



Cablevisión Holding S.A.

Annual Report and Consolidated Financial Statements

For the year ended December 31, 2019,
presented on a comparative basis

CABLEVISIÓN HOLDING S.A.

2019 ANNUAL REPORT

To the Shareholders of

Cablevisión Holding S.A.

We hereby submit for your consideration the Annual Report and Exhibit, the Consolidated Statement of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Shareholders' Equity and the Consolidated Statement of Cash Flows and Notes of Cablevisión Holding S.A. (hereinafter, "the Company", "Cablevisión Holding" or "CVH") for fiscal year No. 3 ended December 31, 2019.

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

1. 2019 MACROECONOMIC ENVIRONMENT

During 2019, the performance of the Argentine economy was marked by an environment of uncertainty associated with the development of the presidential elections and the National Government's attempt to make up for some of the damages derived from the 2018 balance of payments crisis before the elections.

The economic performance during 2019 can be divided, broadly, into two periods. The primary elections (called Simultaneous and Mandatory Open Primaries, PASO, for its Spanish acronym) held on August 11 and the presidential elections held on October 27 were, to some extent, the turning points that marked these stages.

The economic policies adopted by the outgoing administration were focused on furthering the process (already underway) of closing the fiscal gap and on attempting to preserve the stability of the exchange rate. It was expected that if the main quantitative targets undertaken with the IMF (primary fiscal balance at national level and freezing of the monetary base during the first semester) were met, the country would be granted disbursements for slightly more than US\$ 22.0 Bn during 2019.

In this sense, the National Government focused on stabilizing the \$/US\$ exchange rate in order to help improve the possibilities of achieving lower inflation rates and, therefore, gradual improvements in the purchasing power of people's income, and admitted that it would have been difficult to achieve a tangible recovery of the GDP given the contractionary bias of the stabilization scheme.

But this was the case only in part. During the first half of the year, even with a relative exchange rate stability, the GDP deepened its decline and contracted by nearly 3% y/y, despite the good harvest achieved by the agricultural sector. Inflation accelerated driven by its own inertia and the adjustment in utility tariffs made during the first months of the year. This acceleration (from 47% in 2018 to about 55% y/y by the first half of 2019) prevented the recovery of revenues.

By the time the primary elections were held, the Argentine economy had few positive macroeconomic indicators, marked by a marginal recovery of the GDP circumscribed to the agricultural sector, a generalized erosion of the purchasing power of people's income and financial fragility. In this context, the election results achieved by the main opposition political party ("Frente de Todos", 47.79%) and the gap of almost 16 percentage points with respect to the political party then in office "Juntos por el cambio" represented a new turning point in the downward trajectory of Argentine economy.

The collapse in the demand for Argentine pesos and assets caused a significant devaluation of the national currency and a significant loss of the Central Bank's reserves. In the days following the primary elections, the \$/US\$ nominal exchange rate recorded an abrupt jump of 25% (from US\$45.40 to about US\$57.0), exceeding the upper limit of the reference zone established by the Central Bank of Argentina (BCRA, for its Spanish acronym). In addition, the stock of gross reserves held by the BCRA decreased by approximately USD 23.0 Bn (from US\$66.3 to US\$43.6 Bn) in the 77 calendar days elapsed between the primary and the presidential elections.

There was also a sudden drain of USD deposits (which decreased by almost US\$13.0 Bn, from US\$32.5 to US\$19.8 Bn during this transition period) and a growing decision of the investors not to renew the short-term maturities of sovereign debt after the primary elections.

This new depreciation of the Argentine peso, apart from deepening the stagflation, inhibited the possibility of preserving the exchange rate stability, which was a key pillar of the National Government's electoral strategy, and ultimately caused the replacement of the economic authorities by mid-August.

By the end of August, the new economic authorities decided to reschedule the interest payments on short-term treasury bills (in particular, LETES (dollar-denominated treasury bills) and LECAPs (peso-denominated treasury bills) - except for individuals). At the same time, they announced that they also wanted to reschedule the terms of the sovereign debt with longer maturities.

The IMF's decision to suspend the US\$5.4 Bn disbursement scheduled for September exacerbated the private sector's demand for foreign currency and led to the reinforcement of the above-mentioned measures through the implementation of exchange control. Through these measures, the National Government set a monthly limit to the purchase of foreign currency by individuals of US\$10,000, reduced the terms within which exporters must exchange their foreign currency earnings in the domestic market, and imposed several restrictions on profit remittances.

The presidential elections held in October confirmed the party that won the primary elections and accentuated the portfolio dollarization process. As a result, and with the stated goal of safeguarding the position of the Central Bank, a new monthly limit to the purchase of foreign currency by individuals was set at US\$200. Through this rationing, the foreign exchange market began to stabilize and the drain of reserves began to cease as the new administration took office.

The closing figures of the main variables reflect the complexity of the current economic and social crisis and the hard effects of the devaluations in a dual currency economy such as Argentina. In 2019, the GDP contracted for the second consecutive year and, according to several estimates, it closed the year with a decrease even higher than the negative 2.5% recorded in 2018. The inflation rose to 53.8% in December, an annual record high since 1991.

In the fiscal front, the efforts made by the Government contrast with the burden of interest derived from the debt. In fact, the national primary deficit, rose from almost 0.5% of the GDP to 3.8% of the Product if interest payments are considered. In addition, the new decrease of the GDP in dollars increased the debt-to-GDP ratio to almost 90% of the GDP.

In the external front, the devaluation of the Argentine peso and its recessive effects generated a significant adjustment. In 2019, the trade balance recorded a surplus of almost US\$16.0 Bn which contrasts with the US\$3.7 Bn deficit recorded in 2018. The collapse of imports accounts for such reversal (which virtually balances the current account of the balance of payments). However, and as a direct consequence of the lack of confidence, the stock of reserves of the Central Bank closed the year 2019 with US\$21.0 Bn below the US\$65.8 Bn recorded at the end of 2018.

Finally, the seriousness of the social context is reflected in the magnitude of the adjustment of the real wage (slightly more than 6% as of December 2019 according to the Registered Workers' Average Taxable Remuneration index (RIPTE, for its Spanish acronym), in addition to the almost 12% negative observed in 2018), an unemployment rate that already exceeds 10% and poverty rates of 35% (INDEC).

Perspectives for the Upcoming Year

As of the date of this Annual Report, the new economic authorities are in the process of restructuring the sovereign debt. It should be noted that the outcome of this complex negotiation is a condition required in order to stabilize the economy in the short term with a reduction in interest rates and to begin to curb the carryover inflationary inertia.

For the year 2020, the aggregate of the debt maturities held with the private sector including the rescheduled treasury bills amounts to US\$30.0 Bn. Slightly more than half of those maturities are denominated in Argentine pesos (Bills and Bonds issued under local law) and the rest is denominated in US dollars (a third under international law and two thirds under local law). In addition, the bulk of the 2020 maturities corresponds to bonds issued under local law, which do not include the collective action clauses (CACs).

In the view of the new economic authorities, the current recession is mainly a consequence of the weakness of the aggregate demand. According to this viewpoint, the heavy burden of sovereign debt currently carried by the economy, deepens the drop-in activity because it reduces the potential for effective demand.

Under normal conditions, this diagnosis would allow for applying expansionary macroeconomic policies to shore up demand. However, there is a limited margin to achieve this in Argentina. The country lacks voluntary financing to implement expansionary fiscal policies and despite the restrictions on the purchase of foreign currency, there seems to be no ceiling for an expansive monetary policy with inflation rates of around 55%.

The new administration maintained the priority of closing the fiscal gap, mainly through a heavier tax burden and, to a lesser extent, controlling spending (such as social security). With the initial set of measures, the Government has publicly stated that it will seek to protect the most vulnerable sectors and, at the same time,

restore the basic macroeconomic consistency conditions that can contribute to cease the decline in consumption and activity.

Among the main measures of the Social Solidarity and Productive Reactivation Law, the following stand out:

- a. The suspension of the current formula used to calculate pension benefits by indexing them to inflation;
- b. An additional bonus of 5,000 Argentine pesos to be paid in January and February to retirees that receive the minimum pension and a fixed amount to be paid to private and public employees on account of future wage negotiations;
- c. 30% tax on the purchase of foreign currencies by the private sector for savings purposes;
- d. 3 percentage points increase to the upper limit of the withholdings on agricultural products;
- e. New tariff scheme, to be implemented within a maximum term of 180 days, during which the adjustment of utility tariffs will continue to be suspended.
- f. Increases in personal assets and income tax rates, suspension of the reductions in turnover tax and social security contributions, among others.

2. REGULATORY FRAMEWORK 2019

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

Regulatory Authority

Upon the issuance of Decrees Nos. 7/2019 and 50/2019, the National Communications Agency (ENACOM) is now under the jurisdiction of the Secretariat of Public Innovation under the Presidency of the Cabinet of Ministers.

Spectrum - SC Resolution No. 38/14

In 2019, pursuant to Resolution No. 865/2019, the Secretariat of Modernization ordered that the providers of SCM services that were awarded frequencies under said Auction (approved through SC Resolution No. 38/14 for the award of the remaining frequencies of the Personal Communication Service (PCS) and the SRMC) 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. The Subsidiary has complied with this obligation by filing with the ENACOM the corresponding documents.

ENACOM Resolution No. 3,687-E/2017 On-demand Frequency Allocation.

During 2019, through Resolution No. 3,838/2019, within the framework of the spectrum limit to be complied with by the Subsidiary, the ENACOM revoked the award that had been granted to Personal under Article 3 of ENACOM Resolution No. 5,478-E/17.

General Rules Governing ICT Service Customers

During 2019, through Resolutions Nos. 1,150/2019 and 1,522/2019, the Secretariat of Modernization introduced amendments, among which the most relevant is the term of 30 business days to report in advance material changes in the services rendered to customers.

General Rules Governing Interconnection and Access

Pursuant to Resolution No. 4,266/2019, 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 forty five pesos and twenty five cents (\$45.25) per US dollar. In subsequent months, the exchange rate to be applied may not exceed six percent (6%) of the exchange rate established for the previous month and in no case may it exceed the selling exchange rate set by Banco de la Nación Argentina on the last business day of the month in which the services are rendered. This Resolution was in effect for the services provided up to and including December 31, 2019.

Implementation of the Rules for the Registration of SCM 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.

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

Radioelectric Spectrum Fees

During 2019, 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.

PARAGUAY

Regulatory Framework

During 2019, Telecom's subsidiary in Paraguay carried out the deployment of the network in order to comply with the scheduled coverage obligations within the framework of its license to provide mobile telephony, Internet and data transmission services in the 700 MHz band.

In 2019, the difficulties faced by Telecom in the deployment of infrastructure deepened due to municipal regulations. In this sense, discussions are being held with the regulatory agency regarding the need to have an infrastructure deployment law to regulate the installation of towers and antennas for telecommunication services.

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

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

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

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

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

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

During 2017, Cablevisión S.A., a subsidiary of Cablevisión Holding at that time, was absorbed by Telecom Argentina S.A. under a merger by acquisition process. On June 30, 2017, the directors of both companies approved the pre-merger commitment. The transaction sought to be in line with the global convergence process in the provision of fixed and mobile telecommunication services and the distribution of video and Internet, known as quadruple play.

The transaction was consummated through the absorption of Cablevisión S.A. by Telecom Argentina S.A., which continued with the operations of both companies, under a merger by acquisition process. On December 22, 2017, the Ente Nacional de Comunicaciones (National Communications Agency, "ENACOM", for its

Spanish acronym) authorized the transfer to Telecom Argentina S.A. of the licenses and frequencies of subscription television, broadband Internet and mobile telecommunications held by Cablevisión and approved the change of control in Telecom Argentina.

On July 7, 2017, CVH accepted an offer for a call option granted by Fintech Advisory Inc. and its subsidiaries for the acquisition of an equity interest of 13.51% in Telecom (representing approximately 6% of Telecom's capital stock once the merger process became effective) for US\$ 634,275,282. The maximum term to exercise the option was one year as from that date. On October 5, 2017, the Company paid the aggregate Exercise Price under the Irrevocable Call Option for US\$ 634,275,282. On December 27, 2017, the Company exercised the Option. As a result, it decided to receive an additional equity interest in VLG of 21.55% (which represents an indirect interest of approximately 6% in Telecom's capital stock once the Merger becomes effective).

Also, as from January 1, 2018, CVH became the controlling company of Telecom Argentina S.A. through its direct and indirect interest of 39.08%. On June 29, 2018, the Secretary of Commerce authorized the merger transaction whereby Telecom Argentina absorbed Cablevisión S.A.

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 December 31, 2019. The Shares in Trust, in these cases, shall be voted by the trustee appointed by Fintech.

On June 21, 2018, CVH submitted and formulated its PTO (public tender offer) due to the change of control for the acquisition of Class B shares of Telecom 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 CVH in which it challenged the price offered by CVH and held that the price for each Class B share of Telecom 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. The process is being heard in court.

4. CABLEVISIÓN HOLDING AND ITS BUSINESS AREAS IN 2019

During 2019, the Company focused its businesses on the cable television services, fixed and mobile telephony and Internet access sectors, through the operations of its subsidiary Telecom Argentina S.A.

Consolidated net sales stood at \$237,024 billion and the consolidated gross financial indebtedness of CVH (including sellers financing, accrued interest and fair value adjustments) stood at \$151,996 million.

In connection with the individual debt held by CVH, on March 21, 2019, the Company acknowledged the acceptance by the Lenders (CITIBANK, N.A., GOLDMAN SACHS BANK USA, INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED, DUBAI (DIFC) BRANCH, ITAÚ UNIBANCO S.A., NASSAU BRANCH), the Arrangers, Collateral Agents and the Administrative Agent of the Amendment Offer delivered by the Company, in order to amend certain provisions of the Loan granted by the Lenders on September 27, 2017.

On May 13, August 22 and October 23, 2019, the Company made partial prepayments of principal in the amount of US\$ 29.2 million, US\$46.2 million and US\$ 116.4 million, plus interest, respectively, pursuant to the terms and conditions of the loan, which set out that the collections of dividends by the Company had to apply 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.

4.1. TELECOM

Telecom is a telecommunication services provider that operates mainly in Argentina, with businesses in Paraguay and Uruguay.

As of December 31, 2019, Telecom had 21.4 million mobile subscribers (of which 2.3 million were from the Paraguayan subsidiary Núcleo), 3.5 million cable television subscribers, 4.1 million Internet access subscribers and 3.2 million fixed telephony subscribers.

Capital expenditures reached \$65,489 million, accounting for 27.6% of consolidated revenues, and were mainly allocated to equipment for fixed and transport networks and for access to the mobile network.

4.1.1. FIXED AND MOBILE TELEPHONY, INTERNET AND CABLE TELEVISION SERVICES

RESIDENTIAL AND CORPORATE SERVICES

- **MOBILE TELEPHONY SERVICES**

Aspects of Management

During 2019, Telecom implemented a significant improvement in its mobile network, both in terms of the number of deployed sites and of technological upgrading, which allowed it to generate a gap in its favor with the services offered by the competition, considerably improving the NPS (Net Promoter Score) of its customers. Even though Personal is not the operator with the largest market share, it closed 2019 with approximately 800 sites more than the competition, and with the 4G network that has the highest speed and largest coverage of Argentina.

By the end of 2019, the deployment of the 4G network reached 1,689 locations throughout the country, reaching 96% of Telecom's sites with this technology.

All the service plans continued to evolve towards an offering that includes more data.

During 2019, Telecom worked on international services, focusing on increasing efficiency in the management of international traffic, minimizing the cost of service to support the streamlining and evolution of the roaming offering in order to enhance the perceived quality.

Personal continued to offer International Roaming benefits for the 2019-2020 summer season included in its customers' plan, without the need to activate roaming in advance.

It also worked on the International Roaming offering for Prepaid customers, with the possibility of subscribing to the Internet por Día (Internet per day) service with neighboring countries included in the data quota.

Products

During 2019, Telecom offered prepaid customers several products and promotions related to social media packs and Internet per day promotions, among others.

For customers with service plans, Telecom offered plans that included from 2 to 20GB for consumption. It also offered several supplementary services such as Wi-Fi calling, which allows users to make calls via Wi-Fi; VoLTE, which allows users to make calls over LTE; Data Sharing, which allows users to share gigas between Personal plans; "Flow Rating Cero", which allows users to watch Flow from their mobile devices without using the plan data, among others.

In the corporate segment, in line with the strategy to shut down Nextel's network, during 2019, the company boosted the sale of the service Smart Radio together with rugged devices. This allowed Telecom to offer companies a push to talk telephony solution over Personal's 4G network.

The company launched a new offering of plans in line with the evolution of the consumption of services. It redesigned its mobile offering, adding larger data quotas both for the national service and the roaming service in America and Europe.

During 2019, it focused on convergent offerings aimed at its customers. It offered additional discounts with the subscription to mobile lines together with fixed connectivity, thus achieving enhanced loyalty built on experience and convenience through the subscription to additional services and products.

- **INTERNET SERVICES**

Aspects of Management

During 2019, the number of traditional Internet access lines decreased by 0.4% compared to 2018, reaching 4.1 million customers.

The company continued to focus on the broadband offering in the market, offering higher speed for customers that have the technical requirements to activate it, adding an offering portfolio aimed at encouraging the subscription to those services and making available to customers the high-speed experience.

Telecom continued with the deployment of equipment to increase its capacity and be able to provide higher speeds for more broadband service customers. It installed 56 new CMTSs (Cable Modem Termination Systems) with CCAP technology (Converged Cable Access Platform).

Products

Telecom offers Internet products of between 25 and 300 MB for the massive segment.

In 2019, Arnet's XDSL service became Fibertel Lite. The company enhanced the range of products with the launch of Fibertel 300Mb and improved the speeds offered to its customers.

- **CABLE TELEVISION SERVICES**

Aspects of Management

During 2019, Telecom had 3.5 million customers subscribed to the cable television service, accounting for a 0.4% decrease compared to the previous year.

Telecom continued to invest in upgrading its networks, in order to increase the number of homes that can receive the bi-directional and digital video transmission services.

Products

In 2019, Telecom offered cable television services available in three packages: basic, Premium and HD, which offered exclusive contents. By the end of 2019, it offered 89 basic signals, 14 premium signals available for the HD package and with Flow, and more than 100 HD signals.

In addition, the company continued to boost Flow, which offers the possibility of watching all the live channels and On Demand contents, from any device, through a modern platform with new functionalities. Telecom believes that Flow has been a turning point in the progress achieved towards the convergence of telecommunication services, since it offers customers the possibility of having a customized experience and enjoying the service at any time, in any location and from any available device.

In 2019, it launched FLOW IP, which allows users to access the platform in areas where Telecom only offers data services (Internet via Xdsl or Fiber), which allowed the company to enhance its presence in new households.

- **FIXED TELEPHONY SERVICES**

Aspects of Management

The number of service lines decreased by 11.3% compared to the previous year, in line with the maturity of the market and the trend towards the use of mobile services, totaling 3.1 million lines by the end of 2019.

Products

In 2019, it launched TOIP (fixed telephony service over IP). In addition, in October, the company added Microsoft Azure to Telecom's Cloud solutions portfolio. Azure includes several services that smooth and streamline processes, including: analysis, IT, data bases, mobile, storage and web. Azure offers integrated tools, compiled templates and managed services so that organizations can create and manage mobile, corporate, web and IoT apps.

Regarding security services, the company focused on further strengthening its positioning through the evolution of its solutions portfolio, together with a communication and dissemination campaign throughout the year.

- **WHOLESALE SERVICES**

National Businesses

During 2019, Telecom continued to be one of the leading providers of wholesale telecommunications solutions for different providers and operators of the market, among them: Cable operators, ISP, TV channels, radios, producers and other service providers. The services offered to this segment mainly comprise: infrastructure, dedicated Internet access, audio and video signals transport, dedicated links, VPN IP networks and hosting/housing at Datacenters, among others.

During 2019, the development of the data and Internet service business was once again focused on IP transit, demanded by ISP operators to provide Internet connectivity to customers in different market segments, generating a significant increase in the consumption of broadband on a local and international level.

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

Regarding the interconnection wholesale business with national operators, the ENACOM granted Telecom Argentina the approval of the new Interconnection Reference Offer, based on which the company will be able to enter into new agreements with different market players.

In addition, in order to meet the 4G coverage deployment requirements provided by regulations, the industry agreed on a new active network infrastructure sharing form called RAN Sharing. It allows to optimize deployment times and the investments required to provide 4G coverage to a larger number of locations and roads in Argentina.

International Businesses

- **International Operators**

During 2019, Telecom focused on maximizing the profitability of the international roaming service business through the streamlining of costs and capturing of traffic to Argentina, and on strengthening the position of Telecom Argentina in the market.

In this sense, the company conducted actions to access new international destinations and for the development of 3G, 4G LTE infrastructure and CAMEL ("Customized applications for mobile network enhanced logic") agreements to improve our customers' experience.

In 2019, Telecom entered into 10 agreements related to GPRS, 17 agreements related to 3G, 31 agreements related to LTE, and 37 agreements related to CAMEL. In addition, it entered into 412 international roaming agreements to provide service coverage in more than 180 countries.

- **Telecom Argentina USA, Inc. ("Telecom USA")**

During 2019, Telecom continued with the sales actions aimed at wholesale products with higher profitability, among which the services rendered for OTT and for temporary events stand out. The presence of Telecom in the United States of America through its subsidiary has allowed it to establish relationships with the main US content and cloud service providers.

4.1.2. SERVICES OF SUBSIDIARIES IN PARAGUAY AND URUGUAY

BUSINESSES IN PARAGUAY

Aspects of Management

In a year marked by a sound economic performance, Núcleo, a subsidiary of Telecom, launched segmented mobile service offerings for prepaid plans and simplified the offering of plans focused on the use of Internet.

As of December 31, 2019 and 2018, Paraguay had a subscriber base of 2.4 million.

By the end of 2019, 72% of the data traffic used the 4G network, as a result of the constant enhancement of the network infrastructure capacity that has allowed the company to meet the needs of our customers for higher data usage. 65% of our mobile Internet customers use the 4G network.

Products

- Postpaid

The company added different customer retention and loyalty plans. It also streamlined the offerings and focused its postpaid strategy on engaging customers through special deals such as a 50% discount for 12 months or duplication of data for ported lines.

Regarding Internet and roaming services, the Company offered 50% discount, unlimited calls to all operators, WhatsApp included and roaming without discounting GIGAS and offered roaming packs with discounts, among others.

- Prepaid

During 2019, the company continued to offer several segmented offerings and to develop digital channels with ads in social media, where it makes portability offers for prepaid customers.

- Personal Hogar - Flow

During 2019, the company continued to focus on innovation in the segment Households using the fiber optic network with the highest speed in Argentina, presenting FLOW, which allows customers to watch television when, where and how they want, with over 100 channels, over 80 in HD, and a catalog with over 6,000 on-demand movies and series.

BUSINESSES IN URUGUAY

As of December 31, 2019, Telecom had approximately 142,500 customers in Uruguay. It is present in several departments and locations of that country (Montevideo and the metropolitan area, several locations in the department of Canelones and in some capital cities of the departments) providing cable television services under different technological platforms. TDH, Cable and MMDS.

During 2019, the Company completed the migration process of its customers from the UHF platform to the satellite platform, as provided by Decree No. 387/017.

During the migration process, the company moved the teleport in Argentina to Bosque Alegre in Córdoba to improve the satellite product, both in terms of quantity and quality. The Company also added a new transponder to increase the capacity of the platform and have a competitive product and made improvements to enhance the stability of the platform and the service level.

This evolution towards the satellite product, together with the platform FLOW (relaunched in 2019 incorporating Flow Box, with improved video quality, larger contents and new apps, among others) is another step forward that places Telecom at the forefront of the industry and strengthens its leadership in Montevideo and different areas in Canelones and San José.

4.1.3. IT

ARGENTINA

BSS – FAN Transformation

- At the beginning of 2019, Telecom launched FAN for new prepaid mobile customers in Bahía Blanca, Punta Alta and Pergamino.
- By mid-year, the company launched the change in plans for prepaid and Abono Fijo mobile customers.
- By the end of the year, new functionalities were added to postpaid service and more locations, reaching 16 locations in 2019. The company expects to cover over 240 locations in the first quarter of 2020. In addition, it is planning to migrate the first prepaid customers and to begin the development of the QuadPlay functionality.

BackOffice – 4UP Transformation

- During 2019, Central Finance was implemented in the rest of Telecom's subsidiaries. In the third quarter, the company implemented the new Planning and Management Control model. As from the fourth quarter, Telecom launched a new Human Capital tool called Success Factor. All the employees can use this self-management tool in its mobile and desktop versions.
- In addition, it determined the BackOffice processes to be considered in the implementation of Core Digital, SAP Hana S4 and Ariba scheduled for the second quarter of 2020.
- In the first quarter of 2020, the company expects to implement the tool Concur, which allows the self-management of Out-of-pocket and Traveling Expenses, with an impact at company level.

Some of the 2019 highlights in this segment were:

Convergent Business:

- the company began the migration of its FTTH customers to the system Open, in order to unify the activation and reduction of sale and after-sale times, enabling the new architecture towards the convergence of services in the program FAN.
- it started the construction of a new E-Commerce and convergent application, which will be available to customers as from the first half of the year 2020.
- RTD (Real Time Decisions) Solution: New functionalities and use cases were added to the tool for contextual real-time decision making and analytically optimized personalized service, giving customers a unique, differential and 100% personalized treatment.
- campaign managers were unified in a single solution.
- more subsidiaries were added to the continuous auditing solution, allowing the System Auditing area to have access to the information related to the sale of mobile devices, in an automated and independent way.
- the mobile diagnosis tool was streamlined, running the event analysis in real time allowing to create incidents in the ticket management tools for the prompt solution when failures are detected.

Technical and Operation Support Systems:

Among the 2019 highlights in this segment, the following are worth mentioning:

- Evolution of the OSS (Operation Support System) program, aimed at the monitoring and comprehensive tracking of all the technical projects that will be key to achieve the transformation of the operations and the business. The milestones include:
 - WFM: Telecom finished the migration of all the technical basis of Argentina and Uruguay which manage the HFC (Hybrid Fiber Coaxial) network.
 - It started the migration of the new application CSG (field service management solution) to the cloud.
 - Diagnosis Portal: It implemented the new portal for the basic technical diagnosis of customer incidents.
 - Inventory of Resources (document repository for the physical and logical resources of the network elements): Telecom finished the integration of the resource inventory.
- it developed an automatic multiplatform activation system which allows to activate, validate and verify the services to which customers subscribe during the sale and after-sale.
- new version of the problem management system: it allowed the company to unify in a single tool the services provided by 6 ticketing systems and the management of complaints and changes with an impact on over 4,000 changes made per month.
- over 80 network managers were integrated into the new failure management System, thus reducing response times by more than 88%.
- Telecom completed the migration and unification of 90% of the mapping of the total locations.

IT Operations & Data center

During 2019, Telecom continued to implement technological upgrades in the main business support systems, both for mobile and fixed telephony, broadband and video. Those upgrades allowed Telecom to provide enhanced stability and performance to its main systems.

As an evolution of the Legacy Stabilization Program, Telecom started the Service Assurance Program, focused on maximizing the availability and performance of the critical services that support its business.

It was implemented through the business cross cell management, defining preventive and correcting actions that allow the company to leverage the continued improvement. Under this framework, important improvements were made to the operational models that support the Field Service, Customer, Digital and Flow business processes. In this sense, Telecom implemented an operational process review model with the suppliers that provide Cloud, SaaS or PaaS services to ensure that the migrations or launches meet the operational needs of its business.

Telecom implemented an important enhancement of the company's online charging system (OCS) to accompany the growth and improve the network and thus support the increased use of voice and mobile data services. In addition, as part of its failure prevention routines, Telecom ran *Disaster Recovery Plan* (DRP) tests of the platform, between the sites Pacheco and Estomba.

As one of the pillars that support the service billing and collection legacy systems, the company began the mainframe transformation plan, generating a high impact on the release of equipment and spaces, reducing obsolescence risk and automation of disaster recovery (DR), which entails a time reduction in the case of incidents.

Lastly, it is worth mentioning that during 2019 Telecom continued with the Digital Office program, which included the consolidation of the printing service supplier, the unification of helpdesks, the deployment the PCaaS model, the replacement of 15,000 devices, the implementation of video rooms with wireless connection systems and the shutdown of analog PBX centers and their replacement with IP telephony platforms.

Among the 2019 highlights, the following stand out:

- Technological update of the Backup platforms (TSM & Robotic Libraries).
- Unification of corporate networks and active directory.
- Automation of virtual server provision.

PARAGUAY

Convergent Billing

During 2019, as part of the Technology Replacement Project, Telecom continued with the implementation of all the system modules to accompany the change towards convergent services in households.

Big Data & SVA (Information Management and Value-Added Services)

2019 was marked by big achievements in the development of platforms and services that facilitate the management of Final Users, Internal Users, Points of Sale and Agents.

The company started the Big Data Project, laying the foundations for the future. During January 2019, Telecom worked on the deployment of the Development & Testing environments for the Big Data project.

Management System

Telecom completed the technology replacement with the implementation of the Customer Management System JOPARA. Active since January 2019, it comprised all the Customer Management modules: IP Infrastructure level, business process review and system development.

4UP

By mid-2019, Núcleo, a subsidiary of Telecom, implemented the SAP S/4 HANA Central Finance platform, as part of the Core Digital transformation project.

4.1.4. TECHNOLOGY

Fixed, Mobile, Cable Television and Internet Services

Network Strategy

The network strategy follows and is consistent with the medium and long-term guidelines, in consonance with the technological evolution, the demand for services and the customers' user experience.

Telecom seeks to increase the capacity and availability of services for the end user in the Core and Backbone Networks, as well as to begin to pave the way for a single internal convergent network, which will streamline not only the operations, but also maintenance and growth costs. It also continued with the standardization of protocols and network architectures, which allows to reduce the related operating costs and streamline operations.

For access networks, the strategy was based on continuing to meet the growing bandwidth needs for the services requested by customers, mainly Internet access to video and multimedia content. In this sense, the Company continued with the growing deployment of fiber optic access infrastructure in different architectures and technologies, optimized according to the demands and geographical areas involved, as well as the with growth of the access equipment for the HFC (Hybrid Fiber-Coaxial) network and the reduction of the service areas (less customers per port.)

2019 Highlights

During 2019, Telecom completed the cable laying of the new fiber optic trunk to be used for the connectivity of the four main buildings of Telecom's IP Network CORE, as well as the link of all the technical buildings across the Autonomous City of Buenos Aires (CABA).

It also continued with the deployment of mobile sites connectivity through the use of fiber optic to enhance both quality and capacity. This allowed the company to reduce the use of radio link equipment and optimize the existing resources over the fiber network at country level.

Significant achievements were made in the network transformation program for the future of the Transport Network. Telecom integrated the networks at IP level, we unified the Internet connectivity boundaries, and Hornos and San Lorenzo (CABA) are now the target buildings. In addition, it selected and deployed a new CORE DWDM (Dense Wavelength Division Multiplexing) in AMBA to support the technological evolution, capacity growth and service provision in the future.

In addition, Telecom established the new network architecture that will allow us to have a more flexible, scalable and secure network for the evolution of Internet, video, mobile and other services.

Regarding transport, Telecom established a new Metro Network architecture that will allow to optimize the access points of the different services, provide enhanced security and scalability in the interregional rings.

Regarding fixed access, the decision to continue providing access to fiber optic to customers was evidenced in the consolidation of the deployment of different associated architectures in the network (both FTTH and HFC), considerably improving the high-speed service offering. The company built FTTH architecture networks in areas with customers currently connected via copper wire couple or 1-way HFC networks, adding to such coverage nearly 130,000 households, providing both broadband and HD digital video services.

Regarding mobile access, in 2019, Telecom continued with its strategy to improve the coverage and capacity of the mobile access network. To such end, it implemented an important 4G (LTE) technology deployment plan and continued with the upgrades of the 2G/3G network. This deployment mainly allows the company to increase Internet access speed and improve customer experience, in particular, with the access to multimedia content. LTE coverage has already reached 95% of urban population with presence in almost 1,689 locations throughout the country by the end of 2019. 4G coverage has reached approximately 98% of the population in the capital cities of the provinces.

Telecom implemented new IMS (IP Multimedia Subsystem) platform functions, focused on convergence and the evolution of services such as VoLTE (Voice over LTE), VoWifi (Voice over Wi-Fi) or VoIP (Voice over IP). By the end of 2019, approximately 10% of the voice traffic uses LTE.

Paraguay

On Air Sites: In 2019, Núcleo, a subsidiary of Telecom, put into operation 173 new sites throughout the country, representing an increase of approximately 13%, which total 1,524.

LTE On-Air Nodes: In 2019, Núcleo increased the capacity and coverage of the LTE mobile network, both in the 1,900MHz and 700MHz bands, putting into operation 397 LTE nodes, achieving 84% overlapping over the total network with LTE nodes sites.

4.1.5. HUMAN CAPITAL

General Aspects of Human Capital

During 2019, Telecom furthered the implementation of the Cultural Transformation Plan under the purpose “We will support you in boosting your world” and the Cultural Principles: We are Customers; We Make Things Easier; We Function as a Team Without Barriers; We Trust and Believe in You; We Work, Risk and Continue Trying; We Have Fun, and ¡We Give Our All!

The main aspects of the Cultural Transformation Plan were the communication of the purpose and the Cultural Principles to all the company, and the articulation in the different Human Capital practices.

Human Capital Management Tool

In 2019, Telecom completed the implementation of Go Live, the SAP Success Factors tool, which was named Smart at Telecom. It proposes a new employee experience with a comprehensive and smooth management of human capital processes that make up the end-to-end of the employees’ lifecycle with a single platform or digital ecosystem focused on self-management. Smart allows:

- To ensure the best user experience by integrating the end-to-end of its lifecycle in a single platform. It places the employee at the core of management and paves the way for employees to become the protagonist of their own development.
- To empower the leaders so that they can make decisions and smooth the daily management of their teams and the compliance with the business goals.
- To have a tool available 24/7 that can be used from desktops, mobile phones and tablets.
- To obtain frequent automatic updates that support the technological evolution and are in line with the latest trends in human capital management.

In November 2019, Telecom implemented the Smart module called “Employee Central” for all the employees. In December 2019, for the first time, Telecom carried out the payroll process feeding from the information provided by Smart. In addition, it implemented the Compensation module.

The remaining Smart modules that will be implemented by April 2020 are the following: Recruiting, Onboarding, Learning (LMS), Goals and Performance Management, Succession and Development.

Training

During 2019, Telecom's Human Capital department took on two big challenges: i) encourage self-development and ii) the company's cultural and digital transformation. Based on the above, the company designed a proposal in which all the employees, whatever their position, may choose different digital and in-person experiences.

Based on the idea that all the employees can lead the cultural transformation, the Human Capital department worked on leadership across all areas, as an ecosystem of experiences adapted to the needs of each role, seeking to develop a community of leaders working together. In order to accomplish this, they developed proposals for each role:

- Executive Committee: Digital Leadership and Reverse Mentoring Program
- Upper and Middle Management. Each manager was able to choose all or some of these proposals: Leading from influence, *mindfulness*, *storytelling-elevator pitch*, technologies that enable new businesses, smooth decision-making, cultural transformation – change agents and cultural transformation – *workshop*.
- Management teams: Leader Development Program.
- Employees: InnovACCION, DigitalMENTE and ComicARTE.

In addition, there were two ad hoc verticals, digital capacities and project methodologies, which equally drove the cultural and digital transformation of Telecom.

Campus Universo Telecom, the digital learning platform, was used for all the personnel. In this space, employees have access to all the virtual learning options: E-learning, VideoLearning, Aula Virtual, Biblio Teco, Trivia, Juegos. In 2019, it managed to have over 130 virtual contents and acquire 4,200 virtual licenses for the digital BiblioTECO.

Compensation

For the employees that are not covered by collective bargaining agreements, as a result of the revision of the 2018 wage negotiations, the company made an adjustment for the months of January and February 2019, which was granted by merit as decided by each head. The same happened with the adjustment made in June. Subsequently, in line with the 2019 wage negotiations, Telecom made adjustments for June and October, which were granted by merit, in order to recognize and highlight the outstanding performance of the employees not covered by collective bargaining agreements.

For the employees covered by collective bargaining agreements (those covered by the unions representing television and telephony workers), in January and February 2019 the company made adjustments under the revision of the wage negotiations for the July/2018-June/2019 period, which ended in May with another revision in which a final salary increase was agreed in June in the case of the union representing television workers, and in July in the case of the union representing telephony workers.

Afterwards, the wage negotiation held in July with the union representing telephony workers was settled with staggered salary increases from July 2019 to October 2019, which were paid on account of the wage negotiation settlement for the July 2019-June 2020 period. They agreed to hold a meeting in November to end the wage negotiations. In that month, new agreements were signed contemplating increases in January 2020 and undertaking to meet during March to continue the wage negotiations for the 2019-2020 period.

Regarding the wage negotiation held with the union representing closed-circuit television workers, in July 2019, an agreement was signed providing for salary increases in July and October 2019, which were paid on account of the wage negotiation settlement for the July 2019-June 2020 period. They agreed to hold a meeting in November to end the wage negotiation. To date, the 2019-2020 wage negotiation is still underway.

In October, Telecom also made a one-time payment of \$5,000 (included in the salary but not subject to social security contributions) to all the personnel pursuant to Decree No. 665/19.

Regarding market studies on salaries, Telecom participated in several surveys about compensation and benefits, which will be used to update the salary scales of the employees not covered by collective bargaining agreements and, in line with this new scale, we will analyze the criteria used to grant salary adjustments for the 2020 period.

Labor Relations

During 2019, Telecom consolidated the spaces in which it actively promoted communication with all the trade unions and with the different actors involved, in order to support, in an environment of social peace, the operational transformation required to become more efficient and improve customer experience. Telecom maintains an ongoing interaction with unions at all levels to address the following topics: occupational health and safety, the environment, training, diversity and occupational guidance and work organization.

Telecom entered into new agreements with several unions. Collective bargaining agreements were executed with the Argentine Cable Television Association for the employees represented by the Argentine Union of Television, Audiovisual, Interactive and Data Services (SATTSAID, for its Spanish acronym), the Argentine Association of Announcers (SAL, for its Spanish acronym), and directly with the Trade Union Unity that groups the different telephone trade unions: the Argentine Federation of Telecommunications Workers (FATTEL, for its Spanish acronym), the Argentine Federation of Workers, Employees and Specialists of the Telecommunications Services and Industry (FOEESITRA, for its Spanish acronym), the Federation representing Middle Management in Telecommunications Organizations, and the Center for Telecommunication Companies Professionals (CEPETEL, for its Spanish acronym). Similar terms were agreed with the Telecommunication Companies Senior Staff Union (UPJET, for its Spanish acronym).

Control of health, job safety and environmental providers

Telecom maintains documentary controls regarding health and safety, field operational controls, and documentary audits, analysis of security programs and loss experience of contractors.

Diversity and Inclusion

During 2019, Telecom continued to work on the same topics it had worked in 2018 and added new practices regarding genre, disability and generational issues.

Among other practices, Telecom holds meetings with trade associations on a quarterly basis about assistance and diversity, provides e-learning about diversity and inclusion for leaders and employees, gives workshops about diversity and inclusion for new leaders, celebrates anniversaries of important events related to actions developed and focuses on the development of inclusive suppliers.

With a focus on gender, Telecom reviewed the compensation scheme of its personnel and developed a program called “Taking Care” (related to the family, such as the installation and refurbishment of breastfeeding rooms in several buildings; workshops about domestic violence; diversity and culture, among others).

With a focus on disability, Telecom reviewed the physical barriers that may be faced by people with disabilities at the buildings where they work, gave workshops to leaders of teams that have people with disabilities, started the program “Diagnosis 360” to boost the talent of people with disabilities, showed internal videos with subtitles for the hearing impaired and updated the system JAWS (Job Access With Speech) used for reading images.

With a focus on generational issues, Telecom carried out the reverse mentoring program, the peer mentoring program and provided support to people who are about to retire.

An Experience Map was designed based on the idea that experience is dynamic and it is continually feeding on itself. To build this map, Telecom focused on 4 issues:

- Cultural Transformation: with three strategic points raised i) represent the key moments of the job lifecycle, ii) the co-construction of criteria and common practices for leaders and employees, and iii) encourage people to embrace those criteria and leadership practices to transform principles into action),
- The strengthening of networking to develop a collective view (active participation of the internal customer and involvement of all the areas of human capital),
- Mainstream the perspective of employee experience developing experiences purposely designed to encourage the generation of permanent positive bonds reflected in their attitudes and behaviors.
- The use of Technology and Analytics to measure and smooth the experience taking advantage of the functionalities of SMART and other systems for human capital management.

Wellbeing

Telecom continued to focus on: We Take Care (related to illness prevention practices); We Take Action (related to environmental and sustainability practices); and We Connect (related to encouraging healthy habits, the responsible use of Internet, accessibility, connectivity, working tools, among others).

Work Environment Survey

Telecom conducted the work environment survey to measure the emotional impact of employees, understand the existing relationships and assess the health of the company to analyze data, establish the best Employee Value Proposition in order to increase productivity, achieve greater sustainability and more competitive advantages.

The long-term goal is to generate a cultural change based on trust, improve the ENPS (Employee Net Promoter Score), develop and promote a defined leadership model.

Communication

During 2019, Telecom boosted the 360 communication strategy, consolidated the in-person and digital actions contemplated in the internal communication strategy, such as: Leadership Meetings and Management Meetings, Workshops on Communication, Activation of products and services, and Networks, Cross Directions, Digital Actions under Online Conversations, collaborative digital network and electronic notice boards.

In addition, in order to develop digital leadership and self-management, Telecom strengthened the collaborative digital network (Yammer), with over 20,000 active employees and 1,300 groups created to disseminate key business and institutional messages, and to boost firsthand horizontal conversations.

4.1.6. SUSTAINABILITY

Telecom carries out its activities and operations taking into consideration the importance of telecommunications services and its global impact on society.

Telecom's sustainable management is aware of the contributions of telecommunications to the effective social and economic development of the country. This is why it develops actions integrated into the business that promote the use of technology with an innovative approach, focused on meeting social and environmental demands.

Since 2004, Telecom has adhered to the United Nations Global Compact and complied with the 10 principles on human rights, quality of employment, environmental care and the fight against corruption; a commitment

that is ratified every year and that is part of its Sustainability model. The Company's Code of Ethics and Conduct follows said model and incorporates, through declarations of principles and values, universal moral and ethical foundations within the organization.

The Sustainability Department plans and conducts a follow-up on sustainability actions and coordinates the action plan with an operative group, composed of managers of all the areas, to work on the management of the social and environmental impact.

With the commitment of the whole organization, Telecom seeks to sustain the maximum economic performance taking into consideration the impacts and opportunities of Telecom and its environment.

The 2019 Sustainability Plan drove good practices for all the stakeholders –the community, employees, suppliers, the environment, customers and investors– and focused on boosting Telecom's social and environmental performance and contribution.

As operators of fixed and mobile telephony, cable television and Internet, Telecom understands that technology has a great potential to contribute to the development of society and the people that are part of the community. To this end, it encouraged the social use of technology and digital literacy to generate new skills and favor human development.

Community

In 2019, Telecom made headway with the community investment plan, focused on the development of its own projects with high social impact and in line with the interests of the business. Under the motto "Conectados con lo que más importa", Telecom was actively engaged with the community with proposals that foster the responsible use of technology and encourage young people to access the digital world.

The programs developed during 2019 are detailed below:

- **Digit@lers:** a proposal that seeks to develop digital talents for young people aged 18-32 who are in a vulnerable situation and are looking for a personal growth proposal. It seeks to inspire their digital calling and help them develop their potential to find jobs in the market.
- **Nuestro Lugar:** A comprehensive program that seeks to raise awareness on the responsible use of technology and emphasize ICT (Information and Communication Technologies) good practices. Through Nuestro Lugar, Telecom contributes to the education about cyber-citizenship and digital learning at school and works on innovative tools and strategies that allow to integrate mobile devices into the teaching-learning process.

In 2019, Telecom visited 19 locations in Argentina, gave training to almost 6,000 students and 1,000 teachers through 130 free workshops in over 90 schools.

Other contributions include:

- **Donations:** Telecom donated elements, main IT equipment, to schools, NGO and other organizations across the country.
- **Sponsorship:** In the City of Buenos Aires, Telecom sponsors cultural projects focused on the preservation and improvement of the cultural heritage. In addition, Telecom sponsors several initiatives in the province of Chaco.
- **Puente Digital:** Through this initiative, Telecom provides cable television and broadband Internet services for free to community organizations.

Employees

With the joint work of several areas, Telecom promotes internal initiatives and good practices among its employees and focuses on generating a working environment based on respect and inclusion.

- **Volunteer program:** in 2019, Telecom launched the new Corporate Volunteer Program called "Conectamundos". The proposal seeks to generate solidarity spaces for employees through innovative initiatives that involve the use of technology for social transformation.
- **Diversity Committee:** Telecom has a cross-cutting Diversity Committee composed of representatives of different areas, which promotes actions in favor of diversity and inclusion in the organization based on the concept of non-discrimination and equality. This Committee works on disability and genre, among other issues.

- FERIA de Bienestar: This year, Telecom organized the first FERIA de Bienestar aimed at promoting the bio-psycho-social well-being of its employees. It focused on job experience, healthy habits, environmental care and social commitment of all the members of the company.

Value Chain

Telecom's sustainability plan provides for responsible practices in the value chain, among other issues. It is important to be aware of the impact generated in the value chain –in terms of human rights, labor conditions, environmental factors, among others– and manage the consequent risks and opportunities.

In this context, Telecom works on a supplier development plan as part of the Company's commitment to provide tools that will allow them to delve into a sustainable business model.

A highlight of this plan in 2019 was the new edition of the workshop “Taller de Buenas Prácticas y Fortalecimiento a Proveedores”, an initiative that seeks to provide conceptual information, tools and experiences to strengthen sustainable management in companies. The workshop held in Córdoba addressed issues related to Corporate Ethics and Transparency, Labor Risks, Health and Safety, and Control and Management of Providers.

The Environment

Telecom believes that sustainability is key to develop its activities, focused on constantly improving the performance of its business and minimizing the environmental footprint of the services it provides. This commitment is embodied in environmental care, through the responsible use of natural resources and the materials used, and its proper management at the end of their lifecycle. For this reason, Telecom has a department specialized in the environment which conducts various action lines that fulfill the environmental commitment undertaken by the Company in 2019.

This commitment is founded on 7 pillars: Sustainable energy, water and sanitation, natural resources, climate change, legal commitment, risks and opportunities and continuous improvement.

The 2019 highlights were:

- Telecom conducted the proper environmental management of urban-like solid and industrial waste, electrical, electronic and industrial devices related to the company's operations.
- Telecom continued to conduct the maintenance of the telephone antenna supporting structures to ensure their proper conditions. This allows to manage social risks and prevent accidents that may have a negative impact on the community.
- Telecom continued to work on the environmental efficiency indicators related to the consumption of natural resources.
- it continued to encourage customers to subscribe to digital invoicing to raise awareness on Telecom's commitment to sustainability.
- it continued to measure greenhouse gas emissions to adopt more actions leading to its reduction. Telecom obtained the GIRO (Comprehensive Management of Office Waste) certification at the buildings located in Puerto Madero, Barracas, Costanera, Palermo and the Main Warehouse.
- Telecom obtained the Green Seal (Good environmental practices for companies) in the technical base located in Rosario, granted by the Secretariat of the Environment and Public Spaces of said Municipality.

4.1.7. SECURITY

The mission of Telecom's Security Department is to establish and implement a security and anti-fraud strategy. These policies and strategies are aimed at ensuring the protection of shareholders' investments through comprehensive programs for the security of individuals, the safeguard of the assets, the preservation of confidentiality, the completeness and availability of information, the prevention of fraudulent practices, and the compliance with judicial injunctions. In addition, Telecom works on the development of Security products and services to integrate them into the product and service portfolio that it offers to its customers.

During 2019, the following activities stood out:

Protection of Personal Data and Information

- Telecom strictly complies with the Personal Data Protection Law No. 25,326, as supplemented. To this end, anyone with access to databases that have any type of information is under the obligation to protect the privacy of personal data. In this way, Telecom makes sure it protects the privacy and confidentiality of the information about its customers, employees and suppliers working together with the Legal areas to solve any potential incident that may be detected.
- Telecom protects the privacy of its customers by implementing restriction measures for the access to personal data, monitoring of activities and encryption of sensible data as required by laws or regulations. The Anti-Fraud Control Area works on detecting and preventing subscription fraud (a frequently used technique through identity theft and phishing).
- Telecom has in place an information leakage prevention process aimed at minimizing the risks associated with the theft or loss of critical information through world class systems and processes.
- Telecom defined and implemented information protection techniques to provide a safe framework for IT infrastructure.
- it implemented the Business Continuity and Crisis Management Program in accordance with Standard ISO 22301.

Cybersecurity

In line with the growth of the organization's activities, more technologies have been connected to Internet in order to provide better internal and external services. This has increased Telecom's exposure to cyberattacks. Consequently, Telecom took measures to mitigate those additional risks, among others: the adoption of new Information Security technologies, evolution of detection techniques, mitigation of attacks in real time and improvement of the related processes.

5. TRANSPARENCY AND ETHICS

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

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

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

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

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

6. RISK FACTORS

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

Risks Relating to Argentina

Overview

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

Devaluation of the Argentine peso may adversely affect our results of operations, our capital expenditure program and the ability to service our liabilities and transfer funds abroad.

Since we generate a substantial portion of our revenues in Argentine Pesos (our functional currency), any devaluation may negatively affect the U.S. dollar value of our earnings while increasing, in Peso terms, our expenses and capital expenditures denominated in foreign currency. The Argentine Peso has been subject to significant devaluation against the U.S. dollar in the past and may be subject to fluctuations in the future. A depreciation of the Argentine Peso against major foreign currencies may also have an adverse impact on Telecom's capital expenditure program and increase the Argentine Peso amount of Telecom's trade liabilities and Telecom's and our financial debt denominated in foreign currencies. As of 31 December 2019, approximately 63% of our liabilities were denominated in foreign currencies.

Though Telecom seeks to manage the risk of devaluation of the Argentine Peso by entering from time to time into certain NDF agreements to hedge some of its exposure to foreign currency fluctuations caused by its liabilities denominated in foreign currencies (mainly U.S. dollars), Telecom remains highly exposed to risks associated with the fluctuation of the Argentine Peso. Telecom also has financial assets denominated in U.S. dollars, as well as international operations that generate profits in foreign currencies, that help, to a certain extent, reduce the exposure to liabilities denominated in foreign currencies.

In 2019, the Argentine Peso continued its rapid devaluation against the U.S. dollar and other major foreign currencies. According to the exchange rate information published by the *Banco de la Nación Argentina*, the Argentine Peso depreciated by 58.9% against the U.S. dollar during the year ended 31 December 2019 (compared to 102.2%, 17.4% and 21.9% in the years ended 31 December 2018, 2017 and 2016, respectively). As a result of the Argentine Peso's increased volatility, the Argentine government and the BCRA implemented several measures to restore market confidence and stabilize the value of the Peso. Such measures included, among others, a US\$55.7 billion stand-by credit agreement ("SBA") with the International Monetary Fund ("IMF"), from which, as of the date of the Company's Annual Report, Argentina has drawn the equivalent of US\$44 billion, measures intended to control money supply during 2018 and the first half of 2019 that have been since relaxed, an increase of short term interest rates and the sale by the BCRA of foreign currency reserves.

In addition, in September 2019, in light of the economic instability and the significant devaluation that followed the primary elections as described below, the Argentine government and the BCRA adopted a series of measures reinstating foreign exchange controls, which apply with respect to access to the foreign exchange market by residents for savings and investment purposes abroad, the payment of external financial debts, the payment of dividends in foreign currency abroad, payments of goods and services in foreign currencies, payments of imports of goods and services, and the obligation to repatriate and settle for pesos the proceeds from exports of goods and services, among others. Other financial transactions such as derivatives and securities related operations, were also covered by the new foreign exchange regime. Following the change in government, the new administration extended the validity of such measures, which were originally in effect until 31 December 2019, and established further restrictions by means of the recently enacted Productive Reactivation Law (as defined below), including a new tax on certain transactions involving the purchase of foreign currency by both Argentine individuals and entities. Although the official exchange rate has stabilized since the adoption of the foreign exchange controls, we cannot assure you that the official exchange rate will not fluctuate significantly in the future. There can be no assurances regarding future modifications to exchange

controls. Exchange controls could adversely affect our financial condition or results of operations and our ability to meet our foreign currency obligations and execute our financing plans.

The success of these measures is subject to uncertainty and any further depreciation of the Argentine Peso or our inability to acquire foreign currency could have a material adverse effect on our financial condition and results of operations. We cannot predict the effectiveness of these measures. We cannot predict whether, and to what extent, the value of the Argentine Peso may depreciate or appreciate against the U.S. dollar or other foreign currencies, and how these uncertainties will affect demand for the fixed and mobile telephony services, Internet services and cable television services we provide. Furthermore, no assurance can be given that, in the future, no additional currency or foreign exchange restrictions or controls will be imposed. Existing and future measures may negatively affect Argentina's international competitiveness, discouraging foreign investments and lending by foreign investors or increasing foreign capital outflow which could have an adverse effect on economic activity in Argentina, and which in turn could adversely affect our business and results of operations. We cannot predict how these conditions will affect the consumption of services provided by Telecom or its and our ability to meet liabilities denominated in currencies other than the Argentine Peso. Any restrictions on transferring funds abroad imposed by the government could undermine our ability to pay dividends to shareholders located outside of Argentina, as well as to comply with any other obligation denominated in foreign currency.

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

The Argentine government has historically exercised significant influence over the economy, and telecommunications companies in particular have operated in a highly regulated environment. The Argentine government may promulgate numerous, far-reaching regulations affecting the economy and telecommunications companies in particular. On 11 August 2019, mandatory primary elections were held in Argentina. As a consequence of the results of primary elections in Argentina, which indicated that President Macri could not be reelected and would be replaced by the opposition candidate Alberto Fernández, the political and economic environment became subject to uncertainty. Between 12 August and 30 August 2019, the Peso lost approximately 32% of its value with respect to the U.S. dollar and BCRA's international reserves decreased by approximately US\$11.6 billion. During the same period, the BYMA index lost approximately 10.6% of its value.

In response to the rapid decline in the value of the Argentine Peso and continued market uncertainty following the results of the primary elections, the BCRA announced several monetary and exchange risk management measures to contain the volatility of the exchange market.

In October 2019, Alberto Fernández was elected president of Argentina with approximately 48.24% of the votes. He took office on 10 December 2019. President Alberto Fernández announced and implemented a wide range of economic and policy reforms. On 21 December 2019, the Argentine Congress adopted the Law of Social Solidarity and Productive Reactivation (*Ley de Solidaridad Social y Reactivación Productiva en el Marco de la Emergencia Pública*, or the "Productive Reactivation Law"). The Productive Reactivation Law covers a wide range of political and economic areas and adopts measures that will significantly impact the Argentine economy, including the declaration of the public emergency in economic, financial, fiscal, administrative, pension, tariffs, energy, sanitary and social matters, and the delegation to the National Executive Branch ("PEN") of certain powers normally reserved to Congress or otherwise not within the purview of the PEN (including the ability to make determinations in the renegotiation of public tariffs, establish pension increases, among others). The Productive Reactivation Law also significantly increased certain taxes applicable in Argentina while also providing tax incentives for production and tax benefits to the most impoverished sectors. The Fernández Administration indicated its intention to pursue a sovereign debt restructuring designed to render Argentina's debt sustainable. To that effect, legislation was enacted by Congress empowering the PEN to conduct such transactions.

As of the date of the Company's Annual Report, the long-term impact of these measures and any future measures taken by the current administration on the Argentine economy as a whole and the telecommunication sector in particular remains uncertain. It is not possible to predict the effect of such reforms with certainty and they could be disruptive to the economy and fail to benefit or adversely affect the Argentine economy and the telecommunications industry, and in turn, our business, results of operations and financial condition. We are also unable to predict the measures that the Argentine government may adopt in the future, and how they will impact on the Argentine economy and our results of operations and financial condition.

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

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

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

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

The National Consumer Price Index variation was of 53.8% in 2019 and 47.6% in 2018. Efforts made by the Argentine government to contain and reduce inflation have not achieved the desired results and inflation remains a significant problem for the Argentine economy. If the value of the Argentine Peso cannot be stabilized through fiscal and monetary policies, an increase in inflation rates could be expected.

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

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

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

In addition, prior administrations took several steps to re-nationalize the concessions and utilities that were privatized during the 1990s. We cannot predict whether the Fernández administration or future administrations will take similar or further measures, including nationalization, expropriation and/or increased Argentine governmental intervention in companies. Government intervention in the industries in which we operate could create uncertainties for investors in public companies in Argentina, including Telecom, as well as have a material adverse effect on our business, financial condition and results of operations.

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

The Argentine economy has experienced significant volatility in the past few years and recent decades, characterized by periods of low or negative GDP growth, high and variable levels of inflation and currency

devaluation. Argentina's economy contracted during 2019 and 2018 and the country's economy remains unstable notwithstanding the efforts by the Argentine government to address inflation and foreign exchange instability. Substantially all of Telecom's operations, properties and customers are located in Argentina, and, as a result, our business is, to a large extent, dependent upon economic and legal conditions prevailing in Argentina. If economic conditions in Argentina were to further deteriorate, they could have an adverse effect on our results of operations, financial condition and cash flows.

Global economic and financial crises, and the general weakness of the global economy, tend to negatively affect emerging economies like Argentina's economy. Global financial instability or increasing interest rates in the United States and other developed countries may impact the Argentine economy and prevent Argentina to be put back on track to growth or could aggravate the current recession with consequences in the trade and fiscal balances and in the unemployment rate.

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

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

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

During 2019, the Argentine economy was adversely affected by some of the aforementioned factors. If international and domestic conditions for Argentina were to worsen, the Argentine economy could be negatively affected as a result of lower international demand and lower prices for its products and services, higher international interest rates, lower capital inflows and higher risk aversion, which may also adversely affect our business, results of operations, financial condition and cash flows.

The novel coronavirus could have an adverse effect on our business operations.

In late December 2019 a notice of pneumonia originating from Wuhan, Hubei province (COVID-19, caused by a novel coronavirus) was reported to the World Health Organization, with cases soon confirmed in multiple provinces in China, as well as in other countries. Several measures have been undertaken by the Argentine Government and other governments around the globe, including the use of quarantine, screenings at airports and other transports hub, travel restrictions, suspension of visas, nation-wide lockdowns, closing of public and private institutions, suspension of sport events, restrictions to museums and tourist attractions and extension of holidays, among many others. In March 2020, the Fernández Administration imposed a 30-day ban on

incoming foreign travel and subsequently ordered a strict, nation-wide quarantine from 20 March to 24 May 2020. However, the virus continues to spread globally and, as of the date of the Company's Annual Report, has affected more than 150 countries and territories around the world, including Argentina, Uruguay, Paraguay and the United States. To date, the outbreak of the novel coronavirus has caused significant social and market disruption. For example, the Dow Jones declined by about 28% between 11 February and 12 March 2020. The long-term effects to the global economy and the Company of epidemics and other public health crises, such as the on-going novel coronavirus, are difficult to assess or predict, and may include a further decline in market prices of our shares, risks to employee health and safety, risks for the deployment of Telecom's services (including by limiting its customer support and domiciliary service repairs and installations, among other effects resulting from government measures), and reduced sales in geographic locations impacted. Any prolonged restrictive measures put in place in order to control an outbreak of contagious disease or other adverse public health development in any of Telecom's targeted markets may have a material and adverse effect on our business operations. Moreover, considering that some of Telecom's strategic suppliers are located in China, the delivery of equipment and fixed assets that are material to Telecom may be impacted, which would have an adverse effect on our business operations. We may also be affected by a decline in the demand of Telecom's products, or the need to implement policies limiting the efficiency and effectiveness of Telecom's operations, including home office policies. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term. Additionally, we cannot predict how the disease will evolve (and potentially, spread) in Argentina, nor anticipate what additional restrictions the Argentine government may impose.

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

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

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

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

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

Between 2016 and early 2018, Argentina regained access to the market and incurred approximately in US\$96.3 billion of additional debt. However, as a result of various external and internal factors, during the first half of 2018, access to the market became increasingly onerous. On 8 May 2018, the Macri administration announced that the Argentine government would initiate negotiations with the IMF with a view to entering into a stand-by credit facility that would give Argentina access to financing by the IMF. On 7 June 2018, the Argentine government and the IMF staff reached an understanding on the terms of the SBA for disbursements

totaling approximately US\$50 billion, which was approved by the IMF's Executive Board on 20 June 2018. The SBA was intended to provide support to the Macri administration's economic program, helping build confidence, reduce uncertainties and strengthen Argentina's economic prospects. On 22 June 2018 the Argentine government made a first drawing of approximately US\$15 billion under the SBA. Argentina has received disbursements under the SBA for US\$44 billion. Notwithstanding the foregoing, the current administration has publicly announced that they will refrain from requesting additional disbursements under the agreement, and instead vowed to renegotiate its terms and conditions in good faith.

Following the execution of the SBA, in August 2018, Argentina faced an unexpected bout of volatility affecting emerging markets generally. In September 2018, the Macri administration discussed with the IMF staff further measures of support in the face of renewed financial volatility and a challenging economic environment. On 26 October 2018, in light of the adjustments to fiscal and monetary policies announced by the Argentine government and the BCRA, the IMF's Executive Board allowed the Argentine government to draw the equivalent of US\$5.7 billion, bringing total disbursements since June 2018 to approximately US\$20.6 billion, approved an augmentation of the SBA increasing total assets to approximately US\$57.1 billion for the duration of the program through 2021 and the front loading of the disbursements. Under the revised SBA, IMF resources for Argentina in 2018-19 increased by US\$18.9 billion. IMF disbursements for the remainder of 2018 more than doubled compared to the original IMF-supported program, to a total of US\$13.4 billion (in addition to the US\$15 billion disbursed in June 2018). Disbursements in 2019 were also nearly doubled, to US\$22.8 billion, with US\$5.9 billion planned for 2020-21.

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

Moreover, in December 2019, the Fernández administration further extended by decree payments of a series of short-term Argentine-law governed treasury notes denominated in U.S. dollars held by institutional investors through August 2020. Additionally, on 11 February 2020, the Argentine government decreed the extension of maturity to September 30, 2020 of a dollar-linked treasury note governed by Argentine law, which had been originally subscribed to a large extent with U.S. dollar remittances, to avoid a payment with Argentine pesos that would have required significant sterilization efforts by the monetary authority. Also in February 2020, the Argentine Congress enacted a law enabling the government to take all necessary steps toward rendering the Argentine sovereign debt governed by foreign law sustainable. According to a timetable published by the Argentine government, a restructuring offer to private creditors would be launched during the second week of March 2020, which would expire by the end of March 2020. Additionally, an IMF team visited Buenos Aires in February, 2020 to discuss the recent macroeconomic developments and learn more about the Argentine authorities' economic plans and policies. On 19 February 2020 the IMF staff issued a statement concluding that in light of recent developments and the materialization of certain risks to debt sustainability that were considered during the previous Debt Sustainability Analysis (DSA) published in July 2019, the IMF staff assesses Argentina's debt to be unsustainable. Accordingly, the IMF staff stated that "a definitive debt operation—yielding a meaningful contribution from private creditors—is required to help restore debt sustainability with high probability".

Without renewed access to the financial market the Argentine government may not have the financial resources to implement reforms and boost growth, which could have a significant adverse effect on the country's economy and, consequently, on our activities. Likewise, Argentina's inability to obtain credit in international markets could have a direct impact on the Company's ability to access those markets to finance its operations and its growth, including the financing of capital investments, which would negatively affect our financial condition, results of operations and cash flows. In addition, we cannot predict the outcome of any future restructuring of Argentine sovereign debt. Telecom has investments in Argentine sovereign bonds amounting to P\$1,178 million as of December 31, 2019. Any new event of default by the Argentine government could negatively affect their valuation and repayment terms, as well as have a material adverse effect on the Argentine economy and, consequently, our business and results of operations.

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

In recent years, the Argentine financial system grew significantly with a marked increase in loans and private deposits, showing a recovery of credit activity. In spite of the fact that the financial system's deposits continue to grow in nominal terms, they are mostly short-term deposits and the sources of medium and long-term funding for financial institutions are currently limited. In 2019, although nominal private deposits in pesos increased 36% year-over-year (fueled by the growth of savings and current accounts with a 46% increase) and nominal time deposits increased 25% year-over-year, such nominal increases did not match inflation for the period. Peso-denominated loans increased at a slightly higher pace than that of 2018. During the same period, loans in foreign currency (composed mainly of corporate loans) evidenced a decrease of 33% at the end of 2019. In 2019, private deposits in U.S. dollars declined by 33%.

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

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

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

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

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

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

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

Risks Relating to Telecom and its Operations

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

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

Telecom competes with other cable television operators that have built networks in the areas in which Telecom operates, providers of other pay television services, including direct broadcasting, direct-to-home satellite and multi-channel multi-point distribution system services, licensed suppliers of basic telephone services and cooperative entities providing utility services and also with free broadcasting services which are currently available to the Argentine population in certain areas from four privately-owned television networks (including one owned by Grupo Clarín) and their local affiliates and one state-owned national public television network. We expect competition to increase in the future due to a number of factors, including the development of new technologies.

In relation to mobile services, we anticipate that Telecom will have to devote significant resources to the refurbishment and maintenance of its existing network infrastructure to comply with regulatory obligations and to remain competitive with respect to the quality of its services. In addition, Telecom must comply with the obligations arising from the acquisition of the 4G spectrum. We also expect Telecom to continue to devote resources to customer retention and loyalty in such services.

Technological innovation relating to fixed and mobile telephony, cable television and Internet transmission increases the level of competition that Telecom faces and requires Telecom to make frequent investments to develop new and innovative programming services and products to attract and retain fixed and mobile telephony, cable television and Internet customers. We cannot assure you that Telecom will be able to make the investments necessary to remain competitive, or that Telecom will be able to attract new and retain its current customers. A substantial loss of customers to competitors would have a material adverse effect on our business and results of operations.

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

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

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

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

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

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

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

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

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

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

After the deregulation of Argentina's telecommunications and media industries, the Broadcasting Law (as defined below), the LAD and their implementing regulations have been amended on a number of occasions, modifying requirements to hold or transfer broadcasting licenses. In addition, Telecom is subject to the regulations of certain other governmental entities, including the SCI, which has issued resolutions requiring Argentine cable television operators to apply a formula to calculate their customers' monthly subscription prices. We can offer no assurances that Telecom will not be subject to similar regulations in the future, which could force it to modify the prices of subscription services and have a material adverse effect on the revenues generated by Telecom's activities relating to the cable television and Internet businesses.

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

Additionally, the LAD established that licensees of ICT services may freely set their prices which shall be fair and reasonable, to offset the costs of exploitation and to tend to the efficient supply and reasonable margin of operation. If prices are deemed unreasonable, and the ENACOM consequently imposes restrictions on Telecom's prices, its operating margins may be adversely affected. Telecom's ability to comply with the conditions in its license, as well as the relevant provisions in applicable regulations and laws, may be affected by events or circumstances outside of its control, and therefore we cannot predict whether such events or circumstances result in an adverse effect on our financial condition, our operations and cash flows.

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

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

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

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

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

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

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

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

- the cost of connectivity;
- concerns about security, reliability, and privacy;

- unexpected changes in the regulatory framework;
- the appearance of technological innovations;
- the ease of use; and
- the quality of service.

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

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

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

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

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

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

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

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

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

SCI Resolution No. 50/10 approved certain rules governing pay television services. These rules provide that cable television operators must apply a formula to calculate their monthly subscription prices. The price arising from the application of the formula was to be informed to the Office of Business Loyalty ("Dirección de Lealtad Comercial"), requiring cable television operators to adjust such amount semi-annually and inform the result of

such adjustment to that Office. Telecom challenged Resolution No. 50/10 and requested the suspension of its effects and its nullity.

A decision issued on 1 August 2011 in re “LA CAPITAL CABLE S.A. v. Ministerio de Economía-Secretaría de Comercio Interior de la Nación”, by the Federal Court of Appeals of the City of Mar del Plata ordered the SCI to suspend the application of Resolution No. 50/10 with respect to all cable television licensees represented by the Argentine Cable Television Association (“ATVC”), including Telecom. The injunction was notified to the SCI and the Ministry of Economy on 12 September 2011 and became fully effective. The PEN filed an appeal against the decision issued by the Court of Appeals of Mar del Plata. Such appeal was dismissed. Therefore, the PEN filed a direct appeal to the Supreme Court, which was also dismissed.

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

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

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

On December 26, 2019, the Federal Court of Appeals of Mar del Plata rejected the grievances of the Argentine government and confirmed the decision rendered by the Court of Mar del Plata which declared the unconstitutionality of the sections of the law on which SCI Resolution No. 50/10 and the subsequent resolutions were based. The Argentine government may file an appeal against the decision issued by the Court of Mar del Plata.

The Company’s Management, with the assistance of its legal advisors, considers that it has strong arguments for its defense. However, an adverse outcome in the above-mentioned cases, which we cannot exclude, would have an adverse effect on our results of operations and financial condition.

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

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

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

Our operations and financial condition could be affected by union negotiations and Argentine labor regulations.

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

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

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

In addition, certain telecommunication unions have initiated claims against Telecom alleging non-compliance of certain conditions provided for in the collective bargaining agreements that could allow them to negotiate the inclusion of some suppliers' employees in their collective bargaining agreements.

Moreover, the Argentine government has enacted laws and regulations requiring private sector companies to maintain certain salary levels and provide their employees with additional benefits. On 13 December 2019, the Fernández Administration declared a labor emergency for a 180-day term. In this context, during the labor emergency period, payments for severances without cause double the amounts contemplated in the labor code for such severance in normal circumstances.

Telecom is or may be involved in legal and regulatory proceedings, which could result in unfavorable decisions and financial penalties for Telecom.

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

For example, Argentine law incentivizes individuals to pursue employment-related litigation and certain judicial rulings have created a negative precedent in these matters and could increase our labor costs. Telecom is also exposed to employment-related claims of employees of suppliers, contractors and commercial agents claiming direct or indirect responsibility of Telecom based on a broad interpretation of the rules of labor law.

Further, customers and consumers' trade unions have in the past initiated different claims against us regarding improperly billed charges. Although we have taken certain actions to reduce risks in connection with these claims, we cannot assure that new claims will not be filed against us in the future.

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

As of 31 December 2019, we recorded provisions that we estimate are sufficient to cover contingencies considered probable. However, we may face increased risk of employment, commercial, regulatory, tax, consumer trade union and customers' proceedings, among others. If this occurs, we cannot guarantee that those proceedings will not have an adverse effect on our results of operations and financial condition.

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

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

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

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

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

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

Operational risks could adversely affect our reputation and our profitability.

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

Telecom maintains insurance policies to cover its main assets, particularly its properties. If economic and financial conditions in Argentina were to deteriorate (i.e. devaluation, inflation, etc.), the insurance coverage may not be representative of the market value of the properties which could result in losses for the Company.

Telecom's suppliers of goods and services are contractually obliged to comply with laws and regulations (including tax, labor, social security, anti-corruption, money laundering standards, etc.). Additionally, such suppliers shall comply with a set of conduct standards, such as the Code of Ethics, established by Telecom, and must require similar compliance by their employees and subcontractors. Despite these legal safeguards and monitoring efforts made by Telecom in relation to its suppliers, we cannot assure you that they will comply with all applicable regulations. As a result, Telecom could be adversely affected despite our contractual rights to claim for compensations for damages that suppliers could cause to Telecom.

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

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

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

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

The U.S. Congress and certain regulatory agencies have raised concerns about American companies purchasing equipment and software from Chinese telecommunications companies such as Huawei, one of our strategic suppliers, including concerns relating to alleged violations of intellectual property rights and potential security risks. The U.S. Government is likewise urging other countries to avoid the operations of Chinese companies such as Huawei in their territory, citing concerns regarding potential use of the equipment for espionage. Our reputation could be adversely affected if such actions or restrictions were imposed on Huawei or if the equipment and materials Telecom purchases from Huawei are thought to pose a security risk for Telecom's network. We cannot predict whether additional restrictions targeting Huawei, including restrictions that would prevent us from acquiring supplies from Huawei in the future, will be adopted directly.

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

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

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

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

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

A breach of any covenant contained in the indentures governing Telecom's notes or the agreements governing any of its other indebtedness could result in a default under those agreements. If any such default occurs, the

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

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

As of December 31, 2019, approximately US\$ 811 million of Telecom's outstanding debt was indexed to the London Interbank Offered Rate ("LIBOR").

In 2017, the Financial Conduct Authority (the "FCA") announced its intention to phase out LIBOR by the end of 2021. It is not possible to predict the further effect of the rules of the FCA, any changes in the methods by which LIBOR is determined, or any other reforms to LIBOR that may be enacted in the United Kingdom, the European Union or elsewhere. Any such developments may cause LIBOR to perform differently than in the past or cease to exist. In addition, any other legal or regulatory changes made by the FCA, ICE Benchmark Administration Limited, the European Money Markets Institute (formerly Euribor-EBF), the European Commission or any other successor governance or oversight body, or future changes adopted by such body, in the method by which LIBOR is determined or the transition from LIBOR to a successor benchmark may result in, among other things, a sudden or prolonged increase or decrease in LIBOR, a delay in the publication of LIBOR, and changes in the rules or methodologies in LIBOR, which may discourage market participants from continuing to administer or to participate in LIBOR's determination, and, in certain situations, could result in LIBOR no longer being determined and published. If a published U.S. dollar LIBOR is unavailable after 2021, the interest rates on our debt which is indexed to LIBOR will be determined using various alternative methods, any of which may result in interest obligations which are more than or do not otherwise correlate over time with the payments that would have been made on such debt if U.S. dollar LIBOR was available in its current form. Further, the same costs and risks that may lead to the discontinuation or unavailability of U.S. dollar LIBOR may make one or more of the alternative methods impossible or impracticable to determine. Any of these proposals or consequences could have a material adverse effect on our financing costs.

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

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

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

If Telecom is unable to refinance its debt in favorable terms, it may be forced to reduce or delay capital expenditures or research and development expenditures, seek additional equity capital, restructure its debt, curtail or eliminate its cash dividend to stockholders, or sell assets. In addition, if Telecom is unable to secure an extension or refinancing of its existing indebtedness, including our outstanding Class A Notes maturing in June 2021, it may not have sufficient capital to repay its obligations thereunder. Non-payment of those obligations or any other default under any of Telecom's debt instruments could, in turn, result in a default and acceleration of its other outstanding debt obligations, which would have a further material adverse effect on Telecom's business, the ability to meet its payment obligations, financial condition, and results of operations.

Risks Relating to Our Shares and GDSs

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The trading price of our Class B Shares is likely to be highly volatile and may be subject to wide fluctuations in response to factors, many of which are beyond our control. Such other factors include:

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

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

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

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

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

After almost four years of unrestricted capital flows, the Argentine government recently reimposed restrictions on the conversion of Argentine currency into foreign currencies and on the remittance to foreign investors of proceeds from their investments in Argentina. Beginning in September 2019, the Argentine government implemented monetary and foreign exchange control measures that included restrictions on the transfer of funds abroad, including dividends, without prior approval by the BCRA or fulfillment of certain requirements.

If in such a case, the Depositary for the GDSs may hold the Argentine Pesos it cannot convert for the account of the GDS holders. In addition, any future adoption by the Argentine government of restrictions to the movement of capital out of Argentina may affect the ability of our foreign shareholders and holders of GDSs to obtain the full value of their Class B Shares and GDSs and may adversely affect the market value of the GDSs.

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

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

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

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

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

Investing in securities that trade in emerging markets, such as Argentina, often involves greater risk than investing in securities of issuers in the United Kingdom, and such investments are generally considered to be more speculative in nature. The Argentine securities market is substantially smaller, less liquid, more concentrated and can be more volatile than major securities markets in the United Kingdom and is not as highly regulated or supervised as some of these other markets. There is also significantly greater concentration in the Argentine securities market than in major securities markets in the United Kingdom. The ten largest companies in terms of market capitalization represented approximately 92% of the aggregate market capitalization of the BYMA as of 31 December 2019. Accordingly, although shareholders are entitled to withdraw the shares underlying the GDSs from the depositary at any time, the ability to sell such shares on the BYMA at a price and time shareholders might elect may be substantially limited.

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

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

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

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

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

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

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

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

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

7. CORPORATE GOVERNANCE, ORGANIZATION AND INTERNAL CONTROL SYSTEM

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

Members of the Board of Directors

Cablevisión Holding's Board of Directors is composed of the following members, appointed at the Annual Ordinary Shareholders' Meeting and Special Meeting per Class of Shares, held on April 25, 2019:

Bardengo, Sebastián	Chairman
Sáenz Valiente, Ignacio José María	Vice Chairman
Whamond, Alan ¹	Permanent Director
Salaber, Sebastián ¹	Permanent Director
Pozzoli, Nelson Damián ¹	Permanent Director
Blaquier, Gonzalo ¹	Permanent Director
Pagliaro, Lucio Andrés	Permanent Director
Aranda, Antonio Román	Permanent Director
Magnetto, Marcia Ludmila	Permanent Director
Noble Herrera, Marcela	Permanent Director
Domenech, Fernando ¹	Alternate Director
Río, Alejandro ¹	Alternate Director
Oria, Jorge ¹	Alternate Director
Colombes, Gervasio ¹	Alternate Director
Cassino, Damián Fabio	Alternate Director
Novoa, Nicolás Sergio	Alternate Director
Frabosqui Díaz, Sebastián Ricardo	Alternate Director
Ostergaard, Claudia Irene	Alternate Director
Paez, María de los Milagros	Alternate Director
Romero, María Lucila	Alternate Director

¹ Independent members of the Board of Directors.

Cablevisión Holding also has a Supervisory Committee composed of 3 permanent members and 3 alternate members, who are also appointed on an annual basis at the Ordinary Shareholders' Meeting. The Board of Directors, through an Audit Committee, is in charge of the ongoing oversight of all matters related to control information systems and risk management and issues an annual report on these topics. The members of the Company's Audit Committee may be nominated by any member of the Board of Directors and a majority of its members must meet the independence requirement provided under CNV rules.

Supervisory Committee

The Company's Supervisory Committee is composed of the following members, appointed at the Annual Ordinary Shareholders' Meeting and Special Meeting per Class of Shares, held on April 24, 2019:

Gonzalez Rosas, Guillermo Raúl ¹	Permanent Member of the Supervisory Committee
Menzani, Alberto Cesar José ¹	Permanent Member of the Supervisory Committee
San Martín, Pablo Gabriel ¹	Permanent Member of the Supervisory Committee
Rios, Martin Guillermo ¹	Alternate Member of the Supervisory Committee
Suarez, Rubén ¹	Alternate Member of the Supervisory Committee
Cartamil, María Celina ¹	Alternate Member of the Supervisory Committee

¹ Independent members of the Supervisory Committee

Audit Committee

The Audit Committee is composed as follows:

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

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

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

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

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

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

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

Dividend Policy

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

Set-up of Reserves

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

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

Code of Corporate Governance

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

8. BUSINESS PROJECTIONS AND PLANNING

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

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

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

At a corporate level, it will continue to focus on the main processes that allow sustainable, healthy and efficient growth from different perspectives: Financial structure, management control and business strategy.

Cablevisión Holding will continue to analyze alternative new ventures related to its mission and strategic objectives both in Argentina and abroad, as long as they add value to shareholders and are feasible and viable under the prevailing economic environment.

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

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

9. SUPPLEMENTARY FINANCIAL INFORMATION

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

10. FINANCIAL POSITION AND RESULTS OF ITS OPERATIONS

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

As a result of the spin-off, Grupo Clarín S.A. transferred to the Company mainly the direct and indirect equity interests it held in Cablevisión S.A. and in GCSA Equity, LLC. In this way, the Company became the direct and indirect holder of approximately 60% of the capital stock and votes of Cablevisión S.A. and of 100% of the capital stock of GCSA Equity LLC, which was subsequently dissolved. The Company was allocated a US\$ 6 million loan with VLG Argentina, LLC and a US\$ 23 million financial debt with Cablevisión S.A.

In addition, as mentioned in Note 4 to the consolidated financial statements, Telecom and Cablevisión undertook a corporate reorganization process consisting of the merger between Telecom and Cablevisión. Consequently, as from January 1, 2018, (i) all the assets and liabilities, including the assets subject to registration, licenses, rights and obligations that belong to Cablevisión were incorporated to the equity of Telecom Argentina, (ii) Telecom Argentina continued with the operations of Cablevisión, thus generating the corresponding operating, accounting and tax effects, (iii) the management and representation of Cablevisión was taken over by the management and representatives of Telecom Argentina, and (iv) the Company became the controlling company of Telecom Argentina.

Information per geographical area required under IFRS 8 (Operating Segments) is disclosed below (amounts in constant currency as of December 31, 2019):

- i) Sales revenues from customers located in Argentina amounted to \$ 221,063 million and \$ 243,403 million during the years ended December 31, 2019 and 2018, respectively; while sales revenues from foreign customers amounted to \$ 15,961 million and \$ 15,115 million for the years 2019 and 2018, respectively;

- ii) PP&E, goodwill, intangible assets, and right-of-use assets corresponding to the segment “Services rendered in Argentina” amounted to \$ 493,071 million and \$ 480,560 million as of December 31, 2019 and 2018, respectively; while PP&E, goodwill, intangible assets and right-of-use assets, and corresponding to the segment “Other Foreign Segments” amounted to \$ 19,945 million and \$ 18,124 million as of December 31, 2019 and 2018, respectively.
- iii) The CAPEX corresponding to the segment “Services rendered in Argentina” amounted to \$ 60,386 million and \$ 59,652 million as of December 31, 2019 and 2018, respectively; while the CAPEX corresponding to the segment “Other Foreign Segments” amounted to \$ 5,103 million and \$ 5,675 million during fiscal years 2019 and 2018, respectively.
- iv) The total amount of Loans corresponding to the segment “Services rendered in Argentina” amounted to \$ 147,898 million and \$ 131,146 million as of December 31, 2019 and 2018, respectively; while the total amount of Loans corresponding to the segment “Other Foreign Segments” amounted to \$ 4,098 million and \$ 3,446 million as of December 31, 2019 and 2018, respectively.

Cablevisión Holding S.A. is controlled by GC Dominio S.A., which holds 64.2% of its voting rights. Balances and transactions with related parties are detailed in Note 29 to the Consolidated Financial Statements.

11. REVIEW OF THE FINANCIAL REPORTING COUNCIL

The Financial Reporting Council’s Audit Review team carried out a review of the external audit firm of our consolidated financial statements for the fiscal year ended 31 December 2018 (PWC), as part of their routine processes. The Audit Committee received a full copy of the findings and met with PWC to close out the points raised by the review. There were no significant findings resulting from the review.

12. PROPOSAL OF THE BOARD OF DIRECTORS

The Company’s financial statements recorded a net loss of \$3,011 million, which is mainly accounted for by the accumulated deficit of its main subsidiary, Telecom Argentina S.A., and by the impact of the devaluation of the Argentine peso on the USD-denominated debt held by the Company. The Board of Directors proposed (see Note 32 to the financial statements) to fully absorb the net loss by making a partial reversal of the Voluntary Reserve for Illiquid Results.

In addition, as it arises from the text of this Annual Report, during the year ended December 31, 2019, the outstanding balance of the loan granted in 2017 by Citibank, N.A., Goldman Sachs Bank USA, Industrial and Commercial Bank of China Limited, Dubai (DIFC) Branch, Itaú Unibanco S.A., Nassau Branch for US\$ 750 million was fully repaid. Accordingly, the Board of Directors proposed to make a full reversal of the Voluntary Reserve for Financial Obligations which, as of December 31, 2019, amounted to \$ 18,460 million, and appropriate:

- (i) an amount in Argentine pesos equivalent to US\$ 12 million at the reference exchange rate set by the Central Bank of Argentina- Communication “A” 3,500 by the end of the day in which the Company’s Annual Shareholders’ Meeting was held to the payment of dividends in unrestricted US dollars. The Company’s financial statements show that its cash position allowed the appropriation proposed by the Board of Directors because the Company has a level of cash and cash equivalents in unrestricted US dollars sufficient to make such payment and meet the operating fund requirements.
- (ii) Taking into consideration the net loss recorded by its main subsidiary, Telecom Argentina S.A., and that the CVH is a holding company, which level of liquidity mainly depends on the distribution of dividends of the companies in which it holds an equity interest- which have to meet their own investment and interest payment needs-, the Board of Directors believes that it would be prudent and reasonable to propose to the shareholders to allocate the remaining balance to increase the Voluntary Reserve for Illiquid Results, in order to preserve a reasonable level of reserves that will allow the Company to meet future fund requirements.

The Board of Directors of CVH and its subsidiaries would like to thank its customers, suppliers, banking and financial institutions and other stakeholders for their support during this year.

The Board of Directors
Buenos Aires, May 19th, 2020

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

ROLE OF THE BOARD OF DIRECTORS

Principles

- I. The Company shall be led by a professional and qualified Board of Directors in charge of laying the foundations for the Company's sustainable success. The Board of Directors is the guardian of the Company and the rights of all its shareholders.
- II. The Board of Directors shall be responsible for determining and promoting the corporate culture and values. The Board of Directors' performance shall guarantee the observance of the highest standards of ethics and integrity, based on the best interest of the Company.
- III. The Board of Directors shall be in charge of ensuring a strategy inspired by the Company's vision and mission, aligned with its values and culture. The Board of Directors shall engage constructively with management to ensure the correct development, execution, monitoring and revision of the Company's strategy.
- IV. The Board of Directors shall control and supervise on an ongoing basis the direction of the Company, ensuring that management takes actions aimed at the implementation of the strategy and the business plan approved by the Board of Directors.
- V. The Board of Directors must have the necessary mechanisms and policies in order to efficiently and effectively fulfill the role of the Board and each of its members.

Recommended Practices

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

The Company applies the recommended practice. CVH is a holding company which currently has a single operation - its direct and indirect equity interest in its controlled Company Telecom Argentina S.A. - and has 6 employees. The Company's Board of Directors establishes the values and principles that set the framework within which the Company's activities must be developed. They are implemented by Management through a consistent message in the conduction of its activities and are reflected in the documents that formalize its mission, principles and values, such as the Code of Ethics and its general policies.

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

The Company applies the recommended practice. Taking into consideration the Company's vision and mission, as well as the internal risk factors inherent to its operations and the context in which it operates, the Company's Board of Directors and Management work together on the design of a general strategy for the Company and oversee its implementation, consistent with the Company's mission, values and short, medium and long-term goals. In doing so, they safeguard the interests of the Company and its shareholders. The general operational strategy is reviewed on an annual basis, as well as the relevance and usefulness of the metrics that allow to monitor the performance of its activities.

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

The Company applies the recommended practice. The Board of Directors, mainly composed of non-executive directors, supervises Management and ensures, primarily through the work performed by the Audit Committee, that the Company has in place an adequate internal control system, taking into consideration the recommended practice mentioned in item 1 of this Exhibit. In connection with the

foregoing about said recommended practice, the main internal controls are related to the transparency and accuracy of the process used for the preparation and reporting of the information to be submitted to regulatory agencies and other stakeholders.

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

The Company does not apply the recommended practice. The Company's Board of Directors has not formally appointed a person responsible for the implementation of the corporate governance structures. Notwithstanding the foregoing, the Board of Directors, given the characteristics of the Company described in the explanation regarding the recommended practice in item 1, has deemed the implemented practices adequate and has approved them. Therefore, the Company applies the principles that underlie the practice.

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

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

CHAIR OF THE BOARD OF DIRECTORS AND COMPANY SECRETARY

Principles

- VI. The Chair of the Board is in charge of ensuring the effective fulfillment of the functions of the Board of Directors and has a leading role among the members. The Chair shall generate a positive work dynamic and promote the constructive engagement of the members of the Board and shall also ensure that they have the elements and information necessary for decision-making. The above also applies to the Chairs of each committee of the Board of Directors, regarding their corresponding functions.
- VII. The Chair must lead processes and establish structures to ensure the commitment, objectivity and competence of the members of the Board, as well as the best operation of the body as a whole and its evolution according to the Company's needs.
- VIII. The Chair must ensure that the Board of Directors as a whole is fully committed and responsible for the succession of the CEO.

Recommended Practices

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

The Company applies the recommended practice. The Chair of the Board of Directors directs and prepares the agenda with the assistance of the Company's advisors and organizes Board of Directors' and Shareholders' Meetings. In addition, the Company has legal advisors that assist the Chair of the Board of Directors in the coordination of meetings, attendance and provision of information for the fulfillment of the Directors' duties, as well as minute-taking of those meetings, among other duties. The directors are called well in advance so that they can plan their attendance to the meetings for

which they are called and receive, in due time and form, the necessary information to be able to decide on the items included in the agenda.

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

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

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

The Company applies the recommended practice. The Company's Board of Directors performs its duties in an orderly and harmonious environment among its members, ensuring constructive and efficient teamwork for the benefit of the Company and its shareholders. The Company does not have in place a formal annual training program. However, the members of the Board of Directors regularly receive updates about regulatory issues and information on the industry and businesses, for the adequate fulfillment of their duties and responsibilities, provided by highly qualified and experienced officers of the Company, renowned market professionals, industry referents or prestigious consultancy firms.

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

The Company does not apply the recommended practice through the formal implementation of a Company Secretary. However, the Company applies the principles that underlie the practice, since the Chair of the Board of Directors, which is in charge of the effective administration of the Board, has external advisors on administrative and support matters such as the preparation and distribution of information packages to be considered at meetings, meeting minute-taking, induction for new members, assistance with the communication among the members of the Board of Directors and of the latter with management and the organization of Shareholders' Meetings, among others. In addition, the Company also has external legal advisors that assist the Chair of the Board of Directors in matters that, given their legal nature, require such assistance.

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

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

COMPOSITION, NOMINATION AND SUCCESSION OF THE BOARD OF DIRECTORS

Principles

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

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

Recommended Practices

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

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

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

The Company does not apply the recommended practice. The Company does not have a nomination committee. The Company's bylaws provide for the way in which the members of the Board of Directors must be appointed by class of shares.

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

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

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

The Company applies the recommended practice. The Company provides assistance to the new members of the Board of Directors through an induction process that covers all the necessary aspects to achieve a full knowledge of the Company's operations, the regulatory and legal framework within which it operates, its structure, policies and processes.

REMUNERATION

Principles

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

Recommended Practices

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

The Company does not apply the recommended practice. The Board does not have in place a Remuneration Committee. However, the Company hires independent professional human resources consultants that advise the Company regarding the remuneration of the Board of Directors. In addition, the Audit Committee provides an opinion on the reasonableness of the fees paid to the members of the Board of Directors taking into consideration their professional background and reputation, tasks performed, responsibilities and the amount of time devoted to the performance of

their duties. As regards the supervision of the remunerations of the Executive Management, which includes the competitiveness of their remuneration practices and policies, the Company also receives the advice of independent human resources professionals, in order to monitor that the remuneration is in line with the short and long-term returns and interests of the Company, according to its management goals.

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

The Company does not apply the recommended practice. According to the explanation related to the recommended practice in item 15, the Board does not have a remuneration committee in place. However, the Company has a remuneration policy that is applicable to the CEO, which sets out a fixed and variable remuneration scheme. The fixed remuneration is related to the level of responsibility required for the position, the competitiveness with respect to the market and the performance of the executive. The annual variable remuneration is related to the goals set by the Company for the fiscal year and the degree of compliance, which are in line with the Company's business plan and strategy. The remuneration of the Board of Directors is approved by the shareholders at the Annual General Shareholders' Meeting. The Annual General Shareholders' Meeting, upon a proposal of the Board of Directors, authorizes the payment of advances of fees up to a certain amount subject to the approval of the remuneration by the next Annual General Shareholders' Meeting. Before proposing an amount of fees to be paid and submitting it on an annual basis to the consideration of the Shareholders' Meeting for their approval, the Board of Directors receives, under the terms of applicable provisions, an opinion from the Audit Committee on the reasonableness of those fees.

CONTROL ENVIRONMENT

Principles

- XII. The Board of Directors shall ensure the existence of a control environment, composed of internal controls developed by management, internal audit, risk management, regulatory compliance and external audit, all of which shall establish the lines of defense necessary to ensure the integrity of the company's operations and its financial reports.
- XIII. The Board of Directors must ensure the existence of a comprehensive risk management system that allows management and the Board of Directors to efficiently direct the company towards its strategic goals.
- XIV. The Board of Directors must ensure the existence of a person or department (depending on the size and complexity of the business, the nature of its operations and the risks it faces) in charge of the internal audit of the company. Such audit shall be independent and objective, with clear reporting lines, in order to properly evaluate and audit the company's internal controls, corporate governance processes, and risk management.
- XV. The Audit Committee of the Board shall be composed of qualified and experienced members and shall perform its duties transparently and independently.
- XVI. The Board of Directors must establish adequate procedures to ensure the independent and effective work performed by the External Auditors.

Recommended Practices

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

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

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

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

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

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

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

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

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

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

ETHICS, INTEGRITY AND COMPLIANCE

Principles

- XVII. The Board of Directors shall design and establish appropriate structures and practices to promote a culture of ethics, integrity and compliance with standards in order to prevent, detect and address serious corporate or personal breaches.
- XVIII. The Board shall ensure the establishment of formal mechanisms to prevent, or failing this, to deal with conflicts of interest that may arise in the administration and direction of the company. It shall also have in place formal procedures seeking to ensure that related party transactions are made in the best interest of the company and the equitable treatment of all its shareholders.

Recommended Practices

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

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

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

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

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

The Company applies the recommended practice. The rules concerning conflicts of interest are included in the Company's Code of Ethics. In addition, the Company has in place a specific policy concerning related party transactions in conformity with effective regulations.

ENGAGEMENT OF SHAREHOLDERS AND STAKEHOLDERS

Principles

- XIX. All shareholders must receive equitable treatment from the company. The company shall guarantee equitable access to non-confidential and relevant information for decision-making at the company's shareholders' meetings.
- XX. The company shall promote the active engagement of all shareholders with adequate information, especially in connection with the composition of the Board.
- XXI. The company must have a transparent Dividend Distribution Policy, in line with its strategy.
- XXII. The company must consider the interests of its stakeholders.

Recommended Practices

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

The Company applies the recommended practice. The Company has a website in which it publishes financial and non-financial information, thus allowing all the investors to have relevant information required to analyze the situation of the Company. The Company also has a department devoted to investor relations. Said department organizes conference calls on a quarterly basis ensuring investors worldwide the possibility of connecting for free. At these calls, the Company provides information about its results, its goals and answers questions and/or inquiries made by investors. These conference calls are announced in the daily bulleting of the Buenos Aires Stock Exchange, in the reporting service of the London Stock Exchange, and on the Company's website. The Company maintains communication channels with the minority shareholders through the disclosure of relevant information in the stock exchanges where its shares and GDSs are listed and through information disclosed in the Company's website. In addition, the Company's shareholders and investors can communicate with the department via email at IR@cvh.com.ar or by telephone at +54 11 4309 3417, as detailed on the Company's website.

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

The Company applies the recommended practice. The Company has an Investor Relations department, which identifies potential and current stakeholders of the Company and provides a communication channel for them.

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

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

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

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

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

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

Contents

CONSOLIDATED FINANCIAL STATEMENTS

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

Notes to the Consolidated Financial Statements

1. General Information and Basis for the Presentation of the Consolidated Financial Statements
2. Regulatory Framework.
3. Main Accounting Policies.
4. Acquisition of companies and corporate reorganization processes.
5. Cash and Cash Equivalents and Investments. Additional Information on the Consolidated Statement of Cash Flows.
6. Trade Receivables.
7. Other Receivables.
8. Inventories.
9. Goodwill.
10. Property, Plant and Equipment.
11. Intangible Assets.
12. Right-of-Use Assets
13. Accounts Payable.
14. Financial Debt.
15. Salaries and Social Security Payables.
16. Deferred Income Tax Assets / Liabilities.
17. Taxes Payable.
18. Lease Liabilities.
19. Other Liabilities.
20. Provisions.
21. Commitments.
22. Capital Stock.
23. Financial Instruments.
24. Revenues.
25. Operating Expenses.
26. Financial Income and Expense.
27. Earnings Per Share.
28. Financial Risks Management.
29. Balances and transactions with companies under Article 33 - Law no. 19,550 and related parties.
30. Reserves, accumulated income and dividends.
31. Mandatory Public Tender Offer ("PTO") due to Change of Control.
32. Subsequent events as of December 31, 2019.
33. Approval of Consolidated Financial Statements.

CABLEVISIÓN HOLDING S.A.

Consolidated Financial Statements for the year ended December 31, 2019, presented on a comparative basis.

GLOSSARY OF TERMS

The Company / Cablevisión Holding	Interchangeably, Cablevisión Holding S.A.
Telecom Argentina/Telecom Group	Interchangeably, Telecom Argentina S.A. Economic group composed by the Company and its subsidiaries.
Telecom Group	Economic group composed by Telecom Argentina and its subsidiaries.
Telecom Personal/Personal/Micro Sistemas/Telintar/Pem/CV Berazategui/Cable Imagen/ Última Milla/AVC Continente Audiovisual/Inter Radios	These companies are corporations or limited liability companies that are controlled directly or indirectly pursuant to the definition established under the General Associations Law, or were controlled by Telecom, directly or indirectly, to with: 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.
Sofora	Sofora 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.
LSE	London Stock Exchange
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.
TR/FACPCE	Technical Resolutions issued by the "Federación Argentina de Consejos Profesionales de Ciencias Económicas" (Argentine Federation of Professional Councils in Economic Sciences).
RT 26	Technical Resolution No. 26, amended by Technical Resolutions Nos. 29 and 43, among others.
SBT	(Servicio Básico Telefónico): Basic Telephony Service.
SC	(Secretaría de Comunicaciones): Argentine Secretariat of Communications.
SCMA	(Servicio de Comunicaciones Móviles Avanzadas): Advanced Mobile Communications Service.
SEC	Securities and Exchange Commission.
SRCE	(Servicio Radioeléctrico de Concentración de Enlaces): Radio electric trunking services.
SRMC	(Servicio de Radiocomunicaciones Móvil Celular): Cellular Mobile Radiocommunications Service.
SRS	(Servicio de Radiodifusión por Suscripción por vínculo físico y/o radioeléctrico): Physical and/or radio-electric link subscription broadcasting services.
STM	(Servicio de Telefonía Móvil): Mobile Telephony Services.
SU	(Servicio Universal): Universal Service. The availability of fixed telephony service at an affordable price to all persons within a country or specified area.
VAS	Valued-added Services, which provide additional functionality to the basic transmission services offered by a telecommunications network such as Video streaming, Personal Video, Personal Cloud, M2M (Communication Machine to Machine), Social networks, Personal Messenger, Contents and Entertainment (content and text subscriptions, trivias, games, music and customization - ringtones, wallpaper, screensavers, etc), MMS (Mobile Multimedia Services) and Voice Mail.
Telefónica	Telefónica de Argentina S.A.
TLRD	(Terminación Llamada Red Destino): Termination charges for calls from third party carrier's customers to Telecom Group mobile customers.
VLG	VLG S.A.U., previously VLG Argentina LLC.
VPP	(Valor Patrimonial Proporcional): Equity Method.
WAI	W de Argentina-Inversiones S.A, former controlling company of Telecom

CABLEVISIÓN HOLDING S.A.

Consolidated Financial Statements as of December 31, 2019 presented on a comparative basis

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

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

Main corporate business: Investing and financing

Date of incorporation: December 1, 2016

Date of registration with the Public Registry of Commerce:

- Of the by-laws: April 27, 2017

Business start date: May 1, 2017

Registration number with the IGJ: 1,908,463

Expiration of Articles of Incorporation: April 27, 2116

Information on Parent Company:

Name: GC Dominio S.A.

Registered office: Piedras 1743, Buenos Aires, Argentina

The information about the Company's subsidiaries is disclosed in Note 1.

CAPITAL STOCK STRUCTURE (Note 22)

Type	Number of votes per share	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 December 31, 2019		<u>180,641,002</u>	<u>1,578</u>	<u>180,642,580</u>
Total as of December 31, 2018		<u>180,641,002</u>	<u>1,578</u>	<u>180,642,580</u>

CABLEVISIÓN HOLDING S.A.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018
(in millions of Argentine pesos)

	<u>Note</u>	<u>December 31,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
Revenues	24	237,024	258,518
Employee benefit expenses and severance payments	25	(46,560)	(46,261)
Interconnection and Transmission Costs		(7,520)	(8,500)
Fees for Services, Maintenance, Materials and Supplies	25	(26,755)	(25,265)
Taxes and Fees with the Regulatory Authority	25	(18,391)	(20,975)
Commissions and Advertising		(14,612)	(17,245)
Cost of Equipment and Handsets	25	(10,749)	(14,871)
Programming and Content Costs		(18,031)	(18,700)
Bad Debt Expenses	6	(6,331)	(5,426)
Other Operating Costs	25	(11,287)	(15,024)
Operating Income before Depreciation and Amortization		76,788	86,251
Depreciation, Amortization and Impairment of Fixed Assets	25	(61,277)	(54,003)
Operating Income		15,511	32,248
Equity in Earnings from Associates	5	(187)	363
Financial Expenses on Debts	26	(18,947)	(57,340)
Other Financial Results, net	26	12,654	23,272
Income (Loss) before Income Tax Expense		9,031	(1,457)
Income Tax	16	(14,216)	4,340
Net (Loss) / Income		(5,185)	2,883
Other Comprehensive (Loss) / Income			
<u>To be subsequently reclassified to profit or loss</u>			
Currency Translation Adjustments (no effect on Income Tax)		(1,944)	1,843
Effect of NDF classified as hedges		(335)	197
Tax Effect of NDF classified as hedges		97	(55)
<u>Not to be subsequently reclassified to profit or loss</u>			
Actuarial Results		47	58
Tax Effect		(15)	(15)
Other Comprehensive (Loss) / Income, net of Taxes		(2,150)	2,028
Total Comprehensive (Loss) / Income		(7,335)	4,911
Net Income attributable to:			
Shareholders of the Controlling Company		(3,025)	(2,467)
Non-Controlling Interest		(2,160)	5,350
Total Comprehensive (Loss) Income Attributable to:			
Shareholders of the Controlling Company		(3,729)	(1,786)
Non-Controlling Interest		(3,606)	6,697
Basic and Diluted Earnings per Share attributable to the Shareholders of the Controlling Company (in pesos)	27	(16.75)	(13.66)

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

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

CABLEVISIÓN HOLDING S.A.

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

ASSETS	Note	December 31, 2019	December 31, 2018
CURRENT ASSETS			
Cash and Cash Equivalents	5	27,063	11,470
Investments	5	429	2,109
Trade Receivables	6	16,965	26,790
Other Receivables	7	4,614	7,892
Inventories	8	3,212	4,210
Other Assets	14.2	-	460
Total Current Assets		52,283	52,931
NON-CURRENT ASSETS			
Trade Receivables	6	83	94
Other Receivables	7	2,025	3,072
Deferred Income Tax Assets	16	333	180
Investments	5	2,123	8,607
Goodwill	9	175,360	175,509
Property, Plant and Equipment ("PP&E")	10	245,836	231,068
Intangible Assets	11	82,376	91,234
Right-of-Use Assets	12	9,444	873
Total Non-Current Assets		517,580	510,637
Total Assets		569,863	563,568
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	13	31,973	35,211
Financial Debt	14	35,280	43,419
Salaries and Social Security Payables	15	9,950	9,161
Taxes Payable	17	3,313	3,615
Lease Liabilities	18	2,639	-
Other Liabilities	19	1,741	2,460
Provisions	20	1,191	1,144
Total Current Liabilities		86,087	95,010
NON-CURRENT LIABILITIES			
Accounts Payable	13	2,355	876
Financial Debt	14	116,716	91,173
Salaries and Social Security Payables	15	861	534
Deferred Income Tax Liabilities	16	52,552	37,755
Taxes Payable	17	14	40
Lease Liabilities	18	3,672	-
Other Liabilities	19	1,524	1,784
Provisions	20	4,629	5,335
Total Non-Current Liabilities		182,323	137,497
Total Liabilities		268,410	232,507
EQUITY (as per the corresponding statement)			
Attributable to Shareholders of the Parent Company		125,051	128,820
Attributable to Non-Controlling Interests		176,402	202,241
TOTAL EQUITY		301,453	331,061
TOTAL LIABILITIES AND EQUITY		569,863	563,568

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

CABLEVISIÓN HOLDING S.A.

**CABLEVISIÓN HOLDING S.A.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**
(in millions of Argentine pesos)

	Equity attributable to Shareholders of the Parent Company										Equity Attributable to Non-Controlling Interests	Total Equity
	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	6,175	14,948	21,304	(1,737)	(12)	212	10,464	21,238	51,469	25,404	76,873
Effect of Adopting New Accounting Policies	-	-	-	-	-	-	-	-	(153)	(153)	(112)	(265)
Effect of the Merger (Note 4)	-	-	-	-	-	79,513	-	-	-	79,513	197,626	277,139
Set-up of Reserves (Note 30.1)	-	-	-	-	-	-	-	3,670	(3,670)	-	-	-
Dividends and Other Movements of Non-Controlling Interest	-	-	-	-	-	-	-	-	-	-	(27,022)	(27,022)
Increase of the equity interest in CV Berazategui	-	-	-	-	-	(143)	-	-	-	(143)	(229)	(372)
Changes in Other Reserves	-	-	-	-	-	(80)	-	-	-	(80)	(123)	(203)
Net (Loss) Income for the Year	-	-	-	-	-	-	-	-	(2,467)	(2,467)	5,350	2,883
Other Comprehensive Income	-	-	-	-	681	-	-	-	-	681	1,347	2,028
Balances as of December 31, 2018	181	6,175	14,948	21,304	(1,056)	79,278	212	14,134	14,948	128,820	202,241	331,061
Set-up of Reserves (Note 30.1)	-	-	-	-	-	-	1,058	88,686	(89,744)	-	-	-
Changes in Reserves	-	-	-	-	-	(9)	-	-	-	(9)	(15)	(24)
Dividends and Other Movements of Non-Controlling Interest	-	-	-	-	-	-	-	-	-	-	(22,075)	(22,075)
Acquisition of an equity interest in Tuves Irrevocable Call and Put Option on the Shares of AVC Continente Audiovisual	-	-	-	-	-	14	-	-	-	14	(74)	(60)
Net Loss for the Year	-	-	-	-	-	-	-	-	(3,025)	(3,025)	(2,160)	(5,185)
Other Comprehensive Loss	-	-	-	-	(704)	-	-	-	-	(704)	(1,446)	(2,150)
Balances as of December 31, 2019	181	6,175	14,948	21,304	(1,760)	79,238	1,270	(2) 102,820	(77,821)	125,051	176,402	301,453

(1) Includes 1,578 treasury shares. See Note 22.

(2) Broken down as follows: (i) Voluntary Reserve for Illiquid Results of \$ 84,360, (ii) Voluntary Reserve for Financial Obligations of \$ 18,460.

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

CABLEVISIÓN HOLDING S.A.

**CABLEVISIÓN HOLDING S.A.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**
(in millions of Argentine pesos)

	<u>Note</u>	<u>December 31,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
<u>CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES</u>			
Net (Loss) / Income		(5,185)	2,883
Adjustments to reconcile Net Income to net Cash flows provided by Operating Activities			
Allowances Deducted from Assets and Provisions for Lawsuits and Other Contingencies		9,963	5,572
Depreciation of PP&E	10	46,973	42,462
Amortization of Intangible Assets	11	8,261	8,176
Amortization of Rights of Use	12	3,479	150
Equity in Earnings from Associates	5	187	(363)
Impairment of PP&E and Intangible Assets		2,564	3,215
Net Book Value of PP&E and Consumption of Materials		268	891
Financial Results and Other		17,629	27,871
Accrued Income Tax and Tax on Assets	16	14,216	(4,340)
Income Tax Paid		(1,764)	(9,135)
Decrease (Increase) in Assets, Net	5.b	3,882	(7,930)
Net Decrease in Liabilities	5.b	(18,870)	(4,732)
Net Cash Flows provided by Operating Activities		81,603	64,720
<u>CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES</u>			
PP&E Acquisitions		(49,170)	(60,878)
Intangible Assets Acquisition		(1,628)	(4471)
Acquisition of Equity Interests		(61)	(375)
Collection of Dividends	5.b	185	86
Cash Incorporated under the Merger	4	-	6,430
Income from Sale of PP&E and Intangible Assets		102	9
Investments not considered as cash and cash equivalents		7,285	11,072
Net Cash Flows used in Investing Activities		(43,287)	(48,127)
<u>CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES</u>			
Proceeds from Financial Debt	5.b	58,507	42,719
Payment of Financial Debt	5.b	(50,282)	(29,694)
Payment of Interest and Related Expenses	5.b	(8,990)	(6,850)
Payment of Lease Liabilities		(3,626)	-
Reversal of Reserve Account		520	514
Payment of Cash Dividends to Non-Controlling Interests	5.b	(21,743)	(29,244)
Net Cash Flows used in Financing Activities		(25,614)	(22,555)
NET INCREASE / (DECREASE) IN CASH FLOW		12,702	(5,962)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR:		11,470	11,082
EFFECTS OF EXCHANGE RATE CHANGES AND GAIN (LOSS) ON NET MONETARY POSITION ON CASH AND CASH EQUIVALENTS		2,891	6,350
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		27,063	11,470

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

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

CABLEVISIÓN HOLDING S.A.

CABLEVISIÓN HOLDING S.A. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019, (in millions of Argentine pesos)

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

a) General Information

Cablevisión Holding S.A.

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

Telecom Group

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

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

In addition, as a consequence of the merger between Telecom and Cablevisión S.A., Telecom 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, which mainly consisted in the provision of subscription television services through the operation of the networks installed in different locations of Argentina and Uruguay.

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

Information on the Group's licenses and on the applicable regulatory framework is described under Note 2.

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

Company	Country	Interest as of December 31, 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 31.

(2) As mentioned in Note 4) to these consolidated financial statements, on April 15, 2019, the Voting Trust created under the trust agreement (the "Trust Agreement") was formalized. Pursuant to said Trust Agreement, Fintech Telecom LLC and VLG S.A.U., a subsidiary of the Company, each contributed the bare ownership -including the voting rights- of 235,177,350 shares of Telecom Argentina representing 10.92% of the outstanding capital stock of Telecom Argentina (the "Shares in Trust") to a voting trust (the "Voting Trust"), reserving for themselves the usufruct of the contributed shares. Consequently, the Company holds an economic interest of 39.08% in the outstanding capital stock of Telecom Argentina.

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

Regarding the matters subject to veto under the Telecom Argentina Shareholders' Agreement, Cablevisión Holding shall be entitled to vote the shares it holds directly (18.89% of the outstanding share capital) and the shares it holds indirectly through VLG (9.27% of the outstanding share capital), together accounting for 28.16% of the outstanding share capital of Telecom Argentina as of December 31, 2019. The Shares in Trust, in these cases, shall be voted by the trustee appointed by Fintech.

CABLEVISIÓN HOLDING S.A.

b) Segment information.

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

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

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

Set out below is the segment information for the years ended December 31, 2019 and 2018:

□ Consolidated income statement for the year ended December 31, 2019

	Services rendered in Argentina	Services rendered in Argentina - effect of restatement	Services rendered in Argentina restated at constant currency	Other foreign segments	Other foreign segments - effect of restatement	Other foreign segments restated in constant currency	Eliminations	Total
Revenues	182,233	40,027	222,260	12,931	3,057	15,988	(1,224)	237,024
Operating Costs (Not Including Depreciation, Amortization and Impairment of Fixed Assets)	(122,035)	(28,336)	(150,371)	(8,946)	(2,143)	(11,089)	1,224	(160,236)
Operating Income before Depreciation and Amortization	60,198	11,691	71,889	3,985	914	4,899	-	76,788
Depreciation, Amortization and Impairment of Fixed Assets	(26,012)	(31,544)	(57,556)	(2,869)	(852)	(3,721)	-	(61,277)
Operating Income	34,186	(19,853)	14,333	1,116	62	1,178	-	15,511

Equity in Earnings from Associates	(187)
Financial Expenses on Debts	(18,947)
Other Financial Results, net	12,654
Income before Income Tax Expense	9,031
Income Tax	(14,216)
Net Loss	(5,185)
Attributable to:	
Shareholder of the Controlling Company	(3,025)
Non-Controlling Interest	(2,160)
	(5,185)

CABLEVISIÓN HOLDING S.A.

□ Consolidated income statement for the year ended December 31, 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	129,836	114,767	244,603	7,894	7,104	14,998	(1,083)	258,518
Operating Costs (Not Including Depreciation, Amortization and Impairment of Fixed Assets)	(86,348)	(76,715)	(163,063)	(5,414)	(4,873)	(10,287)	1,083	(172,267)
Operating Income before Depreciation and Amortization	43,488	38,052	81,540	2,480	2,231	4,711	-	86,251
Depreciation, Amortization and Impairment of Fixed Assets	(20,405)	(30,187)	(50,592)	(1,753)	(1,658)	(3,411)	-	(54,003)
Operating Income	23,083	7,865	30,948	727	573	1,300	-	32,248

Equity in Earnings from Associates	363
Financial Expenses on Debts	(57,340)
Other Financial Results, net	23,272
Loss before Income Tax Expense	(1,457)
Income Tax	4,340
Net Income	2,883
Attributable to:	
Shareholder of the Controlling Company	(2,467)
Non-Controlling Interest	5,350
	2,883

Additional information per geographical area required under IFRS 8 (Operating Segments) is disclosed below (amounts in constant currency as of December 31, 2019):

- i) Sales revenues from customers located in Argentina amounted to \$ 221,063 million and \$ 243,403 million during the years ended December 31, 2019 and 2018, respectively; while sales revenues from foreign customers amounted to \$ 15,961 million and \$ 15,115 million for the years 2019 and 2018, respectively;
- ii) PP&E, goodwill, intangible assets, and right-of-use assets corresponding to the segment "Services rendered in Argentina" amounted to \$ 493,071 million and \$ 480,560 million as of December 31, 2019 and 2018, respectively; while PP&E, goodwill, intangible assets and right-of-use assets, and corresponding to the segment "Other Foreign Segments" amounted to \$ 19,945 million and \$ 18,124 million as of December 31, 2019 and 2018, respectively.
- iii) The CAPEX corresponding to the segment "Services rendered in Argentina" amounted to \$ 60,386 million and \$ 59,652 million as of December 31, 2019 and 2018, respectively; while the CAPEX corresponding to the segment "Other Foreign Segments" amounted to \$ 5,103 million and \$ 5,675 million during fiscal years 2019 and 2018, respectively.
- iv) The total amount of Loans corresponding to the segment "Services rendered in Argentina" amounted to \$ 147,898 million and \$ 131,146 million as of December 31, 2019 and 2018, respectively; while the total amount of Loans corresponding to the segment "Other Foreign Segments" amounted to \$ 4,098 million and \$ 3,446 million as of December 31, 2019 and 2018, respectively.

c) Basis for the Presentation

As required by the CNV, the Company's consolidated financial statements have been prepared in accordance with TR 26 (as amended 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.

In preparing these consolidated financial statements for the year ending December 31, 2019, and for the purposes of presentation to the London Stock Exchange (LSE), the Company has followed accounting policies that are in accordance with IFRS.

CABLEVISIÓN HOLDING S.A.

As mentioned in Note 1.a) Cablevisión Holding S.A. was created as a consequence of the spin-off of Grupo Clarín S.A. Consequently, the Company's Board of Directors has used as a general rule for the initial valuation of the assets received by the Company the valuation of those assets and liabilities as of the Effective Date of the Spin-off conducted by Grupo Clarín S.A. ("Predecessor Basis of Accounting"), which issues its financial statements under IFRS. The Company has restated those values as mentioned in paragraph e) of this note.

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

These consolidated financial statements (except for the statement of cash flows) were prepared in constant currency as of December 31, 2019 (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 consolidated financial statements as of December 31, 2019, were approved by a resolution of the Board of Directors at the meeting held on May 19, 2020.

d) Consolidated Financial Statements Formats

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

- the consolidated statement of financial position has been prepared by classifying assets and liabilities according to the "current and non-current" criterion. Current assets and liabilities are those that are expected to be realized/settled within twelve months after year-end;
- the consolidated income statement has been prepared by classifying operating expenses by nature of expense as this form of presentation represents the way that the business of the Group is monitored by Management, and, additionally, are in line with the usual presentation of expenses in the ICT Services industry;
- the consolidated statement of comprehensive income includes the profit (or loss) for the year as shown in the consolidated income statement and all components of other comprehensive income;
- the consolidated statement of changes in equity has been prepared showing separately (i) profit (loss) for the year, (ii) other comprehensive income (loss) for the year, and (iii) transactions with shareholders (owners and non-controlling interest);
- the consolidated statement of cash flows has been prepared by applying the indirect method to reconcile the net income for the year with the cash flows generated by its operations, as permitted by IAS 7.

These consolidated financial statements contain all material disclosures required under IFRS. Some additional disclosures required by the LGS and/or by the CNV have 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. Such information is disclosed in Notes 5, 6, 7, 8, 10, 11, 20, 25 and 28 to these consolidated financial statements, as admitted by IFRS.

e) Financial Reporting in Hyperinflationary Economies

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

CABLEVISIÓN HOLDING S.A.

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 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. Consequently, through Resolution No. 777/18, the CNV established the method to restate financial statements in constant currency, in accordance with IAS 29 for years and/or periods ended on or after December 31, 2018. Therefore, these financial statements have been restated in constant currency as of December 31, 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 December 31, 2019, according to official statistics (INDEC) in accordance with the guidelines described under Resolution No. 539/18:

	<u>As of December 31, 2016</u>	<u>As of December 31, 2017</u>	<u>As of December 31, 2018</u>	<u>As of December 31, 2019</u>
General Price Index	100	124.8	184.8	284.4
<u>Variation of Prices</u>				
Annual	34.6%	24.7%	47.6%	53.8%
Accumulated over 3 years	102.3%	96.6%	147.8%	183.2%

The Company restated all the non-monetary items in order to reflect the impact of the inflation adjustment, reporting in terms of the measuring unit current as of December 31, 2019. Consequently, the main items restated were Property, Plant and Equipment, Intangible assets, Right-of-Use Assets, Goodwill, Inventories, certain Investments in associates and the Equity items. Each item must be restated since the date of the initial recognition in the Company's Equity or since the last revaluation. Monetary items have not been restated because they are stated in terms of the measuring unit current as of December 31, 2019.

The comparative figures must also be presented at historical currency as of December 2019.

Restatement of the Income Statement and the Statement of Cash Flows

In the Statement of Income, the items must be restated in terms of the measuring unit current at the closing date of the reporting year, applying the variations in a monthly general price index. The effect of inflation on the monetary position is included in the Income Statement under Other financial results, net.

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

CABLEVISIÓN HOLDING S.A.

Restatement of the Statement of Changes in Equity

All the items of the Statement of Changes in Equity, except for the retained earnings, must be restated in accordance with IAS 29. The item "Capital Stock" has been stated at nominal value. The difference between the restated value of the capital stock in accordance with IAS 29 and the nominal value is disclosed under "Inflation Adjustment on Capital Stock."

Effect on the Merger between Telecom and Cablevisión

Taking into consideration that the book value of the equity of Telecom as of the Effective Date of the Merger (January 1, 2018) was stated at historical cost, the value of the effect of the merger as of that date did not contemplate the effect of the inflation adjustment. Therefore, such value has been remeasured by the difference between the fair value of the consideration transferred and the book value of Telecom's Equity restated for inflation as of the Effective Date of the Merger, i.e. January 1, 2018. This change had an impact on the initial value recognized for the Merger Surplus. For more information, see Note 4).

Investments in Foreign Companies

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

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

NOTE 2 – REGULATORY FRAMEWORK

a) REGULATORY AUTHORITY

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

The Regulatory Authority for ITC services in Argentina is ENACOM (National Communications Agency) which, pursuant to Decrees Nos. 7/2019 and 50/2019, is under the jurisdiction of the Secretariat of Public Innovation under the Presidency of the Cabinet of Ministers.

The subsidiary Núcleo, with operations in the Republic of Paraguay, is under the oversight of the CONATEL, and its subsidiary Personal Envíos is under the oversight of the Central Bank of the Republic of Paraguay.

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

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

b) LICENSES

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

- Local fixed telephony,
- Public telephony,
- Domestic and international long-distance telephony,
- Domestic and international point-to-point link services,
- Value added, data transmission, videoconferencing, transportation of broadcasting signals, and Internet access,

CABLEVISIÓN HOLDING S.A.

- STM, SRMC, PCS and SCMA, also called mobile communications services ("SCM", for its Spanish acronym),
- SRS and
- SRCE.

The licenses for rendering SCM services had been originally granted to Personal and were subsequently transferred to Telecom under the merger with Personal pursuant to ENACOM Resolution No. 4,545-E/2017. Such licenses were granted for the provision of STM in the Northern Region of Argentina, of SRMC in the AMBA area, and of PCS and SCMA throughout the country.

Within the framework of the merger with Cablevisión pursuant to ENACOM Resolution No. 5,644-E/2017, Telecom also acquired licenses and authorizations to render SRCE services and the Registration to render Physical and Radio-Electric Link Subscription Television Services and the corresponding authorizations.

✓ Licenses held by subsidiaries in Paraguay

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

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

Tuves Paraguay, a company controlled by Núcleo, has a license for the provision of direct-to-home subscription audio and television services ("DATDH"), for a term of five years. The license was granted in March 2010 and renewed in March 2015 for a five-year term.

c) REGULATORY FRAMEWORK OF THE SERVICES PROVIDED BY THE GROUP

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

- The LAD amended by Emergency Decree No. 267/15 and Decree No. 1,340/16.
- Law No. 19,798 to the extent it does not contradict the LAD.
- The Privatization Regulations, which regulated that process.
- The Transfer Agreement.
- The licenses for providing telecommunication services granted to Telecom and the Bidding Terms and Conditions and their respective general rules.

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

✓ **LAW NO. 27,078 – DIGITAL ARGENTINA LAW ("LAD", for its Spanish acronym)**

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

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

The LAD also revoked Decree No. 764/00, as amended, but provisions of the decree that do not contradict the LAD will remain in effect during the time it takes the Regulatory Authority to issue new licensing, interconnection services, SU and spectrum regulations (see New General Rules under Note 2.f).

CABLEVISIÓN HOLDING S.A.

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

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

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

- ✓ The incorporation of Subscription Broadcasting Services (physical or radio electric link, such as cable TV) as an ICT Service within the scope of the LAD and excluding it from Law No. 26,522. Satellite subscription television services (known as satellite TV) shall remain within the scope of Law No. 26,522. Furthermore, Decree No. 267/15 states that the ownership of a satellite subscription television license is incompatible with having any other kind of audiovisual communication or ICT Service license.
- ✓ Any subscription broadcasting license (such as cable television), granted before the application of Emergency Decree No. 267/15 will be considered, for all purposes, a *Licencia Única Argentina Digital*, with a registration for such service. Furthermore, the Decree provides for a 10-year extension counted as from January 1, 2016 for the use of spectrum frequencies by radio electric link subscription broadcasting services licensees.
- ✓ Emergency Decree No. 267/15 replaces Article 94 of the LAD, providing that SBT suppliers, holders of fixed telephony licenses granted under Decree No. 264/98, and holders of mobile telephony licenses granted under Decree No. 1,461/93, cannot provide subscription broadcasting services for a term of 2 years counted as from January 1, 2016 (this term can be extended by 1 additional year). Also, the Decree replaces article 95 of the LAD and provides several obligations for fixed telephony licensees granted by Decree No.264/98 and mobile service providers with licenses granted by Decree No.1,461/93, which choose to provide subscription broadcasting services. This provision was subsequently amended by Decree No. 1,340/16.
- ✓ In addition, holders or shareholders with an interest of 10% or more in companies that provide public services may not be holders of a subscription broadcasting registration. However, this will not apply in the following cases: (i) non-profit legal entities to which the national, provincial or municipal government has granted the license, concession or permission to provide a public service (such as telecommunications cooperatives); (ii) persons mentioned in Article 94 (including Telecom) which will only be able to provide the service after the expiration of the term specified therein.

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

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

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

Among the most relevant provisions, it establishes:

- ✓ That a 15-year-term, as from the publication of the Decree, be fixed as differential condition pursuant to article 45 of the LAD, for the protection of last-mile fixed new generation networks for Broadband deployed by ICT licensees for Broadband regarding the regulations of open access to Broadband and infrastructure to be issued, notwithstanding the provisions of article 56 of the LAD.

CABLEVISIÓN HOLDING S.A.

- ✓ That the Ministry of Communications or the ENACOM, as appropriate, shall establish the rules for the administration, management, and control of the radio spectrum.
- ✓ That ICT licensees and Satellite Link Subscription Broadcasting licensees that as of December 29, 2016 simultaneously provided both services, may retain ownership of both types of licenses.

This Decree also sets out some principles on interconnection matters contemplated in the General Rules on Services and Networks Interconnection, approved through Resolution No. 286/2018. (see “New General Rules” in Note 2.f).

d) UNIVERSAL SERVICE REGULATION

- **Decree No. 764/00**

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

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

- **Decree No. 558/08**

Decree No. 558/08, published on April 4, 2008, approved a new General Regulation of the Universal Service (“RGSU”, for its Spanish acronym), replacing Annex III of Decree No. 764/00.

Decree No. 558/08 established that, with respect to the obligations arising as a result of the enactment of Decree No. 764/00, the SC would determine the quantification of those that were fulfilled and, with respect to those obligations pending fulfillment, the methodology to be applied to the SU. In addition, it may consider as SU other services developed by Licensees for their compensation and eventual continuity.

With regard to the Initial SU Programs established under the previous Regulation, it stated that the SC would redefine them, ensuring “...the continuity of those already underway...” and implementing those to be redefined as such. The financing of ongoing Initial Programs recognized as such would be determined by the SC. The providers of the new programs that the SC may decide to implement would be selected pursuant to an auction.

The Decree maintained the contribution to the SU Fund of 1% of total accrued revenues (from telecommunication services, net of applicable taxes and charges) and also maintained the “pay or play” principle to determine the monthly contribution or, where appropriate, the receivable that may be claimed.

On November 11, 2010, the SC issued Resolution No. 154/10, whereby it approved the methodology for the deposit of the SU contributions to the trustee’s escrow account. The Resolution included several provisions related to the determination of the contributions that correspond to the periods before and after the issuance of Decree No. 558/08. It also provided that until the SC determined the existence of Initial Programs, the amounts that may correspond to their implementation could be discounted by the telecommunication providers when determining their contribution to the SU Fund. If upon completing the verification from the SC there were unrecognized amounts, they should be contributed into the SU Fund or used for the development of new SU works or services, with the prior approval of the SC.

CABLEVISIÓN HOLDING S.A.

- **Amendments of the LAD to the SU Regulation**

The LAD introduced substantial modifications to the SU regulations pursuant to Decree No. 558/08. Among its provisions, the LAD creates a new FFSU and provides that the investment contributions for the SU programs shall be managed through this fund, whose assets belong to the National Government.

The licensees of ICT Services are required to make investment contributions to the SU Fund equivalent to one per cent (1%) of the total accrued revenues from the provision of the ICT Services that fall within the scope of the law, net of applicable taxes and charges. The investment contribution may not be passed on to users for any reason whatsoever. In addition, the Regulatory Authority may provide, once the SU objectives are reached, the total or partial, permanent or temporary exemption, of the obligation to perform said investment contributions.

This law provides that by virtue of Articles 11.1 and 11.2 of the SU Fund Management Trust Agreement under Decree No. 558/08, the resources therein provided under Article 8 of Annex III of Decree No. 764/00, as amended, shall be integrated to the SU Fund created by the LAD under the conditions determined by the Regulatory Authority.

The SU funds shall be applied by means of specific programs established by the Regulatory Authority, which may entrust the execution of these plans directly to the entities set forth in article 8, paragraph b), of Law No. 24,156, or, subject to compliance with applicable selection mechanisms and respecting the principles of publicity and competition, to other entities.

On September 10, 2015, Telecom and Personal filed before the AFTIC their respective SU contribution affidavits corresponding to the revenues recorded in July 2015, clarifying that these presentations were made in the understanding that the operational rules related to the SU Fund contribution, regulated by Decree No. 558/08 and related provisions, are in force. Additionally, Personal deposited the corresponding contribution in the new SU Fund account reported through the Official Notice published by the AFTIC.

In its filings, Telecom and Personal stated that the filing of the affidavits and, in the case of Personal, the deposit, did not entail explicit or implicit consent to the regulations issued by the LAD and expressly reserved their rights in relation to the unconstitutionality of the provisions set forth in articles 21, 22, 91 and related provisions of said law, as well as the claim of any rights that may arise if the companies' arguments are admitted.

As of the date of these consolidated financial statements, Telecom has not received any response to its filings.

ENACOM Resolution No. 2,642/16 approved the new SU Regulation, which was published on May 31, 2016. The new SU regulation was issued within the framework of the LAD.

The new regulation maintains the obligation to contribute 1% of total accrued revenues from ICT Services net of applicable taxes and charges, and provides for the possibility of granting exemptions, in which case the subjects liable for payment must comply with the obligations established by the Regulatory Authority. On October 19, 2016, the ENACOM issued Resolution No. 6,981-E/16, whereby it approved a new FFSU Investment Contribution Reporting Regime and the forms for the settlement of those contributions and interest reports, which became effective on January 1, 2017, and were implemented as from March 2017.

On May 4, 2017, ENACOM Resolution No. 2,884/17 was published in the Official Gazette. This Resolution amends the FFSU Contributions Affidavit Form, adding, within the possible deductions, the "Discount Annex. SC Resolution No. 154/10 Article 1, Sub-section B) i), second paragraph". Such Resolution allows the deduction, until the Regulatory Authority expresses its opinion, of any amounts that may eventually correspond to SU Initial Programs or services other than those provided for in Annex III of Decree No. 764/00, in accordance with the provisions of Article 2 of Decree No. 558/08 and Article 6 of Annex III of Decree No. 764/00, replaced by Decree No. 558/08.

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

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

CABLEVISIÓN HOLDING S.A.

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

As of the date of these consolidated financial statements, Telecom filed its monthly SU affidavits related to the services associated with its original license to render SBT, which resulted in a receivable of approximately \$7,964 million (unaudited). The programs and the valuation methodology used to estimate this receivable are pending approval by the Regulatory Authority. This receivable has not yet been recorded in these consolidated financial statements as of December 31, 2019 since it is subject to the approval of the SU Programs and the review of those affidavits by the Regulatory Authority and the confirmation of the existence of sufficient contributions to the SU Trust so as to compensate the incumbent operators.

On April 8, 2011, the SC issued Resolution No. 43/11 notifying Telecom that investments associated with "High-Cost Areas" (amounting to approximately \$8,020 million and which are included in the above-mentioned receivable) did not qualify as an Initial Indicative Program.

Through SC Resolutions No. 53, 54, 59, 60, 61, 62, 69 and 70/12, Telecom was notified that: the "Special Information Service 110", the "Discounts for Retired People, Pensioners and Low Consumption Households", the services of "Social Public Telephony and Loss-Making Public Telephony", the "Services and Discounts relating to the Information Society Program argentin@internet.todos", the "Services for Deaf-Mute People", the "Free Access to Special Emergency Services and Special Community Services", the "Value Added Service 0611 and 0612" and the "Long Distance Semipublic Service (SSPLD)" (valued at approximately \$1,350 million and included in the above-mentioned receivable), respectively, did not qualify as Initial SU Programs, pursuant to the terms of Article 26 of Annex III of Decree No. 764/00, and that, they did not constitute different services involving a SU provision, and therefore, cannot be financed with SU Funds, pursuant to the terms of Article 2 of Decree No. 558/08.

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

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

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

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

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

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

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

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

CABLEVISIÓN HOLDING S.A.

already deducted could be used for investment projects within the framework of the Program created under SC Resolution No. 9/11, or deposited in the SU Fund, as applicable.

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

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

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

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

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

e) SPECTRUM

- **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. 38/14 for the award of the remaining frequencies to provide Personal Communication Services ("PCS") and Cellular Mobile Radiocommunication Services ("SRMC"), as well as those of the new spectrum to provide Advanced Mobile Communications Services ("SCMA"). 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, 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. Telecom has complied with this obligation by filing with the ENACOM the corresponding documents.

CABLEVISIÓN HOLDING S.A.

- **ENACOM RESOLUTION No. 3,687-E/2017 On-demand Frequency Allocation.**

ENACOM Resolution No. 3,687-E/2017, published in the Official Gazette on May 12, 2017, called bidders for the on-demand frequency allocation of the 2,500 to 2,690 MHz radio electric spectrum, stating the procedure, obligations and compensations to be fulfilled by SCM providers that qualify to participate, in accordance with the provisions of Article 4 of Decree No. 1,340/17.

Within the framework of that proceeding, ENACOM issued Resolution No. 5,478-E/17 through which the frequencies included in Lot A were assigned to Telefónica Móviles Argentina S.A., the frequencies included in Lot B were assigned to América Móvil S.A. and the frequencies included in Lot C were assigned to Personal, as stated in Annex I of ENACOM Resolution No. 3,687 E/2017, in the locations detailed in the respective Annexes attached to Resolution No. 5,478-E/2017, as requested by each Operator.

Subsequently, through Resolution No. 3,838/2019, ENACOM revoked the assignment granted to Personal pursuant to Article 3 of ENACOM Resolution No. 5,478-E/17.

f) OTHER RELEVANT REGULATORY MATTERS

- ✓ **REGULATORY SITUATION IN URUGUAY**

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

- **Uruguayan Audiovisual Communication Services Law**

Law No. 19,307 was published in the Official Gazette of the Republic of Uruguay on January 14, 2015. This Law governs radio, television, and other audiovisual communication services (hereinafter, the “Audiovisual Communications Law”). Article 202 of this law provides that the National Executive Branch shall issue its implementing regulations within a 120-day term, counted as from the day following publication of the Audiovisual Communications Law in the Official Gazette. As of the date of these consolidated financial statements, only Decree No. 45/015 has been issued, but the implementing regulations for most of the articles of this law are still pending. Such Decree provides that the concession for the use and allocation of the radio-electric spectrum for non-satellite audiovisual communication services shall be granted for a term of 15 years.

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

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

Based on the above-mentioned analysis, the companies AUDOMAR S.A., DOLFYCOR S.A., REIFORD S.A., SPACE ENERGY TECH S.A., TRACEL S.A., BERSABEL S.A., and VISION SATELITAL S.A., together with the majority shareholder of those companies, brought on November 22, 2019 an

CABLEVISIÓN HOLDING S.A.

unconstitutionality claim against Articles 54 and 189 of Law No. 19,307, in respect of which the highest judicial body (Supreme Court of Uruguay) granted the defendants (Executive Branch and Legislative Branch) a term to file a response regarding said claim which is still pending as of the date of these consolidated financial statements.

- **Migration of Services**

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

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

In re "TELECABLE DEL URUGUAY S.A. AND OTHER V. EXECUTIVE BRANCH ON ACTION SEEKING NULLIFICATION" (File No. 615/2018), pending before the Court on Administrative Litigation Matters, the claimants Telecable del Uruguay S.A., TV Cable del Este S.A., Piriapolis Cable TV SRL, Cablevision Pan de Azúcar SRL, Riselco S.A., Monte Cablevideo S.A., Colonia Telecable S.A., Tractoral S.A. and Benisur S.A. brought an action seeking nullification against Decree No. 387/17 against the Executive Branch, with BERSABEL S.A. and VISION SATELITAL as joinders in the litigation with the Executive Branch. As of the date of these consolidated financial statements, this proceeding is still pending.

- ✓ **NEW GENERAL RULES**

- **General Rules Governing ICT Service Licenses**

On January 2, 2018, the Ministry of Modernization issued Resolution No. 697/2017, whereby it approved the new General Rules Governing ICT Service Licenses. This Resolution repealed the General Rules approved pursuant to Annex I of Decree No. 764/2000, as from the date the resolution became effective (February 1, 2018), and it also repealed ENACOM Resolutions No. 2,483/2016 and No. 1,394/2016 (except for Section 12 of its Annex I, which will remain in effect). Telecom has filed an appeal against certain aspects of this Resolution, which is still pending resolution.

- **General Rules Governing ICT Service Customers**

On January 4, 2018, the Ministry of Modernization issued Resolution No. 733/2017, whereby it approved the new General Rules Governing ICT Service Customers. This Resolution became effective on March 5, 2018, repealing SC Resolutions No.490/1997, and Annexes I and III of SC Resolution No. 10,059/1999 and its supplementing regulations. Annex II of SC Resolution No. 10,059/1999 shall remain in effect, to the extent applicable, until the enactment of the penalty regime provided under Article 63 of the LAD. Said New General Rules repealed the general rules governing mobile and basic telephony service customers, thus becoming the only general rules that govern ICT Service customers, including Internet access services and subscription broadcasting services.

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

Through Resolution No. 363/2018, published in the Official Gazette on June 27, 2018, the Ministry of Modernization provided for amendments to the General Rules. Some of those amendments were related to the provisions challenged by Telecom in its filing. As of the date of these consolidated financial statements, this appeal is still pending resolution. Subsequently, through Resolutions Nos. 1,150/2019 and 1,522/2019, the Secretariat of Modernization introduced amendments, among which the most relevant is the term of 30 business days to report in advance material changes in the services rendered to customers.

CABLEVISIÓN HOLDING S.A.

○ **Number Portability Regulation**

On April 4, 2018, the Ministry of Modernization issued Resolution No. E-203/2018, whereby it approved the new Number Portability Regulation, including the portability of fixed telephony service lines. Through said Resolution, said Ministry also approved the implementation schedule for the portability of these services and revoked SC Resolutions Nos. 98/2010, 67/2011 and 21/2013 and Resolution No. E-170/2017 issued by the Ministry of Communications, as supplemented. Through Resolution No. 401/2018, published on July 11, 2018, the Ministry of Modernization decided to extend for ninety (90) business days the term for the implementation of "Stage 1" provided under the Implementation Schedule for Fixed Telephony Service Number Portability. Said Resolution also provided that the ENACOM shall determine the way in which the number portability committee will be constituted and implemented.

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

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

○ **General Rules Governing Interconnection and Access**

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

Pursuant to the new General Rules, the interconnection and access terms, conditions and prices may be freely established by mutual agreement between the parties. Such agreements may not be discriminatory or establish technical conditions that prevent, delay or obstruct interconnection services. Notwithstanding the foregoing, within 60 business days as from the effective date of the new General Rules, the ENACOM will set provisional interconnection charges, as established under Decree No. 1,340/16.

In addition, the providers of ICT Services will have the obligation to provide interconnection at the request of another provider of ICT Services, on no less favorable technical and economic conditions than those applied by the requested ICT Service provider to itself or to third parties. The providers of ICT Services shall also guarantee the same quality of services as that provided to themselves.

They shall also guarantee transparency in compensation and refrain from charging the requesting ICT Service Providers for functions or services that are not needed to render their services.

Finally, the following are deemed to be Essential Facilities: a) Local Origination or Termination; b) Co-location; c) Local Transit Service; d) Port; e) Signaling Function; f) Local Customer Loop and Sub-Loop; g) the Transportation Service (LD), where no substitute service is offered; and, h) any other network function or element that the Enforcement Authority may determine as such ex officio or at the request of the interested party. These facilities must be provided separately and respecting the charges to be established by the Enforcement Authority. To such effect, the Enforcement Authority shall establish reference values, which will serve as maximum values, though lower values may be agreed upon between the parties.

As from the effectiveness of the General Rules, on July 4, 2018, Telecom had a term of 90 business days to file the Reference Offer with the ENACOM and has duly fulfilled said obligation.

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

CABLEVISIÓN HOLDING S.A.

will be per second. Through Resolution No. 1,161/2018 dated November 27, 2018, the ENACOM set the same charge for SRCE network termination.

On that same date, Resolution No. 1,160/2018 was also published in the Official Gazette. Pursuant to said Resolution, the ENACOM set: (i) a provisional charge equivalent to forty-five ten-thousandths US dollars (US\$ 0.0045) for local origination or termination services over fixed telephony service networks per minute of communication (ii) a provisional charge equivalent to ten ten-thousandths US dollars (US\$ 0,0010) for local transit service per minute of communication (iii) a provisional charge equivalent to twenty-seven ten-thousandths US dollars (US\$ 0,0027) for long distance transport service per minute of communication (iv) the second as the measuring unit for the purposes of applying the charges set under this Resolution.

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

Pursuant to Resolution No. 4,266/2019, published in the Official Gazette on October 8, 2019, the ENACOM decided, on a provisional and exceptional basis, that the reference exchange rate applicable to the interconnection charges in effect established under ENACOM Resolutions Nos. 4,952/2018, 1,160/2018 and 1,161/2018, for calls made as from August 1, 2019, will be of forty five pesos and twenty five cents \$45.25 per US dollar. In subsequent months, the exchange rate to be applied may not exceed six percent (6%) of the exchange rate established for the previous month and in no case may it exceed the selling exchange rate set by Banco de la Nación Argentina on the last business day of the month in which the services are rendered. This Resolution shall be applicable to services provided up to and including December 31, 2019.

- **Quality Rules for ICT Services.**

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

This Resolution repealed Resolutions Nos. 5/2013, issued by the former SC, and 3,797/2013, issued by the former CNC. In addition, the Ministry of Modernization ordered the ENACOM to issue the implementing regulations within a term of 90 calendar days. As of the date of these consolidated financial statements, the implementing regulations have not been issued yet.

In addition, the Group is still analyzing the operating impact of the new Resolution.

- **National Rules for Contingencies.**

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

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

- **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

CABLEVISIÓN HOLDING S.A.

Service Center the registration of the holder of the mobile line and to call emergency services, pursuant to the provisions of ENACOM Resolution No. 8,507/2016.

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

In addition, there are various proceedings regarding the Public Consultation of documents related to the Allocation of Shared-Use Frequency Bands, Infrastructure Sharing; Most Beneficial Conditions for Network Access and Use, and the Challenges and Needs for Radioelectric Spectrum in Argentina, among others, which regulations have not been issued to date.

✓ REGISTRATIONS AND AUTHORIZATIONS FOR THE USE OF THE SPECTRUM INCORPORATED TO TELECOM UNDER THE CORPORATE REORGANIZATIONS OF TELECOM AND THE MERGER WITH CABLEVISIÓN:

1) Personal:

On November 24, 2017, Telecom Argentina and Personal were served with ENACOM Resolution No. 4,545-E/2017, whereby that agency decided:

- I. to authorize Personal to transfer in favor of Telecom Argentina the registrations of mobile telephony services, cellular mobile radiocommunication services; personal communication services area i, ii, iii, and mobile advanced communication services, as well as the resources, permits and frequencies granted in its name;
- II. to revoke the licenses granted to Personal to render data transmission, value added and national and international long-distance telephony services; and
- III. to authorize the transaction reported by Telecom whereby the controlling companies Sofora and Nortel are dissolved without liquidation pursuant to the bidding terms and conditions approved under Decree No. 62/1990.

2) Cablevisión:

On December 22, 2017, Telecom Argentina and Cablevisión were served with ENACOM Resolution No. 5,644-E/2017, whereby that agency decided, among other things, to authorize Cablevisión to transfer in favor of Telecom Argentina:

- I. the Registration of physical and/or radio electric link broadcasting services, including permits/frequencies required to provide radio electric link subscription broadcasting services, as well as area authorizations to provide those services (via physical and radio electric link), which may operate in Area II, as defined under Decree No. 1,461/93, as amended, and the city of Rosario, Province of Santa Fe, and the city of Córdoba, Province of Córdoba, as from January 1, 2018, as provided under Article 5 of National Decree No. 1,340/16, and in the rest of the areas authorized, on the dates and in the modalities provided under ENACOM Resolution No. 5,641/2017 dated December 20, 2017;
- II. The Registration of the Radio Electric Trunking Service ("SRCE"); and
- III. The authorizations and permits to use frequencies and allocations of numbering and sign-posting resources to provide the above-mentioned services held by Cablevisión, pursuant to effective regulations, and the agreement executed by Nextel Communications Argentina S.R.L. on April 12, 2017 (IF-2017-08818737-APN-ENACOM#MCO), whereby Telecom Argentina, in its capacity as absorbing company of Cablevisión, shall, within a term of two years as from the date on which the merger is approved by the CNDC, the ENACOM or any agency that may replace them in the future, return the radio electric spectrum that exceeds the limit set under Article 5 of Resolution No. 171-E/17 issued by the Ministry of Communications and/or any regulation that may replace it in the future. To such effects, Telecom shall file with the ENACOM, no later than one year prior to the expiration of the two-year term, a proposal to conform to that limit. The ENACOM may accept the proposal, reject it and/or request a new filing with any changes it may deem appropriate.

CABLEVISIÓN HOLDING S.A.

In addition, through that Resolution, the ENACOM authorized the change of corporate control (as defined under Article 33 of the LGS) in Telecom Argentina that occurred when the merger became effective and the shareholders agreement dated July 7, 2017 entered into effect, as a result of which Cablevisión Holding became legally the controlling company of Telecom Argentina as surviving company of Cablevisión.

Said Resolution also approved:

- (i) The relinquishment of the service registrations that are currently non-operative that had been requested by Cablevisión (Paging, (“SAP”), Community Retransmission, (“SRC”), Public Telephony, (“STP”), Vehicle Tracking (“SLV”) and Radio Electric Link Alarm (“SAVR”) services) and by TELECOM (SRC); and
- (ii) The revocation of the licenses and registrations granted to Cablevisión, now held by Telecom.

In addition, the Resolution provides that:

- (i) Telecom shall comply with Article 95 of the LAD, which provides for the conditions under which it may operate the physical and/or radio electric link subscription television service, transcribed below:
 - a. The Company shall create a business unit to provide the audiovisual communication service and manage it separately from the public service business unit;
 - b. It shall keep separate accounting records and bill the licensed services separately;
 - c. It shall not conduct anti-competitive practices such as tie-in practices and cross subsidies with funds from public utilities to licensed services;
 - d. It shall provide - when requested- to the competitors in licensed services access to its own support infrastructure, especially, posts, masts and ducts under market conditions. In the absence of agreement between the parties, the ENACOM shall intervene;
 - e. It shall not conduct anti-competitive practices concerning the right to broadcast content over its networks and shall facilitate a growing percentage of its network to be set by the ENACOM, to the distribution of contents from independent third parties; and
 - f. It shall respect the professional competences and job classifications of the workers in the different activities it is engaged in.
- (ii) Telecom is declared to be an operator with significant influence in the Fixed Internet Access retail market in the locations detailed in the Report prepared by the National Directorate for the Development of Network and Service Competition of the ENACOM. As a result, ENACOM provided that:
 - Telecom shall, within 60 days as from the date the Resolution was issued, offer the Fixed Internet Access service in those locations at a price that may not be higher than the lower value offered by the company in Area II for that service. If a similar service is not provided in that Area, it shall apply the lower price offered at national level by the licensee for a similar service.
 - Telecom shall, within 60 days as from the date the Resolution was issued, report to the ENACOM and publish in its institutional website all the business plans, promotions and discounts for the Retail Internet Access service. Telecom shall guarantee access to its own support infrastructure, especially, posts, masts and ducts to other providers, under transparent, non-discriminatory and cost-oriented conditions.

As of the date of these consolidated financial statements, Telecom has complied with such provisions.

All of the provisions mentioned above shall be in effect for a term of 2 years as from the date that the authorization granted by ENACOM was notified to Telecom, or until effective competition in all or in some of the locations involved actually exists. The ENACOM may extend or revoke that term.

With regard to the provision of Quadruple Play services, Article 7 of Decree No. 1,340/16 shall apply. It provides that: *“the providers of ICT Services that make joint service offerings shall detail the price of each of those services, including the breakdown of those prices and discounts or benefits applied to each service or product for the above-mentioned offerings. Pursuant to Article 2, subsection i) of Law No. 25,156 and to Article 1,099 of the Civil and Commercial Code of Argentina, such providers may not subject, in any way or under any condition, the purchase of any service to the purchase of another service, thus preventing the customer from purchasing any service separately or individually.*

CABLEVISIÓN HOLDING S.A.

On June 29, 2018, the Secretary of Commerce issued Resolution No. 374/18, whereby it authorized the merger transaction in the terms of paragraph a) of Article 13 of Law No. 25,156. For more information, see Note 4).

✓ **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 sought 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) would 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 shall be restated and the resulting differences paid on October 10, 2018.

As of the date of these consolidated financial statements, Telecom has filed the restated returns for March and April 2018 (due in April and May) and has 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.

✓ **COMPRE ARGENTINO (Buy Argentine)**

Pursuant to Article 1 of Law No. 27,437 regulated under Decree No. 800/2018 and Resolution No. 91/2018 issued by the Secretariat of Industry, Telecom Argentina- in its capacity as public fixed telephony service licensee-, and its respective direct subcontractors, shall give preference to the acquisition or lease of goods of national origin, under the terms of such law, for the procurement of supplies and public works and services.

Article 2 of said law provides that the preference established under Article 1 shall be given to goods of national origin when the price of identical or similar goods, under cash payment conditions, is equal to or lower than the price of foreign goods increased by 15% when the offerors qualify as micro, small and medium-sized enterprises – (MSMEs), and by 8% for any other company. In the comparison, the price of foreign goods shall contemplate applicable import duties and all the taxes and expenses required for their nationalization.

Article 5 of said law sets out that a good is considered to be of national origin when it has been produced or extracted in the Argentine Republic, provided that the cost of nationalized imported raw materials, inputs or supplies does not exceed 40% of its gross production value.

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

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

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

CABLEVISIÓN HOLDING S.A.

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

NOTE 3 - MAIN ACCOUNTING POLICIES

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

a) Going Concern

The consolidated financial statements as of December 31, 2019 and 2018 have been prepared on a going concern basis as there is a reasonable expectation that the Company and its subsidiaries will continue its operational activities in the foreseeable future (and in any event with a time horizon of more than twelve months).

b) Foreign Currency Translation

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

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

c) Foreign Currency Transactions

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

d) Consolidation

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

d.1) Control

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

CABLEVISIÓN HOLDING S.A.

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

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

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

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

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

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

On 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 in historical currency as of the transaction date). On August 14, 2019, CONATEL authorized the transaction. Therefore, the acquisition of shares by Núcleo became effective on September 4, 2019.

This operation represents a transaction between controlling and non-controlling shareholders in the consolidated financial statements. Therefore, the Company recorded a \$94 million adjustment to the non-controlling interest balance as of December 31, 2019 and the difference arising from the purchase price of \$34 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.

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

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

The Assignors are the holders of 497,479 common shares with nominal value of \$1 each, representing 40% of the capital stock. The call option, which may be exercised as from October 1, 2019 until September 30, 2024, conveys to Telecom the right, but the obligation, to purchase the shares from the Assignors. 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 equity and political rights inherent to them.

CABLEVISIÓN HOLDING S.A.

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 \$114 million).

This transaction has an impact on the Company's consolidated financial statements. Accordingly, a call option liability has been initially recognized with an offsetting entry in Other Deferred under Equity Attributable to Controlling Shareholders. As of December 31, 2019, Telecom made a partial payment in the amount of US\$ 720,000.

d.1.c) 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 was October 1, 2019

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

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

As a result of the Corporate Reorganization, as of October 1, 2019, Telecom Argentina assumed all the existing activities, receivables, property and all the rights and obligations of Ultima Milla, CV Berazategui and the Spun-off Equity of PEM, as well as any that may come into existence or arise due to prior or subsequent acts or activities. The Final Merger Commitment was executed on November 25, 2019 and, on November 29, 2019, Telecom filed with the CNV the request for administrative approval, for its subsequent filing with the Argentine Superintendency of Legal Entities (IGJ, for its Spanish acronym) for its registration in the Public Registry. The CNV granted its administrative approval through a resolution issued on February 19, 2020 and ordered to submit the file to the IGJ for its registration.

d.2) Interests in Joint Operations

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

In the cases of joint business arrangements executed through *Uniones Transitorias de Empresas* ("UTE"), considered joint operations under IFRS 11, the Company recognizes in its financial statements on a line-by-line basis the assets, liabilities and net income subject to joint control in proportion to its share in such arrangements. Telecom, upon absorbing the operations of Cablevisión, holds a 50% share in the UTE Ertach – Cablevisión.

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 by the Board of Directors of Prima (a company absorbed by Cablevisión in 2016) 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.

CABLEVISIÓN HOLDING S.A.

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.

d.3) Investments in Associates

An associate is an entity over which the Company has significant influence without exercising control.

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

The Company's investment in associates includes the goodwill identified at the time of the acquisition, net of any impairment losses. For more information, see Note 3.j).

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

Adjustments were made, where necessary, to the associates' financial statements so that their accounting policies are in line with those used by the Company.

d.4) Consolidation of structured entities

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

d.5) Business Combinations

The Company applies the acquisition method of accounting for business combinations. The consideration for each acquisition is measured at fair value (on the date of exchange) of the assets assigned, the liabilities incurred or assumed and the equity instruments issued by the Company in exchange for the control of the acquired company. The costs related to the acquisition are expensed as incurred.

The consideration for the acquisition, if any, includes any asset or liability arising from a contingent consideration arrangement, measured at fair value at the acquisition date. Subsequent changes to such fair value, identified during the measurement period, are adjusted against the acquisition cost.

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

Any excess of the acquisition cost over the Company's share in the net fair value of the acquired company's identifiable assets, liabilities and contingent liabilities measured at the acquisition date is recognized as goodwill. Any excess of the Company's share in the net fair value of the identifiable assets, liabilities and contingent liabilities over the acquisition cost, after its measurement at fair value, is immediately recognized in the statement of income.

CABLEVISIÓN HOLDING S.A.

Specific matters relating to the merger between Telecom Argentina and Cablevisión

Telecom recognized the merger between Telecom and Cablevisión as a reverse acquisition. Consequently, the assets and liabilities of Cablevisión S.A. were recognized and measured in these consolidated financial statements at book value before the merger, while the identifiable assets and liabilities of Telecom Argentina S.A. were recognized at fair value as of the effective date of the merger (January 1, 2018). The goodwill obtained under the acquisition method was measured as the excess of the fair value of the consideration paid over the net fair value of the net identifiable assets and liabilities of Telecom Argentina S.A.

For detailed quantitative information, see Note 4) to these consolidated financial statements.

e) Revenues

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

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

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

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

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

Regarding construction contracts, as of December 31, 2019, the Company recognized revenues from construction contracts in the amount of \$262 million and expenses from construction contracts in the amount of \$184 million. As of December 31, 2019, the Company recorded \$37 million as liabilities from deferred sales and \$1,123 million under Inventories.

The main performance obligations of Telecom and its subsidiaries are:

- *Mobile Services*

Telecom provides mobile services in Argentina and Paraguay.

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

- *Internet Services*

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

CABLEVISIÓN HOLDING S.A.

- Cable Television Services

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

- Fixed Telephony and Data Services

Fixed telephony service revenues mainly consist of monthly fees, measured service and monthly fees for additional services (among them, call waiting, itemized billing and voicemail), interconnection services, capacity leases and data services, among others.

f) Financial Instruments

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

f.1) Financial Assets

Upon initial recognition, in accordance with IFRS 9, financial assets are subsequently measured at either amortized cost, or fair value, on the basis of:

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

Financial assets include:

Cash and Cash Equivalents

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

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

Trade and Other Receivables

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

Taking into consideration that the mobile telephony customer pays for the handset the price net of the discount, the discount applied to the handset is allocated between handset sale revenues and service revenues, a contractual asset will be recognized. Contractual assets, either current or non-current, are initially recognized at fair value and subsequently measured at amortized cost, less allowances for bad debts, if any.

Investments

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

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

CABLEVISIÓN HOLDING S.A.

Other Investments are valued at their amortized cost.

Impairment of Financial Assets

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

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

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

Derecognition of Financial Assets

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

f.2) Financial Liabilities

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

Financial liabilities are initially recognized at fair value and subsequently measured at amortized cost. Amortized cost represents the initial amount net of principal repayments made, adjusted by the amortization of any differences between the initial amount and the maturity amount using the effective interest method.

Derecognition of Financial Liabilities

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

f.3) Derivatives

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

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

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

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

CABLEVISIÓN HOLDING S.A.

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

If Hedge Accounting is not appropriate, gains or losses arising from the fair value measurement of derivative financial instruments are immediately recognized in the consolidated statement of comprehensive income.

For additional information about derivatives operations during fiscal years 2019 and 2018, see Note 23.

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

Receivables and payables valued at amortized cost are initially recorded at their fair value, which is generally determined by using a discounted cash flow valuation method. The fair value under this method is estimated as the present value of all future cash flows discounted using an estimated discount rate, especially for long term receivables and payables. The discount rate used to determine the discounted cash flows of long-term receivables ranges between 29% and 40% for the year 2019. In addition, for the discount of long-term receivables denominated in US dollars, the Company used an approximate annual rate in dollars of 8.32% for the year 2018 and of 13% for the year 2017. The discount rates of receivables denominated in Guaraníes were of 11.85% and 9.8% for the years 2019 and 2018 and the discount rates in Guaraníes for loans were of 8.20 and 8.32% for the years 2019 and 2018, respectively.

Measurement of the fair value of certain financial instruments: The fair value of a financial instrument is the price at which the instrument could be purchased or sold in an orderly transaction between knowledgeable market participants on an arm's length basis. If there is a quoted market price available for an instrument in an active market, the fair value is calculated based on that price.

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

g) Inventories

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

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

h) PP&E

PP&E is stated at acquisition or construction cost. Subsequent expenditures are capitalized only when they represent an improvement, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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

In addition, PP&E costs include those related to the installation. Those costs comprise labor costs and the materials required to install wiring.

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

The value of PP&E does not exceed its recoverable value estimated at the end of the year.

CABLEVISIÓN HOLDING S.A.

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

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

Depreciation rates are reviewed annually and revised if the current estimated useful life is different from previous estimates, considering, among other, technological obsolescence, maintenance and condition of the assets and different intended use from previous estimates. The effect of such changes is recognized prospectively in the income statement in the corresponding period.

i) Intangible Assets

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

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

Intangible assets comprise the following:

- Incremental Costs from the Acquisition of Contracts

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

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

- 3G/4G licenses

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

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

In addition, the licenses that had been previously awarded to Nextel are also included. The term of their useful life is calculated as from the beginning of the rendering of Advanced Mobile Communication Services or upon expiration of the 18-month term provided under Article 10.1, subsection a), Annex I, of Decree No. 764/2000 to begin rendering Advanced Mobile Communication Services, whatever occurs first.

- PCS license (Argentina)

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

- Núcleo Licenses

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

CABLEVISIÓN HOLDING S.A.

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

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

- SRCE License

Amortized over a term of 15 years.

- Customer Portfolio

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

- Brands

The item Brands includes the Brand Flow, which is amortized over 3 years. In addition, after the merger between Telecom and Cablevisión, the Company incorporated the brands owned by Telecom, which are not amortized because they are considered to have an indefinite useful life.

- Other

"Other" includes exclusivity rights, right-of-use assets, among others. The average useful life is estimated at 5-28 years.

j) Goodwill

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

k) Impairment of Fixed Assets

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

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

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

In order to assess if there are any impairment losses, the Group groups the assets into cash-generating units, which represent the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The net carrying amount of the cash-generating unit includes goodwill, intangible assets with an indefinite useful life and assets with a definite useful life (PP&E, intangible assets, right-of-use assets and net working capital).

In 2018, Telecom recorded an impairment for the brand Arnet in the amount of \$2,498 million because it decided to discontinue the use of this brand, unifying all the broadband customers under the brand Fibertel, and other fixed assets in the amount of \$718 million. During 2019, an impairment was recorded for \$2,143

CABLEVISIÓN HOLDING S.A.

million related to the addition of spectrum to Telecom's assets under the merger by acquisition between Telecom and Cablevisión, and other fixed assets for \$421 million. Except for the items mentioned above, no other significant impairments were identified in the assessments made by Telecom.

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

I) Other Liabilities

Pension Benefits

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

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

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

	2019	2018	2017
Discount Rate (1)	6.4% - 15.0%	6.4% - 15.2%	4.6% - 9.2%
Projected increase rate in compensation	10.0% - 48.3%	10.0% - 31.2%	8.0% - 16.3%

(1) Represents estimates of real interest rate rather than nominal rate.

Additional information on pension benefits is provided in Note 19.

Deferred revenues on prepaid calling cards

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

Deferred revenues on connection fees

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

Deferred Revenues related to Customer Loyalty Programs

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

Deferred Revenues on International Capacity Leases

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

CABLEVISIÓN HOLDING S.A.

Grants for the Acquisition of PP&E

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

m) Salaries and Social Security Payables

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

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

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

n) Taxes Payable

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

Income Tax

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

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

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

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

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

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

Deferred tax assets relating to unused tax loss carry forwards are recognized to the extent that it is probable that future taxable income will be available against which they can be utilized. Tax loss carryforwards may be computed against future taxable income for a maximum of 5 years, except in Paraguay where its tax law

CABLEVISIÓN HOLDING S.A.

does not allow computing those tax loss carryforwards against future taxable income. Deferred tax assets that may arise from investment in subsidiaries are recognized when it is probable that the temporary differences will be reversed in the foreseeable future and when future taxable income would be sufficient to apply those temporary differences.

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

The statutory income tax rate in Argentina was 35% until fiscal year 2017 and 30% for fiscal years 2018 and 2019, pursuant to Law No. 27,430 enacted on December 29, 2017. Said law provided that, as from January 1, 2020, the statutory tax rate would be 25%. However, on December 23, 2019, Law No. 27,541 was published in the Official Gazette (Social Solidarity and Production Reactivation Law), which introduced important tax reforms, among them, the suspension until December 31, 2020 of the reduction in the above-mentioned rate. Therefore, for fiscal year beginning January 1, 2020, the statutory income tax rate shall remain at 30%.

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

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

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

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

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

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

In the United States of America, the statutory tax rate until fiscal year 2017 was 39.5% (34% Federal Tax and 5.5% for the State of Florida). Since January 1, 2018, a new Income Tax Law is applicable in the United States, which modifies the federal flat rate to 21% changing the total legal income tax rate to 26.5%.

Income Tax Inflation Adjustment

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

In the first, second and third year as from its effectiveness, this procedure shall be applicable as long as the accumulated variation of the IPC, calculated from the beginning of the first year to the end of each year is

CABLEVISIÓN HOLDING S.A.

higher than 55%, 30% and 15%, respectively. In addition, said bill provided that the positive or negative inflation adjustment, as the case may be, corresponding to the first, second and third fiscal years beginning as from January 1, 2018, that must be calculated if the triggers set forth in the bill occur, shall be allocated as follows: one third in that fiscal period, and the other two thirds, equally, in the immediately following two fiscal periods. Law No. 27,541 amended the above-mentioned and provided that in order to calculate inflation adjustments corresponding to the first and second fiscal year beginning as from January 1, 2019, one-sixth of the inflation adjustment shall be computed in that fiscal year, and the remaining five-sixths shall be computed in equal parts, in the five immediately following fiscal periods.

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

As December 31, 2019, the accumulated variation of the IPC exceeds the threshold set for the application of the inflation adjustment for tax purposes. Accordingly, and pursuant to a comprehensive interpretation of applicable regulations, the Company recognized the corresponding accounting impacts.

Notwithstanding the foregoing, Law No. 27,430, amended by Law No. 27,468, also established, on a general basis, the adjustment for inflation of the cost of several assets -in case of transfers- and the adjustment for inflation of the depreciation of property, plant and equipment and buildings, for all the acquisitions or investments made in fiscal years beginning on or after January 1, 2018 based on the variation of the IPC.

Other National Taxes

Tax on assets

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

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

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

Tax on Personal Assets, Shares and Interests

Argentine companies shall pay the tax applicable to their shareholders who are Argentine individuals and non-resident individuals. Said tax is calculated based on the equity value of the shares according to the latest financial statements of the Argentine entity prepared in accordance with effective local professional accounting standards and without considering the effect arising from the changes in the purchasing power of the currency.

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

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

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

CABLEVISIÓN HOLDING S.A.

Tax on Bank Credits and Debits

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

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

Excise Taxes

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

In addition, pursuant to Decree No. 979/2017, as from November 15, 2017, for fiscal year 2018, the effective excise tax rate on the sale of imported mobile phones and other wireless network equipment was reduced from 20.48% to 11.73%. Said rate, pursuant to Law No. 27,430, decreases gradually until its complete phase out as from January 1, 2024 (for 2019 the rate will be 9.89% and for 2020 the rate will be 7.53%.) In the case of goods manufactured in the province of Tierra del Fuego, the rate is set at 0% as from November 15, 2017.

Export Duties

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

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

Law No. 27,541, published in the Official Gazette on December 23, 2019, amended the foregoing and granted the Executive Branch, until December 31, 2021, the power to apply export duties on services rendered in Argentina that are effectively used or exploited abroad, with a rate of up to 5% of the value of those services. Decree No. 99/2019 published on December 28, 2019 established, effective as from January 1, 2020, an export duty of 5% on the above-mentioned services.

Social Security

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

In addition, the National Budget Law for the year 2019 (Law No. 27,467), published in the Official Gazette on December 4, 2018, provides that entities that provide broadcast television or physical link and/or radio electric link subscription television services, audio broadcasting, cable television signals, newspaper, magazine or periodical publishing companies or companies engaged in digital journalism, and the distributors of those publishing companies, may all allocate employer's contributions on the payroll for the personnel engaged in said activities as a tax credit on VAT. These contributions must have been accrued in the fiscal period and effectively paid at the moment of submitting the VAT return. As provided above, where the salaries that give rise to the employer's contributions which may be allocated as a tax credit on VAT are indistinctly related to other activities outside the scope of this benefit, they will be subject to the apportionment procedure.

CABLEVISIÓN HOLDING S.A.

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

Provincial Taxes

Turnover Tax

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

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

Other Taxes and Charges

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

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

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

o) Provisions

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

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

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

p) Dividends

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

CABLEVISIÓN HOLDING S.A.

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

Financial expenses on debts and other financial results, net, are recorded as incurred and include:

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

r) Net Earnings per Share

Basic earnings per share are calculated by dividing the net income or loss attributable to owners of the Parent by the weighted average number of ordinary shares outstanding during the year. For more information, see Note 27.

s) Application of New Accounting Standards

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. 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 right-of-use assets 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. Based on the practical expedient established in IFRS 16, the Company did not recognize the agreements for which the lease term ends within 12 months of 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 \$6,890 million and current and non-current liabilities due to the initial recognition of Lease Liabilities of \$5,972 million in constant currency as of December 31, 2019. In addition, PP&E asset retirement obligations for \$247 million and irrevocable rights from the use of intangible assets for \$626 million were reclassified as right-of-use assets. Based on the analysis performed, there are no significant differences between the initial liability recognized in accordance with IFRS 16 and the lease agreements recognized in the note to the consolidated financial statements of Telecom as of December 31, 2018.

The following is a breakdown of the residual value of right-of-use assets, valued at amortized cost, as of January 1, 2019 and December 31, 2019:

CABLEVISIÓN HOLDING S.A.

	<u>January 1,</u> <u>2019</u>	<u>December 31,</u> <u>2019</u>
Posts	466	216
Buildings and Other	1,147	1,471
Sites and Other	4,880	6,613
Lease Payments	397	350
Asset Retirement Obligations	247	253
Irrevocable Rights of Use	626	541
Balances at year-end (1)	7,763	9,444

(1) Includes \$1,160 million and \$1,013 million corresponding to Núcleo as of January 1, 2019 and December 31, 2019, respectively.

As a consequence of the application of IFRS 16, the Company recorded in the statement of income for the year ended December 31, 2019 a decrease in operating leases for \$3,680 million, an increase in the amortization of right-of-use assets for \$3,344 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 \$1,910 million, generating a net loss of \$1,574 million before income tax and a deferred income tax expense of \$411 million (a net loss of \$1,163 million, with \$1,171 million attributable to controlling shareholders, \$0.54 pesos per share). 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\$.

t) Use of Estimates

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

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

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

t.1) Recoverability of Goodwill

Goodwill allocated to the Argentinian Operations of Telecom Argentina is reviewed by the Company at a single cash-generating unit (CGU), as described in Note 3.k. For fiscal years 2019 and 2018, the Company's management estimated the recoverable value of the CGU, including goodwill, using a discounted cash flow approach (value in use). These calculations require the use of significant judgment and estimates.

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

In preparing its cash flows, the Company considers the current situation of the market in which Telecom operates. The Company's management makes estimates concerning the future performance of certain variables that are sensitive to the determination of the recoverable value, among them, the operating income, the discount rate and macroeconomic variables such as inflation rates, exchange rate, among others.

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

Cash flows were discounted at a discount rate (WACC) of 10.89%, which reflects the specific risks related to the industry and the country where the Company operates. Actual cash flows may differ from the expected cash flows.

CABLEVISIÓN HOLDING S.A.

For the years presented in these consolidated financial statements, the test results were satisfactory. Therefore, no recoverability problems were observed and, accordingly, no impairment has been recorded for the assets detailed above, except for those specifically identified in Note 3.k).

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

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

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

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

Pursuant to Law No. 27,430, the corporate income tax rate for Argentine entities decreases as detailed under Note 3.n). Therefore, for the measurement of deferred tax, the fiscal year of future reversals of temporary differences that originate deferred tax/liability has been estimated applying the income tax rate of each reversal period. The actual moment of the future taxable revenues and deductions may differ from those estimated and may produce an impact on future income.

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

t.4) Provisions

- **Provisions for Lawsuits and Other Contingencies:** The Company is subject to proceedings, lawsuits and other claims related to labor, civil, tax, regulatory and other matters. In order to determine the proper level of provisions, Management assesses the likelihood of any adverse judgments or outcomes related to these matters as well as the range of probable losses that may result from the potential outcomes. Internal and external legal counsels are consulted on these matters. A determination of the amount of provisions required, if any, is made after analysis of each individual issue. The determination of the required provisions may change in the future due to new developments in each matter, changes in case law and court decisions or changes in the Company's method of resolving such matters, such as changes in settlement strategy.
- **Allowance for Bad Debts:** The recoverability of trade receivables is measured by considering the aging of the accounts receivable balances, unsubscription of customers, historical write-offs, public sector and corporate customer creditworthiness and changes in the customer payment terms, as well as the estimates regarding future performance, assessing the expected credit loss in accordance with IFRS 9. If the financial condition of the customers were to deteriorate, the actual write-offs could be different from expected.

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

NOTE 4 – ACQUISITION OF COMPANIES AND CORPORATE REORGANIZATION PROCESSES

Merger between Telecom Argentina and Cablevisión

On June 30, 2017, the Boards of Directors of Telecom Argentina and Cablevisión approved a pre-merger commitment (“Pre-Merger Commitment”) whereby Telecom Argentina, a company organized and existing under the laws of Argentina with shares currently listed in the stock markets of Buenos Aires (under ADRs) and New York (NYSE: TEO, BCBA: TECO2), in its capacity as absorbing company, absorbed Cablevisión, which was dissolved without liquidation as of the effective date of the merger, pursuant to the provisions of Articles 82 and 83 of the General Associations Law No. 19,550 (the “Merger”).

Pursuant to Article 83, subsection c) of the Argentine General Associations Law No. 19,550, the parties set the following exchange ratio: 1 common share of Cablevisión (either a Class A Share of Cablevisión or a Class B Share of Cablevisión) for each 9,871.07005 new shares of Telecom Argentina (the “Exchange Ratio”). This Exchange Ratio was deemed reasonable, from a financial standpoint, by the independent professional appraiser Lion Tree Advisors LLC.

On that date, the Boards of Directors of Telecom Argentina and Cablevisión decided to call an Ordinary and Extraordinary Shareholders’ Meeting, in the case of Telecom Argentina, and an Extraordinary Shareholders’ Meeting, in the case of Cablevisión, to be held on August 31, 2017 to consider the pre-merger commitment and, with regard to Cablevisión, its consequent dissolution and with regard to Telecom Argentina, the amendment of the Bylaws and the increase of its capital stock.

On August 31, 2017, the shareholders of Telecom Argentina and Cablevisión held their respective Shareholders’ Meetings and, after making the publications required by law- since no oppositions to the above-mentioned corporate reorganization process were filed-, on October 31, 2017, they executed the final Merger Agreement which was cast onto Public Deed No. 2,142, transcribed to page No. 12,398 of Notarial Record Book No. 15 of Capital Federal (“Final Merger Agreement”).

Pursuant to the Pre-Merger Commitment and the Final Merger Commitment, on September 6, 2017, Telecom Argentina and Cablevisión made a joint filing with the ENACOM in order to request the authorization of the change of control, transfer of registrations and spectrum held by Cablevisión.

Consequently, after filing all the requested documentation, on December 22, 2017, Telecom Argentina and Cablevisión were served with ENACOM Resolution No. 5,644-E/2017, whereby that agency decided, among other things, to authorize Cablevisión to transfer in favor of Telecom Argentina: (i) the Registration of physical and/or radio electric link broadcasting services, including permits/frequencies required to provide radio electric link subscription broadcasting services, as well as area authorizations to provide those services (via physical and radio electric link), which may operate in Area II, as defined under Decree No. 1,461/93, as amended, and the city of Rosario, Province of Santa Fe, and the city of Córdoba, Province of Córdoba, as from January 1, 2018, as provided under Article 5 of National Decree No. 1,340/2016, and in the rest of the areas authorized, on the dates and in the modalities provided under ENACOM Resolution No. 5,641/2017 dated December 20, 2017; (ii) The Registration of the Radio Electric Trunking Service (SRCE); and (iii) the authorizations and frequency use permits and allocations of numbering and sign-posting resources to provide the above-mentioned services held by Cablevisión, pursuant to effective regulations (Annex IV of Decree No. 764/2000) and, pursuant to the agreement executed by Nextel on April 12, 2017 (IF-2017-08818737-APN-ENACOM#MCO), whereby Telecom Argentina, in its capacity as absorbing company of Cablevisión, shall within a term of two years as from the date the merger is approved by the National Antitrust Commission and the ENACOM or by any agency that may substitute them in the future, return the radio electric spectrum that exceeds the limit set under Article 5 of Resolution No. 171-E/17 issued by the Ministry of Communications and/or any regulation that may replace it in the future. To that effect, Telecom Argentina shall file with the ENACOM, no later than one year prior to the expiration of the two-year term, a proposal to conform to that limit. The ENACOM may accept the proposal, reject it and/or request a new filing with any changes it may deem appropriate.

In addition, through that Resolution, the ENACOM authorized the change of corporate control (as defined under Article 33 of the LGS) in Telecom Argentina that occurred when the merger became effective and the Agreement dated July 7, 2017 entered into effect, as a result of which Cablevisión Holding became the controlling company of Telecom Argentina as surviving company of Cablevisión.

The purpose of the Merger was for Telecom Argentina, in its capacity as merged company (“Merged Company”), to offer in an efficient manner, in line with the national and international trend, technological

CABLEVISIÓN HOLDING S.A.

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 their benefit and that of the 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.

On January 1, 2018, since the conditions precedent to which the Merger was subject had been fulfilled, the Chairmen of the Boards of Directors of both companies signed the minutes regarding the transfer of operations, marking the occurrence of the Effective Date of the Merger.

In accordance with the Pre-Merger Commitment and the Final Merger Agreement, on that date, Telecom Argentina increased its capital stock in the amount of \$ 1,184,528,406, through the issuance of 1,184,528,406 common book-entry shares, with nominal value of ARS 1 each and entitled to one vote per share. The shareholders of Cablevisión received these new shares in exchange for the shares they held of that company, in the form of Class "A" or "D" Shares of Telecom Argentina, as applicable, according to the Exchange Ratio.

As from the above-mentioned Effective Date of the Merger, (i) all the assets and liabilities, including the assets subject to registration, the licenses, the rights and obligations that belonged to Cablevisión were deemed to have been incorporated to the equity of Telecom Argentina, (ii) Telecom Argentina continued with the operations of Cablevisión, thus generating the corresponding operating, accounting and tax effects, (iii) the management and representation of Cablevisión was undertaken by the management and representatives of Telecom Argentina.

On August 22, 2018, through Resolution RESFC 2018-19688-APN-DIR-CNV 2018, the CNV approved the Merger, the amendment of the bylaws of Telecom Argentina and its capital stock increase as a result of the Merger. The Merger, the amendment of the bylaws and the capital stock increase of Telecom Argentina was registered with the IGJ on August 30, 2018 under No. 16,345, Book No. 91, Vol. Stock Companies.

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

- representation in corporate bodies, establishing that, subject to the fulfillment of certain conditions set therein and provided Cablevisión Holding complies with certain minimum participation requirements in the Merged Company, it may appoint the majority of the members of the Board of Directors, the Executive Committee, the Audit Committee and the Supervisory Committee;
- a scheme of special majority requirements for the approval by the Board of Directors and/or the Shareholders, as applicable, of certain issues, such as: i) the Business Plan and the Annual Budget of the Merged Company, ii) the amendment of the bylaws, iii) the change of external auditors, iv) the creation of committees of the Board of Directors, v) the hiring of Key Employees as defined under the Agreement, vi) the merger or consolidation of Telecom or any Controlled Company, vii) acquisitions of certain assets, viii) sales of certain assets, ix) increases of capital stock, x) incurring indebtedness above certain limits, xi) capital investments in infrastructure, plant and equipment above certain amounts, xii) related party transactions, xiii) contracts that impose restrictions on the distribution of dividends, xiv) new lines of business or the discontinuation of existing ones, and xv) actions to be taken in insolvency situations, among others; and
- the appointment of management, establishing that, subject to the fulfillment by the Company and Fintech Telecom LLC of certain ownership thresholds regarding the shares of Telecom Argentina, the Company will be entitled to appoint the general manager and other key employees of Telecom Argentina and Fintech Telecom LLC will be entitled to appoint the chief financial officer and the internal auditor, respectively.

Pursuant to the Agreement, Fintech Telecom LLC and the Company (i) will each contribute certain shares of Telecom to a voting trust (the "Voting Trust") which, once the shares in Telecom Argentina held by the Company are incorporated, will exceed fifty percent (50%) of the outstanding shares after the Merger becomes effective, and (ii) will each appoint a co-trustee who will vote the shares under the terms of the

CABLEVISIÓN HOLDING S.A.

voting trust to be executed by certain parties of the Agreement. The shares under the Voting Trust shall be voted as per the instructions of the co-trustee appointed by the Company, except in the case of certain issues subject to veto under the agreement, in which case the co-trustee of Fintech Telecom LLC will determine the vote with respect to the shares under the Voting Trust.

On April 15, 2019, the Voting Trust was formalized. Pursuant to said Voting Trust, Fintech Telecom LLC and VLG S.A.U. (i) each contributed 235,177,350 shares of Telecom 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.

On July 7, 2017, the Company also accepted an offer for an irrevocable call option granted by Fintech Advisory Inc. and its subsidiaries Fintech Telecom LLC and Fintech Media LLC for the acquisition of an equity interest of 13.51% in Telecom Argentina (which represents approximately 6% of Telecom Argentina's capital stock once the Merger becomes effective) for US\$ 634,275,282 (the "Option"). The maximum term established to exercise the option was one year as from July 7, 2017. The Company had to pay to Fintech Advisory Inc., within a term of thirty days as from July 7, 2017, an option premium of US\$ 3,000,000, which was settled on July 2017.

On October 5, 2017, the Company made a prepayment of the aggregate exercise price under the Option for US\$ 634,275,282. As guarantee for the fulfillment of the outstanding obligations after the above-mentioned prepayment, Fintech Media LLC pledged in favor of the Company a 21.55% interest in VLG Argentina LLC.

On December 27, 2017, the Company exercised the Option. As a result, it chose to receive an additional equity interest in VLG Argentina LLC of 21.55% (which would represent an indirect interest of approximately 6% in Telecom's capital stock once the Merger becomes effective). In addition, within the framework of the Option, its price was finally established at US\$ 628,008,363. As a result of exercising said option, Fintech Media LLC became the holder of 28.45% of the capital stock of VLG Argentina LLC and the Company became the holder of 71.55% of the capital stock of VLG Argentina LLC.

Within the framework of the Merger, Fintech Media LLC and the Company undertook to carry out certain corporate reorganization processes and to separate and split the whole capital stock of VLG, between Fintech Media LLC and Cablevisión Holding, in proportion to their respective holdings in VLG after the exercise of an Option in favor of the Company.

In view of the above, VLG Argentina LLC started a corporate reorganization process whereby it spun off, in proportion to the respective holdings of its shareholders Fintech Media LLC (28.45%) and the Company (71.55%), a portion of its equity to create a new company called "VLG Argentina Escindida LLC", effective as of the Effective Date of the Merger. As a result of the above-mentioned spin-off process, the Company became the holder of 100% of VLG Argentina LLC, which became the holder of 44,059 Class A shares of Cablevisión; and Fintech Media LLC became the holder of 100% of VLG Argentina Escindida LLC, which became the holder of 17,522 Class A shares of Cablevisión S.A.; in both cases together with all the rights inherent to those shares, including (i) the right to collect the dividends approved by the Board of Directors of Cablevisión on December 18, 2017, which resulted in VLG Argentina LLC being entitled to collect \$ 1,497,194,601 and VLG Argentina Escindida LLC being entitled to collect \$ 595,425,311, and (ii) as a result of the exchange ratio approved by the shareholders of Cablevisión at the Extraordinary Shareholders' Meeting held on August 31, 2017, the right to receive new shares to be issued by Telecom Argentina at the Exchange Ratio provided under the Pre-Merger Commitment and the Final Merger Agreement, i.e.: VLG Argentina LLC received 434,909,475 Class D common book-entry shares with nominal value of \$ 1 each and entitled to one vote per share of Telecom Argentina, representing 20.2% of the capital stock of said company, and VLG Argentina Escindida LLC received 172,960,890 Class A common book-entry shares with nominal value of \$ 1 each and entitled to one vote per share of Telecom Argentina, representing 8.0% of the capital stock of that company.

As a result of the transactions described above, as from January 1, 2018, the Company became the holder of a 39.08% equity interest in Telecom Argentina after the Merger became effective.

CABLEVISIÓN HOLDING S.A.

As from January 1, 2018, (i) all the assets and liabilities, including the assets subject to registration, licenses, rights and obligations that belong to Cablevisión were incorporated to the equity of Telecom Argentina, (ii) Telecom Argentina continued with the operations of Cablevisión, thus generating the corresponding operating, accounting and tax effects, (iii) the management and representation of Cablevisión was taken over by the management and representatives of Telecom Argentina, and (iv) the Company became the legal controlling company of Telecom Argentina.

On June 29, 2018, through Resolution No. 374/2018, the CNDC authorized under the terms of paragraph a), Article 13 of Law No. 25,156 the merger transaction whereby Telecom absorbed Cablevisión. In said resolution, as part of the approval of the merger, the CNDC also (i) approved the assignment of 143,464 residential subscribers of the Internet service rendered by Telecom under the brand Arnet to Universo Net S.A. (said assignment was completed during the third quarter of 2018), (ii) accepted the conduct undertaking filed by Telecom, Cablevisión, Cablevisión Holding and Fintech, whereby Telecom undertook to limit the integrated marketing of subscription television services by physical link with the mobile communications service until certain conditions are fulfilled, and (iii) accepted the conduct undertaking filed by Telecom, Cablevisión, Cablevisión Holding and Fintech, whereby Telecom undertook to offer the possibility that any current or new Internet service provider may provide the retail broadband service by leveraging the use of its copper network under ADSL technology under the terms described in said resolution.

Telecom recorded the Merger under the acquisition method, as described under IFRS 3 and as a reverse acquisition whereby Cablevisión (acquirer for accounting purposes) absorbs Telecom (acquiree for accounting purposes.) See the accounting treatment of the merger between Telecom and Cablevisión in Note 3.d.5).

The identifiable consolidated assets and liabilities of Telecom Argentina (acquiree for accounting purposes) incorporated as of January 1, 2018 and the impact of the amount paid in excess of the book value recorded in the consolidated statement of income for the year ended December 31, 2018, contemplating the effect of the inflation adjustment mentioned in Note 1.e, are the following:

	Total net identifiable consolidated assets in constant currency
ASSETS	
Cash and Cash Equivalents	6,430
Trade Receivables	18,481
Other Current Assets	15,451
Total Current Assets	40,362
Deferred Income Tax Assets	5
Investments	6,041
Goodwill	135,488
Property, Plant and Equipment ("PP&E")	142,511
Intangible Assets	91,270
Other Non-Current Assets	978
Total Non-Current Assets	376,293
Total Assets	416,655
LIABILITIES	
Total Current Liabilities	49,951
Deferred Income Tax Liabilities	38,023
Other Non-Current Liabilities	26,555
Total Non-Current Liabilities	64,578
Total Liabilities	114,529
TOTAL SHAREHOLDERS' EQUITY	302,126
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	416,655
Impact on the consolidated income statement of the amount paid in excess of book value allocated.	
	For the year ended December 31, 2018,
Revenues	(46)
Operating Costs	(288)
Operating Loss before Depreciation and Amortization	(334)
Depreciation, Amortization and Impairment of Fixed Assets	(17,559)
Operating Loss	(17,893)
Financial Results, net	54
Loss before Income Tax Expense	(17,839)
Income Tax	5,352
Net Loss	(12,487)

In the consolidated financial statements as of December 31, 2018, the merger has been considered as a transaction carried out with a non-controlling interest which does not result in a loss of control in the subsidiary that became the acquirer under the merger for accounting purposes. The incorporation of the identifiable consolidated net assets of Telecom, measured at fair value on the date of acquisition and the

CABLEVISIÓN HOLDING S.A.

change in the interest generated an adjustment between the book value of the controlling interest and that of the non-controlling interest to reflect their relative interests in the subsidiary.

The above-mentioned adjustment was the result of: i) the incorporation of the identifiable consolidated assets and liabilities of Telecom attributable to the shareholders of the controlling company, net of the consideration paid under the call option mentioned above (restated as of December 31, 2017); ii) the recognition of a larger interest attributable to non-controlling interests in the net assets of Cablevisión measured at book value restated as of December 31, 2017, as a consequence of the change in the equity interest and; iii) the recognition of an interest attributable to the non-controlling interest in the identifiable consolidated net assets of Telecom. The net effect was recognized under the item "Other Reserves" in the consolidated statement of changes in equity.

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

a) Cash and Cash Equivalents and Investments

	<u>December 31,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
<u>Cash and Cash Equivalents</u>		
Cash and Banks	1,727	2,924
Short-Term Investments	1,503	8,453
Mutual Funds	23,833	93
Total Cash and Cash Equivalents	<u>27,063</u>	<u>11,470</u>
<u>Investments</u>		
<u>Current</u>		
Notes and Bonds at Fair Value	297	1,119
Notes and Bonds at Amortized Cost	132	798
Mutual Funds	63	2
Other Investments at Amortized Cost	-	190
Allowance for Credit Losses (*)	(63)	-
Total Current Investments	<u>429</u>	<u>2,109</u>
<u>Non-Current</u>		
Notes and Bonds at Amortized Cost	1,976	7,119
Investments in Associates (**)	1,125	1,487
Trust "Complejo industrial de Telecomunicaciones 2003"	1	1
Allowance for Credit Losses (*)	(979)	-
Total Non-Current Investments	<u>2,123</u>	<u>8,607</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

<u>Companies</u>	<u>Main business activity</u>	<u>Country</u>	<u>Interest in Capital and Votes</u>	<u>Valuation as of 12.31.2019</u>	<u>Valuation as of 12.31.2018</u>
Ver T.V. S.A. (1)	Cable Television Station	Argentina	49.00	622	909
Teledifusora San Miguel Arcángel S.A. (1) (2) (3)	Cable Television Station	Argentina	50.10	252	349
La Capital Cable S.A. (2)	Closed-Circuit Television	Argentina	50.00	245	220
Other minor investments valued under the equity method, net of the allowance for impairment				6	9
Total Investments in Associates				<u>1,125</u>	<u>1,487</u>

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

(2) Direct and Indirect Interest.

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

Information on Income

	<u>December 31,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
Ver TV S.A.	(164)	218
Teledifusora San Miguel Arcángel S.A.	(43)	111
La Capital Cable S.A.	20	34
Total Equity in Earnings from Associates	<u>(187)</u>	<u>363</u>

CABLEVISIÓN HOLDING S.A.

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

	<u>December 31,</u>	
	<u>2019</u>	<u>2018</u>
Balances at the beginning of the year	-	-
Increases - Other Financial Income and Expense, net	(1,140)	-
Allocations (including Gain (Loss) on Net Monetary Position)	1,077	-
Balances at year-end	(63)	-

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

	<u>December 31,</u>	
	<u>2019</u>	<u>2018</u>
Balances at the beginning of the year	-	-
Increases - Other Financial Income and Expense, net	(1,429)	-
Allocations (including Gain (Loss) on Net Monetary Position)	450	-
Balances at year-end	(979)	-

b) Additional Information about the Consolidated Statement of Cash Flows

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

In the preparation of the 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 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>December 31,</u>	<u>December 31,</u>
	<u>2019</u>	<u>2018</u>
Net Decrease (Increase) of Assets		
Trade Receivables	3,262	(6,295)
Other Receivables	155	(1,618)
Inventories	465	(17)
	3,882	(7,930)
Net Increase (Decrease) of Liabilities		
Accounts Payable	(16,976)	1,400
Salaries and Social Security Payables	1,274	449
Taxes Payable	952	(3,100)
Other Liabilities and Provisions	(4,120)	(3,481)
	(18,870)	(4,732)

Main Non-Cash Operating Transactions

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

	<u>December 31,</u>	
	<u>2019</u>	<u>2018</u>
Acquisitions of PP&E and Intangible Assets Financed by Accounts Payable	16,384	13,887
	16,384	13,887

Main Financing Activities Components

The following table presents the financing activities components:

	<u>December 31,</u>	
	<u>2019</u>	<u>2018</u>
Bank Overdraft	8,025	3,348
Notes	22,521	-
Banks and other Financial Institutions	26,974	39,371
For Acquisition of Equipment	987	-
Proceeds from Financial Debt	58,507	42,719

CABLEVISIÓN HOLDING S.A.

	<u>December 31,</u>	
	<u>2019</u>	<u>2018</u>
Notes	-	(6,007)
Banks and other Financial Institutions	(47,224)	(23,270)
For Acquisition of Equipment	(3,058)	(417)
Payment of Financial Debt	(50,282)	(29,694)
Bank Overdraft	(970)	(145)
Interests on Notes and Related Expenses	(8,221)	(2,321)
Interests on Bank Loans and Related Expenses	(1,129)	(4,795)
NDF, Purchase of Equipment and Other	1,330	411
Payment of Interest and Related Expenses	(8,990)	(6,850)

Distribution of Dividends of Telecom and its Subsidiaries

The following is a summary of the distributions of dividends made by Telecom and its subsidiaries.

Fiscal Year	Company	Month of Distribution	Amount Distributed		Month of Settlement	Amount Settled in Constant Currency as of 12/31/19
			Historic Currency at Transaction Date	Constant Currency as of 12/31/2019		
2019	Telecom	Apr-19	6,300	8,666	May -19	8,133
	Telecom	Aug-19	7,045	8,334	Aug-19	8,334
	Telecom	Oct-19	(1) 17,387	18,806	Oct-19	18,806
	Núcleo	Apr-19	197	262	May -19	255
			30,929	36,068		35,528
2018	Telecom	Dec-17	-	-	Jan-18	9,098
	Telecom	Jan-18	(2) 13,007	29,020	Feb-18	28,338
	Telecom	Jan-18	6,866	15,320	Mar-18	14,624
	Núcleo	Apr-18	135	280	May -18	279
			20,008	44,620		52,339

- (1) 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 equivalent to \$17,387 million under the reference exchange rate set by the Central Bank of Argentina- Communication "A" 3,500 dated October 9, 2019 (\$57.9).
- (2) The distribution of \$5,641 million and \$4,503 million 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 Telecom and Cablevisión as of September 30, 2017, respectively, which were subsequently ratified by the shareholders at the General Ordinary Shareholders' Meeting held on April 25, 2018.

Distribution of dividends of associates

The following is a summary of the distributions of dividends made by associates:

Fiscal Year	Company	Collection of Dividends	
		Historic Currency at Transaction Date	Constant Currency as of 12/31/2019
2019	Ver TV	97	126
	TSMA	41	53
	La Capital Cable	5	6
		143	185
2018	Ver TV	18	41
	TSMA	8	17
	La Capital Cable	15	28
		41	86

Additional Information Required under IAS 7

	<u>Balances as of December 31, 2018</u>	<u>Cash flows</u>	<u>Accrual of interest</u>	<u>Exchange Differences and effect of currency translation and other</u>	<u>Balances as of December 31, 2019</u>
Bank Overdraft	3,501	8,024	-	(1,815)	9,710
Banks and other Financial Institutions - principal	85,203	(20,251)	-	5,542	70,494
Notes - principal	24,731	19,464	-	(3,670)	40,525
NDF	154	(878)	-	1,099	375
For Acquisition of Equipment	3,198	987	-	5	4,190
Interest Accrued and Related Expenses	17,805	(10,439)	12,228	7,108	26,702
Total Current and Non-Current Financial Debt (Note 14)	134,592	(3,093)	12,228	8,269	151,996

CABLEVISIÓN HOLDING S.A.

	<u>Balances as of December 31, 2017</u>	<u>Addition under the Merger</u>	<u>Cash flows</u>	<u>Accrual of interest</u>	<u>Exchange Differences and effect of currency translation and other</u>	<u>Balances as of December 31, 2018</u>
Bank Overdraft	-	306	3,348	-	(153)	3,501
Banks and other Financial Institutions - principal	31,773	18,610	16,101	-	18,719	85,203
Notes - principal	16,942	4,901	(6,007)	-	8,895	24,731
NDF	-	39	(68)	183	-	154
For Acquisition of Equipment	2,989	-	(394)	54	549	3,198
Companies under Article 33 of General Associations Law No. 19,550, and related parties	9	-	-	-	(9)	-
Interest Accrued and Related Expenses	4,268	3,995	(7,428)	8,282	8,688	17,805
Total Current and Non-Current Financial Debt (Note 14)	55,981	27,851	5,552	8,519	36,689	134,592

NOTE 6 – TRADE RECEIVABLES

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Current		
Trade Receivables	21,460	30,635
Contract Asset under IFRS 15	121	95
Companies under Article 33 of General Associations Law No. 19,550, and related parties (Note 29)	136	142
Allowance for Bad Debts	(4,752)	(4,082)
	<u>16,965</u>	<u>26,790</u>
Non-Current		
Trade Receivables	53	58
Contract Asset under IFRS 15	30	36
	<u>83</u>	<u>94</u>
Total Trade Receivables	<u>17,048</u>	<u>26,884</u>

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Balances at the beginning of the year	(4,082)	(1,097)
Adjustment to Net Income from Prior Years IFRS 9	-	(377)
Increases - Bad Debts	(6,331)	(5,426)
Uses of the Allowance and Currency Translation (includes Gain (Loss) on Net Monetary Position)	5,661	2,818
Balances at year-end	<u>(4,752)</u>	<u>(4,082)</u>

NOTE 7 – OTHER RECEIVABLES

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Current		
Prepaid Expenses	1,184	2,223
Tax Credits	1,900	2,106
Financial NDF (Note 23)	163	1,153
Companies under Article 33 of General Associations Law No. 19,550, and related parties (Note 29)	115	221
Trade Receivables from Customer Portfolio	23	-
Sundry Receivables ⁽¹⁾	12	65
Other	1,251	2,153
Allowance for Other Debts	(34)	(29)
	<u>4,614</u>	<u>7,892</u>
Non-Current		
Prepaid Expenses	218	693
Tax Credits	859	1,081
Financial NDF (Note 23)	-	70
Regulatory Receivables (Núcleo)	208	239
Trade Receivables from Customer Portfolio	62	173
Sundry Receivables ⁽¹⁾	341	423
Other	337	393
	<u>2,025</u>	<u>3,072</u>
Total Other Receivables	<u>6,639</u>	<u>10,964</u>

(1) The balance is related to the following transaction:

CABLEVISIÓN HOLDING S.A.

On 21 November 2018, the Company accepted an assignment offer issued by Grupo Clarín S.A. in favor of the Company of all of the collection rights and actions owned by that company with respect to the credit against América TV S.A. derived from the settlement agreement with América TV, SupercableCanal S.A., Supercanal S.A., José Luis Manzano, Daniel Eduardo Vila and their related companies and/or affiliates- and the rights and guarantees derived from the debt acknowledgment agreement and the agreements for the exhibition of television signals and assignment of advertising spaces that had been executed. In consideration of the assignment, Cablevisión Holding paid US\$ 8.7 million.

Under such agreement, Cablevisión Holding is entitled to collect a total of US\$ 18.5 million in an estimated term of 170 monthly installments. In addition, surety bonds were executed to guarantee the performance of the services undertaken by América TV S.A. within the framework of the agreement. América TV will settle the debt through the assignment of collection rights held by América TV, generated by its operating activities.

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

	<u>December 31,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
Balances at the beginning of the year	(29)	-
Increases	(15)	(29)
Decreases (including Gain (Loss) on Net Monetary Position)	10	-
Balances at year-end	<u>(34)</u>	<u>(29)</u>

NOTE 8 – INVENTORIES

	<u>December 31,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
Mobile Handsets and Other	2,248	3,467
Radio Equipment and Other	1	99
Fixed telephones and equipment	66	23
Inventories for construction projects	1,123	826
Subtotal	<u>3,438</u>	<u>4,415</u>
Allowance for Obsolescence of Inventories	(226)	(205)
Total Inventories	<u>3,212</u>	<u>4,210</u>

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

	<u>December 31,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
Balances at the beginning of the year	(205)	(82)
Increases	(131)	(125)
Decreases (including Gain (Loss) on Net Monetary Position)	110	2
Balances at year-end	<u>(226)</u>	<u>(205)</u>

NOTE 9 – GOODWILL

	<u>December 31,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
Argentinian Operations	174,324	174,324
Foreign Operations	1,036	1,185
Total Goodwill	<u>175,360</u>	<u>175,509</u>

The evolution of goodwill is as follows:

	<u>Business in Argentina</u>		<u>Foreign Business</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Balances at the beginning of the year	174,324	38,836	1,185	1,048
Addition under the Merger	-	135,488	-	-
Effect of Currency Translation	-	-	(149)	137
Balances at year-end	<u>174,324</u>	<u>174,324</u>	<u>1,036</u>	<u>1,185</u>

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
PP&E before Allowances	248,144	232,134
Allowance for Obsolescence and Impairment of Materials	(1,506)	(554)
Allowance for Impairment of PP&E	(802)	(512)
	<u>245,836</u>	<u>231,068</u>

CABLEVISIÓN HOLDING S.A.

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

	<u>December 31,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
Balances at the beginning of the year	(554)	(283)
Increases	(952)	(271)
Balances at year-end	<u>(1,506)</u>	<u>(554)</u>

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

	<u>December 31,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
Balances at the beginning of the year	(512)	-
Increases	(290)	(512)
Balances at year-end	<u>(802)</u>	<u>(512)</u>

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

	Acquisition Cost as of December 31, 2018	CAPEX	Effect of Currency Translation	Transfers and Reclassifications	Decreases	Acquisition Cost as of December 31, 2019
Real Property	34,796	21	(14)	1,059	(95)	35,767
Switching Equipment	7,851	346	235	245	(22)	8,655
Fixed Network and Transport	128,605	8,891	(264)	12,003	(7,149)	142,086
Mobile Network Access	25,664	17	98	5,656	(100)	31,335
Antenna Support Structure	7,993	-	20	1,080	(11)	9,082
Power Equipment and Installations	9,861	41	33	1,297	(1)	11,231
Computer Equipment	24,068	2,655	422	7,778	(68)	34,855
Goods under Loans for Use	11,513	10,498	117	6	(6,454)	15,680
Vehicles	4,593	242	(4)	-	(17)	4,814
Machinery, Diverse Equipment and Tools	6,887	574	(18)	157	(1,461)	6,139
Other	1,327	4	-	77	(191)	1,217
Works-In-Progress	26,531	38,690	(66)	(29,358)	(88)	35,709
Materials	19,372	1,885	(102)	-	37	21,192
Total	<u>309,061</u>	<u>63,864</u>	<u>457</u>	<u>-</u>	<u>(15,620)</u>	<u>357,762</u>

	Accumulated Depreciation as of December 31, 2018	Depreciation for the year	Effects of Currency Translation	Decreases and Reclassifications	Accumulated Depreciation as of December 31, 2019	Net carrying value as of December 31, 2019
Real Property	(3,377)	(1,470)	2	36	(4,809)	30,958
Switching Equipment	(2,635)	(1,636)	(266)	14	(4,523)	4,132
Fixed Network and Transport	(38,533)	(20,983)	17	7,142	(52,357)	89,729
Mobile Network Access	(5,020)	(5,161)	(175)	27	(10,329)	21,006
Antenna Support Structure	(1,466)	(1,101)	(53)	6	(2,614)	6,468
Power Equipment and Installations	(1,875)	(1,651)	(56)	-	(3,582)	7,649
Computer Equipment	(11,945)	(6,092)	(475)	57	(18,455)	16,400
Goods under Loans for Use	(3,104)	(7,620)	(116)	6,453	(4,387)	11,293
Vehicles	(2,308)	(650)	9	3	(2,946)	1,868
Machinery, Diverse Equipment and Tools	(6,057)	(385)	5	1,461	(4,976)	1,163
Other	(607)	(224)	-	191	(640)	577
Works-In-Progress	-	-	-	-	-	35,709
Materials	-	-	-	-	-	21,192
Total	<u>(76,927)</u>	<u>(46,973)</u>	<u>(1,108)</u>	<u>15,390</u>	<u>(109,618)</u>	<u>248,144</u>

The following is a detail of the items and evolution of PP&E as of December 31, 2018:

CABLEVISIÓN HOLDING S.A.

	Acquisition Cost as of December 31, 2017	Addition under the Merger	CAPEX	Effect of Currency Translation	Transfers and Reclassifications	Decreases	Acquisition Cost as of December 31, 2018
Real Property	4,381	29,824	9	259	337	(14)	34,796
Switching Equipment	-	5,692	343	1,228	591	(3)	7,851
Fixed Network and Transport	54,883	46,910	8,320	1,036	23,363	(5,907)	128,605
Mobile Network Access	6	17,410	18	1,287	7,423	(480)	25,664
Antenna Support Structure	106	6,833	45	418	591	-	7,993
Power Equipment and Installations	-	8,418	0	358	1,085	-	9,861
Computer Equipment	7,333	9,636	1,781	1,923	3,401	(6)	24,068
Goods under Loans for Use	8,126	343	7,707	555	6	(5,224)	11,513
Vehicles	2,272	1,826	578	31	0	(114)	4,593
Machinery, Diverse Equipment and Tools	6,070	348	298	20	151	-	6,887
Other	398	728	8	63	128	2	1,327
Works-In-Progress	15,964	8,950	37,133	146	(35,604)	(58)	26,531
Materials	10,741	5,510	4,617	39	(1,472)	(63)	19,372
Total	110,280	142,428	60,857	7,363	-	(11,867)	309,061

	Accumulated Depreciation as of December 31, 2017	Depreciation for the year	Effect of Currency Translation	Decreases and Reclassifications	Accumulated Depreciation as of December 31, 2018	Net carrying value as of December 31, 2018
Real Property	(1,623)	(1,481)	(278)	5	(3,377)	31,419
Switching Equipment	-	(1,588)	(1,047)	-	(2,635)	5,216
Fixed Network and Transport	(24,551)	(19,153)	(1,010)	6,181	(38,533)	90,072
Mobile Network Access	-	(4,251)	(843)	74	(5,020)	20,644
Antenna Support Structure	(22)	(1,221)	(223)	-	(1,466)	6,527
Power Equipment and Installations	-	(1,634)	(241)	-	(1,875)	7,986
Computer Equipment	(4,354)	(5,860)	(1,736)	5	(11,945)	12,123
Goods under Loans for Use	(1,898)	(5,978)	(454)	5,226	(3,104)	8,409
Vehicles	(1,669)	(658)	(32)	51	(2,308)	2,285
Machinery, Diverse Equipment and Tools	(5,624)	(409)	(24)	-	(6,057)	830
Other	(328)	(229)	(50)	-	(607)	720
Works-In-Progress	-	-	-	-	-	26,531
Materials	-	-	-	-	-	19,372
Total	(40,069)	(42,462)	(5,938)	11,542	(76,927)	232,134

NOTE 11 - INTANGIBLE ASSETS

	2019	December 31, 2018
Intangible Assets before Allowances	87,017	93,732
Allowance for Impairment	(4,641)	(2,498)
Total Intangible assets	82,376	91,234

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

	2019	December 31, 2018
Balances at the beginning of the year	(2,498)	-
Increases	(2,143)	(2,498)
Balances at year-end	(4,641)	(2,498)

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

	Acquisition Cost as of December 31, 2018	CAPEX	Effect of Currency Translation	Decreases	Acquisition Cost as of December 31, 2019
3G/4G Licenses	34,193	10	-	-	34,203
PCS license (Argentina)	16,211	-	-	-	16,211
Núcleo Licenses	3,997	4	(25)	-	3,976
Customer Portfolio	23,437	-	5	(1,775)	21,667
Brands	20,045	-	-	-	20,045
Incremental Costs from the Acquisition of Contracts	2,084	1,610	(6)	-	3,688
Other	2,628	1	(1)	(56)	2,572
Total	102,595	1,625	(27)	(1,831)	102,362

CABLEVISIÓN HOLDING S.A.

	Accumulated Amortization as of December 31, 2018	Amortization for the year	Effect of Currency Translation	Decreases	Accumulated Amortization as of December 31, 2019	Net carrying value as of December 31, 2019
3G/4G Licenses	(1,950)	(2,338)	-	-	(4,288)	29,915
PCS license (Argentina)	-	-	-	-	-	16,211
Núcleo Licenses	(113)	(138)	(28)	-	(279)	3,697
Customer Portfolio	(4,728)	(4,016)	(15)	1,775	(6,984)	14,683
Brands	(2)	-	-	-	(2)	20,043
Incremental Costs from the Acquisition of Contracts	(604)	(1,511)	-	-	(2,115)	1,573
Other	(1,466)	(258)	(1)	48	(1,677)	895
Total	(8,863)	(8,261)	(44)	1,823	(15,345)	87,017

The following is a detail of the items and evolution of Intangible Assets as of December 31, 2018:

	Acquisition Cost as of December 31, 2017	Addition under the Merger	CAPEX	Effect of Currency Translation	Decreases	Acquisition Cost as of December 31, 2018
3G/4G Licenses	6,944	27,249	-	-	-	34,193
PCS license (Argentina)	-	16,211	-	-	-	16,211
Núcleo Licenses	-	2,648	1,298	51	-	3,997
Customer Portfolio	-	24,262	-	112	(937)	23,437
Brands	-	20,045	-	-	-	20,045
Incremental Costs from the Acquisition of Contracts	-	-	2,074	10	-	2,084
Other	1,369	140	1,098	21	-	2,628
Total	8,313	90,555	4,470	194	(937)	102,595

	Accumulated Amortization as of December 31, 2017	Amortization for the year	Effect of Currency Translation	Decreases	Accumulated Amortization as of December 31, 2018	Net carrying value as of December 31, 2018
3G/4G Licenses	(111)	(1,839)	-	-	(1,950)	32,243
PCS license (Argentina)	-	-	-	-	-	16,211
Núcleo Licenses	-	(107)	(6)	-	(113)	3,884
Customer Portfolio	-	(5,500)	12	760	(4,728)	18,709
Brands	-	(2)	-	-	(2)	20,043
Incremental Costs from the Acquisition of Contracts	-	(580)	(24)	-	(604)	1,480
Other	(1,318)	(148)	-	-	(1,466)	1,162
Total	(1,429)	(8,176)	(18)	760	(8,863)	93,732

NOTE 12 – RIGHT-OF-USE ASSETS

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

	Acquisition Cost as of December 31, 2018	Addition upon adoption of IFRS 16	Additions	Effect of Currency Translation	Decreases	Acquisition Cost as of December 31, 2019
Rights of Use from Leases	-	6,890	5,319	(47)	(240)	11,922
Irrevocable Rights of Use	718	-	-	-	(7)	711
Asset Retirement Obligations	306	-	57	6	(35)	334
Total	1,024	6,890	5,376	(41)	(282)	12,967

	Accumulated Amortization as of December 31, 2018	Amortization for the year	Effect of Currency Translation	Decreases	Accumulated Amortization as of December 31, 2019	Net carrying value as of December 31, 2019
Rights of Use from Leases	-	(3,344)	(20)	92	(3,272)	8,650
Irrevocable Rights of Use	(92)	(85)	-	7	(170)	541
Asset Retirement Obligations	(59)	(50)	(7)	35	(81)	253
Total	(151)	(3,479)	(27)	134	(3,523)	9,444

CABLEVISIÓN HOLDING S.A.

The following is a detail of the items and evolution of right-of-use assets as of December 31, 2018:

	Acquisition Cost as of December 31, 2017	Addition under the Merger	Additions	Decreases	Acquisition Cost as of December 31, 2018
Irrevocable Rights of Use	-	718	-	-	718
Asset Retirement Obligations	213	-	98	(5)	306
Total	213	718	(i) 98	(5)	1,024

(i) Includes 24 charged to Effects of Currency Translation.

	Accumulated Amortization as of December 31, 2017	Amortization for the year	Decreases	Accumulated Amortization as of December 31, 2018	Net carrying value as of December 31, 2018
Irrevocable Rights of Use	-	(92)	-	(92)	626
Asset Retirement Obligations	(6)	(58)	5	(59)	247
Total	(6)	(150)	5	(151)	873

NOTE 13 – ACCOUNTS PAYABLE

<u>Current</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Suppliers and Trade Provisions	31,086	34,333
Companies under Article 33 of General Associations Law No. 19,550, and related parties (Note 29)	887	878
	<u>31,973</u>	<u>35,211</u>
<u>Non-Current</u>		
Suppliers and Trade Provisions	2,355	876
	<u>2,355</u>	<u>876</u>
Total Accounts Payable	<u>34,328</u>	<u>36,087</u>

NOTE 14 – FINANCIAL DEBT

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Current</u>		
Bank Overdraft - Principal	9,710	3,501
Banks and other Financial Institutions - principal	13,807	32,487
For Acquisition of Equipment	1,500	1,612
NDF (Note 23)	361	153
Interest Accrued and Related Expenses	9,902	5,666
	<u>35,280</u>	<u>43,419</u>
<u>Non-Current</u>		
Notes - principal	40,525	24,732
Banks and other Financial Institutions - principal	56,687	52,716
NDF (net of debt issuance expenses - Note 23)	14	-
For Acquisition of Equipment	2,690	1,586
Interest Accrued and Related Expenses	16,800	12,139
	<u>116,716</u>	<u>91,173</u>
Total Financial Debt	<u>151,996</u>	<u>134,592</u>

14.1 Telecom and Subsidiaries

Banks and other Financial Institutions

IFC and IIC Loans

On July 5, 2016, Personal accepted an offer from the International Finance Corporation (IFC, member of World Bank Group) for the assessment and transfer of funds to finance investment needs, working capital and debt refinancing. On October 5, 2016, Personal and the IFC signed the loan agreement ("IFC Loan") for an amount of US\$ 400 million and for a six-year period, payable in eight equal semi-annual installments starting on the 30th month, with a six-month LIBO rate + 400bp. This loan will be used to deploy the 4G network and refinance short-term financial liabilities. The loan terms include standard affirmative and negative covenants for this type of financial transactions.

The outstanding balance as of December 31, 2019 amounts to US\$302 million, equivalent to \$18,060 million.

CABLEVISIÓN HOLDING S.A.

On April 7, 2017, Personal and the Inter-American Investment Corporation (“IIC”), a member of the Inter-American Development Bank Group, signed a loan agreement for an amount of US\$ 100 million maturing in September 2022, payable in eight equal semi-annual installments starting on the 24th month, with a six-month LIBO rate + 400bp. The funds of this loan were allocated to deploy the 4G network and to finance working capital and other financial needs. The loan terms include standard affirmative and negative covenants for this type of financial transactions.

The outstanding balance as of December 31, 2019 amounts to US\$75 million, equivalent to \$4,513 million. On October 30, 2018, within the framework of its ongoing policy aimed at optimizing the term, rate and structure of its financial liabilities, Telecom accepted a proposal from the IFC for the assessment and transfer of funds to finance investment needs, working capital and debt refinancing. On March 4, 2019, Telecom executed a loan agreement with IFC for up to US\$ 450 million, as requested by Telecom in one or more disbursements (the “Loan”.) The Loan will have a tranche “A”, a tranche “B-1”, a tranche “B-2”, a tranche “B-3” and a tranche “B-4”, which will accrue interest payable in arrears on a semi-annual basis at an annual rate equivalent to LIBOR plus the following margins: 4.85 percentage points in the case of Tranche A, Tranche B-2 and Tranche B-4, and 4.60 percentage points in the case of Tranche B-1 and Tranche B-3. The principal disbursed will be repaid as follows: Tranche A, Tranche B-2, and Tranche B-4 payable in 8 equal and consecutive semi-annual installments as from February 2021, with final maturity in August 2024 and Tranche B-1 and Tranche B-3 payable in 6 equal and consecutive semi-annual installments as from February 2021, with final maturity in August 2023. The funds from the loan were used to finance capital expenditures in 2019.

On March 18, 2019, Telecom received a disbursement for a total of US\$ 290 million (US\$ 285.5 million was credited because debt issuance expenses in the amount US\$ 4.5 million were deducted from the initial disbursement), under the loan agreement executed on March 4, 2019 with the IFC for an aggregate amount of up to US\$ 450 million. The US\$290 million disbursement is divided in two Tranches: a) a US\$ 160 million disbursement, which accrues interest payable in arrears on a semi-annual basis at an annual rate equivalent to LIBOR plus 4.85 percentage points payable in 8 equal and consecutive semi-annual installments as from February 2021, with final maturity in August 2024; and b) a US\$130 million disbursement that accrues interest payable in arrears on a semi-annual basis at an annual rate equivalent to LIBOR plus 4.60 percentage points payable in 6 equal and consecutive semi-annual installments as from February 2021, with final maturity in August 2023.

On April 25, 2019, Telecom received an additional disbursement for a total of US\$ 20 million that accrues interest payable in arrears on a semi-annual basis at an annual rate equivalent to LIBOR plus 4.85 percentage points payable in 8 equal and consecutive semi-annual installments as from February 2021, with final maturity in August 2024.

The outstanding balance as of December 31, 2019 amounts to US\$313 million, equivalent to \$18,741 million.

Syndicated Loan and Term Loan

At its meeting held on January 31, 2018, the Board of Directors of Telecom approved the execution of a syndicated loan agreement for an aggregate amount of up to US\$ 1 billion, which will accrue interest at an annual rate equivalent to LIBOR for each period of interest accrual plus an applicable margin.

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 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 Bn (the “Original Loan”.) On February 9, 2018 and on March 9, 2018, Telecom requested disbursements for US\$ 650 million and US\$ 350 million, respectively, under this Agreement which expires in February 2019. The funds were used to finance capital expenditures, working capital and other general corporate purposes. The Loan accrues interest at an annual rate equivalent to LIBO rate, plus the following margins: 1.25 percentage points during the first four months, 1.50 percentage points during the following two months, 1.75 percentage points during the following three months and 2.25 percentage points during the last three months before the maturity date. Interest is paid on a quarterly or semi-annual basis, at the choice of Telecom. Telecom is authorized to make voluntary

CABLEVISIÓN HOLDING S.A.

prepayments at any time without any premium or penalty. Telecom shall be obliged to make a prepayment under the loans if it requests any loans (without the payment of a premium) for net cash amounts under bilateral or syndicated bank financing loans exceeding US\$ 500 million, or in case of collateralized offerings or private placements of debt securities denominated in a currency other than the Argentine peso made by Telecom subject to laws other than Argentine Laws with a term of at least three years. Telecom shall be obliged to make a prepayment under the Original Loans in the event of a change of control, at the option of each lender.

Subsequently, on October 8, 2018, Telecom entered into a new agreement (“Term Loan”) with Citibank, N.A., HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, Industrial and Commercial Bank of China Limited, Dubai (DIFC) Branch, JPMorgan Chase Bank, N.A. and Banco Santander, S.A., in their capacity as lenders, Citibank, N.A., HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, Industrial and Commercial Bank of China Limited, Dubai (DIFC) Branch, JPMorgan Chase Bank, N.A. and Banco Santander, S.A., as arrangers, Citibank N.A., as administrative agent, and the branch of Citibank N.A. established in Argentina, as local collateral agent, for up to US\$500 million (which may be increased pursuant to the terms and conditions of said agreement) for a 48-month term (the “Loan”).

On October 17, 2018, Telecom requested a disbursement of US\$500 million. The funds were used for the partial prepayment of the Original Loan.

The amounts disbursed shall accrue compensatory interest at an annual rate equivalent to LIBOR plus the following margin: 4.50 percentage points during the first year counted as from disbursement, 5.00 percentage points during the second year, and 5.25 percentage points from the second anniversary of the disbursement date until the Maturity Date; and shall be payable in arrears on a quarterly basis.

In addition, as provided under the framework of the loan, Telecom made an additional payment of US\$ 100 million under the Syndicated Loan, (as a condition precedent to the execution of the loan agreement, Telecom and the other parties to the Original Loan Agreement had agreed a mandatory prepayment equivalent to at least US\$100 million.)

Finally, in November 2018, Telecom used all the funds from the loan executed with Deutsche Bank for US\$300 million for the prepayment of the Original Loan. The outstanding US\$ 100 million principal amount owed by Telecom up to that moment was repaid on February 11, 2019 with equity capital.

On March 25, 2019, Telecom made a partial prepayment under the Term 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).

On December 9, 2019, Telecom made a partial prepayment under the Term Loan in the amount of US\$50.5 million (US\$ 50 million principal amount and US\$ 0.5 million corresponding to interest).

The outstanding balance as of December 31, 2019 amounts to US\$251.1 million, equivalent to \$15,041 million.

On February 12, 2020, Telecom proceeded to a partial pre-cancellation of the loan paying US\$50.3 million (US\$50 million of capital and US\$0.3 million of interest). In addition, on March 30, 2020, Telecom proceeded to a partial pre-cancellation of the loan paying US\$60.8 million (US\$60 million of capital and US\$0.8 million of interest).

Loan with Deutsche Bank

On November 8, 2018, Telecom was informed that Deutsche Bank AG, London Branch, as arranger of a bank syndicate, had approved a loan offer for up to US\$ 200 million (which may be increased up to US\$ 300 million.) On November 14, 2018, Telecom was informed that Deutsche Bank AG, London Branch, had approved the increase of the loan offer by US\$100 million.

The loan has a term of 42 months as from the date of the initial disbursement and will accrue interest at an initial annual rate equivalent to LIBOR + 4.5%, payable in arrears on a quarterly basis. Principal shall be repaid in 6 equal consecutive semi-annual installments equivalent to 12.5% of the amount of disbursed principal and a final payment on the maturity date equivalent to 25% of the original disbursement.

CABLEVISIÓN HOLDING S.A.

The funds from the loan were solely used by that company for the partial repayment of the Syndicated Loan.

The outstanding balance as of December 31, 2019 amounts to US\$224 million, equivalent to \$13,430 million.

Loan with IDB

On May 29, 2019, Telecom executed a loan agreement with the Inter-American Development Bank (IDB invest) for an aggregate amount of up to US\$300 million. On June 7, 2019, Telecom received a disbursement of an aggregate US\$ 75 million (US\$ 74.15 million was credited because debt issuance expenses in the amount US\$ 0.85 million were deducted from the initial disbursement). The loan, which accrues interest, is payable in arrears on a semi-annual basis at an annual rate equivalent to LIBOR plus 4.90 percentage points payable in 10 equal and consecutive semi-annual installments as from November 2021, with final maturity in May 2026.

On July 11, 2019, Telecom received an additional disbursement for a total of US\$ 25 million (US\$ 24.55 million was credited because debt issuance expenses in the amount US\$ 0.45 million were deducted from the initial disbursement.) that accrues interest payable in arrears on a semi-annual basis at an annual rate equivalent to LIBOR plus 4.60 percentage points payable in 6 equal and consecutive semi-annual installments as from May 2021, with final maturity in November 2023.

The outstanding balance as of December 31, 2019 amounts to US\$99 million, equivalent to \$5,953 million.

Other Bank Loans

As of December 31, 2019, Telecom holds other bank loans for:

- a) US\$ 3.2 million under a loan agreement executed with Banco ICBC to finance imports, accruing interest at an annual rate of 6.0%, due in January 2022;
- b) US\$ 1.1 million under a loan agreement executed with Banco Itaú to finance imports, accruing interest at an annual rate of 5.0%, due in February 2020;
- c) US\$ 4.4 million under a loan agreement executed with Banco Macro, accruing interest at a fixed nominal rate of 6% payable at maturity in January 2020. On January 7, 2020, Telecom made a full repayment of the loan in the amount of US\$4.6 million (US\$ 4.4 million principal amount and US\$ 0.2 million corresponding to interest).
- d) US\$8.4 million under a loan agreement executed with Banco Galicia to finance 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.
- e) On August 20, 2019, Telecom made a full repayment of the loan for US\$10.0 million that it had executed in August 2018 with Banco Macro to finance imports (it paid US\$10.6 million including US\$0.6 million corresponding to interest).

The outstanding balance as of December 31, 2019 amounts to US\$17.6 million, equivalent to \$1,055 million.

Loans borrowed by Núcleo

As of December 31, 2019, Núcleo holds loans with different financial entities for PYG 289,676 million, equivalent to \$2,701 million, which accrue interest at an average rate of 8.2% and have an average amortization term of 4 years.

The terms and conditions of the loans provide for certain events of default which are considered standard for this kind of financial transactions.

CABLEVISIÓN HOLDING S.A.

Global Notes Programs

Cablevisión

On April 20, 2016, at the Annual General Ordinary and Extraordinary Shareholders' Meeting of Cablevisión, the shareholders of Cablevisión approved, among other matters: i) the extension of the authorization of the Global Program [for the Issuance of] Notes, which had been granted at the Annual General Ordinary and Extraordinary Shareholders' Meeting of Cablevisión on April 28, 2014, increasing the maximum amount of the outstanding notes that may be issued under this Program from a nominal value outstanding at any time of US\$ 500,000,000 (or its equivalent in other currencies) to US\$ 1,000,000,000 (or its equivalent in other currencies). The Shareholders' Meeting renewed the delegation on the Board of Directors of the broadest powers in connection with the Program. The Board of Directors may subdelegate all or some powers interchangeably to one or more directors or managers of Cablevisión; and ii) the extension of the authorization of the Short-Term Debt Securities ("VCPs", for its Spanish acronym) program under the terms that had been originally approved.

On June 1, 2016, pursuant to its delegated powers, the Board of Directors of Cablevisión authorized the issuance of Class A Notes for a nominal value of US\$ 500,000,000 (the "Class A Notes"), at a fixed annual nominal interest rate of 6.50%, payable semi-annually, with final maturity in June 2021. Proceeds will be used for:

- (i) The settlement of the outstanding debt as of that date;
- (ii) The investment in fixed assets and other capital expenditures with the balance of the net proceeds (approximately US\$ 89,100,000).

On October 30, 2017, within the framework of the merger between Cablevisión and Telecom Argentina (Note 4), Cablevisión called for an Extraordinary Noteholders' Meeting in order to request its holders of Class A Notes the amendment and/or removal of certain clauses (or parts thereof) of the Indenture executed on June 15, 2016 between Cablevisión, Deutsche Bank Trust Company Americas, Deutsche Bank S.A. and Deutsche Bank Luxembourg S.A.

On December 11, 2017, the holders of Class "A" Notes held an Extraordinary Noteholders' Meeting with a quorum of 81.8621626 % of the total capital and votes under the Notes. At that Shareholders' Meeting, the shareholders unanimously decided to approve the amendment and/or removal of certain clauses (or parts thereof) of the Indenture executed on June 15, 2016 between Cablevisión, Deutsche Bank Trust Company Americas, Deutsche Bank S.A. and Deutsche Bank Luxembourg S.A.

As a result of the amendment of the Indenture mentioned in the previous paragraph, the covenants undertaken by the issuer under its Notes include: (i) limitation on the issuance of guarantees by Cablevisión and its subsidiaries; (ii) merger by acquisition and consolidation, (iii) limitation on incurring debt above certain ratios, and (iv) limitation on the issuance and sale of significant subsidiaries' shares with certain exceptions, among others. Certain clauses that restricted sales of assets under certain conditions, certain payments and related party transactions under certain circumstances and the distribution of dividends were eliminated.

The Notes issued by Cablevisión were assumed by Telecom on January 1, 2018 as a result of the Merger (Note 4).

To such effect, Telecom Argentina as successor of Cablevisión, Deutsche Bank Trust Company Americas, as Residuary Beneficiary of the trust and Banco Comafi S.A., as the representative of the Residuary Beneficiary in Argentina, have entered into a supplement to the Indenture formalizing the absorption of the notes of Cablevisión by Telecom Argentina.

On July 10, 2019, Telecom made a repurchase offer of the Notes issued by Cablevisión for up to US\$200 million subject to certain terms and conditions. The total consideration offered for each US\$1,000 of nominal value under the offer was of US\$997.50 plus accrued interest. The call option ended on August 9, 2019. As a result of the offer, Telecom repaid an aggregate amount of US\$34.2 million of Notes (US\$30,4 million on July 25, 2019 and US\$3,8 million on August 14, 2019.)

Until December 31, 2019, Telecom had repurchased approximately US\$0.5 million (nominal value) of the Notes issued by Cablevisión. These transactions were executed at the quoted market price prevailing on each repurchase date, which did not significantly differ from the book value as of that date.

CABLEVISIÓN HOLDING S.A.

The outstanding balance under these notes as of December 31, 2019 amounts to US\$465.8 million equivalent to \$27,896 million.

Telecom Argentina

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 (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\$34.2 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 for US\$ 100 million, which was settled on July 25, 2019.

The outstanding balance under these notes as of December 31, 2019 amounts to US\$405.5 million equivalent to \$24,283 million.

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.

CABLEVISIÓN HOLDING S.A.

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.

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 December 31, 2019 amounts to Gs.149,890 million, equivalent to \$1,397 million.

Loans for Acquisition of Equipment

Finnvera

On May 7, 2019, Telecom submitted a proposal for an export credit facility for an amount up to US\$ 96 million to the following entities: (i) Banco Santander, S.A. and JPMorgan Chase Bank, N.A., London Branch, as initial lenders, mandated lead arrangers and residual risk guarantors, (ii) JPMorgan Chase Bank, N.A., London Branch, as facility agent and as the ECA bank (iii) Banco Santander, S.A. as documentation bank and (iv) Banco Santander Río S.A. as onshore custody agent, which was accepted on the same date.

The Facility is guaranteed by Finnvera plc, the official export credit agency of Finland, which granted a guarantee in favor of the lenders subject to certain terms and conditions.

The 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 at a rate equivalent to LIBOR plus 1.04 percentage points payable in 13 consecutive semi-annual installments as from November 2019, with final maturity in November 2025.

On October 25, 2019, Telecom received the second disbursement of an aggregate US\$ 11.1 million (US\$ 6.4 million was credited because the total premium of the amount committed by the lenders for Tranche "B" in the amount of US\$ 4.7 million was deducted from the initial disbursement). This credit facility accrues interest at a rate equivalent to LIBOR plus 1.04 percentage points payable in 14 consecutive semi-annual installments as from May 2020, with final maturity in November 2026.

On December 20, 2019, Telecom received a third disbursement for an aggregate of US\$15.3 million. This credit facility accrues interest at a rate equivalent to LIBOR plus 1.04 percentage points payable in 13 consecutive semi-annual installments as from November 2020, with final maturity in November 2026.

The outstanding balance as of December 31, 2019 amounts to US\$52.2 million, equivalent to \$ 3,128 million.

CABLEVISIÓN HOLDING S.A.

On March 5, 2020, Telecom received a fourth disbursement for an aggregate of US\$10.5 million. This credit facility accrues interest at a rate equivalent to LIBOR plus 1.04 percentage points payable in 13 consecutive semi-annual installments as from November 2020, with final maturity in November 2026.

Cisco Systems Capital Corporation

Telecom holds loan agreements for acquisition of Cisco Systems Capital Corporation equipment for a total amount of US\$ 74.4 million. 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 as of December 31, 2019 amounts to \$4,455 million.

During the three-month period ended March 31, 2020, Telecom received additional financing of US\$ 25.3 million from Cisco Systems Capital Corporation under these agreements. These contracts have an average maturity of fifty months with partial amortizations and accrue an average annual interest of 4%.

14.2 – Cablevisión Holding S.A.

On September 24, 2017, the Company submitted to CITIBANK, N.A., GOLDMAN SACHS BANK USA, INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED, DUBAI (DIFC) BRANCH, ITAÚ UNIBANCO S.A., NASSAU BRANCH (the “Lenders”), CITIBANK, N.A. and the branch of Citibank N.A. established in Argentina (the “Arrangers, Collateral Agents”) and CITIBANK, N.A. (the “Administrative Agent”) a Loan Offer for an aggregate principal amount of Seven Hundred Fifty Million United States Dollars (US\$ 750,000,000). On September 25, 2017, the Company received communications from each of the Lenders, the Arrangers, the Collateral Agents and the Administrative Agent stating that they had accepted the Loan Offer, which was disbursed on September 28, 2017.

The loan accrued interest on the outstanding balances and until its effective cancellation, at a rate equivalent to LIBOR plus an applicable margin; of: (a) 3.5% per annum during the first six months as from the date of the first disbursement; or (b) 4% per annum during the period that began on the day immediately following the sixth month after the date of the first disbursement and ended 12 months after such date; or (c) 4.5% per annum during the period that began on the day immediately following the first anniversary of the first disbursement date and ended on the Maturity Date.

Interest under the loan were paid in arrears on the last business day of each interest period: The maturity date was the earlier of 18 months counted as from the date of disbursement or the date on which the loan became due and payable pursuant to acceleration events provided under the loan offer, whichever occurred first. That loan provided for covenants and negative covenants and representations and guarantees, which are usual for this type of financing.

Of the loan amount, US\$ 18.1 million were allocated to a reserve account, under the terms of the agreement. The Company had to maintain in that account, as of any given calculation date, an amount of cash that may not be lower than the aggregate amount of interest payable under the loan during the following six-month period.

The funds from the loan were used, among other things, for the payment of the Exercise Price under the above-mentioned Option mentioned in Note 4) to these Consolidated Financial Statements.

In addition, for as long as the Loan was outstanding, the Company undertook to create and maintain guarantees for an amount equal to 2.5 times the amount of the Loan. On September 27, 2017, the Company created a first priority pledge on 30,123 Class “A” book-entry common shares of nominal value \$ 10,000 each and entitled to one vote per share, held by the Company in Cablevisión S.A., in favor of the Collateral Agent, acting for the benefit of the Lenders, Citibank, N.A. as Offshore Collateral Agent and the branch of Citibank N.A. established in Argentina as Onshore Collateral Agent, under the loan agreement. Subsequently, as a result of the merger between Telecom and Cablevisión, the Company approved the creation of a pledge on 297,346,243 shares of Telecom Argentina which, according to the exchange Ratio, were equivalent to 30,123 Class A book-entry common shares of Cablevisión.

Among the main financial obligations undertaken under the loan was the obligation to apply (i) the net proceeds from any sale of material assets, (ii) the dividends received from its subsidiaries -after deducting any amount necessary to pay taxes and up to US\$ 10 million for current expenses-, (iii) the net proceeds from any public offering and (iv) the net proceeds from any debt issue; to the prepayment of the obligations

CABLEVISIÓN HOLDING S.A.

under the Loan. The Company undertook to maintain certain consolidated debt ratios of its own and of Cablevisión and to guarantee a minimum amount to pay dividends from its subsidiary Cablevisión.

On January 11, February 21, and March 27, 2018, the Company made partial prepayments of principal and interest in the amount of US\$ 148.3 million, US\$ 251.8 million and US\$ 132.6 million, respectively, pursuant to the terms and conditions of the loan, which set out that the collections of dividends by the Company had to be applied to the prepayment of the Loan.

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 were the following:

- Maturity Date: the date that was 18 months from the Amendment Effective Date (March 25, 2019).
- Applicable Margin: the Loan accrued 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 was six months thereafter, (ii) 6.50% per annum for the period from, but excluding, the date that was six months following the Amendment Effective Date and the date that was 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 could not create, incur, assume or guaranty, or otherwise become or remained 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 (i) was subordinated in right of payment to the payment in full of the Obligations, (ii) was unsecured or, if secured, the collateral for such Tender Offer/Additional Acquisition Debt would consist solely of new equity interests in Cablevisión acquired with the proceeds of such Tender Offer/Additional Acquisition Debt; (iii) had a maturity date falling at least six (6) months after the Maturity Date, (iv) would not provide for payments of interest or scheduled amortization payments of principal in cash while any of the Obligations were outstanding.
- Collateralization: For as long as the Loan was outstanding, the Company undertook to create and maintain collateral. For such purpose, the Borrower pledged a number of common shares of Telecom Argentina it holds directly or indirectly that resulted from the application of the Collateralization Ratio ("Collateralization Ratio") of 2.5:1.00. This Ratio increased to 2.75:1.00 as long as Cablevisión Holding maintained any Permitted Debt described under paragraph (b), above.

On May 13, August 22 and October 23, 2019, the Company made partial prepayments of principal in the amount of US\$ 29.2 million, US\$46.2 million and US\$ 116.4 million, plus interest, respectively, pursuant to the terms and conditions of the loan, which set out that the collections of dividends by the Company had to apply 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.

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

NOTE 15 - SALARIES AND SOCIAL SECURITY PAYABLES

	<u>December 31,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
<u>Current</u>		
Salaries, annual supplementary salary, vacations and bonuses	7,370	6,735
Social Security Payables	1,860	1,971
Termination Benefits	720	455
	<u>9,950</u>	<u>9,161</u>
<u>Non-Current</u>		
Termination Benefits	861	534
	<u>861</u>	<u>534</u>
Total Salaries and Social Security Payables	<u><u>10,811</u></u>	<u><u>9,695</u></u>

The compensation paid to the Key Senior Management for the fiscal years ended December 31, 2019 and 2018 is detailed in Note 29 iv).

CABLEVISIÓN HOLDING S.A.

NOTE 16 - DEFERRED INCOME TAX ASSETS / LIABILITIES

The breakdown of net deferred income tax assets and liabilities and tax receivables related to tax reimbursement claims is detailed below:

	<u>December 31,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
Tax Loss Carryforwards	(8,590)	(4,409)
Allowance for Bad Debts	(1,513)	(1,423)
Provisions for Lawsuits and Other Contingencies	(1,529)	(1,634)
PP&E and Intangible Assets	51,922	45,825
Dividends from Foreign Companies	515	642
Effect of Income Tax Inflation Adjustment	12,346	-
Other Deferred Tax Liabilities (Assets), Net	(62)	(168)
Total Deferred Tax Liabilities, Net	53,089	38,833
Tax Receivables Related to Reimbursement Claims	(870)	(1,258)
Net Deferred Tax Liability	52,219	37,575
Deferred Tax Assets, Net	(333)	(180)
Deferred Tax Liabilities, Net	52,552	37,755

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 \$ 4,848 million, which may be offset against future taxable profits. The following is a detail of the expiration of those unrecognized tax loss carryforwards:

Expiration year	Amount of Tax Loss Carryforward
2023	2,634
2024	2,214

The following is a detail of the expiration dates corresponding to the estimated tax loss carryforwards:

Company	Year in which the tax loss was generated	Amount of the tax loss as of 12/31/2019	Expiration year
Inter Radios	2015	6	2020
Inter Radios	2017	2	2022
Inter Radios	2018	2	2023
Telecom Argentina	2018	15,765	2023
Telecom Argentina	2019	12,525	2024
Adesol	2019	400	2024
		28,700	

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

	<u>December 31, 2019</u> <u>Income (loss)</u>	<u>December 31, 2018</u> <u>Income (loss)</u>
Tax	(161)	-
Deferred Tax	(14,028)	4,357
Valuation Allowance	(27)	(17)
Income Tax	(14,216)	4,340

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>December 31,</u> <u>2019</u> <u>Income (loss)</u>	<u>December 31,</u> <u>2018</u> <u>Income (loss)</u>
Income (Loss) before Income Tax Expense	9,031	(1,457)
Permanent Differences - Equity in Earnings from Associates	187	(363)
Permanent Differences - difference in the valuation of the cost of investments in foreign subsidiaries	(10,543)	-
Permanent Differences - other	2,492	574
Restatement of Equity and Goodwill and Other in Constant Currency	66,028	-
Subtotal	67,195	(1,246)
Average effective tax rate (*)	26.14%	30.02%
Income Tax at the Average Effective Tax Rate	(17,565)	374
Restatement at Constant Currency of Deferred Income Tax Liabilities and Other	18,550	4,013
Effect of Income Tax Inflation Adjustment	(15,194)	-
Tax Reimbursement Claim	52	68
Income Tax on Dividends from Foreign Companies	(32)	(98)
Income Tax	(14,189)	4,357

CABLEVISIÓN HOLDING S.A.

Income Tax - Reimbursement Claims filed with the Tax Authority

Article 10 of Law No. 23,928 and Article 39 of Law No. 24,073 suspended the application of the provisions of Title VI of the Income Tax Law relating to the income tax inflation adjustment since April 1, 1992.

Accordingly, Telecom Argentina assessed its income tax liabilities pursuant to such laws, without considering the income tax inflation adjustment.

After the economic crisis of 2002, many taxpayers began to challenge the legality of the provisions suspending the income tax inflation adjustment. The Argentine Supreme Court issued its decision on the "Candy" case (07/03/2009) in which it stated that particularly for fiscal year 2002 and considering the serious state of disturbance of that year, the taxpayer could demonstrate that not applying the income tax inflation adjustment resulted in confiscatory income tax rates.

More recently, the Argentine Supreme Court applied a similar criterion to the 2010, 2011, 2012 and 2014 fiscal years in the cases brought by "Distribuidora Gas del Centro" (10/14/2014, 6/2/2015, 10/4/2016 and 6/25/2019), among others, enabling the application of income tax inflation adjustment for periods not affected by a severe economic crisis such as the one that took place in 2002.

According to the above-mentioned new judicial precedents of which Telecom learned during 2015, Telecom filed during 2015, 2016, 2017 and 2018, reimbursement claims with the AFIP to claim the full tax overpaid for fiscal years 2009, 2010, 2011, 2012, 2013 and 2014 for a total estimated amount of \$1,017 million plus interest, under the argument that the inability to apply income tax inflation adjustment is confiscatory.

On September 24, 2019, Telecom was served notice of the decisions rendered by AFIP on September 12, 2019 and August 30, 2019, whereby it rejected the reimbursement claims corresponding to fiscal years 2009 and 2010, respectively. In this sense, on November 11, 2019, Telecom was served notice of the decisions rendered by AFIP on October 29, 2019, whereby it rejected the reimbursement claims corresponding to fiscal years 2011 and 2012. For the reasons mentioned above, on October 15, 2019 and on December 3, 2019, Telecom filed four tax reimbursements claims before the National Court of First Instance because Telecom's Management, with the assistance of its tax advisors, considers that the arguments presented in such reimbursement claims follow the same criteria as those considered by the Argentine Supreme Court in the precedents cited above, among others. Therefore, Telecom should obtain a favorable resolution to such claims.

Consequently, the income tax assessed in excess qualifies as a tax credit under IAS 12 and Telecom recorded a non-current tax credit of \$870 million as of December 31, 2019. For the measurement and adjustment of the tax credit, Telecom has estimated the amount of the tax assessed in excess for fiscal years 2009 to 2017 by weighing the likelihood of the occurrence of certain variables according to the judicial precedents known as of the date of these financial statements. Telecom's Management will evaluate the Tax Authority's responses to the reimbursement claims filed by Telecom, as well as the evolution of case law on the matter at least on an annual basis, in order to re-assess the tax credit recorded.

NOTE 17 - TAXES PAYABLE

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Current		
Income Tax (*)	35	25
Other National Taxes	2,564	1,081
Provincial Taxes	301	2,233
Municipal Taxes	413	276
	<u>3,313</u>	<u>3,615</u>
Non-Current		
Other National Taxes (*)	-	40
Provincial Taxes	14	-
	<u>14</u>	<u>40</u>
Total Taxes Payable	<u><u>3,327</u></u>	<u><u>3,655</u></u>

The information about the breakdown of income tax expense included in the consolidated statement of comprehensive income is disclosed in Note 16.

CABLEVISIÓN HOLDING S.A.

NOTE 18 - LEASE LIABILITIES

	<u>December 31,</u>	
	<u>2019</u>	<u>2018</u>
<u>Current</u>		
Business in Argentina	2,346	-
Foreign Business	293	-
	<u>2,639</u>	<u>-</u>
<u>Non-Current</u>		
Business in Argentina	3,017	-
Foreign Business	655	-
	<u>3,672</u>	<u>-</u>
Total Lease Liabilities	<u>6,311</u>	<u>-</u>

NOTE 19 – OTHER LIABILITIES

	<u>December 31,</u>	<u>December 31,</u>
	<u>2019</u>	<u>2018</u>
<u>Current</u>		
Deferred revenues on prepaid calling cards	711	1,092
Deferred revenues on connection fees and intern. capacity rental	132	117
Deferred Revenues from Construction Projects	37	495
Customer Loyalty Program	287	266
Directors' and Supervisory Committee Members' Fees	77	73
Companies under Article 33 of General Associations Law No. 19,550, and related parties (Note 29)	3	-
Other	494	417
	<u>1,741</u>	<u>2,460</u>
<u>Non-Current</u>		
Deferred revenues on connection fees and intern. capacity rental	547	391
Pension Benefits (Note 3.m)	327	376
Customer Loyalty Program	471	431
Other (*)	179	586
	<u>1,524</u>	<u>1,784</u>
Total Other Liabilities	<u>3,265</u>	<u>4,244</u>

The changes in the pension benefits are as follows:

	<u>December 31,</u>	
	<u>2019</u>	<u>2018</u>
Balances at the beginning of the year	376	-
Addition under the Merger	-	485
Service cost (*)	28	36
Interest cost (**)	134	111
Actuarial Results (***)	(47)	(58)
Allocations (****)	(164)	(198)
Balances at year-end	<u>327</u>	<u>376</u>

(*) Included in Employee Benefit Expenses and Severance Payments.

(**) Included in Other Financial Results, net

(***) Included in Other Comprehensive Income.

(****) Includes (2) and (12) paid in the fiscal years ended December 31, 2019 and 2018, respectively.

NOTE 20 – PROVISIONS

The Group is a party to several civil, tax, commercial, labor and regulatory proceedings and claims that have arisen in the ordinary course of business. In order to determine the proper level of provisions for these contingencies, the Group's Management, based on the opinion of its legal counsel, assesses the likelihood of any adverse judgments or outcomes related to these matters as well as the range of probable losses that may result from the potential outcomes. A determination of the amount of provisions required, if any, is made after careful analysis of each individual case.

The determination of the required provisions may change in the future due to, among other reasons, new developments or unknown facts at the time of the evaluation of the claims or changes as a matter of law or legal interpretation.

CABLEVISIÓN HOLDING S.A.

Provisions consist of the following:

	Balances as of December 31, 2018	Increases		Reclassifications	Recognition of Debt	Decreases	Balances as of December 31, 2019
		On Capital Stock (i)	Interest (ii)				
Current							
Lawsuits and Contingencies	1,144	236	-	3,337	(43)	(3,483)	1,191
Total Current Provisions	1,144	236	-	3,337	(43)	(3,483)	1,191
Non-Current							
Lawsuits and Contingencies	4,572	1,174	1,585	(3,337)	-	-	3,994
Asset Retirement Obligations	763	55	190	-	-	(373)	635
Total Non-Current Provisions	5,335	1,229	1,775	(3,337)	-	(373)	4,629
Total Provisions	6,479	1,465	1,775	-	(43)	(iii) (3,856)	5,820

(i) 1,286 charged to other operating costs, 57 to right-of-use assets, 129 reclassified to Accounts Payable and (7) to translation adjustment.

(ii) Charged to Other Financial Results, net, interest on provisions.

(iii) Includes Gain (Loss) on Net Monetary Position.

	Balances as of December 31, 2017	Addition under the Merger (Note 4)	Increases		Reclassifications	Decreases	Balances as of December 31, 2018
			On Capital Stock	Interest (v)			
Current							
Lawsuits and Contingencies	-	922	618	-	2,684	(3,080)	1,144
Total Current Provisions	-	922	618	-	2,684	(3,080)	1,144
Non-Current							
Lawsuits and Contingencies	1,943	2,852	1,329	1,126	(2,678)	-	4,572
Asset Retirement Obligations	535	842	74	(197)	(6)	(485)	763
Total Non-Current Provisions	2,478	3,694	1,403	929	(2,684)	(485)	5,335
Total Provisions	2,478	4,616	(iv) 2,021	929	-	(vi) (3,565)	6,479

(iv) 1,929 charged to other operating costs, 74 to right-of-use assets and 18 to translation adjustment.

(v) Charged to Other Financial Results, net, interest on provisions.

(vi) Includes Gain (Loss) on Net Monetary Position.

1. Probable Contingent Liabilities

Below is a summary of the most significant claims and legal actions for which provisions have been established:

a) Profit sharing bonds

Various legal actions are brought, mainly by former employees of Telecom Argentina against the Argentine government and Telecom Argentina, requesting that Decree No. 395/92 – which expressly exempted Telefónica and Telecom Argentina from issuing the profit-sharing bonds provided in Law No. 23,696 – be struck down as unconstitutional. The plaintiffs also claim the compensation for damages they suffered because such bonds have not been issued.

In August 2008, the Argentine Supreme Court found Decree No. 395/92 unconstitutional when resolving a similar case against Telefónica.

Following the Argentine Supreme Court's decision on this matter, several Courts of Appeals have ruled that Decree No. 395/92 is unconstitutional. As a result, in the opinion of Telecom Argentina's counsel, there is an increased probability that Telecom Argentina will have to face certain contingencies, notwithstanding the reimbursement right to which Telecom Argentina would be entitled against the National Government.

The Supreme Court's decision not only found the above-mentioned Decree unconstitutional, but also ordered that the proceedings be remanded to the court of origin so that such court shall decide which defendant must pay—the licensee and/or the Argentine government—and set the parameters that are to be taken into account in order to quantify the remedies requested (percent of profit sharing, statute of limitations criteria, distribution method between the program beneficiaries, etc). There are no uniform criteria among the Courts in relation to each of these concepts.

CABLEVISIÓN HOLDING S.A.

On June 9, 2015, in re “Ramollino Silvana c/Telecom Argentina S.A.”, the Argentine Supreme Court ruled that the profit sharing bonds do not apply to employees who joined Telecom Argentina after November 8, 1990 and who were not members of the PPP.

This judicial precedent is consistent with the criterion followed by Telecom Argentina for estimating provisions for these claims, based on the advice of its legal counsel, which considered remote the chances of paying compensation to employees who were not included in the PPP.

Statute of limitations criteria applied to claims: Argentine Supreme Court ruling “Dominguez v. Telefónica de Argentina S.A.”

In December 2013, the Argentine Supreme Court decided a case similar to the above-referred legal actions, “Dominguez v. Telefónica de Argentina S.A”, overturning a lower court ruling that had barred the claim as having exceeded the applicable statute of limitations because ten years had passed since the issuance of Decree No. 395/92.

The Argentine Supreme Court's decision states that the Court of Appeals on Federal Civil and Commercial Matters must hear the case again to consider statute of limitations arguments raised by the appellants that, in the opinion of the Argentine Supreme Court, were not considered by the lower court and are relevant to the resolution of the case.

After the Argentine Supreme Court's ruling and until the date of issuance of these consolidated financial statements, two chambers of the Court of Appeals on Federal Civil and Commercial Matters have issued opinions interpreting the doctrine developed by the Argentine Supreme Court in its ruling, acknowledging that the statute of limitations must be applied periodically –as from the date of each balance sheet- but limited to five years; only Chamber III continues to hold, by a majority of votes, that the statute of limitations must not be applied periodically, and instead expired ten years after the issuance of Decree No. 395/92.

Criteria for determining the relevant profit to calculate compensation: ruling of the Court of Appeals on Federal Civil and Commercial Matters in Plenary Session “Parota c/ Estado Nacional y Telefónica de Argentina S.A.”

On February 27, 2014, the Court of Appeals on Federal Civil and Commercial Matters issued its decision in plenary session in the case “Parota, César c/ Estado Nacional”, as a result of a claim filed against Telefónica, ruling: *“that the amount of profit sharing bonds corresponding to former employees of Telefónica de Argentina should be calculated based on the taxable income of Telefónica de Argentina S.A. on which the income tax liability is to be assessed”*.

The Court explained that in order to make such determination: *“it is necessary to clarify that “taxable income” (pre-tax income) means the amount of income subject to the income tax that the company must pay, which generally means gross income, including all revenue obtained during the fiscal year (including contingent or extraordinary revenue), minus all ordinary and extraordinary expenses accrued during such fiscal year.”*

As of December 31, 2019, Telecom's Management, with the assistance of its legal counselors, has set up allowances deemed sufficient to cover the risks derived from these lawsuits, considering the allegations and the court precedents available as of the date of these consolidated financial statements.

Federación Argentina de las Telecomunicaciones and Other v. Telecom Argentina S.A. on profit sharing

In June 2013, Telecom was served with the claim entitled “Federación Argentina de las Telecomunicaciones and Other v. Telecom Argentina S.A. on profit sharing.” The lawsuit was filed by four unions claiming the issuance of profit sharing bonds (hereinafter “the bonds”) for future periods and for periods for which the statute of limitations is not expired. To enforce this claim, the plaintiffs have requested that the court declare that Decree No. 395/92 is unconstitutional.

This collective lawsuit is for an unspecified amount. The plaintiffs presented the criteria that should be applied for the determination of the percentage of participation in the Company's profit. The lawsuit

CABLEVISIÓN HOLDING S.A.

requiring the issuance of a profit sharing bond represents an obligation with potential future economic impact for Telecom Argentina.

Telecom filed its response to the claim, arguing that labor courts lack jurisdiction over the matter. In October 2013, the judge rejected the lack of jurisdiction plea, established a ten-year period as statute of limitation and deferred ruling on the defenses of *res judicata*, *lis pendens* and on the third-party citation required after a hearing is held by the court. Telecom appealed the judge's ruling.

In December 2013, the hearing took place and the intervening court deferred its decision on the defense filed by Telecom on the basis of the application of statutes of limitations to the moment of the final ruling, among other matters. It also ordered the plaintiff to provide evidence on the mandates granted by each individual to bring the claim against Telecom and suspended the proceeding until such evidence is filed with the court. The plaintiff appealed the decision and the judge deferred this issue to the time of sentencing.

In December 2017, the Court of First Instance dismissed the claim on the grounds that the claimant lacks standing because the claim is individual and not collective. The claimant filed an appeal, which is pending before Chamber 7 of the Court of Appeals. In June 2019, the Court of Appeals revoked the decision rendered by the Court of First Instance, returned the file, and ordered discovery proceedings.

Telecom, based on the advice of its legal counsel, believes that there are strong arguments to defend its position in this claim, based, among other things, on the application of the statutes of limitations to the claim relating to the unconstitutionality of Decree No. 395/92, the lack of active legal standing for a collective claim relating to the issuance of bonds—due to the existence of individual claims—in addition to arguments based on plaintiff's lack of active legal standing.

b) Claims filed by former sales representatives of Personal and Nextel

Former sales representatives of Personal and Nextel brought legal actions for alleged improper termination of their contracts and have submitted claims for payment of different items such as: commission differences, value of the customers' portfolio and lost profit, among other matters. Telecom's Management believes, based on the advice of its legal counsel, that certain items included in these claims should be dismissed, while other items could be admitted by the court, albeit for amounts that are lower than those claimed. As of the date of issuance of these consolidated financial statements, some legal actions are in the discovery phase and with expert opinions in progress.

Telecom's Management, based on the advice of its legal counsel, has recorded provisions that it estimates are sufficient to cover the risks associated with these claims, which the Company estimates will not have a material adverse impact on its results and financial position.

c) Sanctions Imposed by the Regulator

Telecom is subject to various sanction procedures, in most cases promoted by the Regulatory Authority, for delays in repairs and service installations to fixed-line customers. Although generally a sanction considered on an individual basis does not have a material effect on Telecom's equity, there is a significant disproportion between the amounts of the sanctions imposed by the Regulatory Authority and the revenue that the affected customer has generated to Telecom Argentina.

Telecom's Management, based on the advice of its legal counsel, has recorded provisions that it estimates are sufficient to cover the risks associated with these claims, which Telecom estimates will not have a material adverse impact on its results and financial position.

d) Task Solutions v. Telecom Personal S.A. on Ordinary proceeding and Task Solutions v. Telecom Argentina S.A. on Ordinary proceeding

Task Solutions S.A., a company devoted to providing contact centers, brought claims against Telecom Argentina and Telecom Personal, claiming \$408,721,835 for damages that it alleges to have suffered during the contractual relationship with those companies, as well as for the failure to renew those contracts at the end of their term. Task Solution S.A. argues that the only contractual relationship it had was the one with the defendants and the failure to renew such contract caused its insolvency. In August

CABLEVISIÓN HOLDING S.A.

2018, Telecom answered the claims rejecting the compensation claimed and requesting that the punitive damages claimed be declared unconstitutional.

Telecom counterclaimed for labor items already paid to third parties. In addition, it filed a claim for any amounts that it may eventually have to pay in this regard in the future. That estimate could vary according to the evidence submitted in connection therewith.

In December 2018, Task Solutions was declared bankrupt.

As of December 31, 2019, Telecom, with the advice of its legal counsel, recorded provisions that it estimates are sufficient to cover the risks associated with these claims.

2. Possible Contingencies

In addition to the possible contingencies related to regulatory matters described in Note 2 d), the following is a summary of the most significant claims and legal actions for which no provisions have been established, although the final outcome of these lawsuits cannot be assured.

a) Radioelectric Spectrum Fees

In October 2016, Personal modified the criteria used for the statement of some of its commercial plans ("Abono fijo") for purposes of paying the radioelectric spectrum fees (*derecho de uso de espectro radioeléctrico* or "DER"), considering certain changes in such plans' composition. This meant a reduction in the amount of fees paid by Personal.

In March 2017, the ENACOM demanded Personal to rectify its statements corresponding to October 2016, requiring that such plans' statements continue to be prepared based on the previous criteria. The ENACOM issued a similar order in September 2018 for the subsequent periods. Telecom's Management believes that it has solid legal arguments to defend its position. Such arguments were actually confirmed in the recitals of Resolution ENACOM No. 840/18. Therefore, Telecom filed the corresponding administrative responses. In August 2017, Personal received the notice of charge for the differences in the amounts owed in connection with the payment made in October 2016. Notwithstanding the grounds disclosed in its response, in April 2019, ENACOM imposed a sanction on Telecom due to the non-compliance alleged for that period. Telecom filed the corresponding administrative response. However, the company cannot assure that its arguments will be accepted by the ENACOM.

The difference resulting from both criteria since October 2016 is of approximately \$ 717 million plus interest as of December 31, 2019.

On February 27, 2018, ENACOM Resolutions Nos. 840/18 and 1,196/18 were published in the Official Gazette. Through these Resolutions, the ENACOM updated the value of the Radioelectric Spectrum Fee per Unit and, in addition, established a new regime for mobile communication services, which substantially increased the amounts to be paid for such service.

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

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

b) "Consumidores Financieros Asociación Civil para su Defensa" claim

In November 2011, Personal was notified of a lawsuit filed by the "Consumidores Financieros Asociación Civil para su Defensa" claiming that Personal made allegedly abusive charges to its customers by implementing per-minute billing and setting an expiration date for prepaid telecommunication cards.

CABLEVISIÓN HOLDING S.A.

The plaintiff requested that Personal: i) cease such practices and bill its customers only for the exact time of telecommunication services used; ii) reimburse the amounts collected in excess in the ten years preceding the date of the lawsuit; iii) credit its customers for unused minutes on expired prepaid cards in the ten years preceding the date of the lawsuit; iv) pay an interest equal to the lending rate charged by the Banco de la Nación Argentina; and v) pay punitive damages provided by article 52 bis of Law No. 24,240.

Personal rejected the claim, with particular emphasis on the regulatory framework that explicitly endorses its practices, now challenged by the plaintiff in disregard of such regulations.

The proceeding is now in the discovery stage. However, the judge has ordered the accumulation of this claim with two other similar claims against Telefónica Móviles Argentina S.A. and América Móvil S.A. ("Claro"). So, the three legal actions will continue within the Federal Civil and Commercial Court No. 9.

The Secretariat of Commerce canceled the registration of "Consumidores Financieros Asociación Civil para su Defensa in the National Registry of Consumer Associations. Now the intervening court has to issue a resolution on this matter.

The plaintiffs are seeking damages for an unspecified amount. Although Telecom believes there are strong defenses that should result in a dismissal of the claim, in the absence of judicial precedents on the matter, Telecom's Management (with the advice of its legal counsel) has classified the claim as possible until a judgment is rendered.

c) "Proconsumer" - Lawsuit on changes in services prices

In June 2012, the Consumer Association "Proconsumer" filed a lawsuit against Personal claiming that the company did not provide the clients with enough information regarding the new prices for the services provided by Personal between May 2008 and May 2011. It demands the reimbursement of the increase in the price billed to certain customers (with the "Abono fijo" plan) for a period of two months since the information inconsistencies alleged by the plaintiff.

Telecom filed a response and challenged the jurisdiction of the court, which was dismissed by the Argentine Supreme Court. The Supreme Court ordered that the file be submitted to the commercial court. The legal action is in the discovery phase.

Telecom's Management considers that Personal had adequately informed its clients of the changes to the terms and conditions of the service, and that there are sound grounds for the favorable resolution of this claim. However, if it were to be resolved unfavorably, it would not have a significant impact on Telecom's results and financial position.

d) Proceedings related to value added services - Mobile contents

In October 2015, Personal was notified of a claim brought by the consumer association "*Cruzada Cívica para la defensa de los consumidores y usuarios de Servicios públicos*". The plaintiff invokes the collective representation of an undetermined number of Personal customers.

The plaintiff's claim relates to the manner in which content and trivia games are contracted, in particular the allegedly improper billing of messages sent to solicit such services and of their subscription. Additionally, it proposes the application of punitive damages to Personal.

This claim is substantially similar to other claims made by the consumer association Proconsumer where collective representation of customers is also invoked. As of the date of these consolidated financial statements, this claim for an unspecified amount is in its preliminary stages because notice of the claim has not been served on all interested parties.

Personal has responded the claims and filed legal and factual defenses, requesting that the court summon third parties involved in the provision of VAS. Based on the advice of its legal counsel, Telecom believes to have strong arguments for its defense. However, given the absence of any case law, the final outcome of these claims cannot be assured.

CABLEVISIÓN HOLDING S.A.

e) Claims by certain Telecom Content Providers

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

By virtue of that communication, some companies brought claims and obtained injunctions against Personal with the purpose of preventing the decision not to renew such contracts from becoming effective, thus, forcing Personal to refrain from disconnecting or interrupting the contractual relationship. Currently, only one of those injunctions is in effect.

In February 2017, the ENACOM notified Personal of Resolution 2017-1122-APN-ENACOM # MCO (Resolution No. 1,122), which provided, with respect to content providers that qualify as Value Added Audiotext and Mass Calling Service Providers, that Mobile Operators may receive, as total consideration, a percentage that shall not exceed 40% of the services invoiced on behalf of such providers. In addition, the Resolution granted 30 business days to file with the ENACOM the interconnection contracts or their addenda, to ensure that contracts that are currently in effect that are related to the services rendered by the members of Argentine Chamber of Mobile Value Added ("CAVAM"), conform to the Resolution.

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

f) "Asociación por la Defensa de Usuarios y Consumidores c/Telecom Personal S.A." claim

In 2008, the "Asociación por la Defensa de Usuarios y Consumidores" sued Personal, seeking damages for an unspecified amount, in connection with the billing of calls to the automatic answering machine and the collection system called "send to end", in collective representation of an undetermined number of Personal customers. The court has to render judgment on this claim.

In 2015, Telecom learned of an adverse court ruling in a similar lawsuit, promoted by the same consumers association against another mobile operator. The court has to render judgment on this claim.

Telecom's Management, with the advice of its legal counsel, believes that it has strong arguments for its defense, but given the new court precedent, the outcome of this claim cannot be ensured.

g) Claims filed by unions in connection with union contributions

The unions FOESITRA, SITRATTEL, SILUJANTEL, SOESIT, FOETRA and SUTTACH and the Union of Telephone Workers and Employees of Tucumán brought 7 legal actions against Telecom claiming unpaid union contributions set forth in their respective collective bargaining agreements, corresponding to employees of third party companies that provide services to Telecom, for a 5-year term for which the statute of limitations has not expired, plus damages caused by the failure to pay said contributions. The items claimed are "Fondo Especial" (special fund) and "Contribución Solidaria" (solidarity contribution).

The above-mentioned unions argue that Telecom is jointly and severally liable for the payment of the above-mentioned contributions, based on Articles 29 and 30 of the Employment Contract Law and on the breach of Telecom's obligation to inform the Union about third-party contracts under their collective bargaining agreements. Telecom answered all the claims.

In the action brought by FOESITRA, the judge of first instance rejected the summons to third parties made by Telecom. An appeal has been filed against that decision.

In the action brought by FOETRA, the Court of Appeals revoked the decision rendered by the court of first instance that had declared the incompetence. The judge of first instance must render a decision on the exceptions filed by Telecom

The other claims have been suspended at the request of the parties.

The unions are seeking damages for an unspecified amount.

CABLEVISIÓN HOLDING S.A.

Even though Telecom's Management believes that there are sound grounds for the favorable resolution of these claims, given the lack of judicial precedents, the final outcome of these claims cannot be assured.

h) **Asociación por la Defensa de Usuarios y Consumidores v. Cablevisión on expedited summary proceeding:**

In November 2018, Telecom was served with a claim brought by Asociación por la Defensa de Usuarios y Consumidores. The Claimant requested that the defendant: 1) cease its practice of preventing customers from terminating Internet and cable television services when customers request such termination; 2) reimburse to each user the amounts collected for the period of 5 years and until the date on which the defendant ceases the above-mentioned practice; and 3) pay punitive damages for each of the affected customers.

In December 2018, Telecom filed a response, alleging the application of statutes of limitation (two-year term) as well as the lack of standing of the Association to file the lawsuit. Telecom also argued that the class to be represented had not been established and that it had not contravened the Consumer Defense Law. It also gave a detailed description of the termination procedure used by Cablevisión, highlighting its compliance with Articles 10 ter and 10 quater of said law. It also challenged the application of the punitive damages claimed by the plaintiff and produced documentary evidence. It requested that the claim be rejected in its entirety, and that the legal costs be borne by the plaintiff.

The plaintiffs are seeking damages for an unspecified amount.

Based on the advice of its legal counsel, Telecom believes to have strong arguments for its defense. However, the final outcome of this claim cannot be assured.

i) **Claim “Unión de Usuarios y Consumidores and Other v. Telecom Argentina S.A.”**

On September 3, 2019, Telecom (as surviving company of Cablevisión) was served 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.

j) **Resolution No. 50/10 et seq. issued by the Secretaría de Comercio Interior de la Nación (Secretariat of Domestic Trade or “SCI”)**

SCI Resolution No. 50/10 approved certain rules for the sale of pay television services. These rules provide that cable television operators must apply a formula to estimate their monthly basic subscription prices. The price arising from the application of the formula was to be informed to the Office of Business Loyalty (*Dirección de Lealtad Comercial*). Cable television operators must adjust such amount semi-annually and inform the result of such adjustment to said Office. Telecom filed an administrative appeal against Resolution No. 50/10 requesting the suspension of its effects and its nullification.

In accordance with the decision rendered on August 1, 2011 in re "LA CAPITAL CABLE S.A. v/ Ministry of Economy-Secretariat of Domestic Trade", the Federal Court of Appeals of the City of Mar del Plata ordered the SCI to suspend the application of Resolution No. 50/10 with respect to all cable television licensees represented by the Argentine Cable Television Association ("ATVC", for its Spanish acronym). Upon being served on the SCI and the Ministry of Economy on September 12, 2011, such

CABLEVISIÓN HOLDING S.A.

decision became fully effective. The National Government filed an appeal against the decision issued by the Federal Court of Appeals of Mar del Plata to have the case brought before the Supreme Court. Such appeal was dismissed. The National Government filed a direct appeal with the Supreme Court, which has also been dismissed.

Notwithstanding the foregoing, between March 2011 and October 2014, several resolutions based on Resolution No. 50/10 were published in the Official Gazette, which regulated the prices to be charged by Cablevisión to its customers for the basic cable television service. The Company filed appeals against these resolutions and their enforcement was suspended pursuant to the above-mentioned injunction. Notwithstanding the foregoing, each Resolution had an effective term of between three and six months. The last one expired in October 2014.

In September 2014, the Supreme Court of Argentina rendered a decision in re "Municipality of Berazategui v. Cablevisión" and ordered that the cases related to these resolutions continue under the jurisdiction of the Federal Court of Appeals of Mar del Plata that had issued the decision on the collective action in favor of ATVC. Currently, all the claims related to this matter are pending before the Federal Courts of Mar del Plata.

In April 2019, La Capital Cable S.A. was served notice of the decision rendered by Federal Court No. 2 of Mar del Plata, whereby said court declared the unconstitutionality of certain articles of the law on which the SCI grounded Resolution No. 50/10 as well as the subsequent resolutions. The declaration of unconstitutionality entails that these resolutions are not applicable to La Capital Cable and the companies represented by ATVC. However, the National Government filed an appeal against said resolution.

On December 26, 2019, the Federal Court of Appeals of Mar del Plata rejected the grievances of the National Government and confirmed the decision rendered by the court of first instance which declared the unconstitutionality of the articles of the law based on which the SCI issued Resolution No. 50/10 and the subsequent resolutions.

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

k) CNV Resolution No. 16,765

In March 2012, CNV issued Resolution No. 16,765 whereby it ordered the initiation of summary proceedings against Cablevisión, its directors and members of the Supervisory Committee for an alleged failure to comply with the duty to inform. The CNV considers that this deprived the investor community of its right to become fully aware of the Decision rendered by the Supreme Court of Argentina in re "Application for judicial review brought by the National Government Ministry of Economy and Production of the case Multicanal S.A. and other v/CONADECO Decree No. 527/05" and other (this case has concluded to date), and also considers that Cablevisión had not disclosed certain issues related to the information required by the CNV in connection with its Class 1 and 2 Noteholders' Extraordinary Meetings held on April 23, 2010.

In April 2012, Cablevisión filed a response petitioning that its defenses be sustained and all charges dismissed. The discovery stage has been closed and the company submitted the legal brief. The file was submitted to the Legal area.

Telecom and its legal advisors believe that the company has strong arguments in its favor. Nevertheless, Cablevisión cannot assure the outcome of the said summary proceedings.

l) CNV Resolution No. 17,769

In August 2015, Cablevisión was served notice of Resolution No. 17,769 dated August 13, 2015 whereby the CNV ordered the initiation of summary proceedings against Cablevisión and its directors, members of the Supervisory Committee and the Head of Market Relations for an alleged delay in the submission of the required documentation regarding the registration with the IGJ of the appointment of the officers approved at the Ordinary General Shareholders' Meeting of Cablevisión held on April 30, 2000 and the update of the registered office in the Financial Information Highway.

CABLEVISIÓN HOLDING S.A.

In January 2016, the preliminary hearing was held pursuant to Article 138 of Law No. 26,831 and Article 8, Subsection b.1. of Section II, Chapter II, Title III of the Regulations (TR 2013).

Telecom, as the surviving company after the merger with Cablevisión, and its legal advisors believe that the company has strong arguments in its favor. Nevertheless, Cablevisión cannot assure the outcome of the said summary proceedings.

m) Additional Rate for the Tax on Commercial, Industrial or Service Revenues or "IRACIS"

In April 2017, a subsidiary of Cablevisión received a notification from the Under-Secretary of State for Taxation of the Treasury of the Republic of Paraguay, whereby that subsidiary was informed that it had failed to determine the additional IRACIS rate on the accumulated results of the companies merged in 2014.

The Telecom's subsidiary considers that it **has solid arguments to support its position**. However, the final outcome of this claim cannot be assured to date.

3. Remote Contingencies

The Group faces other legal, fiscal and regulatory proceedings considered normal in the development of its activities. The Company's Management and its legal advisors estimate that these will not generate an adverse impact on their financial position and the result of its operations, or its liquidity. In accordance with IAS 37 provisions, it has not set up a provision or disclosed additional information in a note in connection with the resolution of these matters.

4. Active Contingencies

"AFA Plus Project" Claim

On July 20, 2012, Telecom entered into an agreement with the Argentine Football Association ("AFA"), for the provision of services for a system called "Argentine Football System Administration" ("AFA Plus Project") related to the secure access to first division football stadiums whereby Telecom Argentina would provide the infrastructure and systems to enable AFA to manage the aforementioned project. The recovery of investments and expenses incurred by Telecom Argentina and its profit margin would come from charging AFA a reference price of 20% of the "popular" ticket price per football fan who attended stadiums during the term of the agreement, so the recoverability of Telecom's assets related to the Project depended on AFA implementing the "AFA Plus Project".

From 2012 and in compliance with its contractual obligations, Telecom made investments and incurred expenses amounting to \$182 million, a portion of which are included in PP&E for the provision and installation of equipment and the execution of civil works for improving the football stadiums, registration center equipment, inventories and material storage and incurred other expenses directly associated with AFA Plus Project.

For several specific reasons relating to the Project itself, the football environment and the country's context, the AFA Plus system was not implemented by AFA, not even partially. Accordingly, Telecom Argentina has not been able to begin collecting the agreed price.

Finally, throughout the agreement, Telecom Argentina received no compensation from AFA for the services rendered and the work performed. In September 2014, AFA notified Telecom of its decision to terminate the agreement with Telecom Argentina, modifying the AFA Plus Project, and also informed that it will assume the payment of the investments and expenditures incurred by Telecom. Accordingly, negotiations between the parties have started.

In February 2015, AFA made a proposal to compensate the investments and expenditures incurred by Telecom through advertising barter transactions exclusively related to the AFA Plus Project (or the one that replaces this Project in the future), in the amount of US\$ 12.5 million. The proposal considered that if the advertising compensation was not realized in one year, AFA would pay to Telecom the agreed amount. The Company analyzed the quality of the assets offered by AFA in its offer of advertising spaces and rejected the offer as insufficient. New negotiations were conducted in 2015 to improve the mentioned offer (requiring

CABLEVISIÓN HOLDING S.A.

a combination of cash payments and advertising) but a satisfactory agreement was not reached. Subsequently, negotiations were suspended due to internal affairs of AFA.

In October 2015, Telecom formally demanded that AFA pay the amounts due (\$179.2 million plus interest from its implementation). AFA rejected the claim but agreed to resume the negotiation of a settlement agreement. Negotiations were subsequently suspended by the AFA due to its electoral process.

In January 2016, both parties resumed conciliatory negotiations, while Telecom reserved its right to exercise legal claims for amounts due.

In June 2016 the Company initiated a mandatory pre-judicial mediation procedure. The first hearing, held on July 12, 2016, was attended by both parties. A second hearing was held on August 3, 2016, and a third and last hearing was held on August 23, 2016, resulting in no agreement between the parties.

Telecom initiated a new pre-judicial mediation procedure which was finished without agreement. On December 19, 2018, that company brought a claim against AFA for \$ 353,477,495.

Telecom's Management, with the assistance of its external advisor, believes that the company has solid legal arguments to support its claim and is evaluating the necessary actions to recover the investments made and expenses incurred.

We note that the impairment recorded by the Company, arising from the uncertainties related to the recoverable value of assets recognized by the AFA Plus Project (Works in Progress and Materials amounting to \$312 million as of December 31, 2019) has only been recorded in order to comply with accounting standards and in no way implies that Telecom has waived or limited its rights as a genuine creditor under the AFA Plus Project agreement.

NOTE 21 – COMMITMENTS

As of December 31, 2019, there are outstanding purchase commitments 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 \$48,532 million (of which \$10,344 million corresponds to PP&E acquisition commitments).

NOTE 22 - CAPITAL STOCK

22.1 – Cablevisión Holding

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

- 47,753,621 Class A common, registered, non-endorsable shares, with nominal value of \$ 1 each and entitled to five votes per share.
- 117,077,867 Class B book-entry common shares, with nominal value of \$ 1 each and entitled to one vote per share.
- 15,811,092 Class C common, registered, non-endorsable shares, with nominal value of \$ 1 each and entitled to one vote per share.

On March 21, 2017, the Company made a filing with the CNV in order to request admission to the public offering regime. On May 29, 2017, the Company requested the BCBA the listing of its Class B common shares.

On August 10, 2017, the CNV approved the prospectus for admission to the public offering regime filed by Cablevisión Holding and, consequently, the Company fulfilled the conditions detailed in CNV Resolution No. 18,818. On August 11, 2017, the BCBA notified the Company of its admission to the public offering regime.

CABLEVISIÓN HOLDING S.A.

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-endorable, registered common shares with nominal value of \$ 1 each and entitled to one vote per share for the same number of Class B book-entry, common shares with nominal value of \$ 1 each and entitled to one vote per share. Pursuant to the By-Laws, the Company informed the CNV and the BCBA of the conversion and: (i) on October 5, 2017, the CNV authorized, through Resolution No. DI 20178APN-GE #CNV, the public transfer by way of conversion of 4,028,215 Class C non-endorable, 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-endorable 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 December 31, 2019 is of \$ 180,642,580 and is represented by:

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

22.2 – Telecom Argentina

The breakdown of equity is as follows:

	<u>December 31,</u>	
	<u>2019</u>	<u>2018</u>
Attributable to the Controlling Company	125,051	128,820
Attributable to Non-Controlling Shareholders	176,402	202,241
Total Shareholders' Equity (*)	<u>301,453</u>	<u>331,061</u>

(*) For more information, see the consolidated statement of changes in equity.

(a) Capital Stock

As of December 31, 2019, the total capital stock of Telecom Argentina amounted to \$ 2,153,688,011, represented by the same number of common book-entry shares with nominal value of \$1 each.

As of December 31, 2018, the total capital stock of Telecom Argentina amounted to \$ 2,168,909,384, represented by the same number of common book-entry shares with nominal value of \$1, of which 2,153,688,011 were entitled to one vote per share, given that 15,221,373 were treasury shares that were acquired by the Company.

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

Pursuant to the Pre-Merger Commitment and the Final Merger Agreement mentioned in Note 4), Telecom Argentina issued, effective as of January 1, 2018, 342,861,748 Class A Shares and 841,666,658 Class D common book-entry shares, with nominal value of \$1 and entitled to one vote per share, which have been fully paid in.

CABLEVISIÓN HOLDING S.A.

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.

As of the date of these financial statements, the CNV has authorized the public offering of all the shares of Telecom Argentina.

The 628,051,575 Class B Shares are listed and traded on the leading companies' panel of the Buenos Aires Stock Exchange and the American Depositary Shares (ADS), each representing 5 Class "B" shares of Telecom, are traded on the NYSE under the ticker symbol TEO.

The Merger, the resulting capital stock increase and the amendment of the bylaws were registered with the Public Registry of Commerce under the jurisdiction of the IGJ on August 30, 2018. For more information, see Note 4.

The dissolution of Cablevisión as a result of the Merger was registered with the Public Registry of Commerce under the jurisdiction of the IGJ on August 30, 2018 under No. 16346, Book No. 91, Vol. Stock Companies.

(b) Share Ownership Plan ("PPP", for its Spanish acronym)

Under the PPP (an employee share ownership program sponsored by the Argentine government) established by the Argentine Government, in December 1992, the Argentine Government transferred to the employees that fell within the PPP (employees of the former ENTel, Startel and Telintar and employees of the former Compañía Argentina de Teléfonos that had been transferred to Telecom) 10% of the capital stock of Telecom, then represented by 98,438,098 Class "C" shares. Decree No. 1,623/99 authorized the early availability of PPP shares, but excluded from said availability the shares held by the PPP Guarantee and Repurchase Fund, which were subject to an injunction. In March 2000, at the Shareholders' Meeting of Telecom, the shareholders approved the conversion of 52,505,360 Class "C" shares into Class "B" shares (these shares didn't belong to the Guarantee and Repurchase Fund), most of which were sold in a secondary public offering in May 2000.

At the request of the PPP Executive Committee, at the Shareholders' Meeting of Telecom Argentina held on April 27, 2006, the shareholders approved the delegation on the Board of Directors of the power to decide on the additional conversion of up to 41,339,464 Class "C" shares into Class "B" shares. The delegation of powers on the Board of Directors to decide on the conversion of the shares did not include 4,593,274 Class "C" shares of the Guarantee and Repurchase Fund that fell within an injunction issued in re "Garcías de Vicchi, Amerinda y otros c/ Sindicación de Accionistas Clase C del Programa de Propiedad Participada s/nulidad de acto jurídico" (hereinafter, Garcías de Vicchi). With respect to such shares, at the Shareholders' Meeting, the shareholders stated that there were legal restrictions to approve said delegation of powers for their conversion into Class "B" shares. As of December 31, 2011, said 41,339,464 Class "C" shares had been converted into Class "B" shares in eleven tranches.

Since the injunction issued in re Garcías de Vicchi was revoked, the Board of Directors of Telecom called an Ordinary and Extraordinary General Shareholders' Meeting and a Special Shareholders' Meeting of Class "C" Shares, which were held on December 15, 2011, at which the shareholders approved the delegation of powers on the Board of Directors for the conversion, in one or more tranches, of up to 4,593,274 Class "C" Shares into Class "B" Shares. As of December 31, 2018, 4,382,408 Class "C" Shares were converted into Class "B" Shares in 11 tranches. 97,688 Class "C" shares were converted into the same number of Class "B" shares on October 15, 2019. As of the date of these consolidated financial statements, 113,178 Class "C" shares have not yet been converted.

CABLEVISIÓN HOLDING S.A.

(c) Capital Markets Law – Law No. 26,831, as amended

On December 28, 2012, Capital Markets Law No. 26,831 was published in the Official Gazette. This law eliminated the self-regulation of the capital market, granted new powers to the CNV, and repealed Law No. 17,811 and Decree No. 677/01, among other regulations. Law No. 26,831 became effective on January 28, 2013. Since then, the Public Tender Offering regime has applied to all listed companies.

Productive Financing Law

On May 11, 2018, Productive Financing Law No. 27,440 was published in the Official Gazette. This law introduced several amendments to the Capital Markets Law No. 26,831 regarding the extent of the powers of the CNV; the exercise of preemptive rights on shares offered through public offering in the case of capital increases; private placements; public tender offers; the jurisdiction of the federal commercial courts of appeals to review the resolutions issued or sanctions imposed by the CNV, among other amendments.

With respect to public tender offers, under the previous regime, the offeror was obliged to formulate a “fair” price to be fixed by weighing the results of different company valuation methods, with a minimum floor related to the average market price for the six-month period immediately preceding the date of the agreement. Pursuant to the amendments introduced by Law No. 27,440 to the Capital Markets Law, the obligation is objective and consists in offering the higher of two existing prices: the price paid or agreed by the offeror during the 12 months immediately preceding the first day of the public tender offer period, and the average price of the securities subject to the offer during the semester immediately preceding the date of the announcement of the transaction under which the change of control is agreed upon.

On December 28, 2018, General Resolution No. 779/2018, whereby the CNV established the regulatory framework applicable to public tender offers, was published in the Official Gazette.

(c) Acquisition of Treasury Shares

At the Ordinary Shareholders' Meeting held on April 23, 2013, which was adjourned until May 21, 2013, the shareholders of Telecom approved, when the meeting resumed after the adjournment, the setup of a “Voluntary Reserve for Capital Investments” for \$1,200 million, delegating on the Board of Directors of Telecom the powers to decide on the total or partial allocation of the reserve and to approve the method, terms and conditions of those investments.

In that regard, on May 22, 2013, the Board of Directors approved a Program for the Acquisition of Treasury Shares of Telecom in the market in Argentine pesos (the “Treasury Shares Acquisition Program”) so as to avoid any possible damages to Telecom and its shareholders derived from fluctuations and imbalances between the price of the shares and Telecom’s solvency, for the following maximum amount and term:

- Maximum amount to be invested: \$1.2 Bn.
- Term within which acquisitions could be made: until April 30, 2014.

In light of the offer made on November 7, 2013 by Fintech for the acquisition of the controlling interest held by Telecom Italia Group in Telecom Argentina, Telecom Argentina suspended the repurchase of treasury shares and its Board of Directors deemed it appropriate to request the opinion of the CNV about the scope of the new provisions contained in the rules issued by that agency (Title II, Chapter I, Art.13 and related provisions) in connection with the continuation of the Treasury Shares Acquisition Program.

The CNV did not answer Telecom’s request and on May 8, 2014, its Board of Directors decided to deem the consultation concluded, given that the term of the Treasury Shares Acquisition Program that had been set by Telecom Argentina’s Board of Directors at its meeting held on May 22, 2013, had expired on April 30, 2014.

Telecom Argentina’s Board of Directors, at its meeting held on June 27, 2014, decided to file with the CNV a new consultation, asking whether or not, in the opinion of the Board of the CNV, Telecom Argentina was obliged to refrain from repurchasing treasury shares in the market pursuant to article 13, Chapter I, Title II of the CNV rules (TR 2013).

Pursuant to article 67 of Law No. 26,831, Telecom had to sell its treasury shares within a maximum term of three years as from the date of acquisition, unless the shareholders decided to extend said term. Pursuant

CABLEVISIÓN HOLDING S.A.

to Section 221 of the LGS, the rights of treasury shares shall be suspended until such shares are sold, and such shares shall not be considered to determine the quorum or the majority of votes at Shareholders' Meetings. There are no restrictions regarding Retained Earnings because a specific reserve was set up to this end under the name "Voluntary Reserve for Capital Investments."

At the General Ordinary and Extraordinary Shareholders' Meeting held on April 29, 2016, the shareholders of Telecom approved an extension of the term for the sale of treasury stock for 3 additional years pursuant to article 67 of Law No. 26,831.

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 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:

This first tranche of 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:

This second tranche of statutory capital reduction was registered with the Argentine Superintendency of Legal Entities on December 17, 2019.

Third Tranche as of November 5, 2019

Pursuant to Article 67 of the Capital Markets Law No. 26,831, between October 1, 2019 and November 5, 2019, Telecom Argentina statutorily reduced its capital stock by a nominal amount of \$3,784,720, through the cancellation of 3,784,720 Class "B" common shares of Telecom, with nominal value of \$1 each and entitled to 1 vote per share, held as treasury stock. This third tranche of statutory capital reduction was registered with the Argentine Superintendency of Legal Entities on February 28, 2020.

As a consequence of the equity reduction mentioned in the previous paragraphs, Telecom recognized a decrease in its treasury stock of \$15 million, a decrease in the Comprehensive Adjustment of \$954 million and a decrease in the Cost of treasury stock of \$2,761 million with an offsetting entry in Accumulated Results of \$1,792 million. As of the date of these consolidated financial statements, Telecom does not have any treasury stock.

(d) Law No. 27,260 "Historic Reparation for Retirees and Pensioners"

On July 22, 2016, Law No. 27,260 "Historic Reparation for Retirees and Pensioners" was published in the Official Gazette. Article 35 of said law repealed Law No. 27,181 on the "Declaration of public interest concerning the protection of the National Government's equity interests that make up the investment portfolio of the Guaranty Fund of the Argentine Integrated Social Security System ("FGS", for its Spanish acronym). Moreover, Article 30 of Law No. 27,260 provides that the transfer of shares of national corporations authorized by the CNV for public offering and owned by the FGS is forbidden without prior express authorization of the National Congress when, as a consequence of such a transfer, the aggregate participation of all shares owned by the FGS would fall below 7% FGS's total assets, except in the following cases: "1. public tender offers addressed to all holders of those assets and at an equitable price authorized by the CNV pursuant to the provisions of Chapters II, III, and IV, Title III of Law No. 26,831. 2. Exchanges

CABLEVISIÓN HOLDING S.A.

of shares for other shares of the same or another company in the context of a merger, spin-off or corporate reorganization processes.”

(e) Decree No. 894/2016: corporate, political and economic rights to be exercised by ANSES

On July 28, 2016, Decree No. 894/16 was published in the Official Gazette, whereby the Government provided that the corporate, political, and economic rights pertaining to the shares of companies that are part of FGS' investment portfolio shall be exercised by Argentina's National Social Security Administration (“ANSES”, for its Spanish acronym), and not by the Secretariat of Economic Policy and Development Planning.

In addition, Decree No. 894/16 provided that the Directors appointed by the ANSES shall have the functions, duties and powers set out by the General Associations Law, Capital Markets Law No. 26,831, as supplemented and regulated, all the regulations applicable to Telecom in which they perform duties, the company's bylaws and internal rules, and shall be subject to all applicable liabilities under those rules. Decree No. 894/16 also provided that the provisions of Decrees Nos. 1,278/12 and 196/15 (the latter in respect of delimitation of liability) shall not be applicable to those Directors.

NOTE 23 – FINANCIAL INSTRUMENTS

a) Categories of financial assets and liabilities.

The following tables show, for financial assets and liabilities recorded as of December 31, 2019 and 2018, the supplementary disclosures on financial instruments required by IFRS 7 and the detail of gains and losses by category of financial instrument established by IFRS 9.

As of December 31, 2019	Amortized cost	Fair Value		Total
		accounted through profit or loss	accounted through other comprehensive Income	
Assets				
Cash and Cash Equivalents (1)	3,102	23,961	-	27,063
Investments	1,066	360	-	1,426
Trade Receivables	17,048	-	-	17,048
Other Receivables (2)	1,774	163	-	1,937
Total	22,990	24,484	-	47,474
Liabilities				
Accounts Payable	34,328	-	-	34,328
Financial Debt	151,996	-	-	151,996
Salaries and Social Security Payables	10,811	-	-	10,811
Lease Liabilities	6,311	-	-	6,311
Other Liabilities (2)	377	-	-	377
Total	203,823	-	-	203,823

(1) Includes \$ 3,199, as of December 31, 2019, corresponding to Cash and banks, which were measured as financial assets at amortized cost by the Group.

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

As of December 31, 2018	Amortized cost	Fair Value		Total
		accounted through profit or loss	accounted through other comprehensive Income	
Assets				
Cash and Cash Equivalents (1)	11,007	463	-	11,470
Investments	8,107	1,121	-	9,228
Trade Receivables	26,884	-	-	26,884
Other Receivables (2)	2,514	1,011	212	3,737
Other Assets	460	-	-	460
Total	48,972	2,595	212	51,779
Liabilities				
Accounts Payable	36,087	-	-	36,087
Financial Debt	134,592	-	-	134,592
Salaries and Social Security Payables	9,695	-	-	9,695
Other Liabilities and Dividends Payable (2)	630	-	-	630
Total	181,004	-	-	181,004

(1) Includes \$ 2,924, as of December 31, 2018, corresponding to Cash and banks, which were measured as financial assets at amortized cost by the Group.

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

CABLEVISIÓN HOLDING S.A.

Financial Income and Expense by Category – year 2019

	Net Income (expense)	Of which interest
Financial assets at amortized cost	8,969	618
Financial liabilities at amortized cost	(22,240)	(12,566)
Financial assets at fair value through profit or loss	1,410	966
Total	(11,861)	(10,982)

Financial Income and Expense by Category – year 2018

	Net Income (expense)	Of which interest
Financial assets at amortized cost	12,350	2,984
Financial liabilities at amortized cost	(68,436)	(11,025)
Financial assets at fair value through profit or loss	3,432	1,564
Financial liabilities at fair value through profit or loss	(352)	-
Total	(53,006)	(6,477)

b) Fair value hierarchy and other disclosures

IFRS 7 establishes a hierarchy of fair value, based on the information used to measure the financial assets and liabilities and also establishes different valuation techniques. According to IFRS 7, valuation techniques used to measure fair value shall maximize the use of observable inputs.

The measurement at fair value of the financial instruments of the Group is classified according to the three levels set out in IFRS 7.

- Level 1: Fair value determined by quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value determined based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value determined by unobservable inputs where the reporting entity is required to develop its own assumptions and premises.

Financial assets and liabilities measured at fair value as of December 31, 2019 and 2018, their inputs, valuation techniques and the level of hierarchy are listed below:

Mutual Funds: Included in the item Cash and Cash Equivalents and Investments. The Group holds mutual funds in the amount of \$ 23,896 million and \$ 92 million as of December 31, 2019 and 2018, respectively. The fair value is based on information obtained from active markets, measuring each share at quoted market prices as of each year-end; therefore, its valuation is classified as Level 1.

Government Notes and Bonds: Included in the item Investments. The Group holds government notes and bonds in the amount of \$ 297 million and \$ 1,119 million as of December 31, 2019 and 2018, respectively. The fair value is based on information obtained from active markets, measuring each security at quoted market prices as of each year-end; therefore, its valuation is classified as Level 1.

Derivative financial instruments (Forward contracts to purchase US dollars at fixed exchange rates): The fair value of the Group's NDF contracts, disclosed in the chapter "Hedge Accounting" was determined by information obtained in the most representative financial institutions in Argentina, the derivative financial instruments' valuation was classified as Level 2.

During fiscal years ended December 31, 2019 and 2018, there were no transfers between the levels of the fair value hierarchy.

According to IFRS 7, companies are also required to disclose fair value information about financial instruments regardless of whether or not they are recognized at fair value in the statement of financial position, as long as it is feasible to estimate such fair value. The financial instruments discussed in this section include, among others, cash and cash equivalents, investments at amortized cost, accounts receivable, accounts payable and other instruments.

CABLEVISIÓN HOLDING S.A.

Derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in an immediate sale of the instrument. Also, because of differences in methodologies and assumptions used to estimate fair value, the Company's fair values should not be compared to those of other companies.

The methods and assumptions used to estimate the fair values of each class of financial instrument falling under the scope of IFRS 7 as of December 31, 2019 and 2018 are as follows:

Cash and Banks

Carrying amounts approximate their fair value.

Short-Term Investments and Other Investments at Amortized Cost (included in Cash and cash equivalents)

The Group considers as cash and cash equivalents all short-term and highly liquid investments that are readily convertible to cash, subject to an insignificant risk of changes in value and their original maturity or the remaining maturity at the date of purchase does not exceed three months. Carrying amounts approximate their fair value.

Current and Non-Current Investments Valued at Amortized Cost

As of December 31, 2019, the fair value of these investments amounted to \$ 1,060 million, with a book value of \$ 1,066 million. As of December 31, 2018, the fair value of these investments amounted to \$ 6,630 million, with a book value of \$ 8,105 million.

Trade Receivables, Net

The book value is considered to approximate fair value due to the short-term nature of these accounts receivable. Non-current trade receivables have been recognized at their amortization cost, using the effective interest method and are not significant. An allowance was set up for all doubtful receivables.

Accounts Payable and Lease Liabilities

The carrying amount of accounts payable and lease liabilities reported in the consolidated statement of financial position approximates their fair value due to the short-term nature of these accounts payable. Non-current accounts payable and lease liabilities have been discounted.

Financial Debt

As of December 31, 2019, the fair value of the notes amounted to \$52,401 million, with a book value of \$53,576 million. As of December 31, 2018, the fair value of the notes amounted to \$28,245 million, with a book value of \$29,052 million.

The fair value of the other loans, without considering notes approximates its carrying amount as of December 31, 2019 and 2018, respectively.

Salaries and Social Security Payables

The carrying amount of Salaries and social security payables reported in the consolidated statement of financial position approximates their fair value.

Other receivables, net (except for NDF) and other liabilities

The carrying amount of other receivables, net and other liabilities reported in the consolidated statement of financial position approximates their fair value.

CABLEVISIÓN HOLDING S.A.

c) Hedge Accounting

The Group believes that a hedging relationship qualifies under IFRS 9 for hedge accounting if all of the following conditions established by the rule are met:

- (a) The hedging relationship consists only of eligible hedging instruments and hedged items;
- (b) At the beginning of the hedge relationship, there is a formal designation and documentation of the hedging relationship and objective and strategy for risk management of the Group for undertaking the hedge. That documentation shall include identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the entity assesses whether the hedging relationship meets the requirements of hedge effectiveness (including analysis of sources of hedge ineffectiveness and how to determine the hedge ratio); and
- (c) The hedging relationship satisfies the following requirements of hedge effectiveness:
 - (i) there is an economic relation between the hedged item and the hedging instrument;
 - (ii) the effect of credit risk is not predominant in respect of changes of value coming from this economic relation, and
 - (iii) the coverage ratio of the hedging relationship is the same as that provided by the amount of the hedged item for which the entity is really covering and the amount of the hedging instrument that the entity actually used to cover that amount of the hedged item.

During fiscal years 2019 and 2018

d) Hedge of LIBO Rate Fluctuations

During the year ended December 31, 2017, Telecom Argentina entered into several NDF agreements to hedge the fluctuation of LIBO rate from the IFC loan of US\$ 400 million. The agreements, effective as from March 15, 2017 hedge an amount of US\$ 300 million, while those effective from September 15, 2017 hedge the balance of US\$ 100 million. Such NDFs allow Telecom to fix the variable rate throughout the life of the loan in a range between 2.087% and 2.4525% nominal annual rate (resulting in a weighted average of 2.2258%).

As of December 31, 2018, Telecom recognized a receivable of \$211 million included under Other Receivables (\$151 million current and \$60 million non-current). In addition, during the year 2018 it recognized gains for \$4 million related to these agreements which are included under Financial Expenses on Debts - Interest Expense in the item Financial Results.

As of December 31, 2019, Telecom recognized a liability of \$133 million included under Financial Debt (\$117 million current and \$16 million non-current). In addition, during the year it recognized gains for \$52 million related to these agreements which are included under Financial Expenses on Debts - Interest Expense in the item Financial Results.

During fiscal year ended December 31, 2017, Telecom Argentina entered into several NDF agreements to hedge the fluctuation of LIBO rate from the Inter-American Investment Corporation ("IIC") loan of US\$ 100 million. The agreements executed cover US\$ 40 million and were agreed in two tranches of US\$ 20 million each, both starting on March 15, 2018 and fixing the variable rate throughout the life of the loan to 2.1325% and 2.085% nominal annual rate, respectively.

As of December 31, 2018, Telecom recognized a receivable of \$28 million included under Other Receivables (\$18 million current and \$10 million non-current). In addition, during the year it recognized gains for \$6 million related to these agreements which are included under Financial Expenses on Debts - Interest Expense in the item Financial Results.

As of December 31, 2019, Telecom recognized a liability of \$10 million included under Financial Debt (\$8 million current and \$2 million non-current). In addition, during the year it recognized gains for \$8 million related to these agreements which are included under Financial Expenses on Debts - Interest Expense in the item Financial Results.

e) Hedge of Exchange Rate Fluctuations

During the year ended December 31, 2018, Telecom entered into several NDF agreements to hedge the fluctuation of the exchange rate under its loan portfolio (IFC, Syndicated, Deutsche Bank and Series IV Notes) of US\$ 306 million, fixing the average exchange rate at \$ 36.58 and expiring between June 2018 and May 2019. As of December 31, 2018, Telecom held NDF agreements for a total of US\$ 166 million, for which it recognized a receivable of \$985 million, which is included under Other Current Receivables and liabilities in the amount of \$153 million included under Current Debt.

During the first six months of 2019, upon the expiration of contracts, Telecom recognized losses amounting to \$385 million, included in Exchange Differences under Financial Results, net - Other Exchange Differences.

During the year ended December 31, 2019, Telecom entered into several NDF agreements to hedge the fluctuation of the exchange rate under its loan portfolio of US\$ 499 million, fixing the average exchange rate at \$ 52.50 and expiring between March 2019 and April 2020. During 2019, Telecom recognized gains related to these agreements for \$1,099, which are included in Exchange Differences under Financial Results. As of December 31, 2019, Telecom held NDF agreements for a total of US\$ 46.5 million, for which it recognized a receivable of \$163 million, which is included under Other Current Receivables and liabilities in the amount of \$236 million included under Current Debt.

During 2018, Telecom Argentina entered into several NDF agreements to hedge the fluctuation of the exchange rate under certain commercial obligations of US\$ 118 million, fixing the average exchange rate at \$ 39.33 and expiring between August and October 2018. In connection with those agreements, Telecom recognized losses amounting to \$234 million, included in Other Financial Results, net - Other Exchange Differences.

Offsetting of Financial Assets and Liabilities.

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

	As of December 31, 2019			
	Trade Receivables	Other Receivables (1)	Accounts Payable	Other Liabilities (1)
Current and non-current assets (liabilities) - Gross value	17,208	1,988	(34,488)	(428)
Offsetting	(160)	(51)	160	51
Current and Non-Current Assets (Liabilities) – Book value	17,048	1,937	(34,328)	(377)

	As of December 31, 2018			
	Trade Receivables	Other Receivables (1)	Accounts Payable	Other Liabilities (1)
Current and non-current assets (liabilities) - Gross value	28,809	3,785	(38,013)	(678)
Offsetting	(1,925)	(48)	1,925	48
Current and Non-Current Assets (Liabilities) – Book value	26,884	3,737	(36,088)	(630)

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

The Group offsets financial assets and liabilities to the extent that such setoff is contractually permitted and provided that the Group has 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, CPP and Roaming). Offsetting is being offsetting a standard practice in the telecommunications industry at the international level that the Group applies regularly. Offsetting is also applied to transactions with agents.

CABLEVISIÓN HOLDING S.A.

NOTE 24 – REVENUES

	For the years ended December 31,	
	2019	2018
Mobile Services	82,195	88,881
Internet Services	52,649	58,061
Cable Television Services	49,406	55,485
Fixed Telephony and Data Services	37,562	35,612
Other Services	774	735
Subtotal Service Revenues	222,586	238,774
Sale of Handsets	14,438	19,744
Total Revenues	237,024	258,518

NOTE 25 – OPERATING EXPENSES

Operating expenses disclosed by nature of expense amounted to \$ 221,513 million and \$ 226,270 million for the years ended December 31, 2019 and 2018. The components of the main operating expenses are the following:

	For the years ended December 31,	
	2019	2018
<u>Employee benefit expenses and severance payments</u>	Income (loss)	
Salaries, Social Security Payables and Bonuses	(40,304)	(41,612)
Severance Payments	(5,153)	(3,497)
Other Labor Costs	(1,103)	(1,152)
	(46,560)	(46,261)
<u>Fees for Services, Maintenance, Materials and Supplies</u>		
Maintenance and Materials	(15,559)	(13,127)
Fees for services	(11,066)	(11,982)
Directors' and Supervisory Committee Members' Fees	(130)	(156)
	(26,755)	(25,265)
<u>Taxes and Fees with the Regulatory Authority</u>		
Turnover Tax	(8,539)	(11,324)
Municipal Taxes	(2,456)	(2,785)
Other Taxes and Charges	(7,396)	(6,866)
	(18,391)	(20,975)
<u>Cost of Equipment and Handsets</u>		
Inventory Balances at the beginning of the year	(4,415)	(291)
Plus:		
Addition under the Merger (Note 4)	-	(31)
Purchase of Equipment	(10,477)	(4,213)
Other	705	(14,780)
Less:		
Inventory Balances at year-end	3,438	4,444
	(10,749)	(14,871)
<u>Other Operating Costs</u>		
Lawsuits and Contingencies	(1,286)	(1,929)
Rentals and Internet Capacity	(1,992)	(5,109)
Other	(8,009)	(7,986)
	(11,287)	(15,024)
<u>Depreciation, Amortization and Impairment of Fixed Assets</u>		
Depreciation of PP&E	(46,973)	(42,462)
Amortization of Intangible Assets	(8,261)	(8,176)
Amortization of Rights of Use	(3,479)	(150)
Impairment of Fixed Assets	(2,564)	(3,215)
	(61,277)	(54,003)

CABLEVISIÓN HOLDING S.A.

Operating Expenses disclosed by function are as follows:

Item	Operating Costs	Administrative Expenses	Selling Expenses	Total as of December 31, 2019	Total as of December 31, 2018
Employee benefit expenses and severance payments	(25,893)	(7,314)	(13,353)	(46,560)	(46,261)
Interconnection and Transmission Costs	(7,520)	-	-	(7,520)	(8,500)
Fees for Services, Maintenance, Materials and Supplies	(13,350)	(5,541)	(7,864)	(26,755)	(25,265)
Taxes and Fees with the Regulatory Authority	(18,260)	(48)	(83)	(18,391)	(20,975)
Commissions and Advertising	-	(1,026)	(13,586)	(14,612)	(17,245)
Cost of Equipment and Handsets	(10,749)	-	-	(10,749)	(14,871)
Programming and Content Costs	(18,031)	-	-	(18,031)	(18,700)
Bad Debt Expenses	-	-	(6,331)	(6,331)	(5,426)
Other Operating Costs	(6,901)	(1,384)	(3,002)	(11,287)	(15,024)
Depreciation, Amortization and Impairment of Fixed Assets	(49,447)	(3,773)	(8,057)	(61,277)	(54,003)
Total as of December 31, 2019	(150,151)	(19,086)	(52,276)	(221,513)	-
Total as of December 31, 2018	(154,126)	(18,780)	(53,364)	-	(226,270)

Operating Leases

Future minimum lease payments from of non-cancellable operating lease agreements as of December 31, 2019 and 2018 at historical currency as of the transaction date are as follows:

	Less than 1 year	1 to 5 years	Over 5 years	Total
2018	1,754	2,286	479	4,519
2019	435	132	32	599

For more information, see Note 3.k) to these consolidated financial statements.

NOTE 26 – FINANCIAL INCOME AND EXPENSE

	For the years ended December 31,	
	2019	2018
	<u>Income (loss)</u>	
Interest Expense (*)	(11,875)	(8,217)
Exchange Differences on Debts (**)	(7,072)	(49,123)
Total Financial Expenses on Debt	(18,947)	(57,340)
Interest and Gains on Investments	2,880	2,931
Taxes and Bank Expenses	(2,217)	(2,537)
Other Exchange Differences	7,383	2,601
Financial Discounts on Assets, debt and Other	1,907	100
Results from Operations with Notes and Bonds	(37)	1200
Results from Credit Losses Risk	(2,569)	-
Interest on Allowances	(1,775)	(929)
Interest on Pension Benefits	(134)	(111)
Gain (Loss) on Net Monetary Position	7,437	20,003
Other	(221)	14
Total Other Financial Income and Expense, net	12,654	23,272
Total Financial Income and Expense, net	(6,293)	(34,068)

(*) Includes 60 and 10 of foreign currency exchange gains, net generated by NDF for the years ended December 31, 2019 and 2018, respectively.

It also includes 339 and 293 for the capitalization of interest from works-in-progress for the years ended December 31, 2019 and 2018, respectively.

(**) Includes 714 and 1,717 of foreign currency exchange gains, net generated by NDF for the years ended December 31, 2019 and 2018, respectively.

NOTE 27 – 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:

CABLEVISIÓN HOLDING S.A.

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Net Income used in the Calculation of Basic Earnings per Share (gain): from Continuing Operations (in millions of Argentine pesos)	<u>(3,025)</u>	<u>(2,467)</u>
Weighted Average of the Number of Common Shares used in the Calculation of Basic Earnings per Share Earnings per Share (in pesos)	180,641,002 (16.75)	180,641,002 (13.66)

The weighted average of outstanding shares for the years ended December 31, 2019 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>December 31, 2019</u>	<u>December 31, 2018</u>
Basic and Diluted Earnings per Share	(16.75)	(13.66)
Total Earnings per Share	(16.75)	(13.66)

NOTE 28 – FINANCIAL RISKS MANAGEMENT

FINANCIAL RISK FACTORS

The Group is exposed to the following financial risks in the ordinary course of its business operations:

- Market Risk: Stemming from changes in exchange rates and interest rates in connection with financial assets that have been originated and financial liabilities that have been assumed.
- Credit Risk: Representing the risk of the non-fulfillment of the obligations undertaken by the counterparty with regard to the operations of the Group;
- Liquidity Risk: Related to the need to meet short-term financial commitments.

These financial risks are managed by:

- the definition of guidelines for directing operations;
- the activity of the Board of Directors and Management which monitors the level of exposure to the above-mentioned risks consistently with prefixed general objectives;
- the identification of the most suitable financial instruments, including derivatives, to reach prefixed objectives;
- the monitoring of the results achieved.

The policies to manage and the sensitivity analyses of the above financial risks by the Telecom Group are described below:

Market Risk

One of the main market risks faced by the Group is its exposure to changes in foreign currency exchange rates in the markets in which it operates.

Foreign currency risk is the risk that the future fair values or cash flows of a financial instrument may fluctuate due to exchange rate changes.

The Group has part of its commercial debt denominated in US\$. Additionally, a large portion of its financial debt is denominated in US dollars at variable rates.

The financial risk management policies of the Group are directed towards diversifying market risks by the acquisition of goods and services in the functional currency and minimizing interest rate exposure by an appropriate diversification of the portfolio. This may also be achieved by using carefully selected derivative financial instruments to mitigate long-term positions in foreign currency and/or adjustable by variable interest rates (See Note 23).

CABLEVISIÓN HOLDING S.A.

Additionally, the Group has cash and cash equivalents and investments mostly denominated in foreign currency that are also sensitive to changes in exchange rates and contribute to reduce the exposure to commercial and financial obligations in foreign currency.

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

	December 31, 2019	December 31, 2018
	(in millions of converted Argentine pesos)	
Assets	33,277	28,134
Liabilities	(169,122)	(151,373)
Assets (Liabilities) net	(135,845)	(123,239)

In order to reduce this net liability position in foreign currency, Telecom holds, as of December 31, 2019, derivatives for US\$ 47 million. Therefore, the net debt of the Group that is not covered by these instruments amounts to approximately US\$ 2,252 million as of that date.

Exchange rate risk – Sensitivity analysis

Based on the composition of the consolidated statement of financial position as of December 31, 2019, which is a net liability position not covered by derivatives of US\$ 2,252 million, Management estimates that any positive or negative variation in the exchange rate of \$ 1 peso against the U.S. dollar would result in a variation of approximately \$ 2,252 million of the consolidated amounts of foreign currency position.

This analysis assumes that this variation of the Argentine peso occurred at the same time against all other currencies.

This sensitivity analysis provides only a limited, point-in-time view of the market risk sensitivity of certain of the financial instruments. The actual impact of market foreign exchange rate changes on the financial instruments may differ significantly from the impact shown in the sensitivity analysis.

➤ Interest Rate Risk – Sensitivity Analysis

Within its structure of financial debt, the Group has bank overdrafts denominated in Argentine pesos accruing interest at rates that are reset at maturity, notes at fixed rates and loans with banks and other financial institutions denominated in US\$ and guaraníes that accrue interest at a floating and fixed rate (Note 14.)

As of December 31, 2019, the Group had a debt at variable rate of approximately \$ 48,554 million. In order to reduce the effect of changes in interest rates, the Group holds as of December 31, 2019 derivatives for an aggregate principal amount of US\$ 440 million, which convert variable rates into fixed rates. Therefore, the total debt subject to variable interest rate taking into consideration the derivatives amounts to approximately \$ 22,202 million. Management believes that any variation of 100 annual bps in the agreed interest rates would result in a variation of approximately \$ 222 million.

This analysis assumes that this change in interest rates occurs at the same time and for the same periods.

This sensitivity analysis provides only a limited, point-in-time view of the market risk sensitivity of certain of the financial instruments. The actual impact of changes in interest rates of financial instruments may differ significantly from this estimate.

➤ Credit Risk:

Credit risk represents the Group's exposure to possible losses arising from the failure of commercial or financial counterparties to fulfill their assumed obligations. That risk stems mainly from economic and/or financial factors that may affect debtors.

The credit risk affects cash and cash equivalents, deposits held at banks and financial institutions, as well as credit granted to clients, including outstanding accounts receivable and committed transactions.

CABLEVISIÓN HOLDING S.A.

The maximum theoretical credit risk exposure of the Group is represented by the book value of net financial assets, disclosed in the consolidated statement of financial position.

Maturities	Cash and Cash Equivalents	Investments	Trade Receivables	Other Receivables	Other Assets	Total
Total Due	-	-	8,280	16	-	8,296
Total not due	27,063	1,426	8,768	1,921	-	39,178
Total as of December 31, 2019	27,063	1,426	17,048	1,937	-	47,474

The allowance for bad debts is recorded: (i) for an exact amount on credit positions that present an element of individual risk (bankruptcy, customers under legal proceedings with the Telecom Group); (ii) for credit positions that do not present such characteristics allowances are recorded by customer segment considering the aging of the accounts receivable balances, the expected uncollectibility, customer creditworthiness and changes in the customer payment terms. Total overdue balances not covered by the allowance for bad debts amount to \$ 8,280 million as of December 31, 2019 (\$11,210 million as of December 31, 2018).

Regarding the credit risk relating to the assets included under "Net financial debt" or "net financial asset", it should be noted that the Group evaluates the outstanding credit of the counterparty and the levels of investment, based, among other things, on their credit rating and the equity size of the counterparty.

In order to minimize credit risk, the Group also pursues a diversification policy for its investments among different first-class financial entities. Consequently, there are no significant positions with any one single counterparty.

The Group has a wide range of clients, including individuals, businesses - medium-and-large-sized companies - and governmental agencies. Therefore, the Group's receivables are not subject to credit risk concentration.

➤ Liquidity Risk:

Liquidity risk represents the risk that the Group shall have no funds to fulfill its obligations of any nature (labor, commercial, fiscal and financial, among others).

The Group's working capital breakdown and its main variations are disclosed below:

	December 31, 2019	December 31, 2018	Changes
Trade Receivables	16,965	26,790	(9,825)
Other receivables (not considering financial NDF)	4,451	6,740	(2,289)
Inventories	3,212	4,210	(998)
Other Assets	-	460	(460)
Current Liabilities (without considering financial debt)	(50,778)	(51,593)	815
Operative working capital	(26,150)	(13,393)	(12,757)
Cash and Cash Equivalents	27,063	11,470	15,593
Financial NDF	163	1,154	(991)
Investments	429	2,109	(1,680)
Current Debt	(35,290)	(43,420)	8,130
Current Financial (Liabilities) / Assets, net	(7,635)	(28,687)	21,052
Negative operating working capital (current assets – current liabilities)	(33,785)	(42,080)	8,295
Liquidity Ratio	0.61	0.56	0.05

The Telecom Group has a typical working capital structure for a company with intensive capital that obtains spontaneous financing from its suppliers (especially PP&E) for longer terms than those it grants to its customers. The negative operating working capital was of \$ 26,097 million as of December 31, 2019 (an increase of \$12,365 million compared to December 31, 2018.)

During fiscal years ended December 31, 2019 and 2018, the Group continued to obtain financing from the financial and capital markets (See Note 14) to cover capital expenditures, working capital and other general corporate purposes and to refinance a portion of its financial debt within the framework of its ongoing policy, aimed at optimizing the term, rate and structure of its financial debt. The Group has an excellent credit rating

CABLEVISIÓN HOLDING S.A.

and has several financing sources, with several instruments and offers from first-class international institutions to diversify its current funding structure, which includes access to domestic and international capital markets and competitive bank-loan terms and financial costs.

The Group's management evaluates the national and international macroeconomic context to take advantage of market opportunities to preserve its financial health for the benefit of its investors.

The Group manages its cash and cash equivalents and, in general, its financial assets, trying to match the term of investments with those of its obligations. Its cash and cash equivalents position is invested in highly liquid, short-term instruments.

The Group maintains a liquidity policy that results in a significant volume of available cash in the ordinary course of business. The Group has consolidated cash and cash equivalents of \$ 27,063 million (equal to US\$ 453 million) as of December 31, 2019 (as of December 31, 2018, it had US\$ 199 million.) The Group has bank credit lines and a Notes program that allow it to finance its short-term obligations and an investment plan in addition to the operative cash flow for the next years (See Note 14.)

The following table shows the breakdown of financial liabilities by relevant groups of maturities based on the remaining period as from the date of the consolidated statement of financial position through the contractual maturity date. The amounts disclosed in this table represent undiscounted cash flows (principal plus contractual interest).

Maturities	Accounts Payable	Financial Debt	Salaries and Social Security Payables	Lease Liabilities	Other Liabilities	Total
Matured	2,398	-	-	-	-	2,398
January 2020 through December 2020	29,575	36,170	9,966	2,782	313	78,806
January 2021 through December 2021	1,807	58,058	409	1,537	65	61,876
January 2022 through December 2022	233	40,037	270	949	-	41,489
January 2023 onwards	315	47,922	297	2,293	-	50,827
	34,328	182,187	10,942	7,561	378	235,396

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments considering the evolution of its business and changes in macroeconomic conditions. To maintain or adjust its capital structure, the Group may adjust dividend payments to shareholders and the level of indebtedness.

The Group does not have to comply with regulatory capital adequacy requirements.

NOTE 29 - BALANCES AND TRANSACTIONS WITH COMPANIES UNDER ARTICLE 33 - LAW No. 19,550 AND RELATED PARTIES

a) Cablevisión Holding S.A.

i. Related Parties

For the purposes of these consolidated financial statements, related parties are individuals or legal entities that are related (under IAS 24) to Cablevisión Holding, except for companies under Article 33 of the LGS.

For the year presented, the Group has not conducted any transactions with Key Managers and/or persons related to them, except as set forth under e), below.

CABLEVISIÓN HOLDING S.A.

ii. Balances with Companies under Article 33 of General Associations Law No. 19,550, and related parties

• **Companies under Art. 33 of the LGS - Associates**

CURRENT ASSETS	Type of related party	December 31, 2019	December 31, 2018
Other Receivables ⁽¹⁾			
La Capital Cable S.A.	Associate	36	119
Teledifusora San Miguel Arcángel S.A.	Associate	22	29
Ver T.V. S.A.	Associate	57	73
		<u>115</u>	<u>221</u>
CURRENT LIABILITIES			
Accounts Payable			
Televisora Privada del Oeste S.A. ⁽²⁾	Associate	-	3
		<u>-</u>	<u>3</u>
Other Liabilities			
Televisora Privada del Oeste S.A.	Associate	3	-
		<u>3</u>	<u>-</u>

• **Related Parties**

CURRENT ASSETS	Type of related party	December 31, 2019	December 31, 2018
Trade Receivables			
Other Related Parties	Related company	136	142
		<u>136</u>	<u>142</u>
CURRENT LIABILITIES			
Accounts Payable			
Other Related Parties	Related company	887	875
		<u>887</u>	<u>875</u>

iii. Transactions with Companies under Article 33 of General Associations Law No. 19,550, and related parties

• **Companies under Art. 33 of the LGS – Associates**

Transaction	Type of related party	December 31, 2019	December 31, 2018
		<u>Income (loss)</u>	<u>Income (loss)</u>
		<u>Sales and Other</u>	<u>Sales and Other</u>
		<u>Revenues</u>	<u>Revenues</u>
La Capital Cable S.A.	Sales of services	50	17
La Capital Cable S.A.	Other Sales	-	57
		<u>50</u>	<u>74</u>
		<u>Operating Costs</u>	
La Capital Cable S.A.	Fees for services	(39)	(37)
		<u>(39)</u>	<u>(37)</u>

• **Related Parties ⁽²⁾**

Transaction	Type of related party	December 31, 2019	December 31, 2018
		<u>Income (loss)</u>	<u>Income (loss)</u>
		<u>Sales and Other</u>	<u>Sales and Other</u>
		<u>Revenues</u>	<u>Revenues</u>
Other Related Parties	Sales of Services and Advertising	165	191
		<u>165</u>	<u>191</u>

CABLEVISIÓN HOLDING S.A.

	<u>Transaction</u>	<u>Type of related party</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
			<u>Income (loss)</u>	<u>Income (loss)</u>
			<u>Operating Costs</u>	<u>Operating Costs</u>
Other Related Parties	Programming Costs	Related company	(2,439)	(2,478)
	Publishing and distribution of			
	magazines	Related company	(695)	(858)
Other Related Parties	Advisory Services	Related company	(336)	(362)
Other Related Parties	Purchase of Advertising	Related company	(467)	(615)
	Other purchases and			
	commissions	Related company	(86)	(168)
Other Related Parties	Fees for services	Related company	(81)	(82)
			<u>(4,104)</u>	<u>(4,563)</u>

(2) Includes mainly operations with the following companies related through Grupo Clarín S.A.: Arte Radiotelevisivo Argentino S.A., Arte Gráfico Editorial Argentino S.A., Unir S.A., Impristot S.A., Tele Red Imagen S.A., GC Gestión Compartida S.A. and Compañía De Medios Digitales S.A.

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

On November 21, 2018, the Company accepted an assignment of collection rights on a credit, offered by Grupo Clarín S.A. for US\$ 8.7 million. See Note 7 to these Consolidated Financial Statements.

iv. Key Management

Compensation for the Group's Directors and Key Managers for the years ended December 31, 2019 and 2018, including social security contributions, amounted to \$ 992 million and \$ 630 million, respectively, and was recorded as an expense under the line item "Employee benefits expenses and severance payments". As of December 31, 2019, an amount of \$ 276 million remained unpaid.

The estimated fees paid to the directors of the Group for the years ended December 31, 2019 and 2018 amounted to approximately \$ 151 million and \$ 179 million, respectively.

NOTE 30 - 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.

On April 26, 2018, at the Annual Ordinary Shareholders' Meeting of the Company, the shareholders decided, among other things, to appropriate retained earnings as of December 31, 2017 of \$ 1,616,204,146, to create a new Voluntary Reserve for financial obligations. As of December 31, 2018, such figure restated for inflation amounts to \$ 2,386 million.

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.

Total Reversal of the Voluntary Reserve for future cash dividends and Partial Reversal of the Voluntary Reserve to maintain Telecom'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.

2.1 Amendment of Telecom's Bylaws

At the General Extraordinary Shareholders' Meeting of Telecom and the Special Shareholders' Meetings of Class "A" and Class "D" shares held on October 10, 2019, the shareholders approved the amendment of articles 4, 5, and 6 of the Bylaws so that Class "A" and Class "D" shares, currently book-entry shares, may be represented as certificated securities or book-entry securities, as determined by a Special Shareholders' Meeting of Class "A" or Class "D" shares. The shareholders approved the delegation of powers on the Board of Directors to determine and establish the time, form and conditions for the issuance of the certified securities, if so decided in the future by the shareholders at Special Shareholders' Meetings of Class "A" and Class "D" shares. The request for approval of this amendment of the bylaws is still pending before the Argentine Securities Commission for its subsequent registration with the Argentine Superintendency of Legal Entities.

NOTE 31 - MANDATORY PUBLIC TENDER OFFER ("PTO") DUE TO CHANGE OF CONTROL

As described under Note 4) to the Company's consolidated financial statements as of December 31, 2019, 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

CABLEVISIÓN HOLDING S.A.

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 (the "CNV", for its Spanish acronym) effective as of that date, ("CNV Rules" and together with the Capital Markets Law, the "PTO Rules"), on June 21, 2018, the Company's Board of Directors decided to promote and make a mandatory public tender offer ("PTO") due to change of control for all the Class B common shares issued by Telecom Argentina listed on Bolsas y Mercados Argentinos S.A. ("BYMA", for its Spanish acronym), (including the Class C common shares issued by Telecom which were converted into Class B common shares within the term provided) at a price of \$ 110.85 per share (less the items detailed in the PTO Announcement).

Notwithstanding the fact that Fintech Telecom, LLC was not obligated to promote, make or launch a PTO pursuant to the PTO Rules and that it had not taken part in the determination or formulation of any of the terms and conditions of the PTO, as provided under Clause 6.7 of the agreement, Fintech Telecom LLC undertook with regard to the Company to pay and acquire 50% of the shares tendered under the PTO (notwithstanding the Company's right to acquire by itself the first 43,073,760 Class "B" shares of Telecom Argentina).

The price offered by the Company to be paid for each share tendered by its holder for its acquisition by the Company is of \$ 110.85 per Share (less any cash dividend per Share to be paid by Telecom Argentina from the announcement date to the date the price of the PTO is paid and other expenses, such as transfer expenses, rights, fees, commissions, taxes, duties or contributions) (the "PTO Price"). The Company has obtained reports from two independent appraisers with respect to the method applied to determine the PTO Price. The PTO Price shall be payable in Pesos in Argentina no later than 5 business days following the expiration of the offer reception period.

Pursuant to Article 3, paragraph c), Chapter II, Title III of CNV Rules, on July 5, 2018, the Board of Directors of Telecom Argentina issued an opinion stating that the PTO Price had been set in accordance with the mandatory terms provided under applicable laws, in conformity with item I of Article 88 of the Capital Markets Law, and issued the Board of Directors' Report provided under such Rules.

As part of the administrative proceeding filed by the Company with the CNV, the regulatory agency challenged the PTO price offered by the Company and stated in its opinion that the price should be of US\$ 4.8658 per share, payable in Argentine pesos at the exchange rate prevailing on the business day immediately preceding the PTO settlement date. CVH considered that CNV's position was unfounded and brought a claim entitled "Cablevisión Holding S.A. v. Argentine Securities Commission on Injunctions" (File No. 7998/2018) pending before Federal Civil and Commercial Court No. 3. On November 1, 2018, the judge granted the injunction requested by CVH and ordered the CNV to refrain from issuing any decision or deciding on the authorization of the PTO submitted and formulated by the Company on June 21, 2018, for a period of six (6) months.

On October 8, 2018, the Company filed the substantive claim on which the request for an injunction was grounded: a request for a declaratory judgment declaring that the Company submitted and formulated the PTO in conformity with applicable regulations and fully in accordance with the PTO Rules.

On June 10, 2019, the Company was served notice of the decision rendered on May 9, 2019 in re "Burgueño Daniel v. EN-CNV on Injunction (Autonomous)" (File 89,537/2018) pending before Federal Court on Administrative Matters No. 1, Clerk's Office No. 1, whereby that Court granted an injunction, suspending the proceeding related to the PTO until such Commission decides to apply Resolution No. 779/18 (the "New CNV Resolution"), or until the expiration of the maximum term allowed under Article 5 of Law No. 26,854, as the case may be. The above-mentioned injunction was extended for an additional term of six (6) months, and the Court of Appeals ratified such extension.

In addition, on July 19, 2019, the Company was served 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. Against this decision rendered by the Court of Appeals on Civil and Commercial Matters, the Company filed a federal

CABLEVISIÓN HOLDING S.A.

extraordinary appeal, which was dismissed on December 26, 2019. Notwithstanding the foregoing, as of that date, the PTO submitted by the Company was still within the scope of the injunction ordered in re "Burgueño Daniel v. EN-CNV on Injunction (Autonomous)" (File 89,537/2018) mentioned in the previous paragraph.

On November 26, 2019, CVH was served notice of a claim filed by a shareholder of the Company, Daniel Burgueño, in re "Burgueño, Daniel Fernando v. Executive Branch - Argentine Securities Commission and Other re: Proceeding leading to a declaratory judgment" (File No. 33,763/2019), pending before Federal Court on Administrative Matters No. 1, Secretariat No. 1. The claim seeks to obtain a declaration that CVH is no longer under the obligation to carry out a PTO to acquire the shares of Telecom Argentina as a result of the change of control in that company, pursuant to subsection k) of Article 32 of the New CNV Resolution, which regulates Law No. 26,831 (as amended by Law No. 27,440.) On December 27, 2019, CVH was served notice of the decision issued by the court of first instance in re "Burgueño, Daniel Fernando v. Executive Branch - Argentine Securities Commission and Other re: Proceeding leading to a declaratory judgment" (File No. 33,763/2019), whereby Court admitted the claim brought by Mr. Burgueño, confirmed that CVH no longer falls within the obligation to conduct a PTO due to the change of control in Telecom Argentina, pursuant to the terms of Article 32, subsection k.) of the New CNV Resolution and ordered the CNV to deem the proceedings initiated by the Company with the CNV concluded. In its ruling, the Court also ordered CVH to cease the proceeding initiated in connection with the PTO. On May 18, 2020, the Company was notified of the Resolution dated May 15, 2020, pursuant to which the extension of the term of the injunction.

As of the date of these financial statements, the decision rendered by the court of first instance served on the Company on December 27, 2019 in re Burgueño, Daniel Fernando v. Executive Branch - Argentine Securities Commission and Other re: Proceeding leading to a declaratory judgment" (File No. 33,763/2019) is not yet final.

NOTE 32 – SUBSEQUENT EVENTS AS OF DECEMBER 31, 2019

a) Financial Debt

Telecom

- Global Notes Program

Within the framework of the Global Notes Program for up to US\$3,000 million or its equivalent in other currencies, on January 23, 2020, Telecom informed the CNV about the resumption of the Notes placement period in two series for an aggregate nominal value of \$1,500 million, which may be extended to \$ 5,000 million. The funds thus obtained shall be used for working capital and to refinance liabilities.

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

Class 3 Notes

Issuance Date: January 31, 2020.

Amount Issued: \$3,196,524,154.

Maturity Date: January 31, 2021.

Repayment: Principal will be repaid in one installment in an amount equal to 100% of the aggregate principal, at maturity.

Interest Rate and Payment Date: the notes accrue interest on a quarterly basis as from the Issuance Date until the Maturity Date, at a variable rate equivalent to BADLAR plus a margin of 4.75%. Interest will be paid on a quarterly basis and the last interest payment date will be the maturity date.

Class 4 Notes

Issuance Date: January 31, 2020.

Amount Issued: \$1,200,229,180.

Maturity Date: July 31, 2021.

Repayment: Principal will be repaid in one installment in an amount equal to 100% of the aggregate principal, at maturity.

Interest Rate and Payment Date: the notes accrue interest on a quarterly basis as from the Issuance Date until the Maturity Date, at a variable rate equivalent to BADLAR plus a margin of 5.25%. Interest will be paid on a quarterly basis and the last interest payment date will be the maturity date.

CABLEVISIÓN HOLDING S.A.

Telecom received a disbursement of \$4,374 million because debt issuance expenses in the amount \$23 million were deducted from the initial disbursement.

- Loan with IDB

On February 4, 2020, Telecom executed a supplement to the original agreement with IDB invest for an aggregate amount of US\$125 million. It provides for: i) the first tranche for US\$50 million due on November 15, 2023, which accrues interest at LIBOR plus 4,6 percentage points, payable in 8 semi-annual consecutive installments as from May 2020 and ii) the second tranche for US\$75 million due on November 15, 2022, which accrues interest at LIBOR plus a variable spread of 7 to 7.75 percentage points, payable in 6 semi-annual consecutive installments as from May 2020.

On April 7, 2020, Telecom received an additional disbursement for a total of US\$ 25 million, with final maturity in November 15, 2022. Telecom received US\$ 24.6 million because debt issuance expenses in the amount US\$ 0.4 million were deducted from the initial disbursement.

- Loan with Banco Macro

On March 16, 2020, Telecom executed a loan agreement with Banco Macro S.A. for a total amount of \$ 4.000 million. The principal will be paid in a single payment on the maturity date that will operate on September 16, 2021. The loan accrues interest payable quarterly from the date of issue until maturity at a variable rate equivalent to Badlar plus a margin of 6.75 %.

- Bank ICBC Loan

On April 13, 2020 Telecom subscribed a loan agreement with Banco ICBC S.A for a total amount of \$975 million. Total capital will be settled by one payment at maturity date, which will be on April 13, 2021. The loan bears interest in a monthly basis from its issuance date until its maturity date at a variable annual rate equivalent to Badlar plus spread of 9.75%.

Núcleo

- Global Notes Program

Núcleo issued a new Series of Notes with the following characteristics:

Series III

Issuance Date: March 12, 2020.

Amount Issued: Gs.100,000,000,000 (approximately \$948 million as of the issuance date).

Maturity Date: 60 months from the Issuance Date.

Repayment: Principal will be repaid in one installment in an amount equal to 100% of the aggregate principal, at maturity (March 11, 2025).

Interest Rate: the notes accrue interest as from the Issuance Date until the Maturity Date, at a fixed annual rate of 8.75 %.

Interest Payment Date: Interest will be paid quarterly in arrears as from the Issuance Date. The last interest payment date will be the Maturity Date.

b) Effects of Covid-19 on operations

By the end of December 2019, the World Health Organization (WHO) received a report of pneumonia cases originated in Wuhan, Province of Hubei, China. The report was related to the outbreak of a new virus called Coronavirus ("Covid-19"), which soon spread to several provinces of China and then to other countries. The outbreak and spread of Covid-19 has generated several consequences on businesses and economic activities at a global level.

Given the extent of the spread, several governments in the world have implemented drastic measures to restrict the movement of the population and to curb the spread, including, among other things, controls at airports and other transport hubs, suspension of visas, border closure and the ban on travel to and from certain parts of the world for a period of time, closure of public and private institutions, suspension of sports

CABLEVISIÓN HOLDING S.A.

events, restrictions on museums and tourist attractions, extension of vacations, and finally, the mandatory isolation of the population together with the suspension of non-essential commercial activities with a high degree of compliance. On March 11, 2020, the WHO declared Covid-19 a global pandemic.

In Argentina, the National Government established a series of measures aimed at reducing the movement of the population, ordering the Mandatory and Preventive Social Isolation as from March 20, 2020, allowing the movement of only those people involved in the provision/production of essential services and products, among them, those involved in the provision of telecommunication, fixed and mobile Internet and digital services. Such isolation may be extended as deemed necessary according to the epidemiological situation.

The Group provides services that are critical for society as it connects people, homes, companies and governments. The infrastructure deployed contributes to providing, through the capacity of fixed and mobile networks, essential services such as the coordination of the security forces and the health ecosystem where communications at healthcare facilities and new field hospitals have been strengthened and enhanced. In addition, the Government has facilitated the communication between students and teachers through virtual educational platforms, enhancing learning through different applications and boosting the access to information for all the population.

In economic terms, the services rendered by the Group favor the continuity of the activities of large, medium- and-small sized companies that are still operating, many of them remotely, boosted by online platforms so that sellers and consumers can connect and sustain consumption; cooperate with the productive process through the implementation of home office as one of the most disruptive tools given its massive and immediate application, contributing to sustaining the economy of the country, and also because, in this context of isolation, they enable people to stay connected, entertain themselves, produce and stay informed from their homes.

Thanks to the investments in infrastructure made over the last years, Telecom Argentina has equipment and systems that enable its networks to work efficiently even with the increased use of the services it provides, both fixed and mobile connectivity, since the beginning of the Mandatory and Preventive Social Isolation.

Hence, and in spite of the declaration of the pandemic, the Group implemented a series of measures to ensure the continuity of operations remotely, safeguarding the health of all the personnel and of those that are part of the value chain. The main measures adopted by the Company comprised:

- Early performance of the tasks planned for 2020 and the initiation of works to ensure the capacity required for the networks to continue operating seamlessly;
- Expansion of the capacity for international outgoing Internet traffic by 40% (with the possibility of increasing it further if the situation so requires) and reduction of the quality of video resolution;
- Execution of agreements to boost the links with international suppliers and IP networks;
- Early execution in public thoroughfare of infrastructure works on residential fixed data networks, enhancement of data centers and hubs and increase of the capacity of Flow's content distribution network;
- Expansion of the capacity of the mobile network in certain smaller locations in the provinces where there is only one network, and the continuation of preventive maintenance tasks in all our networks;
- Granting of certain benefits so that customers can take further advantage of connection options and access valuable information and educational and entertainment contents;
- Awareness campaigns with recommendations and good practices in the use of Internet to ensure a better connectivity experience;
- Launch of a campaign, since the first day of the mandatory isolation, promoting all the digital communication channels and encouraging customers to request support through those channels. Enhancement of digital support in order to handle the new flow of customers by implementing special microsites identified as "I pay from home";
- In compliance with effective regulations, Telecom has recently opened commercial offices in locations with less than 100,000 inhabitants;
- Technical support focused on preventive maintenance and repairs in public thoroughfare and on Telecom's own infrastructure, giving priority to critical cases such as hospitals and security forces, among others;
- In the case of new installations and repairs that have to be made inside our customers' homes, Telecom provided technical teams with personal care and safety kits, which include special

CABLEVISIÓN HOLDING S.A.

protective gear such as coveralls, gloves, cloth face covering and special goggles, hand sanitizer and training for the proper and safe use of those elements;

- Telecom's Crisis Committee, composed of members of Upper Management, started to hold meetings on a daily basis and added the advice of health experts to address the different scenarios that may arise and for quick decision-making;
- Implementation of home office, prior to the declaration of the mandatory isolation, for many of our employees in business support areas with virtual private network access so that they can work remotely with the same tools and security levels they have in their working places at our offices. They use web and mobile applications for (i) administrative and human resources tasks, (ii) access to e-learning training and (iii) communication and collaborative workspaces, virtual rooms and access to files and documentation from anywhere, in a collaborative and safe way;
- Enhancement of cleaning and disinfection at working places and environments for those tasks that cannot be performed remotely, including the vans used for providing technical support, and provision of hand washing and sanitizing methods, in addition to the distribution of personal care kits in accordance with the protocol established by the Superintendency of Labor Risks;
- Continuation of ongoing communication with unions to agree on working protocols that allow the Company to continue providing services and, at the same time, safeguard the health of our employees; and
- Ongoing communication with our strategic partners and other international operators from the countries with greater spread of the pandemic in order to understand and foresee the potential impacts on our operations.

Prohibition to disconnect services in case of late or non-payment

On March 24, 2020, the Executive Branch issued Decree No. 311/2020, whereby it provided for the temporary suspension of the disconnection of services deemed essential for the development of daily life, such as electricity supply, running water supply, gas supply, fixed and mobile telephony, Internet and radio electric link or satellite link subscription television, among others, in order to guarantee the access to those essential services.

The Decree also provides that companies that render fixed or mobile telephony, Internet and radio-electric link or satellite link subscription television services are under the obligation to maintain a reduced service as established in the regulations for a term of one hundred eighty (180) calendar days. In addition, it sets out that if users of mobile telephony or Internet prepaid services fail to pay the corresponding recharge to have access to consumption, the companies that provide those services have to render a reduced service within the terms provided by regulations, and that this obligation shall be effective until May 31, 2020.

The Ministry of Productive Development, designated as the Enforcement Authority, ordered the prohibition to disconnect services in case of late or non-payment under the conditions established in the general rules approved. In addition, it created a Coordination Unit, composed of a representative of each of the competent areas, in order to implement the provisions of the decree. The Coordination Unit shall issue, within a maximum term of fifteen calendar days, a report regarding the number of users that fall within the scope of the decree and the segment of users that do not fall within the scope of the decree as deemed convenient.

The implementing regulations provide that the users that fall within the scope of the decree are all those whose bills are due as from March 1, 2020 and those with a current notice of disconnection and, in the case of fixed or mobile telephony, Internet and radio-electric link or satellite link subscription television services, users must have registered the service under their name before March 26, 2020.

Among other aspects, the implementing regulations provide the monthly minimum features that will be considered as reduced services of the companies that render fixed and mobile telephony, Internet and radio-electric link or satellite link subscription television services; the control measures to be set and the suspension of the notices of disconnection for all the users detailed in the report issued by the Coordination Unit. In addition, it also set out that the measures adopted may be extended to other individual customers, taxpayers liable to tax under the simplified tax scheme and civil associations that provide evidence of a decrease in their revenues.

In addition, the ENACOM laid out the information that the companies that render fixed and mobile telephony, Internet and radio-electric link or satellite link subscription television services must submit to the oversight agency, and also ordered that those companies may not suspend or disconnect the service due to non-payment by any user included in the reports issued by the Coordination Unit.

CABLEVISIÓN HOLDING S.A.

Those companies must provide the ENACOM with all the prices set for the reduced services that they are under the obligation to maintain, broken down by type of service, on the condition that those prices are fair and reasonable. The prices of the reduced services must be informed to the users through the bills, institutional websites and all the social media through which they communicate with their customers and/or advertise their services. They must also inform the ENACOM about the terms and conditions and/or modalities of the payment plans and the communication process, which they shall make available to the qualifying users.

Main Accounting Impacts

As of the date of these consolidated financial statements, the pandemic has not had significant impacts on the Group's results. Despite the difficulties that caused a slowdown or complexities in our operations; such as the increased Internet data traffic, the increase in mobile voice service, the decrease in the collection of service fees, and mainly the inconveniences to make repairs and installations inside our customers' homes, among others; the operations are still in place and are expected to continue in spite of the difficulties.

Even though the pandemic may have a significant impact on the economic activity in Argentina and become an indicator of impairment, based on the estimates made as of the date of these consolidated financial statements, no adverse effect has been identified on the Group's future cash-flow-generating capacity because the volume of operations is expected to remain stable.

The ultimate effects of Covid-19 and its impact on the global and local economy are unknown. Governments may issue more stringent measures, which cannot be predicted at this stage. The Company's Management will continue to develop actions that minimize the potential impairment on its results, as a result of these situations, maintaining a high level of service and customer satisfaction, and seeking to maximize the precautions in social management in this context.

The Company's Board of Directors and Telecom's Crisis Committee are closely monitoring the situation and taking the necessary measures to preserve human life and the Group's businesses.

c) Annual Shareholders' Meeting of Telecom

On April 28, 2020, at the General Ordinary and Extraordinary Shareholders' Meeting of Telecom, the shareholders decided, among other things, to absorb the negative balance of retained earnings as of December 31, 2019 of \$ 6,153.7 million, as follows: (i) \$ 1,791.3 million to the Voluntary reserve for capital investments and (ii) \$ 4,362.4 million to the Voluntary reserve to maintain the Company's level of capital expenditures and its current solvency level. In addition, the shareholders decided (i) to reclassify \$10,100.2 million from the Voluntary reserve to maintain the Company's level of capital expenditures and its current solvency level to the account Merger Surplus; and (ii) to reverse the balance of the Voluntary reserve for capital investments in order to increase the Voluntary reserve for future cash dividends.

d) Annual Shareholders' Meeting of the Company

On April 29, 2020, at the General Ordinary and Extraordinary Shareholders' Meeting of Cablevisión Holding, the shareholders decided, among other things: (i) to absorb the net loss for the year ended December 31, 2019, which amounts to \$ 3,011 million, through the partial reversal of the Voluntary reserve for illiquid results and (ii) to make a full reversal of the Voluntary reserve for financial obligations which, as of December 31, 2019, amounted to \$ 18,460 million, and appropriate \$ 150,602 million to the legal reserve, an amount in Argentine pesos equivalent to US\$ 12 million to the payment of dividends in unrestricted US dollars, and the remaining amount to increase the Voluntary reserve for illiquid results. As of the date of issuance of these financial statements, the Company paid all the dividends distributed.

e) Restructuring of Government Bonds issued under Foreign Law

On April 21, 2020, the PEN, through Decree No. 391/2020, provided the restructuring of certain Argentine Bonds issued under foreign law through an invitation to creditors to exchange the mentioned bonds for other bonds, subject to new issuance conditions.

CABLEVISIÓN HOLDING S.A.

On the other hand, on April 23, 2020, the Government of the Province of Buenos Aires provided the restructuring of certain Provincial Bonds issued under foreign law through an invitation to creditors to exchange the mentioned bonds for other bonds, subject to new issuance conditions.

In May 2020, Telecom presented several exchange offers of its bonds portfolio that could be exchanged, to subscribe to both invitations made by the PEN and the Government of the Province of Buenos Aires, in accordance with the established conditions and procedures.

NOTE 33 - APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

Cablevisión Holding's Board of Directors has approved the statutory financial statements in Argentina and authorized their issue for March 10, 2020.

These consolidated financial statements for the year ended December, 31 2019, and for the purposes of their filing with the LSE, have been approved by Cablevisión Holding's Board of Directors on May 19, 2020.



Independent auditor's report

To: the Board of Directors and Shareholders of Cablevisión Holding S.A.

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects the consolidated financial position of Cablevisión Holding S.A. and its subsidiaries (the Group) as at December 31st, 2019, and of its consolidated financial performance and of its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

Cablevisión Holding S.A.'s consolidated financial statements comprise:

- the consolidated statement of financial position as at December 31st, 2019;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

Price Waterhouse & Co. S.R.L., Bouchard 557, piso 8°, C1106ABG - Ciudad de Buenos Aires
T: +(54.11) 4850.6000, F: +(54.11) 4850.6100, www.pwc.com/ar



Key audit matter	How our audit addressed the key audit matter
<p data-bbox="277 423 707 450">Goodwill impairment assessment</p> <p data-bbox="277 486 798 633">The Group’s consolidated goodwill balance was \$ 175,360 million as of December 31, 2019, and the goodwill associated with the Argentinian business operations was \$ 174,324 million as of December 31, 2019.</p> <p data-bbox="277 669 839 969">Management conducts an impairment test as of December 31 of each year, or more frequently if events or circumstances indicate that the carrying value of goodwill may be impaired. Potential impairment is identified by comparing the value in use of a Cash Generating Unit (CGU) to its carrying value, including goodwill. Value in use is estimated by management using a discounted cash flow model.</p> <p data-bbox="277 1005 839 1216">Management’s cash flow projections for the Argentinian Operations’ CGU included significant judgments and assumptions relating to the projected operating income, the discount rate, the long-term growth rate and certain macroeconomic variables, such as projected inflation and exchange rates.</p> <p data-bbox="277 1252 778 1368">We focused on this area due to significant level of judgment applied by management when developing the value in use measurement of the CGU.</p> <p data-bbox="277 1404 815 1552">See notes 3.k.) and 3.t.1) to the consolidated financial statements for management’s disclosures of the critical accounting policies, judgments and estimates and further explanation.</p>	<p data-bbox="868 486 1433 571">We performed the following procedures, among others, in response to the key audit matter identified:</p> <ul data-bbox="868 607 1465 1193" style="list-style-type: none"><li data-bbox="868 607 1465 723">• Tested the effectiveness of controls relating to management’s goodwill impairment assessment, including controls over the determination of value in use of the CGU.<li data-bbox="868 732 1465 790">• Tested management’s process for developing the value in use estimate.<li data-bbox="868 799 1465 857">• Evaluated the appropriateness of the discounted cash flow model.<li data-bbox="868 866 1465 952">• Tested the completeness, accuracy, and relevance of underlying data used in the model.<li data-bbox="868 960 1465 1131">• Evaluated the significant assumptions used by management, including the discount rate, the long-term growth rate, the projected operating income and certain macroeconomic variables, such as projected inflation and exchange rates.<li data-bbox="868 1140 1465 1193">• Performed sensitivity analyses for the Argentinian Operations’ CGU. <p data-bbox="868 1229 1465 1467">With respect to the appropriateness of the future cash inflows used in the calculation we satisfied ourselves, amongst other procedures, by agreeing this information with the current budget in the one-year plan adopted by Management and approved by the Board of Directors, as well as by comparison with external market and industry data.</p> <p data-bbox="868 1503 1465 1807">With the knowledge that even relatively small changes in certain significant assumptions applied could have material effects on the value in use calculated, we also involved our own valuation experts with specialized skill and knowledge to assist in the evaluation of the CGU discounted cash flow model and certain significant assumptions, including the discount rate, the long-term growth rate and projected inflation and exchange rates.</p>
<hr/> Emphasis of Matter – Dispute of SCI’s Resolution 50/10	
<p data-bbox="261 1933 1449 2049">We draw attention to Note 20.2.j. to the 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 cable television services. The outcome of this situation cannot be foreseen to date. Our opinion is not modified in respect of this matter.</p>	



Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Carlos Alberto Pace.

A handwritten signature in black ink, appearing to read 'Carlos Pace', written over a light blue horizontal line.

Carlos Pace

Price Waterhouse & Co. S.R.L.

Bouchar 557, Floor 8

Buenos Aires, Argentina

May 19th, 2020.