores* on Injunctions” File No. 7,998/2018, pending before the Federal Civil and Commercial Court No. 3, whereby, as a preliminary injunction, the CNV was ordered to refrain from resolving and deciding on the authorization of the PTO submitted and formulated by the Company on June 21, 2018, until the court renders a final decision on the injunction, once the requirements of article 4 of Law No. 26,854 have been fulfilled.

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PRICE WATERHOUSE & CO. S.R.L.

(Partner)

Pablo San Martín
Supervisory Committee

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As required under the applicable law, the CNV filed a response and submitted the report provided under Article 4 of Law No. 26,854. The CNV also filed a subsidiary appeal against the decision rendered on September 20, 2018 that granted the preliminary injunction requested by the Company.

On October 8, 2018, the Company filed the substantive claim on which the request for a preliminary 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 effective laws.

On November 28, 2018, the Company was served with the decision rendered on November 27, 2018 in re "Cablevisión Holding S.A. v. *Comisión Nacional de Valores* on Injunctions" File 7,998/2018, pending before Federal Civil and Commercial Court No. 3, whereby the Court accepted (as a requirement of admissibility) the guarantee posted by the Company pursuant to the decision of November 1, 2018, which had granted the injunction requested by the Company. Pursuant to the Court's injunction, the CNV was instructed to refrain from issuing any decision on the authorization of the PTO submitted and formulated by the Company on June 21, 2018, for a period of six months. On May 8, 2019, the Company was served notice of a resolution rendered on May 6, 2019 by the Federal Civil and Commercial Court No. 3, whereby the Court ordered to extend the injunction for three months, counted as from its original expiration date, with the scope provided.

On June 10, 2019, and in connection with the PTO, the Company was served notice of the decision rendered on May 9, 2019 in re "Burgueño Daniel v. EN-CNV on Preliminary Injunction (Autonomous)" (File 89,537/2018) pending before Federal Court on Administrative Matters No. 1, Clerk's Office No. 1, whereby that Court decided, as a preliminary injunction, to suspend the proceeding related to the Public Tender Offer of Class B Shares of Telecom Argentina, filed by the Company with the Argentine Securities Commission, until such Commission decides to apply the new regulation (Resolution No. 779/18), or until the expiration of the maximum term allowed under Article 5 of Law No. 26,854, as the case may be.

In addition, on July 19, 2019, the Company was served with 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, pending before the National Court of First Instance on Federal Civil and Commercial Matters No. 3, 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 points out that: (a) in its decision, the above-mentioned Chamber 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; (b) the substantive claim remains pending before the Court of First Instance, and (c) the PTO submitted by the Company falls within the scope of the injunction ordered in re "Burgueño Daniel v. EN - CNV on Preliminary Injunction (Autonomous)" mentioned in the previous paragraph, which, to date, is in full force and effect.

The Company filed an appeal before the National Supreme Court against the decision rendered by Chamber I that revoked the above-mentioned injunction.

On November 1, the Company was served notice of the decision rendered on October 25, 2019 by Chamber V of the Court of Appeals on Federal Administrative Matters, whereby that Court decided a) to dismiss the appeal filed by the Argentine Securities Commission against the decision rendered in re "Burgueño Daniel vs. EN-CNV on Preliminary Injunction (Autonomous)" (File 89,537/2018), whereby an injunction had been issued suspending the proceeding related to the Public Tender Offer of Class B Shares of Telecom Argentina, filed by the Company with the Argentine Securities Commission, until such Commission decides to apply the new regulation (Resolution No. 779/18), or until the expiration of maximum term allowed under Article 5 of Law No. 26,854, as the case may be, and b) to confirm the jurisdiction of said court to decide on the appeal and the decision rendered by the Federal Court on Administrative Matters No. 1, Clerk's Office No. 1.

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PRICE WATERHOUSE & CO. S.R.L.

(Partner)

Pablo San Martín
Supervisory Committee

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NOTE 12 – SUBSEQUENT EVENTS

a) Telecom - Total Reversal of the Voluntary Reserve for future cash dividends and Partial Reversal of the Voluntary Reserve to maintain the Company's level of capital expenditures and its current solvency level. Distribution of Cash Dividends

At the General Ordinary Shareholders' Meeting held on October 10, 2019, the shareholders of Telecom decided to distribute dividends for US\$300 million, payable in cash in unrestricted US dollars. To such effect, the shareholders approved the total reversal of the "Voluntary reserve for future dividends", which in constant currency as of August 31, 2019 amounted to \$15,431 million and the partial reversal of the "Voluntary reserve to maintain the Company's level of capital expenditures and its current solvency level" for \$1,955 million (both reversals account for \$17,387 million). Therefore, under the reference exchange rate set by the Central Bank of Argentina- Communication "A" 3,500 dated October 9, 2019 (\$57.9), those amounts account for US\$300 million.

In accordance with the decisions mentioned above, the dividends were made available to shareholders on October 18, 2019.

b) Syndicated Loan executed by Cablevisión Holding

On October 23, 2019, the Company made a partial prepayment of principal in the amount of US\$ 116.4 million, plus interest, pursuant to the terms and conditions of the loan, which sets out that the collections of dividends by the Company shall be applied to the prepayment of the Loan.

In addition, on October 28, 2019, the Company made a prepayment of the outstanding principal under the loan for US\$ 25.4 million plus interest. Therefore, the loan has been fully repaid.

NOTE 13 - APPROVAL OF THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

The Company's Board of Directors has approved these interim condensed separate financial statements and authorized their issuance for November 11, 2019.

See our report dated
November 11, 2019

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

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Pablo San Martín
Supervisory Committee

Sebastián Bardengo
Chairman

CABLEVISIÓN HOLDING S.A.

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**ADDITIONAL INFORMATION REQUIRED UNDER ARTICLE 12, CHAPTER III, TITLE IV OF THE 2013
RESTATED RULES ISSUED BY THE ARGENTINE SECURITIES COMMISSION****SEPARATE FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2019**

1.a) There are no specific material regulatory regimes currently applicable to the Company that may entail the contingent loss or acquisition of legal benefits.

1.b) Note 1 to the annual separate financial statements as of December 31, 2018 includes additional information about the date on which the Company began operating. Note 6 to the Company's annual separate financial statements as of December 31, 2018 details the reorganization process carried out between Cablevisión S.A. and Telecom Argentina S.A.

2) The classification of receivables and liabilities by maturity is detailed in Note 4.8 to the interim condensed separate financial statements.

3) The classification of receivables and liabilities according to their related financial effects is detailed in Note 4.8 to the interim condensed separate financial statements.

4) Equity interest under Article 33 of Law No. 19,550 is detailed in Note 4.4 of the interim condensed separate financial statements. Accounts receivable from and payable to related parties are disclosed under Note 5 to the interim condensed separate financial statements. The following table summarizes the breakdown of such accounts payable and receivable as per the above points 2) and 3).

	<u>Liabilities</u>
Without any established term	10 ⁽¹⁾
Total	<u>10</u>

(1) Balances are denominated in local currency and do not accrue any interest.

5) There are no trade receivables or loans to directors, members of the Supervisory Committee and their relatives up to, and including, the second degree of kinship and no such trade receivables or loans existed during the period.

6) The Company does not have any inventories.

7) The Company is not subject to the restrictions under section 31 of Law No. 19,550, since its main corporate purposes are investment and finance.

8) The Company assesses the recoverable value of its long-term investments each time it prepares its financial statements. In the case of investments for which the Company does not book goodwill with an indefinite useful life, it assesses their recoverable value when there is any indication of impairment. In the case of investments for which the Company books goodwill with an indefinite useful life, it assesses their recoverable value by comparing the book value with cash flows discounted at the corresponding discount rate, considering the weighted average capital cost, and taking into consideration the projected performance of the main operating variables of the respective companies.

9) As of September 30, 2019, the Company does not have any tangible property, plant and equipment.

10.a) Booked provisions for contingencies do not exceed, either individually or as a whole, two percent (2%) of the Company's shareholders' equity.

10.b) As of the date of these interim condensed separate financial statements, the Company does not have any contingent situations, the financial effects of which, if any, have not been booked (see Notes 7 and 8 to the

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Sebastián Bardengo
Chairman

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Company's annual separate financial statements as of December 31, 2018 and Note 6 to these financial statements).

- 11) The Company does not have any irrevocable contributions on account of future share subscriptions.
- 12) The Company does not have any unpaid cumulative dividends on preferred shares
- 13) In Note 9.1 to the interim condensed separate financial statements reference is made to the treatment given to retained earnings.

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(Partner)

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Pablo San Martín
Supervisory Committee

Sebastián Bardengo
Chairman

Free translation from the original prepared in Spanish

REPORT ON REVIEW OF INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

To the Shareholders, President and Directors of
Cablevisión Holding S.A.
Legal domicile: Tacuarí 1842, 4th floor,
City of Buenos Aires
Tax ID No. 30-71559123-1

Introduction

We have reviewed the attached interim condensed separate financial statements of Cablevisión Holding S.A. and its controlled subsidiaries (the “Company”) which comprise the separate statement of financial position at September 30, 2019, the separate statements of comprehensive income for the nine and three-month periods ended at September 30, 2019 and the separate statements of changes in equity and of cash flows for the nine-month period ended on that date and a summary of significant accounting policies and other explanatory information.

The balances and other information corresponding to fiscal year 2018 and interim period are an integral part of the above-mentioned financial statements and, therefore, they should be considered in relation to those financial statements.

Management’s responsibility

The Board of Directors of the Company is responsible for the preparation and presentation of the financial statements in accordance with International Financial Reporting Standards, adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE, for its Spanish acronym) as professional accounting standards and incorporated by the Argentine Securities Commission (CNV, for its Spanish acronym) to its regulations, as approved by the International Accounting Standards Board (IASB) and, therefore, is responsible for the preparation and presentation of the interim condensed separate financial statements mentioned in the first paragraph in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34).

Scope of our review

Our review was limited to the application of the procedures established by International Standard on Review Engagements ISRE 2410 “Review of interim financial information performed by the independent auditor of the entity”, which was adopted as review standard in Argentina by Technical Resolution No. 33 of the FACPCE as it was approved by the International Auditing and Assurance Standards Board (IAASB). A review of interim financial information consists of making inquiries to the Company’s personnel responsible for preparing the information included in the interim condensed separate financial statements and applying analytical and other review procedures. The scope of this review is substantially less than an audit conducted in accordance with International Standards on Auditing, and consequently, a review does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the separate statement of financial position, separate comprehensive income and separate cash flows of the Company.

Conclusion

Based on our review, nothing has come to our attention that caused us to believe that the interim condensed separate financial statements mentioned in the first paragraph of this report are not prepared, in all material respects, in accordance with International Accounting Standard 34.

Emphasis of Matter

Without modifying our conclusion, we would like to emphasize the information contained in Note 6.b) to the interim condensed separate financial statements, which describes the situation related to the resolution issued by the regulator to calculate the monthly fee payable by the users of television services provided by the subsidiary Telecom Argentina S.A., whose decision cannot be foreseen to date.

Report on compliance with current regulations

In accordance with current regulations, in respect to Cablevisión Holding S.A., we report that:

- a) the interim condensed separate financial statements of Cablevisión Holding S.A. have been transcribed to the "Inventory and Balance Sheet" book and comply with the General Companies Law and pertinent resolutions of the Argentine Securities Commission, as regards those matters that are within our competence;
- b) the interim condensed separate financial statements of Cablevisión Holding S.A. arise from accounting records kept in all formal respects in conformity with legal provisions;
- c) we have read the additional information to the Notes to the interim condensed separate financial statements required by Article 12°, Chapter III, Title IV of the regulations of the Argentine Securities Commission, on which, as regards those matters that are within our competence, we have no observations to make;
- d) at September 30, 2019, the debt accrued in favor of the Argentine Integrated Social Security System of Cablevisión Holding S.A. according to the Company's accounting records and calculations amounted to \$ 294,487, none of which was claimable at that date.

City of Buenos Aires, November 11, 2019.

PRICE WATERHOUSE & CO. S.R.L.

by _____ (Partner)

Dr. Carlos A. Pace

SUPERVISORY COMMITTEE'S REPORT ON THE REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS

To the Shareholders of:

Cablevisión Holding S.A.

Tax Identification Number: 30-71559123-1

Registered office: Tacuarí 1842, 4th Floor

City of Buenos Aires

I. INTRODUCTION

In our capacity as members of Cablevisión Holding S.A.'s Supervisory Committee, pursuant to the regulations of the Argentine Securities Commission (CNV, for its Spanish acronym) and the General Rules of Bolsas y Mercados Argentinos S.A., we have performed a review of:

a) The attached interim condensed separate financial statements of Cablevisión Holding S.A. comprising the separate statement of financial position as of September 30, 2019, the separate statement of comprehensive income for the nine-month and three-month periods ended September 30, 2019, the separate statement of changes in equity and the separate statement of cash flows for the nine-month period then ended, and selected explanatory notes.

b) The attached interim condensed consolidated financial statements of Cablevisión Holding S.A. and its subsidiaries comprising the consolidated statement of financial position as of September 30, 2019, the consolidated statement of comprehensive income for the six-month and nine-month periods ended September 30, 2019, the consolidated statement of changes in equity and the consolidated statement of cash flows for the nine-month period then ended, and a summary of the significant accounting policies, and other explanatory information.

The balances and other information corresponding to fiscal year 2018 and its interim periods are an integral part of the condensed financial statements mentioned above and, therefore, should be considered in relation to those financial statements.

II. RESPONSIBILITY OF THE COMPANY'S MANAGEMENT

The Board of Directors of the Company is responsible for the preparation and presentation of the condensed financial statements detailed in point I. in accordance with the International Financial Reporting Standards (IFRS) adopted by the Argentine Federation of Professional Councils of Economic Sciences ("FACPCE", for its Spanish acronym) as professional accounting standards and incorporated by the CNV to its regulations, as approved by the International Accounting Standards Board (IASB). Therefore, the Board of Directors is responsible for the preparation and presentation of these financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34).

III. SCOPE OF OUR REVIEW

We conducted our review in accordance with effective statutory auditing standards established by the Argentine General Associations Law (Law No. 19,550, as amended) and by Technical Resolution No. 15 issued by the FACPCE. (amended by Technical Resolution No. 45 issued by the FACPCE). Said standards require that the review of the documents detailed in Point I, paragraphs a) and b) be conducted in accordance with effective audit standards for the review of interim condensed financial statements; that the documents be checked for consistency with the information on corporate decisions stated in minutes and that such decisions conform to the law and the by-laws, in all formal and documentary aspects.

In order to conduct our professional work on the documents detailed in point I., we have reviewed

the work performed by the Company's external auditor, Carlos A. Pace, a partner of Price Waterhouse & Co. S.R.L., who issued his reports on November 11, 2019, pursuant to International Standard on Review Engagements 2410 ("ISRE 2410") about "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", which was adopted as a standard of review in Argentina through Technical Resolution No. 33 issued by the FACPCE as approved by the International Auditing and Assurance Standards Board (IAASB).

A review of interim financial information consists of making inquiries of the Company's personnel engaged in the preparation of the information included in the interim condensed consolidated financial statements and in the interim condensed separate financial statements and applying analytical and other review procedures. The scope of this review is substantially lower than that of an audit review performed in accordance with international auditing standards and, consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that may be identified in an audit. Accordingly, we do not express an audit opinion on the Company's financial position, the comprehensive income and the cash flow position (both on a consolidated and separate basis).

We have not performed any management control and, therefore, we have not assessed the business criteria and decisions on administrative, financing, commercialization and production matters, since these issues are the exclusive responsibility of the Board of Directors.

IV. CONCLUSION

Based on our work, within the review scope described in Point III of this report, nothing has come to our attention that caused us to believe that the condensed financial statements mentioned in Point I, paragraphs a) and b) are not prepared, in all material respects, in accordance with International Accounting Standard 34.

V. EMPHASIS OF MATTER

Without modifying our conclusion, we draw attention to the information disclosed under Note 27.b) to the interim condensed consolidated financial statements and under Note 6.b) to the interim condensed separate financial statements, which describe the situation related to the resolution issued by the regulator for the calculation of the monthly fee payable by the users of cable television services provided by the subsidiary Telecom Argentina S.A., whose decision cannot be foreseen to date.

VI. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with effective regulations, we report with respect to Cablevisión Holding S.A. that:

- a) The interim condensed financial statements detailed in Point I, paragraphs a) and b) comply with the provisions of the General Associations Law and the regulations concerning accounting documentation issued by the CNV, and have been transcribed to the Inventory and Statement of Balance Sheet Book.
- b) The interim condensed financial statements detailed in Point I paragraph a) arise from the Company's accounting records kept, in all formal aspects, in accordance with effective legislation.
- c) Furthermore, we report that in exercise of the legality control within our field of competence, during the nine-month period ended September 30, 2019 we have applied the procedures set forth in Section 294 of the General Associations Law, as deemed necessary pursuant to the circumstances and we have no observations to make in that regard.

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- d) We have read the additional information to the notes to the condensed financial statements detailed in paragraph I. a) required under Article 12, Chapter III, Title IV of CNV regulations, on which, as regards those matters that are within our competence, we have no observations to make.

City of Buenos Aires, November 11, 2019

Supervisory Committee

Pablo San Martín
Chairman