TELECOM ARGENTINA S.A.

Consolidated Financial Statements as of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

General Hornos 690
(1272) Ciudad Autónoma de Buenos Aires
Argentina

$: Argentine peso
US$: US dollar
$177.16 = US$1 as of December 31, 2022

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Telecom Argentina S.A.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated statements of financial position of Telecom Argentina S.A. and its subsidiaries (the "Company") as of December 31, 2022 and 2021, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2022, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting appearing under Item 15. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Goodwill Impairment Assessment – CGU of Telecom Argentina

As described in Notes 3.l), 3.m) 3.v), 3.v.1) and 8 to the consolidated financial statements, the Company's consolidated goodwill balance was $ 494,757 million as of December 31, 2022, and the goodwill assigned to a cash generating unit of Telecom Argentina ("the CGU of Telecom Argentina") was $ 494,067 million as of December 31, 2022. During fiscal year 2022, the Company has recognized an impairment of goodwill for $243,900 million. 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. Recoverable value of the CGU is determined as the higher value between its fair value less costs of disposal (hereinafter "FVLCD") and its value in use (hereinafter "VIU"). FVLCD is calculated by management using the Company's market capitalization value and VIU is estimated using a discounted cash flow model. The assessment of the recoverable value of the CGU of Telecom Argentina included significant judgments made by management. As of September 30, 2022, management identified a trigger that indicated that the carrying value of goodwill may be impaired and therefore the need to review the estimate of the recoverable value of goodwill assigned to the CGU of Telecom Argentina. The recoverable value of the CGU of Telecom Argentina S.A. as of that date was determined by management through the FVLCD, since it was higher than the value in use. To determine the fair value of the CGU of Telecom Argentina, the market capitalization value of the Company was adjusted for (i) the estimated fair value of other CGUs, (ii) the effect of the net liabilities not subject to this impairment test at their estimated fair value (iii) an estimated control premium and (iv) estimated disposal costs in an orderly transaction. As of December 31, 2022, the recoverable value of the CGU of Telecom Argentina was determined by management through the VIU, since it was higher than the FVLCD as of that date. To determine the VIU of the CGU of Telecom Argentina, the management used a discounted cash flow model. Management's cash flow projections for the CGU of Telecom Argentina included significant judgments and key assumptions relating to revenue projections, long-term growth rate of normalized constant cash flow and the discount rate.

The principal consideration for our determination that performing procedures relating to the goodwill impairment assessment of the CGU of Telecom Argentina is a critical audit matter is that there was significant judgment applied by management when developing the assessment of the recoverable value of the CGU of Telecom Argentina. This, in turn, led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to assess (i) the FVLCD of the CGU of Telecom Argentina and to evaluate adjustments made by management to the Company's market capitalization value, including the estimated fair value of other CGUs, the effect of the net liabilities not subject to the impairment test at their estimated fair value and the estimated control premium and (ii) the VIU of the CGU of Telecom Argentina and to evaluate the management's significant assumptions related to revenue projections, long-term growth rate of normalized constant cash flow and the discount rate. In addition, the audit effort involved the use of professionals with specialized skill and knowledge to assist in performing these procedures and evaluating the audit evidence obtained.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the financial statements. These procedures included testing the effectiveness of controls relating to management's goodwill impairment assessment, including controls over the determination of the recoverable value for the CGU of Telecom Argentina. These procedures also included, among others, evaluating the appropriateness of the recoverable value determination for the CGU of Telecom Argentina; testing the completeness, accuracy, and relevance of underlying data used in the estimate; and (a) in the case of FVLCD evaluating the adjustments to the Company's market capitalization value made by management, including (i) the estimated fair value of other CGUs (ii) the estimated fair value for the net liabilities not subject to the impairment test and (iii) the estimated control premium, and (b) in the case of VIU evaluating the reasonableness of the significant assumptions used by management related to the revenue projections, long-term growth rate of normalized constant cash flow, and the discount rate. Evaluating management' adjustments to Company's market capitalization value to determine the FVLCD of the CGU of Telecom Argentina involved evaluating whether the assumptions used by management were reasonable considering the consistency with: (i) valuation techniques generally used to determine fair values, (ii) external market data and (iii) evidence obtained in other areas of the audit. Also, evaluating management's assumptions related to the revenue projections and long-term growth rate of normalized constant cash flow used to determine the VIU involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the CGU of Telecom Argentina; (ii) the consistency with external market and industry data; and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in (a) the evaluation of the methodology used by management to determine the FVLCD and the reasonableness of the adjustments to the Company's market capitalization value made by management and (b) the evaluation of the management's discounted cash flow model and the discount rate assumption used to determine the VIU of the CGU of Telecom Argentina.

/s/ PRICE WATERHOUSE & CO. S.R.L.

(Partner)

/s/ Alejandro Javier Rosa

Autonomous City of Buenos Aires, Argentina
March 20th, 2023

We have served as the Company's auditor since 2003.

CONTENTS

Glossary of terms

The following explanations are not technical definitions, but to assist to understand certain terms as used in these consolidated financial statements.

Abono fijo: Under the Abono fijo plans, a subscriber pays a set monthly bill and, once the contract minutes per month have been used, the subscriber can obtain additional credit by recharging the phone card through the prepaid system.

ADR: American Depositary Receipt.

ADS: Telecom Argentina's American Depositary Share, listed on the New York Stock Exchange, each representing five Class B Shares.

AFIP (Administración Federal de Ingresos Públicos): The Argentine federal tax authority.

AMBA (Área Metropolitana de Buenos Aires): The Metropolitan Area of Buenos Aires.

BCRA (Banco Central de la República Argentina): The Central Bank of Argentina.

BYMA (Bolsas y Mercados Argentinos): Buenos Aires Stock Exchange.

Cablevisión: Company absorbed by Telecom since January 1, 2018, whose activities are continued by Telecom.

CAPEX: Capital expenditures.

CNC (Comisión Nacional de Comunicaciones): The Argentine National Communications Commission.

CNDC (Comisión Nacional de Defensa de la Competencia): The Argentine Antitrust Commission.

CNV (Comisión Nacional de Valores): The Argentine National Securities Commission.

Company/Telecom Argentina: Telecom Argentina S.A.

CONATEL (Comisión Nacional de Telecomunicaciones del Paraguay): The Regulatory Authority of Paraguay.

CPCECABA (Consejo Profesional de Ciencias Económicas de la Ciudad Autónoma de Buenos Aires): The Professional Council of Economic Sciences of the City of Buenos Aires.

CVH: Cablevisión Holding S.A., controlling company of Telecom since January 1, 2018 (Note 27.a).

DNU (Decreto de Necesidad y Urgencia): Decree of Urgency issued by the Argentine Government.

D&A: Depreciation and amortization.

DFI: Derivate Finantial Instruments.

ENACOM (Ente Nacional de Telecomunicaciones): The Telecommunications Regulatory Authority of Argentina.

ENTel (Empresa Nacional de Telecomunicaciones): Argentine State Telecommunication Company, which was privatized in November 1990.

FACPCE (Federación Argentina de Consejos Profesionales en Ciencias Económicas): Argentine Federation of Professional Councils of Economic Sciences.

FFSU or SU Fund (Fondo Fiduciario del Servicio Universal): Universal Service Fiduciary Fund.

Fintech: Fintech Telecom LCC, a Telecom shareholder.

Fintech Services: Financial technology services.

FIU: Financial Information Unit.

Fixed assets: Includes PP&E, Intangible assets, Goodwill and Rights of use assets.

IAS: International Accounting Standards.

IASB: International Accounting Standards Board.

ICT services (Information and Communication Technology services): Services to transport and distribute signals or data, such as voice, text, video and images, provided or requested by third-party users, through telecommunications networks.

IFRS: International Financial Reporting Standards, as issued by the International Accounting Standards Board.

IGJ (Inspección General de Justicia): General Board of Corporations.

INDEC (Instituto Nacional de estadísticas y censos): The National Institute of statistics and censuses.

La Capital Cable/Ver TV/TSMA: Names corresponding to limited companies La Capital Cable S.A., Ver T.V. S.A. and Teledifusora San Miguel Arcángel S.A., respectively, companies that are directly or indirectly associates according to the definition of the General Corporations Law.

LAD (Ley Argentina Digital): Argentine Digital Law No. 27,078.

LGS (Ley de General de Sociedades): Argentine Corporations Law No. 19,550 as amended. Since the enforcement of the new Civil and Commercial Code its name was changed to "General Corporations Law".

Micro Sistemas/Pem/Cable Imagen/AVC Continente Audiovisual/Inter Radios/Personal Smarthome/Personal Security/NYSSA: Names corresponding to limited companies or limited responsibility companies that are directly or indirectly controlled according to the definition of the General Corporations Law, or were controlled by the Company, directly or indirectly: Micro Sistemas S.A.U., Pem S.A.U., Cable Imagen S.R.L., AVC Continente Audiovisual S.A., Inter Radios S.A.U., Personal Smarthome S.A., Personal Smart Security S.A.U., Negocios y Servicios S.A.U.

MULC (Mercado Único y Libre de Cambios): The Argentine Single and Free Exchange Market.

NYSE: New York Stock Exchange.

OCI: Other Comprehensive Income.

PBU (Prestación Básica Universal Obligatoria): Compulsory universal telecommunication service established by Decree No. 690/20 and regulated by ENACOM Resolution No. 1,467/20.

*PCS (*Personal Communications Service): A mobile communications service with systems that operate in a similar manner to cellular systems.

PEN (Poder Ejecutivo Nacional): National Executive Power.

PPP (Programa de Propiedad Participada): Share Ownership plan.

PP&E: Property, plant and equipment.

PSP: Payment Service Providers.

RECPAM (Resultado por exposición a los cambios en el poder adquisitivo de la moneda): Inflation Adjustment Gain (Loss).

Regulatory Authority: Previously, the SC and the CNC. Since the issuance of the Decree of Need and Urgency No. 267/15, the Regulatory Authority is the National Communications Agency (ENACOM).

RMB: Official currency of Popular Republic of China.

Roaming: a function that enables mobile subscribers to use the service on networks of operators other than the one with which they signed their initial contract. The roaming service is active when a mobile device is used in a foreign country (included in the GSM network).

SBT (Servicio básico telefónico): Basic telephone service.

SC (Secretaría de Comunicaciones): The Argentine Secretary of Communications.

SCMA (Servicio de Comunicaciones Móviles Avanzadas): Mobile Advanced Communications Service.

SEFyC (Superintendencia de Entidades Financieras y Cambiarias): Superintendency of Financial and Exchange Entities.

SMS: Short message systems.

SOF: Secured Overnight Financing

SRCE (Servicio Radioeléctrico de Concentración de Enlaces): Radio-electric Service of Concentration of Links.

SRMC (Servicio de Radiocomunicaciones Móvil Celular): Cellular Mobile Radiocommunications Service.

SRS (Servicio de Radiodifusión por Suscripción por vínculo físico y/o radioeléctrico): Subscription Broadcasting Service by physical and / or radio-electric link.

STM (Servicio de Telefonía Móvil): Mobile Telephone Service.

SU: The availability of Basic telephone service, or access to the public telephone network via different alternatives, at an affordable price to people within a country or specified area.

Telecom: Telecom Argentina and its consolidated subsidiaries.

Telecom USA/Núcleo/Personal Envíos/Tuves Paraguay/Televisión Dirigida/Adesol/Opalker: Names corresponding to foreign companies Telecom Argentina USA, Inc., Núcleo S.A., Personal Envíos S.A., Tuves Paraguay S.A., Televisión Dirigida S.A., Adesol S.A. and Opalker S.A., respectively, companies that are directly or indirectly controlled according to the definition of the General Corporations Law.

Telefónica: Telefónica de Argentina S.A.

UVA (Unidad de Valor Adquistivo): Purchasing Value Unit, an index developed and published by the BCRA.

VAS (Value-Added Services): Services that provide additional functionality to the basic transmission services offered by a telecommunications network such as SMS, Video streaming, Personal Video, Personal Cloud, M2M (Communication Machine to Machine), Social networks, Personal Messenger, Contents and Entertainment (content and text subscriptions, games, music ringtones, wallpaper, screensavers, etc.), MMS (Mobile Multimedia Services) and Voice Mail, among others.

VAT: Value-Added Tax.

VLG: VLG S.A.U. (formerly VLG Argentina LLC), a company that is a shareholder of the Company and controlled by CVH.

In these Consolidated Financial Statements, unless otherwise stated, Argentine peso amounts are stated in millions. For the avoidance of doubts, any tables that specify amounts are presented “in millions” are Stated in millions of Argentine pesos.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In millions of Argentine pesos in current currency - Note 1.d)

		As of December 31,	
ASSETS	**Note**	**2022**	**2021**
Current Assets			
Cash and cash equivalents	**4**	40,052	38,665
Investments	**4**	8,373	21,010
Trade receivables	**5**	37,616	43,934
Other receivables	**6**	19,537	17,231
Inventories	**7**	6,448	6,068
Assets classified as held for sale	**3.j**	954	-
Total current assets		**112,980**	**126,908**
Non-Current Assets			
Trade receivables	**5**	118	140
Other receivables	**6**	1,669	4,063
Deferred income tax assets	**15**	2,472	1,282
Investments	**4**	6,444	6,282
Goodwill	**8**	494,757	738,457
PP&E	**9**	792,794	878,856
Intangible assets	**10**	254,807	280,724
Right of use assets	**11**	62,932	65,090
Total non-current assets		**1,615,993**	**1,974,894**
TOTAL ASSETS		**1,728,973**	**2,101,802**
LIABILITIES			
Current Liabilities			
Trade payables	**12**	89,257	95,899
Financial debt	**13**	134,361	126,360
Salaries and social security payables	**14**	37,652	43,367
Income tax payables	**15**	314	27,129
Other taxes payables	**16**	9,931	7,718
Leases liabilities	**17**	9,202	11,940
Other Liabilities	**18**	4,960	5,951
Provisions	**19**	2,634	4,180
Total current liabilities		**288,311**	**322,544**
Non-Current Liabilities			
Trade payables	**12**	319	2,135
Financial debt	**13**	334,828	393,583
Salaries and social security payables	**14**	2,747	3,012
Deferred income tax liabilities	**15**	256,213	263,423
Other taxes payables	**16**	44	-
Leases liabilities	**17**	19,695	24,906
Other Liabilities	**18**	2,610	2,435
Provisions	**19**	11,654	18,650
Total non-current liabilities		**628,110**	**708,144**
TOTAL LIABILITIES		**916,421**	**1,030,688**
EQUITY			
Equity attributable to Controlling Company		796,341	1,054,417
Equity attributable to non-controlling interest		16,211	16,697
TOTAL EQUITY *(See Consolidated Statements of Changes in Equity)*	**21**	**812,552**	**1,071,114**
TOTAL LIABILITIES AND EQUITY		**1,728,973**	**2,101,802**

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

CONSOLIDATED INCOME STATEMENTS

(In millions of Argentine pesos in current currency, except per share data in Argentine pesos in current currency - Note 1.d)

	Note	For the years ended December 31, 2022	2021	2020
Revenues	**23**	**729,182**	**828,831**	**886,765**
Employee benefit expenses and severance payments	**24**	(182,664)	(178,865)	(171,934)
Interconnection and transmission costs		(22,455)	(29,729)	(33,090)
Fees for services, maintenance, materials and supplies	**24**	(88,456)	(96,288)	(97,064)
Taxes and Fees with the Regulatory Authority	**24**	(55,991)	(63,781)	(67,685)
Commissions and advertising		(44,166)	(47,514)	(50,724)
Cost of equipment and handsets	**24**	(34,540)	(40,831)	(32,731)
Programming and content costs		(45,741)	(56,391)	(59,301)
Bad debt expenses		(18,342)	(15,550)	(31,769)
Other operating expenses	**24**	(36,447)	(41,261)	(39,951)
Depreciation, amortization and impairment of fixed assets	**24**	(495,321)	(264,050)	(242,847)
Operating income (loss)		**(294,941)**	**(5,429)**	**59,669**
Earnings from associates	**4**	819	770	1,459
Debt financial expenses	**25**	29,744	55,906	(72,619)
Other financial results, net	**25**	32,234	33,015	20,744
Income (loss) before income tax expense		**(232,144)**	**84,262**	**9,253**
Income tax benefit (expense)	**15**	26,504	(64,900)	(24,260)
Net income (loss) for the year		**(205,640)**	**19,362**	**(15,007)**
Attributable to:				
Controlling Company		(207,833)	16,878	(16,803)
Non-controlling interest		2,193	2,484	1,796
		(205,640)	**19,362**	**(15,007)**
Earnings (Loss) per share attributable to Controlling Company - Basic and diluted	**3.u**	**(96.50)**	**7.84**	**(7.80)**

See Note 24 for additional information on operating expenses per function.
The accompanying notes are an integral part of these consolidated financial statements.

TELECOM ARGENTINA S.A.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In millions of Argentine pesos in current currency - Note 1.d)

	For the years ended December 31,		
	2022	2021	2020
Net income (loss) for the year	**(205,640)**	**19,362**	**(15,007)**
Other comprehensive income			
Will be reclassified subsequently to profit or loss			
Currency translation adjustments (no effect on Income Tax)	(6,740)	(12,447)	(4,896)
DFI effects classified as hedges	608	666	(799)
Income Tax effects on DFI classified as hedges and others	(279)	(249)	62
Will not be reclassified subsequently to profit or loss			
Actuarial results	28	(68)	397
Income Tax effects	(10)	23	(121)
Other comprehensive (loss), net of tax	**(6,393)**	**(12,075)**	**(5,357)**
Total comprehensive income (loss) for the year	**(212,033)**	**7,287**	**(20,364)**
Attributable to:			
Controlling Company	(212,818)	7,732	(21,170)
Non-controlling interest	785	(445)	806
	(212,033)	**7,287**	**(20,364)**

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In millions of Argentine pesos in current currency - Note 1.d)

	Owners contribution		Reserves										
	Outstanding shares Capital nominal value (1)	Inflation adjust-ment	Contri-buted Surplus	Legal	Special reserve for IFRS implemen-tation	Voluntary reserve for capital invest-ments	Facultative (2)	Voluntary reserve for future dividends payments	Other compre-hensive results	Retained earnings	Equity attributable to controlling company	Equity attributable to non-controlling interest	Total Equity
Balances as of January 1, 2020	2,154	273,964	784,165	15,587	6,007	20,323	151,946	6,255	(14,456)	(24,769)	1,221,176	19,092	1,240,268
Resolutions of the General Ordinary and Extraordinary Shareholders' Meeting held on April 28, 2020:													
- Absorption of negative Retained earnings	-	-	-	-	-	(7,171)	(17,463)	-	-	24,634	-	-	-
- Reserves reallocation	-	-	(40,431)	-	-	(13,152)	40,431	13,152	-	-	-	-	-
Dividends to non-controlling shareholders (3)	-	-	-	-	-	-	-	-	-	-	-	(1,083)	(1,083)
Irrevocable Call and Put Option on the shares of AVC Continente Audiovisual valuation adjustment	-	-	-	-	-	-	-	-	101	-	101	-	101
Resolutions of the General Extraordinary Shareholders' Meeting held on November 13, 2020:													
- Dividends (4)	-	-	-	-	-	-	(56,190)	(19,407)	-	-	(75,597)	-	(75,597)
Comprehensive income:			-	-	-	-	-	-	-	-	-	-	-
Net income (loss) for the year	-	-	-	-	-	-	-	-	-	(16,803)	(16,803)	1,796	(15,007)
Other comprehensive loss	-	-	-	-	-	-	-	-	(4,367)	-	(4,367)	(990)	(5,357)
Total Comprehensive income (loss)	-	-	-	-	-	-	-	-	(4,367)	(16,803)	(21,170)	806	(20,364)
Balances as of December 31, 2020	2,154	273,964	743,734	15,587	6,007	--	118,724	--	(18,722)	(16,938)	1,124,510	18,815	1,143,325
Resolutions of the General Ordinary and Extraordinary Shareholders' Meeting held on April 28, 2021:													
- Absorption of negative Retained earnings	-	-	-	-	-	-	(16,803)	-	-	16,803	-	-	-
- Reserves reallocation	-	-	(34,455)	-	-	-	34,455	-	-	-	-	-	-
Dividends to non-controlling shareholders (3)	-	-	-	-	-	-	-	-	-	-	-	(1,625)	(1,625)
Resolutions of the General Extraordinary Shareholders' Meeting held on August 11, 2021:													
- Dividends (4)	-	-	-	-	-	-	(77,956)	-	-	-	(77,956)	-	(77,956)
Exercise Irrevocable Call and Put Option on the shares of AVC Continente Audiovisual valuation adjustment (5)	-	-	-	-	-	-	-	-	131	-	131	(48)	83
Comprehensive income:						-							
Net income for the year	-	-	-	-	-	-	-	-	-	16,878	16,878	2,484	19,362
Other comprehensive loss	-	-	-	-	-	-	-	-	(9,146)	-	(9,146)	(2,929)	(12,075)
Total Comprehensive income (loss)	-	-	-	-	-		-	-	(9,146)	16,878	7,732	(445)	7,287
Balances as of December 31, 2021	2,154	273,964	709,279	15,587	6,007	-	58,420	-	(27,737)	16,743	1,054,417	16,697	1,071,114

(1) See Note 21
(2) Corresponds to the Facultative Reserve to maintain the capital investments level and the current level of solvency.
(3) Corresponds to non-controlling shareholders of Núcleo.
(4) See Note 4.b)
(5) See Note 3.d.1.a).

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT.)

(In millions of Argentine pesos in current currency - Note 1.d)

	Owners contribution		Reserves								
	Outstanding shares Capital nominal value (1)	Inflation adjustment	Contributed Surplus	Legal	Special reserve for IFRS implemen-tation	Facultative (2)	Other compre-hensive results	Retained earnings	Equity attributable to controlling company	Equity attributable to non-controlling interest	Total Equity
Balances as of January 1, 2022	**2,154**	**273,964**	**709,279**	**15,587**	**6,007**	**58,420**	**(27,737)**	**16,743**	**1,054,417**	**16,697**	**1,071,114**
Resolutions of the General Ordinary and Extraordinary Shareholders' Meeting held on April 27, 2022:											
- Reserves constitution (1)	-	-	-	796	-	16,082	-	(16,878)	**-**	-	**-**
- Reserves reallocation (1)	-	-	(29,779)	-	-	29,779	-	-	**-**	-	**-**
Dividends (4)	-	-	-	-	-	(45,258)	-	-	**(45,258)**	-	**(45,258)**
Dividends to non-controlling shareholders (3)	-	-	-	-	-	-	(135)	135	**-**	(1,271)	**(1,271)**
Comprehensive income:											
Net income (loss) for the year	-	-	-	-	-	-	-	(207,833)	**(207,833)**	2,193	**(205,640)**
Other comprehensive loss	-	-	-	-	-	-	(4,985)	-	**(4,985)**	(1,408)	**(6,393)**
Total Comprehensive loss	**-**	**-**	**-**	**-**	**-**	**-**	**(4,985)**	**(207,833)**	**(212,818)**	**785**	**(212,033)**
Balances as of December 31, 2022	**2,154**	**273,964**	**679,500**	**16,383**	**6,007**	**59,023**	**(32,857)**	**(207,833)**	**796,341**	**16,211**	**812,552**

(1) See Note 21
(2) Corresponds to the Facultative Reserve to maintain the capital investments level and the current level of solvency.
(3) Corresponds to non-controlling shareholders of Núcleo.
(4) See Note 4.b)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions of Argentine pesos in current currency – Note 1.d)

	Note	For the years ended December 31, 2022	2021	2020
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES				
Net income (loss) for the year		(205,640)	19,362	(15,007)
Adjustments to reconcile net income to net cash flows provided by operating activities				
Allowances deducted from assets		19,128	18,409	37,796
Depreciation of property, plant and equipment	24	198,788	211,121	193,206
Amortization of intangible assets	24	28,649	30,306	31,276
Amortization of rights of use assets	24	21,749	20,122	17,259
Impairment of Goodwill	3.m	243,964	1,299	-
Disposals of fixed assets and consumption of materials		4,834	4,011	1,917
(Earnings) from associates	4.a	(819)	(770)	(1,459)
Financial results and others		(48,800)	(93,272)	35,341
Income tax	15	(26,504)	64,900	24,260
Income tax paid (*)		(10,128)	(4,422)	(5,583)
Net increase in assets	4.b	(51,859)	(36,156)	(54,591)
Net increase in liabilities	4.b	40,662	18,390	29,467
Total cash flows provided by operating activities		**214,024**	**253,300**	**293,882**
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES				
Property, plant and equipment acquisitions		(117,255)	(143,341)	(153,739)
Intangible asset acquisitions		(5,220)	(4,948)	(6,093)
Payment for acquisition of subsidiary	3.d.1.b	(407)	-	-
Proceeds from dividends	4.b	615	456	236
Proceeds from the sale of property, plant and equipment and intangible assets		358	306	156
Investments not considered as cash and cash equivalents		(43,957)	(76,715)	(80,977)
Total cash flows used in investing activities		**(165,866)**	**(224,242)**	**(240,417)**
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES				
Proceeds from financial debt	4.b	85,215	125,088	164,737
Payment of financial debt	4.b	(68,313)	(97,973)	(192,271)
Payment of interests and related expenses	4.b	(46,212)	(52,238)	(61,307)
Payments of leases liabilities		(15,260)	(12,849)	(15,381)
Transactions with non-controlling interests	3.d.1.a	-	(115)	-
Payment of cash dividends	4.b	(1,229)	(1,449)	(1,079)
Total cash flows used in financing activities		**(45,799)**	**(39,536)**	**(105,301)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**2,359**	**(10,478)**	**(51,836)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**38,665**	**54,474**	**102,399**
NET FOREIGN EXCHANGE DIFFERENCES AND RECPAM ON CASH AND CASH EQUIVALENTS		**(972)**	**(5,331)**	**3,911**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**40,052**	**38,665**	**54,474**

(*)

	Years ended December 31, 2022	2021	2020
Corresponding to Controlling Company tax withholdings / advances	(9,051)	(3,724)	(4,994)
Corresponding to subsidiaries	(1,077)	(698)	(589)
	(10,128)	**(4,422)**	**(5,583)**

See Note 4.b for additional information on the consolidated statements of cash flows.
The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 – DESCRIPTION OF BUSINESS AND BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

a) The Company and its Operations

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

Telecom Argentina's license, as originally granted, was exclusive to provide telephone services in the northern region of Argentina since November 8, 1990 through October 10, 1999. As of October 10, 1999, the Company also began providing telephone services in all the country.

In November 2017, the Company merged between Telecom Personal, so, since that date, it provides directly mobile telecommunications services.

As a consequence of the merger with Cablevisión (accounted for as a reverse acquisition on January 1, 2018), the Company provides cable television services through networks installed in different localities in Argentina and Uruguay.

Therefore, the Company mainly provides fixed and mobile telephony services, cable television services, data and Internet services in Argentina. Additionally, through its subsidiaries, it also provides diverse ICT Services in Uruguay, Paraguay, and in the United States of America ("USA").

Through its controlled company Micro Sistemas, the Company provides fintech services related to the use of electronic means of payment, transfers and/or electronic use of money.

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

As of December 31, 2022, the following are the subsidiaries included in the consolidation process and the respective equity interest owned by Telecom Argentina:

Company	Main Activity	Country	Telecom Argentina's direct/indirect interest in capital stock and votes
Núcleo	Mobile telecommunications Services	Paraguay	67.50%
Personal Envíos	Mobile financial services	Paraguay	67.50%
Tuves Paraguay	Distribution of television and audio signals direct to home services	Paraguay	67.50%
Micro Sistemas	Services related to the use of electronic payment media	Argentina	100.00%
Pem	Investment	Argentina	100.00%
Cable Imagen	Closed-circuit television	Argentina	100.00%
Televisión Dirigida	Cable television services	Paraguay	100.00%
Adesol (a)	Holding	Uruguay	100.00%
AVC Continente Audiovisual (b)	Broadcasting services	Argentina	100.00%
Inter Radios	Broadcasting services	Argentina	100.00%
Telecom USA	Telecommunication services	USA	100.00%
Personal Smarthome (c)	Security solutions and services	Argentina	100.00%
Personal Smart Security (d)	Prestación de servicios de seguridad y/o servicios relacionados.	Argentina	100,00%
Opalker (e)	Cybersecurity and related services	Uruguay	100.00%
NYSSA. (f)	Prestación de servicios de acceso a internet.	Argentina	100,00%

(a) Includes the 100% interest in Telemas S.A., which holds interests in the following special-purpose entities: Audomar S.A., Bersabel S.A., Dolfycor S.A., Reiford S.A., Space Energy S.A., Tracel S.A. and Visión Satelital S.A. (See Note 3.d.4)) to these consolidated financial statements).
(b) On October 27, 2021, Telecom acquired the remaining 40% of AVC Continente Audiovisual's capital stock. For further information, see Note 3.d.1.a) to these consolidated financial statements.
(c) Company started on December 30, 2020 and registered in the IGJ on June 9, 2021 As of December 31, 2022 is a dormant entity.
(d) Company indirectly acquired on April 5, 2022 for a total consideration of $0.1 through subsidiary Personal Smarthome S.A. As of December 31, 2022 is a dormant entity.
(e) Company acquired on July 27, 2021. On August 18, 2022, the Board of Directors of Telecom Argentina decided to make contributions to its controlled company Opalker, which were integrated through the credit that the Company had on Opalker, for US$0.2 million (equivalent to $28 in currency of 31 December 2022).
(f) Company acquired on June 1, 2022. For further information, see Note 3.d.1.b) to these consolidated financial statements.

On July 15, 2020 the Company entered into a trust agreement with TMF Trust Company (100% interest in capital stock) until November 5, 2020, date in which its term was finalized. As a result, consolidated operations of the Company for the year ended December 31, 2020 includes those operations carried out by the Trust during its term.

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 available, held separately, and evaluated regularly by the chief operating decision maker. In the case of the Company, the Executive Committee and the Chief Executive Officer ("CEO") are responsible for controlling recourses and for the economic and financial performance of Telecom.

The Executive Committee and the CEO have a strategic and operational vision of Telecom as a single business unit in Argentina, according to the current regulatory context of the converged ICT services industry (adding to the same segment both the activities related to the mobile services, internet services, cable television and fixed telephony services, services governed by the same regulatory framework of ICT services). To exercise its functions, both the Executive Committee and the CEO receive periodically the economic-financial information of Telecom Argentina and its subsidiaries (in current currency as of the date of each transaction), that is prepared as a single segment and evaluate the evolution of business as a unit of generation of results, administrating the resources in a unique way to achieve the objectives. Regarding to costs, they are not specifically appropriate to a type of service, considering that the Company has a single payroll and operating expenses that affect all services in general (non-specific). On the other hand, decisions on CAPEX affect all the types of services provided by Telecom in Argentina and not specifically to one of them. Based on what was previously described and under the accounting principles (provided by IFRS as issued by the IASB), it was defined that the Company has a single segment of operations in Argentina.

Additionally, Telecom, through Micro Sistemas, develops activities in the fintech industry in Argentina, which are not analyzed as a separate segment by the Executive Committee and the CEO, who analyze the consolidated information of companies in Argentina, taking into account that, as of December 31, 2022, fintech activities are not significant and do not exceed any of the quantitative thresholds identified under IFRS to qualify as reportable segments. The Executive Committee and the CEO will continue to monitor the evolution of this business to assess its eventual consideration as a separate reportable segment provided it complies with the requirements established by IFRS to that effect.

Telecom carries out activities abroad (Paraguay, United States of America and Uruguay). These operations are not analyzed as a separate segment by the Executive Committee and the CEO, who analyze the consolidated information of companies in Argentina and abroad (in current currency as of the date of each transaction), considering that the activities of foreign companies are not significant for Telecom. Operations carried out abroad by Telecom do not meet the aggregation criteria established by the standard to be grouped within the "Services rendered in Argentina" segment, and considering that they do not exceed any of the quantitative thresholds identified in the standard to qualify as reportable segments, they are grouped within the category "Other abroad segments".

The Executive Committee and the CEO evaluate the profitability for each reportable segment based on the measure of the Adjusted EBITDA. Adjusted EBITDA is defined as our net (loss) income less income taxes, financial results, Earnings (losses) from associates, depreciation, amortization and impairment of fixed assets.

Presented below is the Segment financial information as it is analyzed by the Executive Committee and the CEO for the years ended December 31, 2022, 2021 and 2020.

Consolidated Income Statement as of December 31, 2022

	Services rendered in Argentina	Services rendered in Argentina – Inflation restatement	Services rendered in Argentina restated for inflation	Other abroad segments	Other abroad segments – Inflation restatement	Other abroad segments restated for inflation	Eliminations	Total
Revenues	**504,432**	**178,550**	**682,982**	**36,528**	**12,718**	**49,246**	**(3,046)**	**729,182**
Operating costs without depreciation, amortization and impairment of fixed assets	(370,534)	(132,133)	(502,667)	(21,661)	(7,520)	(29,181)	3,046	(528,802)
Adjusted EBITDA	**133,898**	**46,417**	**180,315**	**14,867**	**5,198**	**20,065**	**-**	**200,380**

Depreciation, amortization and impairment of fixed assets	(495,321)
Operating loss	**(294,941)**
Earnings from associates	819
Debt financial expenses	29,744
Other financial results, net	32,234
Loss before income tax expense	**(232,144)**
Income tax expense	26,504
Net loss	**(205,640)**
Attributable to:	
Controlling Company	(207,833)
Non-controlling interest	2,193
	(205,640)

Consolidated Income Statement as of December 31, 2021

	Services rendered in Argentina	Services rendered in Argentina – Inflation restatement	Services rendered in Argentina restated for inflation	Other abroad segments	Other abroad segments – Inflation restatement	Other abroad segments restated for inflation	Eliminations	Total
Revenues	**332,816**	**438,992**	**771,808**	**26,215**	**34,719**	**60,934**	**(3,911)**	**828,831**
Operating costs without depreciation, amortization and impairment of fixed assets	(229,554)	(308,282)	(537,836)	(15,514)	(20,771)	(36,285)	3,911	(570,210)
Adjusted EBITDA	**103,262**	**130,710**	**233,972**	**10,701**	**13,948**	**24,649**	**-**	**258,621**

Depreciation, amortization and impairment of fixed assets	(264,050)
Operating loss	**(5,429)**
Earnings from associates	770
Debt financial expenses	55,906
Other financial results, net	33,015
Income before income tax expense	**84,262**
Income tax expense	(64,900)
Net income	**19,362**
Attributable to:	
Controlling Company	16,878
Non-controlling interest	2,484
	19,362

- ***Consolidated Income Statement as of December 31, 2020***

	Services rendered in Argentina	Services rendered in Argentina – Inflation restatement	Services rendered in Argentina restated for inflation	Other abroad segments	Other abroad segments – Inflation restatement	Other abroad segments restated for inflation	Eliminations	Total
Revenues	**240,325**	**588,261**	**828,586**	**18,183**	**44,138**	**62,321**	**(4,142)**	**886,765**
Operating costs without depreciation, amortization and impairment of fixed assets	(158,901)	(390,278)	(549,179)	(11,419)	(27,793)	(39,212)	4,142	(584,249)
Adjusted EBITDA	**81,424**	**197,983**	**279,407**	**6,764**	**16,345**	**23,109**	**-**	**302,516**

Depreciation, amortization and impairment of fixed assets	(242,847)
Operating income	**59,669**
Earnings from associates	1,459
Debt financial expenses	(72,619)
Other financial results, net	20,744
Income before income tax expense	**9,253**
Income tax expense	(24,260)
Net loss	**(15,007)**
Attributable to:	
Controlling Company	(16,803)
Non-controlling interest	1,796
	(15,007)

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

	As of December 31		
	2022	**2021**	**2020**
Sales revenues from customers located in Argentina	680,369	769,006	825,105
Sales revenues from foreign customers	48,813	59,825	61,660
CAPEX corresponding to the segment “Services rendered in Argentina	114,572	153,094	147,262
CAPEX corresponding to the segment “Other abroad segments”	11,697	13,552	16,606
Fixed assets corresponding to the segment “Services rendered in Argentina”	1,547,448	1,897,661	1,964,513
Fixed assets corresponding to the segment “Other abroad segments”	57,842	65,466	77,687
Financial Debt corresponding to the segment “Services rendered in Argentina”	457,123	505,299	571,839
Financial Debt corresponding to the segment “Other abroad segments”	12,066	14,644	16,797

c) Basis of Presentation

As required by the CNV, these consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB. IFRS also includes the International Accounting Standards or “IAS”; the International Financial Reporting Interpretations Committee or “IFRIC”, the Standard Interpretations Committee or “SIC” and the conceptual framework.

The preparation of these consolidated financial statements in conformity with IFRS requires that the Company's Management make estimates that affect the figures disclosed in the financial statements or its 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.v) to these consolidated financial statements.

These consolidated financial statements (except for the statement of cash flows) are prepared in current currency as of December 31, 2022 (see item d) and on an accrual basis of accounting (except for the consolidated statement of cash flows). Under this basis, the effects of transactions are recognized when they occur. Therefore, income and expenses are initially recognized at fair value on an accrual basis regardless of when they are received or paid. When significant, the difference between the fair value and the nominal amount of income and expenses is recognized as finance income or expense using the effective interest method.

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

The figures as of December 31, 2021 and for the years ended December 31, 2021 and 2020, which are disclosed in these consolidated financial statements for comparative purposes, are a result of restating the financial statements as of such dates to values in current currency as of December 31, 2022. This is as consequence of the restatement process of the financial information described in point d). When applicable, certain reclassifications were made for comparative purposes.

These consolidated financial statements as of December 31, 2022, were approved by resolution of the Board of Directors' meeting held on March 9, 2023.

d) Financial reporting in hyperinflationary economies

Since Argentina has been considered a high-inflation economy for accounting purposes in accordance with IAS 29 since July 1, 2018, the financial information expressed in Argentine pesos is restated in current currency of December 31, 2022.

The table below shows the evolution of the indexes in the last three years according to official statistics (INDEC) in accordance with Resolution No. 539/18 and the devaluation of the Argentine peso against the US dollar for the same years:

	As of December 31, 2020	**As of December 31, 2021**	**As of December 31, 2022**
National Consumer Price Index (December 2016=100)	385.88	582.46	1,134.59
Variation in Prices			
Annual	36.1%	50.9%	94.8%
Banco Nación US$/$ exchange rate	84.15	102.72	177.16
Variation in the exchange rate			
Annual	40.5%	22.1%	72.5%

Below is a summary of the effect of applying IAS 29:

Restatement of the Statement of Financial Position and the Statement of Changes in Equity

The Company restated all the non-monetary items in order to reflect the impact of the inflation restatement reporting in terms of the measuring unit current as of December 31, 2022. Consequently, the main items restated were PP&E, Intangible assets, Rights 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, 2022.

Restatement of the Income Statement and the Statement of Cash Flows

In the Income Statement, items must be restated from the dates when the items of income and expense were originally recorded. The Company shall apply the variations in monthly general price index.

Financial results related to foreign currency exchange and accrued interest are determined in real terms, excluding the inflationary effect contained therein.

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. IAS 29 para 33 states that all items in the statement of cash flows are expressed in terms of the measuring unit current at the end of the reporting period. The restatement effect has an impact on the Income Statement and must be eliminated from the Statement of Cash Flows because it is not considered cash or cash equivalent.

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), must not restate for inflation their financial statements, in accordance with IAS 29.

Notwithstanding, 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 using the exchange rates at the transaction date. In addition, the initial items of the Statement of Changes in Equity must be reported at the closing rate without modifying its total amount due to the fact that it is translated into the closing exchange rate, which implies that a translation adjustment is recognized against Retained Earnings and Other Comprehensive Results.

NOTE 2 – REGULATORY FRAMEWORK

a) Regulatory Authority

The activities of the Company that provides Information and Communication Technologies Services (“ICT”) are regulated by a set of rules and regulations that comprise the regulatory framework of the telecommunication sector.

The Regulatory Authority for ICT services in Argentina is ENACOM which is currently under the jurisdiction of the Secretariat of Public Innovation under the Cabinet of Ministers.

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

Telecom USA, which operates in the USA, is under the oversight of the Federal Communications Commission (“FCC”).

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

Finally, Micro Sistemas is registered as a PSP, as an Interoperable Digital Wallet and as Other Non-Financial Credit Provider, therefore it is subject to the oversight and certain regulations of the BCRA and the FIU for these types of operations.

b) Licenses

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

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

Licenses held by subsidiaries in Paraguay are the following:

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 is 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 has a license for the provision of direct-to-home subscription audio and television services ("DATDH", for its Spanish acronym). This license has been granted for renewable five-year periods.

c) Regulatory framework of the services provided by the Company

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

- LAD and its amendments.
- 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 the Company and the Bidding Terms and Conditions and their respective general rules.
- Current service regulations. See the main regulations on Licenses, Interconnection, SU and Spectrum in sections d), e) and f) of this Note.

i) LAD and its amendments

The LAD maintains a single country-wide ICT Services license scheme and an individual registration of the services to be rendered.

Among the main amendments to the LAD 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 of Audiovisual Communications Services ("LSCA", for its Spanish acronym).

- Any subscription broadcasting license (such as cable television) are 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.

- Fix in 15-years (until January 2, 2032), the term to provide for the unbundling of the local network of the licensees of the ICT Services (protection of last-mile fixed new generation networks to Broadband).

It should be noted that 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 LSCA (included in "Taxes and Fees with the Regulatory Authority" of the Statement of Income). Therefore, they shall not be subject to the SU investment contribution or the payment of the Control, Oversight and Verification Fee provided under the LAD.

ii) Decree No. 690/20 - Amendment to the LAD - Controversy

On August 22, 2020, PEN issued Decree No. 690/20 ("Decree No. 690/20"), which has been ratified by the Argentine Congress under Law No. 26,122 and has been regulated through ENACOM Resolutions No. 1,466/20 and 1,467/20, through which:

- declared ICT Services as well as access to telecommunications networks for and between licensees as "essential and strategic competition public services", and empowered ENACOM to ensure accessibility;
- established that the prices of: (i) the essential and strategic competition public ICT Services, (ii) the prices of those services provided in accordance with the Universal Service and (iii) the prices of those services determined by ENACOM for public interest reasons, shall be regulated by ENACOM;
- ENACOM established the price and characteristics of each service of the ICT's PBU;
- suspended any price increases or changes set or announced by the ICT's licensees from July 31, 2020 to December 31, 2020;
- allowed ICT licensees to increase retail prices for services up to 5% during January 2021, considering the prices effective as of July 31, 2020 as the price of reference. Also, provides that ICT Services Licensees may request a higher increase on an exceptional basis in accordance with the provisions of the LAD.

The Company began to implement an increase in prices as from January 2021, in order to match the increase in its costs due to the inflation. Nevertheless, it failed to transfer to the price of its services the inflation accumulated in the period March-December 2020, as a result of different measures provided by PEN. Additionally, the Company initiated legal proceedings before the Federal Court of Appeals on Administrative Litigation Matters challenging the constitutionality of Decree No. 690/20 and the aforementioned ENACOM Resolutions, which was notified to PEN on October 7, 2021.

In this context, the Company sought to obtain a precautionary measure suspending the application of the aforementioned ENACOM regulations and Decree No. 690/20. On April 30, 2021, the Chamber of the Federal Court of Appeals on Administrative Litigation Matters decided by majority to grant the injunction requested, ordering the suspension of the effects of Decree No. 690/20 and of ENACOM resolutions provided as a consequence and their non-applicability to the Company. This preliminary injunction was initially granted for a period of six months and it has been extended for equal periods, the last extensions granted being on September 29, 2022 and March 8, 2023.

Through the decision of December 2, 2022, the Chamber II of the Federal Court of Appeals on Administrative Litigation Matters, confirmed the resolution of the court of first instance on September 29, 2022. As supported by the preliminary injunctions granted, the Company increased the prices of its services in order to continue to match the increase in its costs due to the inflation.

PEN and ENACOM filed appeals against the aforementioned decision of the Federal Court of Appeals on Administrative Litigation Matters, which were denied on June 18, 2021.

On June 29, 2021, PEN and ENACOM filed an appeal before the Supreme Court of Justice, which was denied on November 15, 2022.

Consequently, the precautionary measure is fully in force as of the date of issuance of these consolidated financial statements, through extensions for periods of six months.

The Company, with the assistance of its legal advisors, is analyzing the actions that may be necessary in order to protect its rights. The Company's Management and its legal advisors, consider that the Company has solid legal arguments to support its position and that there is a reasonable likelihood that this matter will result in a favorable outcome for the Company, notwithstanding the fact that at this stage it is not possible to predict the final outcome of the claim.

d) General Regulation of the Universal Service ("RGSU" for its Spanish acronym)

ENACOM approved a new RGSU through Resolution No. 721/20 of September 3, 2020.

The new Regulation, althought it maintains the obligation to contribute to the FFSU 1% of total revenues accrued for the provision of ICT Services net of its taxes and fees (included in "Taxes and Fees with the Regulatory Authority" of the Statement of Income), among the most relevant matters, provides:

(i) That ENACOM may consider that the monthly obligation of the Contributors has been partially settled for up to 30% of their contributions, based on the reporting of computable investments made in projects approved by ENACOM;
(ii) That the licensees may submit projects to ENACOM for their review and assessment;
(iii) That the deployment of fixed Next Generation Networks ("NGN") for the provision of broadband Internet services of the Projects shall not fall within the scope of the protection described in section c) i) above.

In addition, within the framework of the new RGSU, SU Programs have been approved providing for the deployment of fixed broadband, deployment of access networks to mobile communications services and services to public institutions, among others.

i) SU Fund - Impact on the Company with respect to its original license to provide SBT

According to the provisions of SC Resolution No. 80/07, No. 154/10 and CNC Resolution No. 2,713/07, Telecom filed its affidavits including the offset amounts related to the services that should be considered as SU services.

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

As of the date of these consolidated financial statements, the Company has filed its monthly SU affidavits related to the services associated with its original license to render SBT, which result in a receivable. The programs and the valuation methodology used to estimate this receivable are pending of approval by the Regulatory Authority. This receivable has not yet been recorded in these consolidated financial statements as of December 31, 2022 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 enough contributions to the SU Trust so as to compensate the incumbent operators.

Between years 2011 and 2012, the SC issued a serie of resolutions through which it notified the Company that investments associated with “High-Cost Areas”, 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)”, did not qualify as Initial SU Programs, and that, they did not constitute different services involving a SU provision, and therefore, cannot be financed with SU Funds.

The Company’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 the Company to deposit approximately $208. The Company has filed a recourse refusing the CNC’s order on the grounds that the appeals against the SC Resolutions are still pending of resolution.

In November 2019, ENACOM notified Telecom that the appeals filed by the Company against the SC resolutions had been rejected, taking them to superior body for substantiation. As of the date of these consolidated financial statements, the appeal review body has not yet issued a decision.

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

ii) FFSU - Impact on the Company with respect to the SCM originally provided by Telecom Personal S.A. (Personal, company merged in 2017)

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

In July 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. It also provided that certain amounts already deducted could be used for investment projects within the framework of the Program created under SC Resolution No. 9/11, or deposited in the SU Fund, as applicable.

Personal filed an administrative appeal against SC requesting its nullity. As of the date of these consolidated financial statements, this appeal is still pending of resolution.

In October 2012, in response to the order issued by the SC, Personal deposited under protest the amount corresponding to the assessment of the SU services provided by Personal, reserving its right to take all actions it may deem appropriate to claim its reimbursement, as informed to the SC and the CNC. Since August 2012, Personal –and subsequent to the merger, the Company– is paying under protest of those concepts in its monthly affidavits. As of December 31, 2022, the Company has not recognized any credits related to these concepts.

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

iii) FFSU - Impact on the Company with respect to the services originally provided by Cablevisión (company merged in 2018)

Cablevisión –and subsequent to the merger, the Company– 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

Trough Resolution SC No. 79/14 and SC Resolutions No. 80/14, 81/14, 82/14, 83/14 and 25/15, the Company was awarded Lots 2, 5, 6 and 8 and the remaining frequencies of the Personal Communication Services (PCS) and the SRMC, as well as those of the new spectrum for the SCMA, which were offered through a public auction process approved by SC Resolution No. 38/14.

In accordance with the conditions of the tender document, the authorizations for the use of the frequencies that are the object of the auction are granted for a period of 15 years counted from the notification of the administrative act of adjudication. In particular, for the new spectrum of the SCMA, both the term of the authorizations for the use of frequencies as well as the corresponding deployment obligations, was counted as from February 27, 2018, in accordance with what is stated in Resolution No. 528/18.

Once the term of use granted for the different frequencies has expired, the Regulatory Authority may extend the validity at the express request of the successful bidder (which will be onerous and under the price and conditions established by it).

i) Spectrum incorporated to the Company under the corporate reorganizations of Telecom and the merger with Cablevisión

In December 2017, the Company was served with ENACOM Resolution No. 5,644-E/2017, whereby that agency decided, among other things, to authorize the transfer in favor of Telecom Argentina of the authorizations and permits to use frequencies and allocations of numbering and sign-posting resources to provide the 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).

Telecom Argentina shall, within a term of two years as from the date on which the merger was approved by the CNDC and ENACOM, return the radio-electric spectrum that exceeds the limit set under Section 5 of Resolution No. 171-E/17 issued by the Ministry of Communications (80 Mhz exceeded the limit set).

During 2019, Telecom Argentina proceeded with a partial return of the radio-electric spectrum (40 Mhz) and completed it in March 2022 (other 40 Mhz).

Moreover, on March 15, 2022, ENACOM issued Resolution No. 419/2022 through which it accepted the return of spectrum by Telecom Argentina under the terms of ENACOM Resolution No. 5644-E/2017.

The accounting treatment as of December 31, 2022 is detailed in Notes 3.m and 10.

ii) ENACOM Resolution No. 798/2022 – On-demand allocation of spectrum blocks

Through Resolution No. 798/2022 published in the Official Gazette on May 19, 2022, ENACOM began the process for the on-demand allocation of spectrum blocks of the 2500-2570 MHz and 2620-2690 MHz frequencies for the provision of SCMA services. Through said Resolution, ENACOM also approved the bidding terms and conditions and the list of locations for which there is spectrum available for the provision of SCMA services. Article 12 of the bidding term and condition allowed the return of portions of spectrum previously assigned as a means of payment for the assigned frequencies.

On May 31, 2022, Telecom made a filing requesting the allocation of spectrum blocks under this process. Through Resolution No. 1729/2022 published in the Official Gazette on August 31, 2022, ENACOM assigned to Telecom the spectrum blocks requested and the return of the spectrum proposed by Telecom was accepted as part of payment.

f) Other relevant regulatory matters

i) Number Portability Regulation

On April 4, 2018, the Ministry of Modernization issued Resolution No. E-203/18, whereby it approved the new Number Portability Regulation, including the portability of fixed telephony service lines. Through such Resolution, such Ministry also approved, among others, the implementation schedule for the portability of these services, among other definitions contemplated in the resolution.

On September 20, 2022, the first phase of the process was implemented, enabling Fixed Portability in the towns of La Plata, Mar del Plata and Salta. Subsequently, on October 4, 2022, the second phase was performed, incorporating twenty localities of medium teledensity. Finally, on October 18, 2022, the third and last phase was implemented, incorporating the rest of the country.

ii) General Regulation of the Reliable and Intelligent Telecommunications Service (STeFI) and Band Allocation

On December 28, 2022, ENACOM Resolution No. 2385/2022 was published in the Official Gazette, through which the "General Regulation of the Reliable and Intelligent Telecommunications Service ("STeFI" for its Spanish acronym)" was approved, which regulates the use of Fifth Technology Generation (5G) in the country, with the objective of establishing the conditions of the service, the essential benefits and the minimum technological guidelines that guarantee its quality and efficiency.

The Regulation defines "Reliable and Intelligent Telecommunications" as: the fixed and mobile wireless ICT Service, which, through the use of digital access technologies with high spectral efficiency and flexible network architectures, supports enhanced mobile broadband applications, high reliability and low latency communications, and mass machine-type communications, among others.

Through ENACOM Resolution 2386/2022, dated December 29, 2022, the allocation of the frequency band between 3300 and 3600 MHz to the Fixed Service and the Land Mobile Service was provided, and the migration, within a period of two years of the systems belonging to the Fixed Service of Data Transmission and Added Value that operate in the frequency band between 3300 and 3700 MHz, to the frequency bands between 3600 and 3700 MHz and between 10.15 and 10.65 GHz. The Systems of Transport of Television Programs (TPTV) and Transport of Video Signals (STSV) that operate in the 3300 – 3400 MHz band, must migrate to bands above 6GHz. The rule provided that a regulation would be issued in 30 days to establish the migration parameters and its publication is pending.

As of the issuance date of these consolidated financial statements, the Company is analyzing the new service regulations.

g) Regulatory situation of Micro Sistemas as PSP

i) Communications issued by the BCRA

In January 2020, the BCRA issued Communication "A" 6,859 and Communication "A" 6,885, whereby it established the rules for the operation of the payment accounts offered by PSPs. Among other obligations, it was provided that PSPs must be registered in the "Registry of Payment Service Providers that Offer Payment Accounts" managed by the Superintendency of Financial and Exchange Institutions (SEFyC, for its Spanish acronym).

In addition, pursuant to said regulations, PSPs must comply with the reporting regime established by the BCRA.

In that regard, during fiscal years 2020 and 2021, the Central Bank of Argentina issued several Communications, whereby, among other things, it established the same rules for legal entities that, without being financial entities, serve at least one function in the provision of payment services, and therefore, compete.

The most important provisions of the effective legislation are detailed below:

a) Offering of Accounts and Funds Management: PSPs can offer the necessary accounts for debits and credits within the payment scheme. The accounts offered by PSPs are called payment accounts. Payment accounts are unrestricted accounts offered by PSPs to their customers to order and/or receive payments.

   Customer funds credited to the payment accounts offered by PSPs must be available at all times (immediately upon demand by the customer) for an amount at least equivalent to that credited to the payment account. To this end, the systems implemented by PSPs must be able to identify and individualize the funds of each customer.

   The customers' funds must be deposited in checking accounts in pesos held with Argentine financial institutions. Notwithstanding the foregoing, at the express request of the customer, the funds credited to payment accounts can be applied to investments in 'mutual funds' in Argentina. Such funds shall be debited from the relevant payment account, in which case the amounts invested in mutual funds must be reported separately from the balance of the payment account.

   For transactions on their own account (payment to suppliers, payment of salaries, etc.), PSPs must use an 'operational' bank account (unrestricted) separate from the bank account in which the PSP customers' funds are deposited.

b) Oversight and Reporting Regime: PSPs shall comply with the reporting regime provided for in different communications issued by the BCRA and give access to their facilities and documentation to SEFyC's personnel designated for this purpose, and make available to the BCRA tools for real-time inquiries and reporting that the Deputy General Manager of Payment Methods may determine for each type of supplier according to its volume of operations.

c) Transparency Advertisements made through any media and any documentation issued by PSPs must clearly and expressly state that: a) they only offer payment services and are not authorized by the BCRA to operate as financial entities, and b) funds deposited in payment accounts do not constitute deposits in a financial institution, nor do they have any of the guarantees that such deposits may enjoy in accordance with applicable laws and regulations regarding deposits in financial institutions.

d) Transfers of funds sent and received in payment accounts: PSPs must comply with the obligations set out in the “National Payment System - Transfers Rules.” and “National Payment System – Transfers – Supplementary Rules”

ii) Registry of Interoperable Digital Wallets

Additionally, during February 2022, the BCRA issued Communication "A" 7,462 through which it establishes the creation of the "Registry of Interoperable Digital Wallets" and establishes that any PSP that wishes to provide a digital wallet service that allows payments to be made with transfers initiated through QR codes must be registered in the aforementioned registry.

On August 3, 2022, Micro Sistemas was registered in the Registry of Interoperable Digital Wallets. under number 36,530. From thereon, Micro Sistemas must comply with the regime provided for Interoperable Digital Wallets, which includes, but is not limited to, the provisions of Communication "A" 7,462, the provisions of the Transfers 3.0 scheme designated by the BCRA in the terms of Communication (BCRA) "A" 7,153 and its amendments, or those that modify, complement or replace it in the future.

iii) Law No. 25,246 and Resolution No. 76/2019 FIU

Micro Sistemas falls within the scope of the terms of Article 20 of Law No. 25,246 (as amended), which provides for the persons obliged to report to the FIU.

In addition, Micro Sistemas is subject to the terms of FIU Resolution No. 76/2019 which sets out the guidelines for asset laundering and terrorist financing risk management and minimum compliance standards to be complied with by purchase and credit card operators and issuers of traveler checks, which shall adopt and apply to manage, in accordance with their policies, procedures and controls, the risk of being used by third parties for criminal purposes of asset laundering and terrorist financing.

In addition, it is subject to several FIU standards that have a general scope. Among them, FIU Resolution No. 134/2018 (as amended) which provides for a list of politically exposed persons (PEPs) and establishes the special operations control actions to be applied to this type of customers, and FIU Resolution No. 112/2021, which amended the system for the identification and verification of the ultimate beneficiaries of customers that are artificial persons or other legal entities.

iv) Registry of Other Non-Financial Credit Providers

Micro Sistemas was recently registered in the Registry of Other Non-Financial Credit Providers, belonging to the SEFyC. From thereon, Micro Sistemas must comply with the regulatory regime provided for Non-Financial Credit Providers.

Additionally, Micro Sistemas must comply with the provisions of the ordered text on the Protection of Users of Financial Services, and its complementary regulations issued by the BCRA.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

Detailed below are the most relevant accounting policies used by the Company for the preparation of these consolidated financial statements, which have been applied uniformly with respect to comparative years.

a) Going Concern

The consolidated financial statements as of December 31, 2022, 2021 and 2020 have been prepared on a going concern basis as there is a reasonable expectation that Telecom Argentina 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 Company's subsidiaries 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 Company's subsidiaries located in Argentina. The functional currency for the Company's foreign subsidiaries is the respective legal currency of each country, except for Opalker, whose functional currency is the US dollar and is located in Uruguay.

The assets and liabilities of the Company's foreign subsidiaries are translated using the exchange rates in effect at the reporting date, while income and expenses are translated at the average exchange rates for the year. Translation 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 in the consolidated income statement and are included in the items related to financial results, net.

d) Consolidation

These consolidated financial statements include the consolidation of the assets, liabilities, results and cash flows of Telecom Argentina and its subsidiaries (controlled companies, please see item d.1), as well as the 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 (please see item 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, please see item d.3)). These consolidated financial statements include the consolidation of Telecom and its subsidiaries on a line-by-line basis and the structured entities with the specifications mentioned in item d.4).

d.1) Control

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

In the preparation of these consolidated financial statements, assets, liabilities, revenues and expenses of the subsidiaries are consolidated on a line-by-line basis. Non-controlling interests in the equity and in the profit (loss) for the year are disclosed separately under appropriate captions, respectively, in the consolidated statement of financial position, in the consolidated income statement and in the consolidated statement of comprehensive income.

All accounts and transactions between Telecom and its subsidiaries 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.a) details the consolidated subsidiaries, together with the interest percentages held directly or indirectly in each subsidiary's capital stock and votes, main activity and country of origin as of December 31, 2022.

The Company considers any transactions executed with non-controlling shareholders that do not result in a loss of control, as transactions among shareholders. A change in the equity interests held by the Company is considered as an adjustment in the book value of controlling 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 "Other comprehensive income" in the equity attributed to the parent company.

d.1.a) Acquition of Shares of AVC Continente Audiovisual

On October 27, 2021, Telecom Argentina exercised a call option on 497,479 common shares of $1 nominal value each and entitled to one (1) vote per share representing 40% of total AVC Continente Audiovisual capital stock and votes, as the non-controlling shareholders exercised a put option on such shares, cancelling the remaining balance.

This operation represents a transaction between controlling and non-controlling shareholders in the consolidated financial statements. Therefore, the Company recorded a $48 adjustment to the non-controlling interest balance as of December 31, 2021 and the difference arising from the total purchase price of $131 was recorded in “Other comprehensive results” under Equity attributable to controlling shareholders as of that date, as provided under IFRS 10.

d.1.b) Acquisition of NYSSA

On June 1, 2022, the Company acquired 100% of the issued shares of NYSSA (represented by 10,000 shares, of $1,000 per share and represents one vote each), whose main activity is to provide internet access services in Mendoza, Argentina, through a license granted by ENACOM. On August 24, 2022, the General Ordinary and Extraordinary Shareholders' Meeting of NYSSA has approved: i) the adequacy of the company as a “Sociedad Anónima Unipersonal” (Sole Shareholder Company); and ii) the change of the closing date of the fiscal year from June 30 to December 31, in order to facilitate consolidation with its parent company. These modifications were registered in Bureau of Legal Entities and Public Registry of the Province of Mendoza according to its resolution of December 26, 2022.

The base price of the transaction was US$3.4 million. This price has been determined based on the number of NYSSA clients and is subject to adjustments established in the contract. In the event that liabilities are identified in the purchase process and Telecom effectively settled them (“Indemnification Assets”), they may be deducted from the base price.

The Company has paid the equivalent of 40% of the base price for a total amount of US$1.4 million (equivalent to $284.3 at payment date). The remaining balance net of possible Indemnification Assets will be paid in four equal and consecutive annual installments, and will accrue an interest on balances of 6% per year in dollars. The installments may be paid, at the option of the Company, in Argentine pesos determined based on the variation between the quotation values of certain public securities in foreign currency and Argentine pesos established in the contracts.

As of December 31, 2022, the Company recognized indemnification assets for a total amount of $69, associated with certain identified liabilities, which are expected to be deducted from the first installment payment. Additionally, the debt amounts to $715, of which $197 are current and $518 are non-current.

The Company's Management has determined the fair value of the assets acquired and liabilities assumed (net assets) as of June 1, 2022 and the determination of the goodwill.

Acquisition-related costs are recognized as expenses.

Details of the purchase consideration, the net assets acquired and goodwill in millions are as follows:

Purchase consideration	**(In current currency as of June 1, 2022)**	**(In current currency as of December 31, 2022)**
Cash Paid	284	407
Remaining balance	426	609
Indemnification assets	(63)	(90)
Total	**647**	**926**

The assets and liabilities in millions recognized as a result of the acquisition are as follows:

	(In current currency as of June 1, 2022)	(In current currency as of December 31, 2022)
Cash and cash equivalents	1	2
Trade receivables	45	68
PP&E (2)	397	598
Intangible assets (1)	291	438
Right of use assets	26	40
Leases liabilities	(24)	(36)
Trade payables	(43)	(65)
Other taxes payables	(33)	(50)
Other assets / liabilities, net	(204)	(357)
Net identifiable assets acquired	**456**	**638**
Goodwill	191	288
Total	**647**	**926**

(1) Correspond to the Brand and Customer Relationship, which were calculated using the "income approach", the "Relief from Royalty" methodology and the "Multiperiod Excess Earnings Method".
(2) The fair values of PP&E were calculated using the "cost approach", which consists of the new replacement cost of the identified assets adjusted for physical deterioration, functional and economic obsolescence.

Revenue and profit contribution of NYSSA

The acquired business contributed revenues of $406 and net income of $129 to the Company for the period from June 1, 2022 to December 31, 2022.

d.2) Interests in Joint Operations

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

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

Telecom holds a 50% share in the UTE Ertach – Telecom Argentina, which is engaged in the provision of data transmission services and the order channels required to integrate the public administration agencies of the Province of Buenos Aires and the municipal agencies in a single provincial data communication network.

On July 27, 2022, the Under-Secretariat of Digital Government, which is under jurisdiction of the Ministry of the Chief of Cabinet of the Province of Buenos Aires, informed the UTE of the termination of the agreement. As a result of the termination of the agreement, the members of the UTE began the dissolution process. The Company believes that this process will not have a significant impact on its financial statements.

d.3) Investments in Associates

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

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

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

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

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

d.4) Consolidation of structured entities

The Company, through one of its subsidiaries located in Uruguay, has executed certain agreements with other companies for the purpose of rendering on behalf of and by order of such companies' certain 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, these consolidated financial statements include the assets, liabilities and results of these companies. Since the Company 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 of the assets given (acquisition cost).

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

Any excess between: a) the sum of the consideration transferred, plus non-controlling interests (valued at fair value or at their proportional participation on identifiable net assets), plus acquisition-date fair value of the acquirer's previously held equity interest in the acquire (if any) and b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed determined on the acquisition date, is recognized as goodwill. Otherwise, the gain is immediately recognized in the income statement.

Acquisition direct cost are recognized in the Income Statements when they are incurred.

e) <u>Revenues</u>

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 Company discloses its revenues into two large groups: services and equipment (which mainly includes handsets sales). Revenues from sales of services are recognized at the time services are rendered to the customers. Revenues from sales of equipment are recognized at the point in time when the control is transferred and the performance obligation is performed.

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.

Monthly 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). Such 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.

In relation to revenues from construction contracts, as of December 31, 2022, 2021 and 2020, the Company recognized revenues from construction contracts in the amount of $1,937, $1,338 and $2,032, respectively.

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 and online recharges, 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 (mainly high-speed subscriptions – broadband and non-dedicated internet-).

- *Cable Television Services*

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

- *Fixed Telephony and Data Services*

Mainly consist of voice services monthly fees, measured service and monthly fees for additional services (among them, call waiting, itemized billing and voicemail), interconnection services, capacity leases and datatransmission services for companies (among others; private networks, dedicated lines, broadcasting signal transport and IOT solution – internet of things –).

- *Other Services Revenues*

Other services revenues include mainly revenues from billing remuneration and claim's management retribution, administrative revenues, revenues from financial services and revenues from the sale of advertising space.

f) Financial Instruments

At initial recognition, the group measures financial assets and liabilities at its fair value. In the case of a financial asset, not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to its acquisition or issuance will be added or removed.

f.1) Financial Assets

In accordance with IFRS 9, financial assets, after their initial recognition, are measured at amortized cost (initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount), fair value through other comprehensive income or fair value through profit or loss (fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction, in the principal or most advantageous market), on the basis of:

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

Financial assets include:

Cash and Cash Equivalents

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

Cash and cash equivalents are recorded according to their nature, at fair value or amortized cost.

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

Bank overdrafts are disclosed in the consolidated statement of financial position as financial debts and its flows in the cash flow statements as proceed and payment of financial debt, because they are part of the short-term financial structure of Telecom and its subsidiaries.

Trade and Other Receivables

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

Sometimes, mobile telephony customer pays for the handset the price net of the discount. Such discount is allocated between handset sale revenues and service revenues, generating, initially, the recognition of a contractual asset. 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.

Guarantee of financial operations are recognized at fair value with impact on Other Financial Results.

In relation to the call option included in other receivables, on December 29, 2021, the subsidiary Micro Sistemas received from two shareholders of Open Pass S.A. (a company that provides IT services related to software development and maintenance, with which Micro Sistemas has a contract for the use and development of the electronic wallet platform) offers for irrevocable call options for a total of 6,999,580 of the shares (representing 15% of total Open Pass S.A. capital stock). On January 4, 2022, Micro Sistemas accepted the offers by paying US$0.7 million as consideration for the granting of said purchase options.

The call options could be exercised by Micro Sistemas, at its sole discretion, until April 30, 2023. The call options include, together with the shares, the assignment and transfer of all the economic and political rights inherent therein. If the options are exercised, the price to be paid for the shares has been determined at US$7.5 million.

Investments

Governments 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.

Investments in mutual funds are carried at fair value. Results are included in Other financial results, net.

The share in the trust “2003 Telecommunications Fund” was recognized at fair value.

Impairment of Financial Assets

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

Regarding trade receivables, and using the simplified approach provided by such standard, the Company measures the allowance for doubtful accounts for an amount equal to the lifetime expected credit losses.

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

Derecognition of Financial Assets

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

f.2) Financial Liabilities

Financial liabilities comprise trade payables, financial debts, dividends payable and certain liabilities included in Other Liabilities.

Financial liabilities (except for DFI and the debt for acquisition of NYSSA) are initially recognized at fair value and subsequently measured, generally, at amortized cost.

In case of loan renegotiations, in which the exchange between an existing borrower and lender of debt instruments were under substantially different terms or in cases of a substantial modification of the conditions of an existing financial liability, considering both quantitative and qualitative factors, we have to recognize a cancellation of the original liability and recognition of the new liability. Otherwise, the original liability does not have to be repaid, but was considered refinanced, modifying its valuation in relation to the new terms and conditions.

It should be noted that the funds to be paid to clients that are disclosed within "Other Liabilities" correspond to the amounts owed to users held by the subsidiary Micro Sistemas. Funds, net of any amounts owed to the subsidiary by the user, are held in the user's checking account until the user requests withdrawal.

The debt for acquisition of NYSSA was recognized at fair value, considering that, according to its contractual terms, the payments will be in Argentine pesos determined based on the variation between the quotation values of certain public securities in foreign currency and Argentine pesos established in the contracts. The debt has been recognized as “Other Liabilities” and the effects of the variation in its fair value will be recognize in “Financial discounts on assets, debts and others” within “Other financial results, net”.

Derecognition of Financial Liabilities

The Company 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, repaid or expires.

f.3) Derivatives

Derivatives are used by Telecom and its subsidiaries to manage their exposure to exchange rate and interest rate risks.

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. That documentation will 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 hedge effectiveness requirements (including source analysis). of hedge ineffectiveness and how the Company will determine the hedge ratio); and

c) The hedge is expected to fulfill the efficacy requirements, which means:
(i) The economic relationship 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 relationship, and
(iii) The coverage ratio is the hedging relationship by the amount of the hedging instrument that the entity actually uses to hedge the hedged item.

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 income statement 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 income statement. If the hedged transaction is no longer probable, the cumulative gains or losses included in OCI are immediately recognized in the consolidated income statement.

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 income statement.

For additional information about derivatives instruments, see Note 22.c) to these consolidated financial statements.

g) Inventories

Inventories are measured at the lower of the restated for inflation 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 measured at acquisition or construction cost, plus every cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management, all restated for inflation less accumulated depreciation and impairment losses, if any. Subsequent expenditures are capitalized only when they represent an improvement, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

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

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

	Estimated Useful Life (in years)
Real Estate	5 - 50
Fixed Network and Transportation	4 - 20
Mobile Network Access	3 – 7
Tower and Pole	10 – 20
Switching Equipment	2 – 7
Computer Equipment	3 – 5
Vehicles	5
Goods lent to customers at no cost	2 – 4
Power Equipment and Installations	2 – 12
Machinery, diverse equipment and tools	5 – 10

i) Intangible Assets

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

Intangible assets are valued at their restated for inflation 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, such 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

The Company's management has concluded that the licenses have a finite useful life and, therefore, they are amortized under the straight-line method over 15 years.

- PCS and SRCE licenses (Argentina)

The Company’s Management, based on an analysis of the relevant characteristics of these licenses, has considered that the licenses have 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 the Company. Therefore, these licenses are subject to a recoverability assessment, at least on an annual basis.

- Núcleo Licenses

The renewals of PCS licenses are amortized over a term of five years.

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

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

- Customer Relationship

Customer relationship comprises contracts with Telecom's customers that were incorporated as a result of the merger between Telecom and Cablevisión and those customer contracts identified as a result of the NYSSA acquisition. They are amortized over the estimated term of the relationship with the acquired customers.

For fixed-telephony customers such term was estimated at 10 years, for mobile telephony customers in Argentina, it was estimated at six years and for mobile telephony customers in Paraguay, it was estimated at five years. For the customer relationship from the acquisition of NYSSA, such term was estimated at 14 years.

- Brands

It includes the brands Telecom and Personal, which were recognized as a result of the merger between Telecom and Cablevisión. Also, it includes the brand Foptik Internet by fiber optics, incorporated as a result of the acquisition of NYSSA.

This brands are not amortized because they are considered to have an indefinite useful life, and, therefore, are subject to evaluation of their recoverability at least annually.

Lastly, it includes the brand Flow, which is fully amortized and the Cablevisión and Arnet brands, which are fully provisioned.

- Other

"Other" includes the mobile app of the virtual wallet, exclusivity rights and software rights of use, among others. The average useful life is estimated at 2-28 years.

Exchange of non-monetary assets

In accordance with IAS 38, to recognize an intangible asset through an exchange, it must have commercial substance. In that case, the cost of the intangible asset received will be measured at its fair value.

In relation to the spectrum assignment and return process (see Note 2.e.ii), it is framed within the guidelines of IAS 38 in relation to the exchange of non-monetary assets, since the exchange of assets has commercial substance, for which the cost of the intangible asset received will be measured at fair value. The fair value of the assigned spectrum has been set by ENACOM at US$6.2 million, while the price of the spectrum to be returned was set by ENACOM at US$5.7 million. Therefore, the difference to be paid by the Company amounted to US$0.5 million. The difference between the book value and the fair value of the returned spectrum resulted in a net gain of $411, recognized as "Other operating expenses".

j) Assets classified as held for sale

According to IFRS 5, non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for certain exceptions.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the noncurrent asset is recognised at the date of derecognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale, and are presented separately from the other assets in statements of financial position.

Sale of the property "Costanera"

On March 21, 2022, the Company executed a pre-sale agreement for its building "Costanera" located at Las Heras 2502, Autonomous City of Buenos Aires, Argentina, for a total of US$6 million.

On April 27, 2022, the Company's Board of Directors approved the proposal for the sale of the building. Subsequently, on June 6, 2022, an agreement was executed for the sale whereby the granting of the corresponding conveyance deed for the ownership and possession of property is subject to the condition that the Company shall obtain ENACOM's authorization for the sale of the property.

As of December 31, 2022, the Company received an advance payment of US$2 million (equivalent to $350). The asset complies with IFRS 5 guidelines to be considered a non-current asset held for sale in according to what is mentioned in previous paragraphs.

In addition, considering that the carrying amount of the assets associated with the sale exceeds its recoverable value, which has been calculated based on fair value less costs of disposal (classified as level 1 in the fair value hierarchy), the Company, as of December 31, 2022, recognized an impairment of $1,775 recorded under Depreciation, Amortization, and Impairment of Fixed Assets.

k) Rights of use assets and lease liabilities

IFRS 16 provides that the lessee recognizes a right of use asset and a liability at present value of the unpaid lease installments at such date, with respect to those contracts that meet the definition of leases. Accordingly, the rights of use assets must include in their initial cost payments made for such leases, initial costs and assets retirement obligation costs. 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 of use of an identified asset it:

a) Must have the right to obtain substantially all the economic benefits of the identified assets and
b) Must have the right to direct the use of the identified asset.

Telecom maintains several contracts that fall under the definition of leases in accordance with IFRS 16, which can be summarized as follows: a) sites leases (for antenna placement); b) real estate leases (for commercial offices and others); c) poles leases (for wiring layout); d) dark fiber rights of use (for data transmission) and e) space leases (for localization of own antennas).

The average useful life is estimated at 1-6 years and the depreciation of the right-of-use assets is calculated on a straight-line basis over the lease term of each agreement, except in those cases where the Company will exercise a call option, which will be depreciated according to the useful life of the asset.

For the lease payment, the Company used real discount rates amounting to 9.3% (average in Argentine pesos), 8.22% (in Guaraníes) and 6.6% (in US dollars).

l) Goodwill

Goodwill is recognized when the fair value of the consideration paid and the amount of the non-controlling interest and the fair value of the previous 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.

m) Impairment of fixed assets

The Company 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 Company over market capitalization.

Intangible assets with an indefinite useful life and goodwill are not subject to amortization and are tested for impairment at least annually, at closing date of every year, or more frequently if events or circumstances indicate that they might be impaired.

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

To assess impairment losses, the Company groups the assets into cash-generating units (CGU), which represent the smallest group of assets that generates independent cash inflows of the cash flows derived from other assets or groups of assets. The Company has defined, according to the characteristics of the services provided and its fixed assets that the operations carried out by the Company comprise a single CGU (CGU of Telecom Argentina, which as of December 31, 2022 includes Goodwill for total amount of $494,067) and each subsidiary and associate represent a separate CGU. According to this, the net book value of a CGU includes goodwill, intangible assets with an indefinite useful life and assets with a defined useful life (PP&E, intangible assets and rights of use assets).

The table below shows the impairment recognized by concept as of December 31, 2022, 2021 and 2020:

	As of December 31,		
	2022	2021	2020
		Gain (loss)	
Return of radioelectric spectrum (See Note 2.e.i)	(2,675)	-	-
Brands Cablevisión and Fibertel (a)	-	(873)	-
Assets classified as held for sale (See Note 3.j)	(1,775)	-	-
Telecom Goodwill (See Note 3.v.1)	(243,900)	-	-
Goodwill allocated to subsidiaries	(64)	(1,299)	-
Others (b)	2,279	(329)	(1,106)
Total	**(246,135)**	**(2,501)**	**(1,106)**

a) As a result of the Company's decision to discontinue the use of those brands, unifying all the customers of those services under the brands Flow and Personal in order to simplify the brand portfolio and to consolidate a new visual identity as an institution itself and of its products and services.
b) In 2022, it includes recoveries of provisions for $2,175 related to works in progress that were completed during the current fiscal year.

Except for the above mentioned, no other significant impairments have been identified as a result of the evaluation realized.

The possible reversal of PP&E, intangible assets and rights of use assets impairment losses is reviewed for the issuance of all consolidated financial statements. The net effects of the constitution and recovery of the above-mentioned impairments are recorded under "Impairment of fixed assets", which is described in Note 24 to these consolidated financial statements.

For further information on recoverability of goodwill analysis, see item v.1) – "Recoverability of Goodwill" to this Note.

n) 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 Argentina. 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. The Company does not make plan contributions or maintain separate assets to fund the benefits at retirement.

The actuarial assumptions used are based on market interest rates, experience and the best estimate made by the Company's Management of the 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:

	2022	2021	2020
Discount Rate (1)	6.0% - 11.6%	6.1% - 11.8%	6.3% - 12.7%
Projected increase rate in compensation	52.0% - 83.1%	23.0% - 51.8%	22.1% - 50.9%

1) Represents real discount rates.

Additional information on pension benefits is provided in Note 18 to these consolidated financial statements.

Deferred revenues on prepaid credit

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

Deferred revenues on connection fees

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

Deferred Revenues related to Customer Loyalty Programs

As of December 31, 2021, the Company had a customer loyalty program, which was recognized at fair value, accounted for as deferred revenue and recognized as revenue until the rewards were redeemed or expired, whichever occured first. As of December 31, 2022, the Company has ended said program.

Deferred Revenues on International Capacity Leases

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

Government grants for the acquisition of PP&E

Government grants for the acquisition of PP&E must be recognized on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the grants are intended to compensate. In accordance with IAS 20 the government grants related to assets can be presented either as deferred income or as a reduction of the carrying amount of related asset. The Company elected as an accounting policy the first alternative provided by the standard considering that recognition as deferred income adequately reflects the business purpose of the transaction. Therefore, the related assets are recognized at the cost incurred in the construction of the engaged infrastructure and the government grant was accounted for as deferred income in Other Liabilities and recognized in profit or loss starting at the time the infrastructure becomes operative and throughout its useful life.

o) 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 measured at the amounts expected to be paid when the liabilities are settled.

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 legal mandatory retirement age or upon the decease of the beneficiary, whichever occurs first.

p) Taxes Payable

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

Income Tax

The Company 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 such 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.

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 five years. Deferred tax assets that may arise from investment in subsidiaries are recognized when it is probable that the temporary differences will be reversed in the foreseeable future and when future taxable income would be enough to apply those temporary differences.

A deferred tax asset shall be subjected to a recoverability test at the end of every reporting period. The company shall reduce the carrying amount of the deferred tax asset if it is probable that future taxable income will not be available before its prescription that allows applying the tax deductions of the deferred tax asset. This reduction could be reversed in future periods, to the extent that the Company recovers the expectation of enough future taxable income to apply these deductions.

Pursuant to Law No. 27,430, as amended by Law No. 27,541, the statutory income tax rate in Argentina for fiscal year 2020 was 30%, while for fiscal years beginning since January 1, 2021, the statutory income tax rate would be 25%.

However, on June 16, 2021, Law No. 27,630 was published in the Official Gazette, and replaced the 25% statutory income tax rate by an increasing rate scale related to the taxable income of each taxpayer: (i) 25% for annual taxable income of up to $5, (ii) 30% for the exceeding annual taxable income between $5 and $50, and (iii) 35% for annual taxable income exceeding $50. The annual taxable income scale will be adjusted annually starting in fiscal year 2022 according to the CPI of October of the prior year to the adjustment, with respect to the same month of the previous year. By virtue of the aforementioned, according to RG (AFIP) 5168, the scales in force for fiscal year 2022 are: for annual profits of up to $7.6, a rate of 25% will be applied; for the excess of $7.6 and up to $76 of annual earnings, a rate of 30% will be applied and for the amount of annual earnings that exceeds $76, a rate of 35% will be applied.The Company has recognized the increase in the statutory income tax rate effects in the “Income tax expense” item of the consolidated income statement as of December 31, 2021.

In addition, Law No. 27,430, amended by Law No. 27,541, establishes a withholding tax regime on distributed dividends at a rate of 7% for distributions of profits generated during the fiscal year 2020, and at a rate of 13% for profits generated during fiscal years beginning on or after January 1, 2021. Law No. 27, 630 also amended the last-mentioned withholding tax rate, replacing it by 7% for fiscal years beginning on or after January 1, 2021.The new withholding tax regime applies to shareholders who are Argentine resident individuals and to nonresident shareholders.

Cash dividends received from a foreign subsidiary are computed on the statutory income tax rate under the application of the “world rate” principle. However, as per Argentinian Tax Law, income taxes paid abroad may be recognized as tax credits, both the income tax paid abroad by the subsidiary and the withholding tax on cash 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 the tax reform provided under Law No. 6,380/19, from January 1, 2020 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 were 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 income tax.

In the USA, the federal flat rate is 21%. Likewise, the statutory tax rate for the State of Florida was reduced from 5.5% to 4.458% for fiscal year 2020, and to 3.535% for fiscal year 2021. For fiscal beginning from January 1, 2022, this rate returns to be 5.5%.

Therefore, for fiscal years 2020, 2021 and 2022 the total legal statutory tax rate is 25.5%, 24.5% and 26.5% respectively

Income Tax Inflation Adjustment

In accordance with the provisions of the regulations in force in the Income Tax Law, the Company applies the income tax inflation adjustment set out in Title VI of the income tax law since fiscal year 2019, as since that year the variation of the IPC required was verified by the regulation.

Likewise, these rules provide that in order to calculate income tax inflation adjustments corresponding to the first and second fiscal year beginning as from January 1, 2019, one-sixth of the income tax 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 years. The income tax inflation adjustment corresponding to fiscal years beginning on or after January 1, 2021, is fully charged to the fiscal year.

Notwithstanding the aforementioned, it was established, in general, the update of the cost of several assets -in case of disposal- and the update of computable depreciation of fixed assets, to all acquisitions or investments made in fiscal years beginning on January 1, 2018 based on changes in the CPI.

On December 1, 2022, the Law No. 27,701 was enacted, which provided that taxpayers who determine a positive inflation adjustment in the first and second fiscal years beginning on January 1, 2022 may allocate one-third in that fiscal period and the remaining two-thirds in equal parts to the two immediately following fiscal periods. Said computation will proceed for those subjects who make investments in the purchase, construction, manufacture, elaboration or import of fixed assets (except automobiles) during each of the immediate fiscal periods following the computation of each third, for an amount greater than or equal to the 30 billion pesos. Given that the Company estimates to make investments during 2023 for more than $30 billion, as of December 31, 2022, it has determined the income tax inflation adjustment as stipulated in Law No. 27,701.

Other Taxes and fees

In addition, the Company is affected by various taxes and fees that affect its activity, such as: a) VAT, b) internal taxes, c) export duties, d) tax on bank credits and debits, e) turnover tax, f) municipal fees, g) SU contribution, h) ENACOM Fee and Radioelectric Rights, i) tax on audiovisual communication services, among others.

q) Provisions

The Company 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 19 to these consolidated financial statements.

Provisions also include the expected costs of dismantling assets and restoring the corresponding site if a legal or constructive obligation exists.

r) Dividends

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

For non-cash assets dividends, dividends payable must be valued at the fair value of the assets to be delivered.

s) Debt Financial Costs and Other Financial Results, net

Debt Financial costs and Other financial results, net, are recorded as incurred and may include:

- Interest on the related financial assets and liabilities using the effective interest rate method;
- Financial discounts on assets and debt;
- Changes in fair value of derivatives and other financial instruments measured at fair value through profit or loss;
- Results from Notes and bonds;
- Risk of doubtful government bonds results;
- Financial debt renegotiation results;
- Gains and losses on foreign exchange and financial instruments;
- Interest on provisions;
- Financial expenses on pension benefits;
- Bank taxes and related expenses; and
- RECPAM.

t) Merger Surplus

Due to the merger between Telecom Argentina (surviving entity and accounting acquired) and Cablevisión (absorbed entity), a merger surplus was generated, which mainly reflects the difference between the fair value of the consideration transferred and the book value of the equity of Telecom Argentina as of the effective date of the merger, which took place on January 1, 2018.

u) Net Earnings per Share

Basic earnings per share are calculated by dividing the net income (loss) attributable to owners of the Parent by the weighted average number of ordinary shares outstanding during the year. On the other hand, diluted earnings per share is computed by dividing the net income (loss) for the year by the weighted average number of common shares issued and dilutive potential common shares at the closing of the year. Since the Company has no dilutive potential common stock outstanding, diluted earnings per share and basic earnings per share are the same.

For the years ended December 31, 2022, 2021 and 2020 the weighted average number of shares outstanding amounted to 2,153,688,011.

v) 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, 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 measurement of assets and liabilities and disclosure of contingent assets and liabilities at the date of these consolidated financial statements as well as the measurement of revenues and costs during the year. Actual results could differ, even significantly, from those estimates because of possible changes in the factors considered in the determination of such estimates. Estimates are reviewed periodically.

The most important accounting estimates which require significant subjectivity, that could affect the valuation of assets and liabilities, are addressed below:

v.1) Recoverability of Goodwill

As indicated in section m) of this Note, the Company monitors goodwill and determines its recoverable value using the higher value between its fair value less costs of disposal and its value in use.

a) Impairment of Goodwill as of September 30, 2022

As of September 30, 2022, the events of Covid-19 pandemic and the international conflict between Ukraine and Russia, (for more details, see "Note 29 Economic environment") added to the prevailing political conditions, negatively affected the Argentine economy in general and the stock market. in particular, causing, mainly:

i) an inflationary acceleration and higher devaluation of the Argentine peso, being the inflation rate accumulated for the first nine months of the year of 66.1% and the variation of the Banco Nación Divisas $/US$ exchange rate for the same period of 43.4%;

ii) volatility in the stock market in which the Company operates. The market price of Telecom shares in Argentine pesos in BYMA, increased by 24.7%. On the other hand, the price of the Telecom´s ADR in US$ on the NYSE decreased by 21.4%;

iii) greater exchange restrictions on the access to the MULC, which could affect the Company's ability to access it and also affect the value of foreign currency in existing alternative markets. The gap as of September 30, 2022 between the MULC and the existing alternative markets (Electronic Payment Market “MEP dollar”) amounted to 105.3%; and

iv) an increase in country risk and a general increase in interest rates.

As a result of the above-mentioned, the Company's Management identified the need to review the estimate of the recoverable value of goodwill assigned to the CGU of Telecom Argentina.

The most significant goodwill held by the Company was generated by the merger between Telecom Argentina and Cablevision (which became effective on January 1, 2018). The goodwill was measured as the excess of the fair value of the consideration transferred over the fair value of the net identifiable assets and liabilities of Telecom Argentina. On the other hand, such transaction also generated the corresponding merger surplus, which mainly reflects the difference between the fair value of the transferred consideration and the book value of Telecom Argentina's equity as of the effective date of merger, which was the setoff of the recognition of goodwill and the higher value of the fixed assets, arising from its valuation at market value at the time of the merger, net of the tax effect.

Due to the fact that the merger was a business combination carried out through an exchange of equity interests, the consideration was determined based on the fair value of the shares of Telecom, calculated based on the market price of the ADR of Telecom on NYSE on the last market day before the effective date of the transaction, which amounted to US$36.63 per ADR (as of September 30, 2022, this value amounted to US$4.01 per ADR).

As of September 30, 2022, the Company determined the recoverable value as fair value less costs of disposal, since it was higher than the value in use.

In order to determine the fair value less the costs of disposal of the CGU of Telecom Argentina, which amounts to $1,332,931 as of September 30, 2022, the Company's Management has considered the market capitalization value based on an average share market price of $265.9 per share (calculated based on market prices in BYMA weighed by the volume of the transactions corresponding to the three-month period prior September 30, 2022).

The Company’s Management has used this valuation method because the share market price is volatile and subject to wide fluctuations, mainly due to the difficult macroeconomic environment.

In order to determine the fair value of the CGU of Telecom Argentina, the above-mentioned market capitalization value was adjusted by (i) the estimated fair value of other CGUs; (ii) the effect of the net liabilities not subject to this impairment testing, calculated at their estimated fair value; (iii) the effect of a 28.6% control premium (determined by the Company with the assistance of independent advisors, based in the values observed in market transactions for the ICT services industry); and (iv) estimated disposal costs for an orderly transaction, which include costs such as legal and advisory fees that could be directly associated with the sale of the CGU. Therefore, the fair value qualifies as level 2 of fair value hierarchy in accordance with IFRS 13.

As a result of the calculation mentioned above, the carrying amount of the CGU of Telecom Argentina exceed the recoverable value by $207,940 ($243,900 in current currency as of December 31, 2022). Consequently, as of September 30, 2022, the Company recognized an impairment of goodwill for that amount, which is recorded in the line "Depreciation, amortization and impairment of fixed assets" of the Consolidated Income Statement, not affecting other fixed assets of the Company.

b) <u>As of December 31, 2022</u>

As of December 31, 2022, the Company reviewed again the estimated recoverable value which was calculated based on the value in use, since it was higher than the fair value less the costs of disposal on the same date.

The cash flows used as the basis for calculating the value in use corresponded to the budget 2023 approved by Management which was used as the basis for cash flow projections until 2027.

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 normalized constant cash flow of 2.26%, consistent with ICT industry ratios.

For the preparation of such cash flows, the Company considered the current market situation in which Telecom operated. Likewise, the Company's Management made estimates based on past performance and the future behavior of certain sensitive market assumptions, among them, the revenues, the discount rate, long-term growth rate of normalized constant cash flow and certain macroeconomic variables such as inflation and exchange rates.

Cash flows were discounted at a WACC of 11.04%, which reflected the specific risks related to the industry and the country in which the Company operates.

As a result of the calculation mentioned above, the value in use exceed the carrying amount of the CGU of Telecom Argentina by approximately 3.4%.

The Company has considered the following sensitivity analysis of the recoverability test, evaluating reasonably possible changes in the key assumptions:

a) Decreasing the long-term growth rate of normalized constant cash flow to 1.89%, and keeping the rest of the assumptions stable, the value in use would equalt its carryng amount of the CGU.
b) Increasing the WACC to 11.31%, and keeping the rest of the assumptions stable, the value in use would equalt its carryng amount of the CGU.
c) Decreasing the revenues by 1% for the cash flow period 2023-2027, and keeping the rest of the assumptions stable, the value in use would equalt its carryng amount of the CGU.

As of December 31, 2022, the results of recoverability test were satisfactory, therefore, no impairment has been recorded in addition to described in section a).

c) <u>As of December 31, 2021</u>

For fiscal year 2021, the recoverable value of the CGU of Telecom Argentina, which includes goodwill, amounted to $995,945 and was determined using the fair value less the costs of disposal.

In order to calculate such value, the Company's Management has considered the market capitalization value based on an average share market price of $214.52 (calculated based on market prices in BYMA weighed by the volume of the transactions corresponding to the three-month period prior to year-end).

In order to determine the fair value of the CGU of Telecom Argentina, the above-mentioned market capitalization value was adjusted by (i) the estimated fair value of other CGUs; (ii) the effect of the net liabilities not subject to this impairment test, calculated at their estimated fair value; (iii) the effect of a 28.6% control premium (determined by the Company with the assistance of independent advisors, using the values observed in the transaction for the period May 2015 to June 2021 for the ICT services industry); and (iv) estimated disposal costs for an orderly transaction, which include costs such as legal and advisory fees that could be directly associated with the sale of the CGU. Therefore, it qualified as level 2 of fair value hierarchy in accordance with IFRS 13.

The Company’s Management has used this valuation method because the share market price is volatile and subject to wide fluctuations, mainly due to the difficult macroeconomic environment in general- which began to recover slightly without being able to recover pre-pandemic levels - and the political conditions prevailing in Argentina, which were intensified during the year 2021, together with high inflation rates and fluctuations in the foreign exchange rate. In addition, the Argentine stock market is limited, highly concentrated and with low liquidity, which contributes to the aforementioned high volatility on the share price. Additionally, as of December 31, 2021, the National Government was in full negotiations with the IMF to renegotiate the capital maturities of the sovereign debt and only at the end of January 2022 the parties reached an understanding on key policies such as part of their discussions about a new program. This uncertain scenario had a negative impact on the Argentine economy in general and on the stock market in particular as of that date.

As a result of the calculation mentioned above, the fair value less the costs of disposal exceed the carrying amount of the CGU of Telecom Argentina by approximately 2.2%.

The Company has considered the following sensitivity analysis of the recoverability test, evaluating reasonably possible changes in the key assumptions:

a) considering a decrease of 3.5% of Telecom average share price, and keeping the rest of the assumptions stable, the fair value less disposal costs would equalt its carryng amount of the CGU;
b) considering any change on the interest rate or the market price of our debts that decrease the fair value of the net liabilities in 5.2%, and keeping the rest of the assumptions stable, the fair value less disposal costs would equalt its carryng amount of the CGU;
c) considering a decrease of 4.5 percentage points in the control premium, and keeping the rest of the assumptions stable, the fair value less disposal costs would equalize the Book Value of the CGU.

For year 2021, the test results were satisfactory. Therefore, no recoverability problems were observed as of that date and, accordingly, no impairment has been recorded as of that date for the assets detailed above, except for those specifically identified in Note 3.m) to this Note.

v.2) Useful lives and residual value (non-amortizable) 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 financial year-end, the estimated useful lives and the residual value of its PP&E and amortizable intangible assets.

v.3) Income Tax and deferred 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 takes into account the estimate of future taxable income based on the Company's projections and on conservative tax planning.

On the other hand, the recoverability assessment of the tax receivable related to the actions of recourse filed by the Company in connection with income tax inflation adjustment (Note 15 to these consolidated financial statements), is based on the existing legal arguments and future behavior of Tax Courts and the National Tax Authority in revising the claims filed by the Company.

For the measurement of deferred tax, the fiscal year of future reversals of temporary differences that originate deferred asset/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.

v.4) Uncertain tax possitions

The Company's Management periodically evaluates the positions taken in tax returns regarding situations in which the applicable tax regulation is subject to interpretation considering the probability that the tax authority will accept each treatment, and, if applicable, records tax provisions to reflect the effect of uncertainty for each treatment based on the amount estimated to be paid to the tax authorities.

If the final tax result with respect to uncertain treatments is different from the amounts that were recognized, such differences will have an effect on income tax and deferred tax provisions in the year in which such determination is made.

Uncertain tax positions are described in Note 15 under the headings "Income Tax – Reimbursement Claims filed with the Tax Authority" resulting from reimbursement claims filed with the AFIP to claim the full income tax overpaid for fiscal years 2009-2017 under the argument that the inability to apply income tax inflation adjustment is confiscatory and "Income Tax – Inflation adjustment for tax purposes" which describes the criteria followed by the Company by which ithas calculated in its tax return corresponding to fiscal year 2021 the restated tax amortization of all its fixed and intangible assets pursuant to Articles 87 and 88 of the Income Tax Law and applying the tax loss carryforwards from previous years in accordance with the restatement mechanism provided under Article 25 of such Law.

v.5) Provisions

- **<u>Provisions for lawsuits and other contingencies:</u>** The Company is subject to proceedings, lawsuits and other claims related to labor, civil, tax, regulatory and commercial. 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 jurisprudential precedents and court decisions or changes in its method of resolving such matters, such as changes in settlement strategy.

- **<u>Allowance for Bad Debts:</u>** The recoverability of trade receivables is measured by considering the aging of the accounts receivable balances, un-subscription 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 framework and valuation techniques generally applied in the telecommunication industry and uses its judgment to evaluate the accounting methods to adopt in order to provide 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 aspects.

w) New Standards and Interpretations issued by the IASB

w.1) New Standards and Interpretations issued by the IASB applied by the Company

The Company has applied the following new standards and amendments for the first time from January 1, 2022:

Standards and amendments	Description	Mandatory application date for years beginning on or after
Amendments to IAS 37	Onerous contracts – Cost of fulfilling a contract	January 1, 2022
Amendments to IFRS 3	Reference to the Conceptual Framework	January 1, 2022
Amendments to IAS 16	PP&E – Proceeds before intended use	January 1, 2022
Amendments to IFRS 9 and IFRS 16	Annual Improvements – 2018 to 2020 Cycle	January 1, 2022

The application of the detailed amendment did not generate any impact on the results of operations or the financial situation of the Company.

w.2) New Standards and Interpretations issued by the IASB not in force

As of the date to prepare these consolidated financial statements, the Company has not applied the following new standards and amendments to the existing ones which application is mandatory for periods beginning after December 31, 2022.

Standards and amendments	Description	Mandatory application date for years beginning on or after
Amendments to IAS 1	Classification of liabilities as current or non-current	January 1, 2024
Amendments to IAS 1	Information relating to material accounting policies	January 1, 2023
Amendments to IAS 8	Definition of accounting estimate	January 1, 2023
Amendments to IAS 12	Deferred tax – recognition of assets and liabilities arising from a single transaction	January 1, 2023
Amendments to IFRS 16	Measurement of the lease liability in a sale and leaseback transaction	January 1, 2024
Amendments to IAS 1	Classification of liabilities as current and non-current exposed to covenants	January 1, 2024

While Management is analyzing the potential impacts of such standards, and according to the preliminary analysis performed, the mentioned standards are not expected to have significant impact in the Company's consolidated financial statements.

NOTE 4 – CASH AND CASH EQUIVALENTS AND INVESTMENTS. ADDITIONAL INFORMATION ON THE CONSOLIDATED STATEMENTS OF CASH FLOWS

a) Cash and cash equivalents and Investments

	As of December 31, 2022	2021
Cash and cash equivalents		
Cash and Banks (1)	16,258	25,637
Time deposits	15,713	6,978
Mutual funds	3,245	6,050
Government bonds at fair value	4,836	-
Total cash and cash equivalents	**40,052**	**38,665**
(1) As of December 31, 2022, includes restricted funds for $505 corresponding to the funds to be paid to clients		
Investments		
Current		
Government bonds at fair value	8,263	20,847
Mutual funds	110	163
	8,373	**21,010**
Non- current		
Investments in associates (a)	6,443	6,281
2003 Telecommunications Fund	1	1
	6,444	**6,282**
Total investments	**14,817**	**27,292**

(a) Information on Investments in associates is detailed below:

Financial position information:

Companies	Main activity	Country	Percentage of capital stock owned and voting rights	Valuation as of 12.31.2022	Valuation as of 12.31.2021
Ver TV. (1)	Cable television station	Argentina	49.00	4,132	3,914
TSMA (1) (2) (3)	Cable television station	Argentina	50.10	1,554	1,334
La Capital Cable (1) (2)	Closed-circuit television	Argentina	50.00	757	1,033
Total				**6,443**	**6,281**

(1) Data about the issuer arise from extra-accounting information.
(2) Direct and indirect interest.
(3) Despite owning a percentage higher than a 50% of interest, the Company does not have the control in accordance with the requirements of IFRS.

Earnings information:

	Years ended December 31,		
	2022	2021	2020
Ver TV	413	608	1,095
TSMA	272	150	323
La Capital Cable	134	12	41
Total	**819**	**770**	**1,459**

b) Additional information on the consolidated statements of cash flows

Changes in assets/liabilities components:

	December 31,		
Net increase in assets	2022	2021	2020
Trade receivables	(26,143)	(25,039)	(39,105)
Other receivables	(20,699)	(10,355)	(11,701)
Inventories	(5,017)	(762)	(3,785)
	(51,859)	**(36,156)**	**(54,591)**
Net increase (decrease) in liabilities			
Trade payables	39,055	12,934	17,311
Salaries and social security payables	16,383	19,483	12,749
Other taxes payables	(5,480)	(5,174)	6,753
Other liabilities and provisions	(9,296)	(8,853)	(7,346)
	40,662	**18,390**	**29,467**

Main Financing activities components

The following table presents the main financing activities components:

	December 31,		
	2022	2021	2020
Bank overdrafts	-	19,783	-
Notes	22,512	80,886	82,548
Bank and other financial entities loans	60,714	21,544	73,005
Loans for purchase of equipment	1,989	2,875	9,184
Total financial debt proceeds	**85,215**	**125,088**	**164,737**
Bank overdrafts	(1,171)	-	(20,311)
Notes	(98)	(38,417)	(28,288)
Bank and other financial entities loans	(60,390)	(52,600)	(137,084)
Loans for purchase of equipment	(6,654)	(6,956)	(6,588)
Total payment of debt	**(68,313)**	**(97,973)**	**(192,271)**
Bank overdrafts	(8,409)	(6,229)	(11,664)
Notes	(16,328)	(20,650)	(16,762)
Bank and other financial entities loans	(19,012)	(20,025)	(26,574)
By DFI, purchase of equipment and others	(2,463)	(5,334)	(6,307)
Total payment of interest and related expenses	**(46,212)**	**(52,238)**	**(61,307)**

Main non-cash transactions

Main non-cash transactions and that were eliminated from the consolidated statement of cash flows are the following:

	December 31, 2022	2021	2020
PP&E and intangible assets acquisition financed with accounts payable	28,349	40,144	54,143
Dividends payment with investments not considered as cash and cash equivalents (See "Cash and non-cash assets dividends from the Company and its subsidiaries")	45,258	77,956	75,597
Initial debt for acquisition of NYSSA (Note 3.d.1.b)	609	-	-
Indemnification assets (Note 3.d.1.b)	90	-	-
Trade payables cancelled with financial debt	10,736	15,852	732
Trade receivables cancelled with government bonds	671	4,587	1,375
Social security payables cancelled with government bonds	-	2,563	-
Other receivables offset with income tax liabilities	-	142	76

Dividends proceeds

Brief information on dividends proceeds by the Company is provided below:

Year	Company	Cash Dividends Collected: Currency of the transaction date	Cash Dividends Collected: Current currency as of December 31, 2022
2022	Ver TV	104	195
	TSMA	28	51
	La Capital Cable	343	369
			615
2021	Ver TV	110	298
	TSMA	57	158
			(*) 456
2020	Ver TV	50	168
	TSMA	21	68
			236

(*) includes 27 corresponding to dividends distributed in 2020.

Cash and non-cash assets dividends from the Company and its subsidiaries

Non-cash dividends

2022 Dividends

Based on the powers delegated by Telecom Argentina's Ordinary and Extraordinary Shareholders' Meeting held on April 27, 2022, on June 2, 2022 the Board resolved to distribute non-cash assets dividends of Global Bonds of the Argentine Republic amortizable in US dollars for a nominal value of US$515,000,000: i) Global Bonds of the Argentine Republic amortizable in US dollars maturing on July 9, 2030 (the "2030 Global Bonds") for a nominal value of US$411,145,986 and ii) Global Bonds of the Argentine Republic amortizable in US dollars maturing on July 9, 2035 (the "2035 Global Bonds") for a nominal value of US$103,854,014.

Consequently, considering the valuation of the aforementioned bonds at the date of distribution resolved by the Board of Directors, non- cash dividends amounted to $31,634 Argentine pesos ($45,258 in current currency as of December 31, 2022), and partially withdraw the "Voluntary reserve to maintain the Company's level of investments in capital assets and the current level of solvency" for such amount.

2021 Dividends

The General Extraordinary Shareholders' Meeting of Telecom Argentina held on August 11, 2021 resolved to distribute non- cash assets dividends as follows: i) Global Bonds of the Argentine Republic amortizable in US dollars maturing on July 9, 2030 (the "2030 Global Bonds"), for a nominal value of US$370,386,472, and ii) Global Bonds of the Argentine Republic amortizable in US dollars maturing on July 9, 2035 (the "2035 Global Bonds") for a nominal value of US$186,621,565.

Consequently, and considering that the valuation of the mentioned non-cash assets dividends was $35,068 Argentine pesos ($77,956 in current currency as of December 31, 2022), the "Voluntary Reserve to maintain the Company's level of investments in capital assets and the current level of solvency" was partially withdraw for that amount.

2020 Dividends

The General Extraordinary Shareholders' Meeting of Telecom Argentina held on November 13, 2020 resolved to distribute non- cash assets dividends as follows: i) Global Bonds of the Argentine Republic amortizable in US dollars maturing on July 9, 2030 (the "2030 Global Bonds"), for a nominal value of US$157,642,897, and ii) Global Bonds of the Argentine Republic amortizable in US dollars maturing on July 9, 2035 (the "2035 Global Bonds") for a nominal value of US$271,896,177.

Consequently, and considering that the valuation of the mentioned non-cash assets dividends was $24,723 Argentine pesos ($75,597 in current currency as of December 31, 2021), the "Voluntary Reserve for Future Cash Dividends" amounting to $19,407 in current currency as of December 31, 2021 was fully withdraw and the "Voluntary Reserve to maintain the Company's level of investments in capital assets and the current level of solvency" was partially withdraw in $56,190 in current currency as of December 31, 2021.

Cash dividends distributed

Brief information on cash dividends distributed and paid is provided below:

Year	Company	Distribution month	Distributed amount: Currency of the transaction date	Distributed amount: Current currency as of December 31, 2022	Payment month	Amount paid in current currency as of December 31, 2022
2022	Núcleo	April 2022	804	1,271	May 2022/ Aug 2022	1,229
						1,229
2021	Núcleo	April 2021	650	1,625	May 2021/ Oct 2021	1,449
						1,449
2020	Núcleo	April 2020	295	1,083	May 2020/ Oct 2020	1,079
						1,079

NOTE 5 – TRADE RECEIVABLES

	As of December 31, 2022	2021
Current Trade receivables		
Ordinary receivables	52,754	62,652
Companies under section 33 - Law No. 19,550 and related parties (Note 27.c)	225	354
Contractual asset IFRS 15	25	8
Allowance for doubtful accounts	(15,388)	(19,080)
	37,616	**43,934**
Non-current trade receivables		
Ordinary receivables	111	129
Contractual asset IFRS 15	7	11
	118	**140**
Total trade receivables, net	**37,734**	**44,074**

Movements in the allowance for current doubtful accounts are as follows:

	Years ended December 31, 2022	2021
At the beginning of the fiscal year	**(19,080)**	**(29,667)**
Increases – Bad debt expenses	(18,342)	(15,550)
Uses	11,634	16,070
RECPAM and currency translation adjustments	10,400	10,067
At the end of the year	**(15,388)**	**(19,080)**

NOTE 6 – OTHER RECEIVABLES

	As of December 31, 2022	2021
Current other receivables		
Prepaid expenses	5,477	9,944
Guarantee of financial operations	2,415	3,730
Tax credits	9,545	1,654
Companies under section 33 - Law No. 19,550 and related parties (Note 27.c)	342	444
Financial DFI (Note 22)	117	-
Indemnification assets (Note 3.d.1.b)	69	-
Other	2,321	2,177
Allowance for other receivables	(749)	(718)
	19,537	**17,231**

	As of December 31, 2022	2021
Non-current other receivables		
Prepaid expenses	904	3,255
Financial DFI (Note 22)	201	-
Tax credits	9	5
Other	555	803
	1,669	**4,063**
Total other receivables, net	**21,206**	**21,294**

Movements in the allowance for current other receivables are as follows:

	Years ended December 31, 2022	2021
At the beginning of the year	**(718)**	**(979)**
Increases	(387)	-
RECPAM and currency translation adjustments	356	261
At the end of the year	**(749)**	**(718)**

NOTE 7– INVENTORIES

	As of December 31, 2022	2021
Mobile handsets and others	6,938	4,947
Inventories for construction projects	-	1,751
Subtotal	**6,938**	**6,698**
Allowance for obsolescence of inventories	(490)	(630)
Total inventories	**6,448**	**6,068**

Movements in the allowance for obsolescence of inventories are as follows:

	Years ended December 31, 2022	2021
At the beginning of the year	**(630)**	**(746)**
Increase	(212)	(92)
Decreases	352	208
At the end of the year	**(490)**	**(630)**

NOTE 8 – GOODWILL

	As of December 31, 2022	2021
Argentina (1)	493,080	736,756
Abroad (2)	1,677	1,701
Total goodwill	**494,757**	**738,457**

(1) The variation in the amounts with respect to balance as of December 31, 2021 corresponds to the goodwill recognized with NYSSA acquisition for $288 milion (Note 3.d.1.b), an impairment of goodwill allocated to one Argentinian subsidiary for $(64) and the impairment of Telecom CGU Goodwill for $(243,900) (Note 3.v.1.a)

(2) The variation in the amounts with respect to balance as of December 31, 2021 corresponds to temporary currency translation adjustments.

NOTE 9 – PP&E

	As of December 31, 2022	2021
PP&E	802,644	891,214
Allowance for obsolescence and impairment of materials	(9,079)	(9,203)
Impairment allowance of PP&E	(771)	(3,155)
	792,794	**878,856**

Details on the nature and movements of PP&E as of December 31, 2022 are as follows:

	Gross value as of December 31, 2021	Incorporation by acquisition	CAPEX	Currency translation adjustments	Transfers and reclassifications	Decreases	Gross value as of December 31, 2022
Real estate	**144,158**	-	354	(1,159)	34	(23)	**143,364**
Switching equipment	**44,258**	-	2,200	(3,678)	10,900	(88)	**53,592**
Fixed network and transportation	**651,381**	574	22,939	(3,534)	30,857	(26,104)	**676,113**
Mobile network access	**135,212**	-	53	(4,410)	12,486	(492)	**142,849**
Tower and pole	**37,608**	-	-	(1,157)	1,344	(184)	**37,611**
Power equipment and Installations	**50,985**	22	1,266	(1,642)	7,068	(19)	**57,680**
Computer equipment	**221,535**	-	21,407	(5,592)	5,556	(1,513)	**241,393**
Goods lent to customers at no cost	**79,397**	104	4,218	(2,108)	14,287	(30,495)	**65,403**
Vehicles	**19,169**	-	3,045	(129)	-	(302)	**21,783**
Machinery, diverse equipment and tools	**27,338**	5	127	(486)	248	-	**27,232**
Other	**8,639**	3	826	(88)	683	-	**10,063**
Construction in progress	**76,295**	-	24,702	(332)	(41,324)	(498)	**58,843**
Materials	**88,995**	75	38,934	(418)	(45,623)	19	**81,982**
Total	**1,584,970**	**783**	**120,071**	**(24,733)**	**(3,484)**	**(59,699)**	**1,617,908**

	Accumulated depreciation as of December 31, 2021	Incorporation by acquisition	Depreciation	Currency translation adjustments	Decrease and reclassifica-tions	Accumulated depreciation as of December 31, 2022	Net carrying value as of December 31, 2022
Real estate	**(24,565)**	-	(5,908)	849	778	**(28,846)**	**114,518**
Switching equipment	**(29,178)**	-	(9,627)	3,111	85	**(35,609)**	**17,983**
Fixed network and transportation	**(323,855)**	(166)	(76,355)	2,281	26,090	**(372,005)**	**304,108**
Mobile network access	**(75,482)**	-	(21,602)	2,905	427	**(93,752)**	**49,097**
Tower and pole	**(15,138)**	-	(2,679)	726	83	**(17,008)**	**20,603**
Power equipment and Installations	**(25,652)**	(7)	(5,885)	1,015	14	**(30,515)**	**27,165**
Computer equipment	**(130,284)**	-	(41,574)	4,838	1,502	**(165,518)**	**75,875**
Goods lent to customers at no cost	**(27,268)**	(11)	(31,233)	1,438	30,495	**(26,579)**	**38,824**
Vehicles	**(15,447)**	-	(1,735)	95	289	**(16,798)**	**4,985**
Machinery, diverse equipment and tools	**(22,717)**	(1)	(927)	366	-	**(23,279)**	**3,953**
Other	**(4,170)**	-	(1,263)	78	-	**(5,355)**	**4,708**
Construction in progress	**-**	-	-	-	-	**-**	**58,843**
Materials	**-**	-	-	-	-	**-**	**81,982**
Total	**(693,756)**	**(185)**	**(198,788)**	**17,702**	**59,763**	**(815,264)**	**802,644**

Details on the nature and movements of PP&E as of December 31, 2021 are as follows:

	Gross value as of December 31, 2020	CAPEX	Currency translation adjustments	Transfers and reclassifications	Decreases	Gross value as of December 31, 2021
Real estate	**148,256**	25	(1,030)	3,633	(6,726)	**144,158**
Switching equipment	**35,995**	1225	(3,323)	10,482	(121)	**44,258**
Fixed network and transportation	**624,656**	25,082	(5,575)	43,229	(36,011)	**651,381**
Mobile network access	**128,291**	39	(4,075)	12,021	(1,064)	**135,212**
Tower and pole	**36,770**	-	(1,145)	2,355	(372)	**37,608**
Power equipment and Installations	**48,356**	1126	(1,395)	2,912	(14)	**50,985**
Computer equipment	**176,316**	10,749	(5,061)	39,788	(257)	**221,535**
Goods lent to customers at no cost	**85,599**	4,954	(1,572)	24,608	(34,192)	**79,397**
Vehicles	**19,290**	253	(117)	45	(302)	**19,169**
Machinery, diverse equipment and tools	**27,451**	150	(440)	185	(8)	**27,338**
Other	**6,016**	259	(166)	2,530	-	**8,639**
Construction in progress	**113,859**	43,542	(557)	(79,776)	(773)	**76,295**
Materials	**79,066**	72,849	(894)	(62,012)	(14)	**88,995**
Total	**1,529,921**	**160,253**	**(25,350)**	**-**	**(79,854)**	**1,584,970**

	Accumulated depreciation as of December 31, 2020	Depreciation	Currency translation adjustments	Decrease and reclassifica-tions	Accumulated depreciation as of December 31, 2021	Net carrying value as of December 31, 2021
Real estate	**(25,064)**	(6,322)	662	6,159	**(24,565)**	**119,593**
Switching equipment	**(23,107)**	(8,900)	2,710	119	**(29,178)**	**15,080**
Fixed network and transportation	**(277,336)**	(85,559)	3,537	35,503	**(323,855)**	**327,526**
Mobile network access	**(56,349)**	(22,319)	2,419	767	**(75,482)**	**59,730**
Tower and pole	**(13,033)**	(2,826)	600	121	**(15,138)**	**22,470**
Power equipment and Installations	**(20,315)**	(6,068)	721	10	**(25,652)**	**25,333**
Computer equipment	**(99,008)**	(35,657)	4,124	257	**(130,284)**	**91,251**
Goods lent to customers at no cost	**(23,416)**	(39,185)	1,143	34,190	**(27,268)**	**52,129**
Vehicles	**(13,951)**	(1,839)	78	265	**(15,447)**	**3,722**
Machinery, diverse equipment and tools	**(21,599)**	(1,416)	253	45	**(22,717)**	**4,621**
Other	**(3,284)**	(1,030)	144	-	**(4,170)**	**4,469**
Construction in progress	**-**	-	-	-	**-**	**76,295**
Materials	**-**	-	-	-	**-**	**88,995**
Total	**(576,462)**	**(211,121)**	**16,391**	**77,436**	**(693,756)**	**891,214**

Movements in the valuation allowance for obsolescence and impairment of materials are as follows:

	Years ended December 31,	
	2022	**2021**
At the beginning of the year	**(9,203)**	**(7,656)**
(Increases)/ uses	104	(1,590)
Currency translation adjustments	20	43
At the end of the year	**(9,079)**	**(9,203)**

Movements in the impairment of PP&E are as follows:

	Years ended December 31, 2022	2021
At the beginning of the year	**(3,155)**	**(2,388)**
(Increases)/ uses	2,384	(767)
At the end of the year	**(771)**	**(3,155)**

NOTE 10 – INTANGIBLE ASSETS

	As of December 31, 2022	2021
Intangible assets	265,675	299,473
Impairment allowance	(10,868)	(18,749)
	254,807	**280,724**

Details on the nature and movements of intangible assets as of December 31, 2022 are as follows:

	Gross value as of December 31, 2021	Incorporation by acquisition	CAPEX	Currency translation adjustments	Decreases (1)	Gross value as of December 31, 2022
3G/4G licenses	**136,912**	-	1,074	-	(14,784)	**123,202**
PCS and SRCE licenses (Argentina)	**64,891**	-	-	-	-	**64,891**
Núcleo´s licenses	**15,676**	-	274	(421)	-	**15,529**
Customer relationship	**86,395**	396	-	(124)	-	**86,667**
Brands	**81,770**	42	-	-	-	**81,812**
Incremental Cost from the acquisitions of contracts	**9,872**	-	3,323	(56)	(4,789)	**8,350**
Content activation	**263**	-	480	-	-	**743**
Other	**12,374**	-	1,047	(59)	-	**13,362**
Total	**408,153**	**438**	**6,198**	**(660)**	**(19,573)**	**394,556**

	Accumulated amortization as of December 31, 2021	Amortization	Currency translation adjustments	Decreases (1)	Accumulated amortization as of December 31, 2022	Net carrying value as of December 31, 2022
3G/4G licenses	**(35,885)**	(8,519)	-	3,649	**(40,755)**	**82,447**
PCS and SRCE licenses (Argentina)	**-**	-	-	-	**-**	**64,891**
Núcleo´s licenses	**(2,620)**	(656)	6	-	**(3,270)**	**12,259**
Customer relationship	**(55,031)**	(13,798)	3	-	**(68,826)**	**17,841**
Brands	**(660)**	-	-	-	**(660)**	**81,152**
Incremental Cost from the acquisitions of contracts	**(5,633)**	(4,200)	1	4,789	**(5,043)**	**3,307**
Content activation	**(140)**	(222)	-	-	**(362)**	**381**
Other	**(8,711)**	(1,254)	-	-	**(9,965)**	**3,397**
Total	**(108,680)**	**(28,649)**	**10**	**8,438**	**(128,881)**	**265,675**

(1) Includes $(10,556) corresponding to the return of spectrum mentioned in Note 2.e.i).

Details on the nature and movements of intangible assets as of December 31, 2021 are as follows:

	Gross value as of December 31, 2020	CAPEX	Currency translation adjustments	Decreases	Gross value as of December 31, 2021
3G/4G licenses	**136,912**	-	-	-	**136,912**
PCS and SRCE licenses (Argentina)	**64,891**	-	-	-	**64,891**
Núcleo´s licenses	**15,687**	569	(580)	-	**15,676**
Customer relationship	**86,607**	-	(136)	(76)	**86,395**
Brands	**81,770**	-	-	-	**81,770**
Incremental Cost from the acquisitions of contracts	**15,385**	4,562	(76)	(9,999)	**9,872**
Content activation	**-**	263	-	-	**263**
Other	**11,389**	999	(14)	-	**12,374**
Total	**412,641**	**6,393**	**(806)**	**(10,075)**	**408,153**

	Accumulated amortization as of December 31, 2020	Amortization	Currency translation adjustments	Decreases	Accumulated amortization as of December 31, 2021	Net carrying value as of December 31, 2021
3G/4G licenses	**(26,527)**	(9,358)	-	-	**(35,885)**	**101,027**
PCS and SRCE licenses (Argentina)	**-**	-	-	-	**-**	**64,891**
Núcleo´s licenses	**(1,615)**	(1,013)	8	-	**(2,620)**	**13,056**
Customer relationship	**(41,637)**	(13,470)	-	76	**(55,031)**	**31,364**
Brands	**(635)**	(25)	-	-	**(660)**	**81,110**
Incremental Cost from the acquisitions of contracts	**(10,452)**	(5,180)	-	9,999	**(5,633)**	**4,239**
Content activation	**-**	(140)	-	-	**(140)**	**123**
Other	**(7,577)**	(1,120)	(14)	-	**(8,711)**	**3,663**
Total	**(88,443)**	**(30,306)**	**(6)**	**10,075**	**(108,680)**	**299,473**

Movements in the impairment of Intangible assets are as follows:

	Years ended December 31, 2022	2021
At the beginning of the year	**(18,749)**	**(18,339)**
Increases (*)	(2,675)	(410)
Uses (*)	10,556	-
At the end of the year	**(10,868)**	**(18,749)**

(*) In 2022 corresponds to the return of spectrum mentioned in Note 2.e.i)

NOTE 11 – RIGHT OF USE ASSETS

Details on the nature and movements of Right of use assets as of December 31, 2022 are as follows:

	Gross value as of December 31, 2021	Incorporation by acquisition	Increases	Currency translation adjustments	Decreases	Gross value as of December 31, 2022
Leases rights of use (a)						
- Sites	**65,260**	-	13,121	(1,111)	(1,864)	**75,406**
- Real estate and others	**16,178**	29	3,507	(100)	(721)	**18,893**
- Poles	**7,755**	31	2,318	(212)	-	**9,892**
Indefeasible right of use	**3,679**	-	19	(64)	-	**3,634**
Asset Retirement Obligation	**8,857**	-	2,032	(16)	(954)	**9,919**
Total	**101,729**	**60**	**20,997**	**(1,503)**	**(3,539)**	**117,744**

	Accumulated amortization as of December 31, 2021	Incorporation by acquisition	Amortization	Currency translation adjustments	Decreases	Accumulated amortization as of December 31, 2022	Net carrying value as of December 31, 2022
Leases rights of use							
- Sites	**(22,497)**	-	(13,165)	490	1,156	**(34,016)**	**41,390**
- Real estate and others	**(7,715)**	(2)	(4,215)	110	695	**(11,128)**	**7,765**
- Poles	**(4,088)**	(18)	(2,812)	133	-	**(6,784)**	**3,108**
Indefeasible right of use	**(1,615)**	-	(337)	42	-	**(1,910)**	**1,724**
Asset Retirement Obligation	**(724)**	-	(1,220)	16	954	**(974)**	**8,945**
Total	**(36,639)**	**(20)**	**(21,749)**	**791**	**2,805**	**(54,812)**	**62,932**

Details on the nature and movements of Right of use assets as of December 31, 2021 are as follows:

	Gross value as of December 31, 2020	Increases	Currency translation adjustments	Decreases	Gross value as of December 31, 2021
Leases rights of use					
- Sites	**49,053**	27,544	(1,196)	(10,141)	**65,260**
- Real estate and others	**15,072**	4,410	(160)	(3,144)	**16,178**
- Poles	**7,619**	1,973	(90)	(1,747)	**7,755**
Indefeasible right of use	**3,498**	259	(78)	-	**3,679**
Asset Retirement Obligation	**7,787**	1,177	(21)	(86)	**8,857**
Total	**83,029**	**35,363**	**(1,545)**	**(15,118)**	**101,729**

	Accumulated amortization as of December 31, 2020	Amortization	Currency translation adjustments	Decreases	Accumulated amortization as of December 31, 2021	Net carrying value as of December 31, 2021
Leases rights of use						
- Sites	**(19,360)**	(12,577)	532	8,908	**(22,497)**	**42,763**
- Real estate and others	**(6,270)**	(4,352)	125	2,782	**(7,715)**	**8,463**
- Poles	**(3,492)**	(2,355)	14	1,745	**(4,088)**	**3,667**
Indefeasible right of use	**(1,288)**	(380)	53	-	**(1,615)**	**2,064**
Asset Retirement Obligation	**(368)**	(458)	16	86	**(724)**	**8,133**
Total	**(30,778)**	**(20,122)**	**740**	**13,521**	**(36,639)**	**65,090**

NOTE 12 – TRADE PAYABLES

	As of December 31, 2022	2021
Current		
Suppliers	87,270	93,540
Companies under sect. 33 – Law No. 19,550 and Related Parties (Note 27.c)	1,987	2,359
	89,257	**95,899**
Non-current		
Suppliers	319	2,135
	319	**2,135**
Total trade payables	**89,576**	**98,034**

NOTE 13 – FINANCIAL DEBT

	As of December 31, 2022	2021
Current		
Bank overdrafts – principal	7,610	23,734
Bank and other financial entities loans – principal	40,072	63,457
Notes – principal	47,404	-
DFI (Note 22)	19	360
Loans for purchase of equipment	5,269	7,003
Accrued interest and related expenses	33,987	31,806
	134,361	**126,360**
Non-current		
Notes – principal	181,071	216,929
Bank and other financial entities loans – principal	102,588	112,483
Loans for purchase of equipment	4,455	7,629
Accrued interest and related expenses	46,714	56,542
	334,828	**393,583**
Total financial debt	**469,189**	**519,943**

Movements in Financial debt are as follows:

	Balances at the beginning of the period	Cash Flows	Accrued interest	Exchange differences, currency translation adjustments and others	Balances as of December 31, 2022
Bank overdrafts	23,734	(1,171)	-	(14,953)	**7,610**
Bank and other financial entities loans – principal	175,940	324	-	(33,604)	**142,660**
Notes – principal	216,929	22,414	-	(10,868)	**228,475**
DFI	360	(5,656)	-	5,315	**19**
Loans for purchase of equipment	14,632	(4,665)	-	(243)	**9,724**
Accrued interest and related expenses	88,348	(44,370)	13,070	23,653	**80,701**
Total as of December 31, 2022	**519,943**	**(33,124)**	**13,070**	**(*) (30,700)**	**469,189**
Total as of December 31, 2021	**588,636**	**(26,321)**	**30,316**	**(**) (72,688)**	**519,943**

(*) Includes $10,736 that do not represent cash movement.
(**) Includes $15,852 that do not represent cash movement.

Most of the bank and other financing entities loans subscribed by the Company contain compliance ratios which are usual for this kind of agreements. As of December 31, 2022, Telecom has complied with them.

The main bank and other financing entities loans agreements, which are effective as of December 31, 2022 and 2021, are detailed below:

a) <u>Notes</u>

<u>Telecom Argentina</u>

Global Programs for the issuance of Notes

In connection with the Notes Global Program for a maximum outstanding amount of US$3,000 million or its equivalent in other currencies, the Company issued several series of Notes, which amounts and main characteristics as of December 31, 2022 and 2021 are described below:

Series	Currency	Amount involved (in millions)	Issuance date	Maturity date	Amortization	Interest rate	Interest payment date	Unpaid portion As of December 31, 2022	2021
1	US$	400	07/2019	07/2026	In one installment at maturity date	Annual fixed rate of 8.00%	Semiannually	72,494	81,620
5	US$	389	08/2020	08/2025	In four installment of: 3% at 02/2023 30% at 08/2023 33% at 08/2024 34% at 08/2025	Annual fixed rate of 8.50%	Semiannually	72,144	82,142
7	$	125	12/2020	12/2023	In one installment at maturity date	UVA Annual fixed rate of 3.00%	Semiannually	23,243	23,780
8	$	134	01/2021	01/2025	In one installment at maturity date	UVA Annual fixed rate of 4.00%	Semiannually	24,933	25,506

Series	Currency	Amount involved (in millions)	Issuance date	Maturity date	Amortization	Interest rate	Interest payment date	Unpaid portion As of December 31,	
								2022	2021
9	US$ linked	92	06/2021	06/2024	In one installment at maturity date	Annual fixed rate of 2.75%	Quarterly basis	16,271	18,334
10	$	127	12/2021	06/2025	In one installment at maturity date	UVA	N/A	23,407	23,907
11	$	2,000	12/2021	06/2023	In one installment at maturity date	Variable annual rate: Badlar plus spread of 3.25%	Quarterly basis	2,075	3,955
12 (1)	US$ linked	23	03/2022	03/2027	In one installment at maturity date	Annual fixed rate of 1.00%	Quarterly basis	19,077	-
	US$ linked	75	08/2022	03/2027	In one installment at maturity date	Annual fixed rate of 1.00%	Quarterly basis		
13	$	2,348	03/2022	09/2023	In one installment at maturity date	Variable annual rate: Badlar plus spread of 1.50%	Quarterly basis	2,435	-

(1) For the Additional Series 12 Notes issued on August 16, 2022, the subscription price was above par, so that on the date of issuance, the Company received funds for US$86.3 million (equivalent to $11,621) net of issuance expenses for $0.05.

Telecom Ordinary and Extraordinary Shareholders' meeting

The General Extraordinary Shareholders' Meeting of Telecom Argentina held on April 27, 2022, resolved, among others: (i) to extend for five years the term of the Notes Global Program for a maximum outstanding amount of US$3,000 million or its equivalent in other currencies (the "Program"); and (ii) to extend from December 28, 2022 and for an additional five years the delegation to the Board of Directors of the powers to determine and modify the terms and conditions of the Program and of the Notes to be issued under it within the maximum amount in circulation authorized, with powers to sub-delegate powers to some of its members and/or officials of the first line of management.

Núcleo

Global Programs for the issuance of Notes

In connection with the Notes Global Program for a maximum outstanding amount of up to 500,000,000,000 of Guaraníes (approximately $3,200 as of the date of issue), Núcleo issued several series of Notes, which amounts and main characteristics as of December 31, 2022 and 2021 are described below:

Series	Currency	Amount involved (in millions)	Issuance date	Maturity date	Amortization	Interest rate	Interest payment date	Unpaid portion As of December 31,	
								2022	2021
1	Gs.	120,000	03/2019	03/2024	In one installment at maturity date	Annual fixed rate of 9.00%	Quarterly basis	2,875	3,488
2	Gs.	30,000	03/2019	03/2024	In one installment at maturity date	Annual fixed rate of 9.00%	Quarterly basis	716	869
3	Gs.	100,000	03/2020	03/2025	In one installment at maturity date	Annual fixed rate of 8.75%	Quarterly basis	2,399	2,912
4	Gs.	130,000	03/2021	01/2028	In one installment at maturity date	Annual fixed rate of 7.10%	Quarterly basis	3,158	3,832
5	Gs.	130,000	03/2021	01/2031	In one installment at maturity date	Annual fixed rate of 8.00%	Quarterly basis	2,918	3,541

b) Bank and other financing entities loans

As of December 31, 2022, the Company maintains US LIBOR-based loans as detailed below in this note, that are set to mature after June 30, 2023, the proposed LIBOR cessation date. Therefore, as of the date of issued of these consolidated financial statements, we have initiated negotiations for the replacement of LIBOR by the SOF rate, starting in June 2023 with the IFC, IDB, Finnvera and EDC. The Company estimates that these changes do not generate a significant effect on the Company's cash flows.

The main loans agreements, which are effective as of December 31, 2022 and 2021, are detailed below:

Entities	Currency	Principal residual nominal value (in millions)	Maturity date	Amortization	Interest rate	Spread	Interest payment date	Unpaid portion As of December 31, 2022	2021
International Finance Corporation (IFC)	US$	114	03/2027 (1)	Semiannually	Variable annual rate: LIBO 6 months	between 4.00% and 6.75%	Semiannually	21,484	29,217
	US$	208	Between 08/2024 y 08/2025 (1)	Semiannually	Variable annual rate: LIBO 6 months	between 4.60% and 5.85%	Semiannually	37,986	60,285
	US$	185	08/2029 (2)	Semiannually from 08/2024	Variable annual rate: SOF 6 months	6.50%	Semiannually	33,320	-
Inter-American Investment Corporation (IIC)	US$	35	12/2024 (1)	Semiannually	Variable annual rate: LIBO 6 months	5.85%	Semiannually	6,231	7,112
Inter-American Development Bank (IDB)	US$	182	06/2027 (1)	Semiannually	Variable annual rate: LIBO 6 months	between 6.75% and 8.75%	Semiannually	33,278	37,950
China Development Bank Shenzhen Branch (CDB) (3)	RMB	957	12/2027	Semiannually	Annual fixed rate of 4.95%	N/A	Semiannually	23,482	14,485
Tearm Loan (4)	US$	-	10/2022	16% 07/2022 84% 10/2022	Variable annual rate: LIBO 3 months	5.25%	Quarterly basis	-	28,257
Banco Santander Argentina S.A. (Santander)	$	4,000	08/2022 (5)	In one installment at maturity date	Previous annual fixed rate 40.50%	N/A	Monthly	4,001	7,838
			07/2023 (5)	In one installment at maturity date	Modified annual fixed rate 55.00%	N/A	Monthly		
	$	1,500	10/2022 (6)	In one installment at maturity date	Previous annual fixed rate: 37.75%	N/A	Monthly	1,527	2,947
			10/2023 (6)	In one installment at maturity date	Modified annual fixed rate 79.00%	N/A	Monthly		
	$	1,000	12/2022	In one installment at maturity date	Annual fixed rate of 37.75%	N/A	Monthly	-	1,981
	$	3,500	03/2023	In one installment at maturity date	Annual fixed rate of 44.50%	N/A	Monthly	3,574	-
	$	1,000	06/2023	In one installment at maturity date	Annual fixed rate of 47.00%	N/A	Monthly	1,007	-
Banco BBVA Argentina S.A. (BBVA)	$	-	08/2022	In one installment at maturity date	Annual fixed rate of 40.75%	N/A	Monthly	-	1,981
	$	1,000	03/2023	In one installment at maturity date	Annual fixed rate of 43.90%	N/A	Monthly	1,021	-
	$	1,500	05/2023	In one installment at maturity date	Annual fixed rate of 44.85%	N/A	Monthly	1,507	-
Banco Industrial and Commercial Bank of China (Argentina) S.A.U.(ICBC)	US$	-	01/2022	Semiannually	Annual fixed rate of 6.00%	N/A	Semiannually	-	132
Finnvera (7)	US$	61	Between 11/2025 and 11/2026	Semiannually	Variable annual rate: LIBO 6 months	between 1.04% and 1.20%	Semiannually	11,113	14,109
Export Development Canadá (EDC) (8)	US$	19	12/2026	Semiannually	Variable annual rate: LIBO 6 months	1.2%	Semiannually	2,808	-
BBVA (9)	$	211	07/2025	Monthly	Annual fixed rate of 47.90%	N/A	Monthly	200	-
PSA Finance Argentina (9)	$	750	07/2025	Monthly	Annual fixed rate of 42.90%	N/A	Monthly	455	-
ICBC (10)	$	82	08/2023	Monthly	Annual fixed rate of 4.90%	N/A	Monthly	82	-
Cisco Systems Capital Corporation (Cisco) y otros (11)	US$	59	between 10/2022 and 11/2026	Quarterly basis	Annual fixed rate of 4.00%	N/A	Quarterly basis	9,978	15,469

(1) On December 15, 2021 the Company refinanced part of its loans and agreed to change, mainly, the amortization schedule of loans: a) IFCTranche B, by deferring the 75% of all principal maturities that would take place during 2022 and 2023 for a term ranging between 24 and 60 months, and pre-paying the remaining 25% jointly with accrued interest and other related expenses; b) IDB / IIC, by deferring 75% of them in a new amortization schedule ending in December 2024 and June 2027, and pre-paying the remaining 25% jointly with accrued interest and other related expenses. As a result of this renegotiation, during 2021, the Company recognized a loss of $4,192 that is included in “Financial debt renegotiation results” item, within financial results, net.

(2) On June 28, 2022 the Company executed a proposal for a credit line to finance the expansion of fixed and mobile network coverage with IFC for a total amount of up to US$184.5 million, as requested in a timely manner by the Company (the "Loan"). On July 15, 2022, the Company received a disbursement for a total amount of US$184.5 million (US$181.5 million were received, because US$3 million corresponding to debt issuance expenses were deducted from the initial disbursement).

(3) During 2022 and 2021, the Company has subscribed new tranches for a total of RMB488 million (equivalent to $9,535) and RMB449 million (equivalent to $6,814), respectively. In February 2023, the Company has suscribed new tranches for a total of RMB49 million (equivalent to $1,348).

(4) On July 18, 2022, the Company pre-paid the remaining balance under the contract Term Loan executed on October 8, 2018 for US$142.2 million (US$140 million of principal and US$2.2 million of interest). The pre-payments made by the Company during the term of the contract did not generate penalties. During 2022, as a result of the pre-payment made, the Company recognized a loss of $38 that is included in “Financial debt renegotiation results” item, within financial results, net.

(5) On July 27, 2022, the Company executed an addendum to Santander loan signed on August 18, 2021 for a total amount of $4,000, and agreed to change the principal maturity amortization schedule that would take place on August 18, 2022, by deferring it to July 27, 2023. Additionally, a new fixed interest rate from 40.5% to 55% annual nominal was renegotiated from July 27, 2022. This transaction was recognized as a debt extinguishment, recognizing a loss of $2 that is included in “Financial debt renegotiation results” item, within financial results, net.

(6) On October 17, 2022, the Company executed an addendum to Santander loan signed on October 15, 2021 for a total amount of $1,500, and agreed to change the amortization schedule of principal maturity that would take place on October 17, 2022, by deferring it to October 17, 2023. Additionally, a new fixed interest rate from 37.75% to 79% annual nominal was renegotiated from October 17, 2022.

On October 17, 2022, interest owed to date for $49.6 was paid.

(7) On May 14, 2021, the Company submitted a proposal for an export credit line for a total amount of up to US$30 million to the following entities: (i) JPMorgan Chase Bank, N.A., London Branch, as initial lender, lead coordinator and guarantee of residual risk, (ii) JPMorgan Chase Bank, N.A., London Branch, as a financing agent, and (iii) JPMorgan Chase Bank, N.A, Buenos Aires branch, as a local custody agent, which was accepted on the same date.

The credit line is guaranteed by Finnvera plc, the official export credit agency of Finland, which granted a bond in favor of the lenders subject to certain terms and conditions.

The proceeds from the loans under this credit line 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 Finnvera premium equivalent to 14.41% of the total amount committed by the lenders under the credit line.

During 2021, the Company received a disbursement for a total amount of US$18.6 million (US$16 million were received, because US$2.6 million corresponding to the premium were deducted from the initial disbursement).

During 2022, the Company received a disbursement for a total amount of US$11.4 million (US$9.7 million were received, because US$1.7 million corresponding to the premium equivalent to 14.41% of the total amount committed by the lenders under the credit line were deducted from the initial disbursement). With this disbursement, the total amount committed for this line of credit is completed.

(8) On January 3, 2022, the Company submitted a proposal for an export credit line for a total amount of up to US$23.4 million to the following entities: (i) JPMorgan Chase Bank, N.A., as initial lender, residual risk guarantor and agent of the facility, (ii) JPMorgan Chase Bank, N.A., Buenos Aires branch as an onshore custody agent, and (iii) JPMorgan Chase Bank, N.A. and EDC as lead co-organizers, which was accepted on the same date.

The line of credit is guaranteed by EDC, the official export credit agency of Canada. The funds received will be used to finance up to 85% of the value of certain imported goods and services, up to 50% of the value of certain national goods and services and the total payment of the EDC surplus equivalent to 14.41% of the total amount committed by the lenders under the line of credit.

During June and October 2022, the Company received a disbursement for a total amount of US$17 million, of which the Company received US$14.1 million net of debt issuance expenses deducted, equivalent to $1,733.1 and a total amount of US$6.3 million, of which the Company received US$5.4 million net of debt issuance expenses deducted, equivalent to $809, the total amount committed for this line of credit is completed.

(9) On June 10, 2022, the Company executed a proposal for a credit line to finance the acquisition of 350 utility vehicles for a total amount of $1,042.7 plus VAT. For each acquisition, the Company will pay an advance of 40% of the value, financing the remaining 60% in 36 consecutive monthly installments at the rate agreed at the time of each acquisition through PSA Finance Argentina and/or BBVA.

(10) On August 30, 2022, the Company executed a proposal for a credit line to finance the acquisition of 43 utility vehicles for a total amount of $222 plus VAT. For the acquisition, the Company was paid an advance of 50% of the value, financing the remaining 50% of $122.6 in 12 consecutive monthly installments at a fixed rate of 4.9% through ICBC.

(11) During 2022 and 2021, the Company received a disbursement for a total of US$17 million (equivalent to $1,911) and US$25.2 million (equivalent to $1,782), respectively. In February 2023, the Company received a disbursement for a total of US$0.8 million (equivalent to $154).

NOTE 14 – SALARIES AND SOCIAL SECURITY PAYABLES

	As of December 31, 2022	2021
Current		
Salaries, annual complementary salaries, vacation, bonuses and their social security payables	35,066	40,607
Termination benefits	2,586	2,760
	37,652	**43,367**
Non-current		
Termination benefits	2,747	3,012
	2,747	**3,012**
Total salaries and social security payables	**40,399**	**46,379**

Compensation for the Key Managers of Telecom for the years ended December 31, 2022, 2021 and 2020 are shown in Note 27.e).

NOTE 15 – INCOME TAX PAYABLE AND DEFERRED INCOME TAX ASSETS/LIABILITIES

Income tax payable by company is presented below:

	As of December 31, 2022	2021
Telecom	-	26,811
Núcleo	251	208
Adesol	20	92
Telecom USA	-	2
Pem	2	16
Opalker	1	-
NYSSA	40	-
	314	**27,129**

Deferred Income tax assets and liabilities, net and the actions for recourse tax receivable are presented below:

	As of December 31, 2022	2021
Tax carryforward	(30,407)	(386)
Allowance for doubtful accounts	(8,982)	(10,189)
Provisions	(3,014)	(5,441)
PP&E and Intangible assets	213,975	235,347
Cash dividends from foreign companies	2,437	2,698
Income tax inflation adjustment effect	82,242	45,180
Other deferred tax liabilities (assets), net	(1,622)	(3,337)
Total deferred tax liabilities, net	**254,629**	**263,872**
Actions for recourse tax receivable	(888)	(1,731)
Total deferred tax liability, net	**(*) 253,741**	**262,141**
Net deferred tax assets	**(2,472)**	**(1,282)**
Net deferred tax liabilities	**256,213**	**263,423**

(*) Includes $34 of currency translation adjustments on foreign subsidiaries' initial balances.

As of December 31, 2022, Telecom and some subsidiaries have cumulative Tax carryforwards of approximately $87,121 (includes $53 for carryforward not recognized), that calculated considering statutory income tax rate, represent a deferred tax asset of approximately $30,407.

The detail of the maturities of estimated tax carryforward is disclosed:

Company	Tax carryforward generation year	Tax carryforward amount as of 12.31.2022	Tax carryforward expiration year
Telecom	2022	82,721	2027
Telemás (*)	2019	675	2024
Micro Sistemas	2021	240	2026
Micro Sistemas	2022	3.432	2027
AVC Continente Audiovisual	2021	3	2026
AVC Continente Audiovisual	2022	50	2027
		87,121	

(*) This company is consolidated in the financial statements of Adesol.

Income tax benefit (expense) differed from the amounts computed by applying the Company's statutory income tax rate to pre-tax income as a result of the following:

	Years ended December 31,		
	2022	2021	2020
		Profit (loss)	
Income (loss) before income tax expense	(232,144)	84,262	9,253
Non-taxable items – (Earnings) from associates	(819)	(769)	(1,459)
Non-taxable items – Impairment of Goodwill charges	243,964	1,299	-
Non-taxable items – Costs valuation differences of foreign investments	-	-	(19,318)
Non-taxable items – Other	1,532	(2,216)	(4,414)
Restatement in current currency of Equity, goodwill and others	250,325	198,120	182,845
Subtotal	**262,858**	**280,696**	**166,907**
Effective income tax rate	34.41%	34.34%	24.59%
Income tax expense at statutory tax rate of each subsidiary	**(90,457)**	**(96,384)**	**(41,042)**
Deferred tax liability restatement in current currency and others	216,524	114,870	60,860
Income tax inflation adjustment	(98,510)	(81,655)	(43,640)
Actions for recourse	(1)	14	35
Income tax on cash dividends of foreign companies	(1,052)	(1,745)	(473)
Income tax benefit (expense) (*)	**26,504**	**(64,900)**	**(24,260)**
Current tax	17,521	(36,290)	(709)
Deferred tax	8,983	(28,610)	(23,551)
Income tax	**26,504**	**(64,900)**	**(24,260)**

(*) In 2022 includes $18,590 corresponding to the adjustment made in the Income tax affidavit of 2021, which includes, among others, the effects related to the full application of the tax inflation adjustment mechanisms detailed in "Income Tax – Inflation Adjustment for Tax Purposes". In 2021 includes the effect of the change in the income tax rate provided for in Law No. 27,630 generated by the recalculation of the tax impact on balances at the beginning and on the result of the period, for approximately $(114,662).

Income tax - Actions for recourse filed with the Tax Authority

Section 10 of Law No. 23,928 and Section 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 determined its income tax obligations in accordance with those provisions, without considering the income tax inflation adjustment.

After the economic crisis of 2002, many taxpayers began to question the legality of the provisions suspending the income tax inflation adjustment. Also, the Supreme Court of Justice issued its verdict in the "Candy" case 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 Supreme Court of Justice applied a similar criterion to the 2010, 2011. 2012 and 2014 fiscal years in the cases brought by "Distribuidora Gas del Centro" among others, enabling the application of income tax inflation adjustment for periods not affected by a severe economic crisis such as 2002.

According to the above-mentioned new legal background that the Company took knowledge during 2015, Telecom Argentina filed actions for recourse with the AFIP to claim the full tax overpaid for fiscal years from 2009 to 2017 for a total amount of approximately $2,039 plus interest, under the argument that the lack of application of the income tax inflation adjustment is confiscatory.

On September 24, 2019 Telecom was notified of the resolutions dated September 12, 2019 and August 30, 2019 in which the AFIP has rejected the actions for recourse corresponding to fiscal years 2009 and 2010 respectively. Also, on November 11, 2019 Telecom was notified of the resolutions dated October 29, 2019 in which the AFIP has rejected the actions for recourse corresponding to fiscal years 2011 and 2012. According to this, on October 15, 2019 and on December 3, 2019, Telecom filed four actions for recourse before the National Court of First Instance.

On July 28, 2021 Telecom was notified of the resolution dated July 26, 2021 in which the AFIP rejected the action for recourse corresponding to fiscal year 2013. On August 23, 2021, Telecom filed an action for recourse before the National Court of First Instance.

The Company's Management, with the assistance of its tax advisors, understands that the arguments presented by the Company follow the same criteria as those considered by the Supreme Court of Justice in similar precedents, among others. Therefore, the Company should obtain a favorable resolution to such claims.

Consequently, the income tax determined in excess qualifies as a tax credit in compliance with IAS 12 and the Company recorded a non-current tax credit of $888 as of December 31, 2022. For the measurement and update of the tax credit, the Company has estimated the amount of the tax determined in excess for the years 2009-2017 weighting the likelihood according to the jurisprudential antecedents known as of the date of these consolidated financial statements. The Company's Management will assess Tax Authority's resolutions related to actions of recourse filed as well as the jurisprudence evolution in order to, at least annually, remeasure the tax credit recorded.

Income Tax – Inflation Adjustment for Tax Purposes

Given the judicial precedents detailed above related to the different mechanisms used to recognize the effect of inflation in the assessment of income tax, on May 6, 2022, the Company filed the income tax return corresponding to fiscal year 2021, taking into account the restatement of the tax amortization of all its fixed and intangible assets pursuant to Articles 87 and 88 of the Income Tax Law and applying the tax loss carry-forwards from previous years in accordance with the restatement mechanism provided under Article 25 of such Law.

Taxes were so assessed because failure to apply the above-mentioned inflation adjustment mechanisms for tax purposes would result in actual taxable income that would yield an effective tax rate for fiscal year 2021 that qualifies as confiscatory. If the Company had not fully applied the inflation adjustment mechanisms for tax purposes, the income tax due would have absorbed 100% of the Company's taxable income and would have even absorbed part of the equity value that generates said taxable income, yielding an effective tax rate of 146.6%. This would have exceeded any reasonable limits to the burden of taxation, thus qualifying as confiscatory and seriously infringing Telecom's constitutional guarantees and rights.
Therefore, together with its income tax return for the 2021 fiscal period 2021, the Company made a filing with the AFIP, protected by tax secrecy procedural regulations, in order to safeguard its rights, in the spirit of transparency that guides Telecom's actions.

As a consequence of the foregoing, the income tax due for the year includes a decrease of $ 7,517 ($12,616 in current currency as of December 31, 2022), assessed taking into account the weighted probability of occurrence, based on the above-mentioned judicial precedents.

It should be noted that, if new information became available, the Company may modify its decisions in relation to recognized tax liabilities, in which case such changes would impact on the income tax due for the period in which the re-assessment is made.

The Company's Management, with the assistance of its legal and tax advisors, believes that the arguments presented by the Company in its filing with the AFIP follow the same criteria as those disclosed under "Income Tax – Reimbursement Claims filed with the Tax Authority" which were considered by the Supreme Court of Justice in the precedents cited above, among others. Therefore, the Company believes that it has strong grounds to defend the criteria applied.

NOTE 16 –OTHER TAXES PAYABLES

	As of December 31,	
Current	**2022**	**2021**
Other national taxes	8,169	6,504
Provincial taxes	939	218
Municipal taxes	823	996
	9,931	**7,718**
Non- current		
Provincial taxes	44	-
	44	**-**
Total other taxes payables	**9,975**	**7,718**

NOTE 17 – LEASES LIABILITIES

	As of December 31, 2022	2021
Current		
Argentina	8,978	10,793
Abroad	224	1,147
	9,202	**11,940**
Non- current		
Argentina	17,186	22,588
Abroad	2,509	2,318
	19,695	**24,906**
Total lease liabilities	**28,897**	**36,846**

Movements in the lease liabilities are as follows:

	Years ended December 31, 2022	2021
Balances at the beginning of the year	**36,846**	**30,289**
Incorporate by adquisition	40	-
Increases (*)	18,946	33,927
Financial results, net (**)	7,689	5,661
Payments	(15,260)	(12,849)
RECPAM and currency translation adjustments	(19,364)	(20,182)
At the end of the year	**28,897**	**36,846**

(*) Included in acquisitions of Rights of use.
(**) Included in the lines Other exchange differences and Other net interest and other investment results.

NOTE 18 – OTHER LIABILITIES

	As of December 31, 2022	2021
Current		
Deferred revenues on prepaid credit	2,619	3,354
Deferred revenues on connection fees and international capacity leases	1,349	1,882
Debt for acquisition of NYSSA (Note 3.d.1.b)	197	-
Other	795	715
	4,960	**5,951**
Non-current		
Deferred revenues on connection fees and international capacity leases	836	1,159
Pension benefits	879	1,260
Debt for acquisition of NYSSA (Note 3.d.1.b)	518	-
Advances received for assets held for sale (Note 3.j)	350	-
Other	27	16
	2,610	**2,435**
Total other Liabilities	**7,570**	**8,386**

Movements in the pension benefits are as follows:

	Years ended December 31, 2021	2020
At the beginning of the year	**1,260**	**1,241**
Service cost (*)	53	59
Interest cost (**)	407	438
Actuarial results (***)	(28)	68
RECPAM	(813)	(546)
At the end of the year	**879**	**1,260**

(*) Included in Employee benefit expenses and severance payments.
(**) Included in Other Financial expenses, net.
(***) Included in Other comprehensive income (loss).

NOTE 19 – PROVISIONS

Telecom and its subsidiaries are 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 Company'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 made by the Company's Management 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.

The evolution of provisions as of December 31, 2022 and 2021 is as follows:

	Balances as of December 31, 2021	Additions		Reclassifica-tions	Payments	RECPAM and currency translation adjustments	Balances as of December 31, 2022
		Capital (i)	Interest (ii)				
Current							
Provisions	4,180	7,751	-	6,668	(15,701)	(264)	2,634
Total current provisions	**4,180**	**7,751**	**-**	**6,668**	**(15,701)**	**(264)**	**2,634**
Non- Current							
Provisions	11,901	4,150	1,897	(6,668)	-	(4,774)	6,506
Asset retirement obligations	6,749	1,078	-	-	-	(2,679)	5,148
Total non-current provisions	**18,650**	**5,228**	**1,897**	**(6,668)**	**-**	**(7,453)**	**11,654**
Total provisions	**22,830**	**12,979**	**1,897**	**-**	**(15,701)**	**(7,717)**	**14,288**

	Balances as of December 31, 2020	Additions		Reclassifica-tions	Payments	RECPAM and currency translation adjustments	Balances as of December 30, 2021
		Capital (iii)	Interest (ii)				
Current							
Provisions	4,755	11,477	-	4,710	(15,809)	(953)	4,180
Total current provisions	**4,755**	**11,477**	**-**	**4,710**	**(15,809)**	**(953)**	**4,180**
Non- Current							
Provisions	13,172	3,904	2,795	(4,710)	-	(3,260)	11,901
Asset retirement obligations	8,768	1,090	390	-	-	(3,499)	6,749
Total non-current provisions	**21,940**	**4,994**	**3,185**	**(4,710)**	**-**	**(6,759)**	**18,650**
Total provisions	**26,695**	**16,471**	**3,185**	**-**	**(15,809)**	**(7,712)**	**22,830**

(i) $11,892 charged to other operating expenses, $9 charged to other receivables and $1,078 charged to Right of use assets.
(ii) Charged to other financial results, net - Other interests, net and other investments results.
(iii) $15,381 charged to Other operating expenses and $1,090 charged to Right of use assets

1. Probable Contingent liabilities

Below is a summary of the most significant claims and legal actions for which the Company, based on the advice of its legal counsel and the judicial background for each claim, has recorded provisions:

a) <u>Profit sharing bonds</u>

Various legal actions are brought, mainly by former employees of the Company against the Argentine government and Telecom Argentina, requesting that Decree No. 395/92 – which expressly exempted Telefónica and the Company 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 Supreme Court of Justice found Decree No. 395/92 unconstitutional when resolving a similar case against Telefónica.

Following the Supreme Court of Justice'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 the Company will have to face certain contingencies, notwithstanding the reimbursement right to which Telecom Argentina would be entitled against the National Government.

The Supreme Court of Justice's decision not only found the above-mentioned Decree unconstitutional, but also ordered that the proceedings be remanded to the court of origin so that such court shall decide which defendant must pay —the licensee and/or the Argentine government— and set the parameters that are to be taken into account in order to quantify the remedies requested (percent of profit sharing, statute of limitations criteria, distribution method between the program beneficiaries, etc). There are no uniform criteria among the Courts in relation to each of these concepts.

On June 9, 2015, in re "Ramollino Silvana c/Telecom Argentina S.A.", the Supreme Court of Justice ruled that the profit-sharing bonds do not apply to employees who joined the Company after November 8, 1990 and who were not members of the PPP.

This judicial precedent is consistent with the criterion followed by the Company 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: Supreme Court of Justice ruling "Dominguez v. Telefónica de Argentina S.A."

In December 2013, the Supreme Court of Justice rendered a decision on a case similar to the above-referred legal actions, "Domínguez v. Telefónica de Argentina S.A." In said case, the Supreme Court of Justice overturned a lower court ruling which 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 Supreme Court of Justice'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 Supreme Court of Justice, were not considered by the lower court and are relevant to the resolution of the case.

On December 30, 2021, the Court of Appeals on Federal Civil and Commercial Matters issued a decision in plenary session, whereby it acknowledged, interpreting the doctrine developed by the Supreme Court of Justice in its ruling, that the statute of limitations must be applied periodically –as from the date of each balance sheet- but limited to five years, applying the specific regulations on the statute of limitations for periodical liabilities.

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. In its ruling, the Court held "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 stated that *"it is necessary to clarify that "taxable income" (pre-tax income) means the amount of income subject to the income tax that the company must pay, which generally means gross income, including all revenue obtained during the fiscal year (including contingent or extraordinary revenue), minus all ordinary and extraordinary expenses accrued during such fiscal year."*

Federación Argentina de las Telecomunicaciones and Other v. Telecom Argentina S.A. on profit-sharing

In June 2013, the Company was served notice of the claim entitled "*Federación Argentina de las Telecomunicaciones* and Other v. Telecom Argentina S.A. on profit sharing." The lawsuit was filed by four unions claiming the issuance of profit-sharing bonds (hereinafter "the bonds") for future periods and for periods for which the statute of limitations is not expired. To enforce this claim, the plaintiffs have requested that the court declare that Decree No. 395/92 is unconstitutional.

This collective lawsuit is for an unspecified amount. The plaintiffs presented the criteria that should be applied for the determination of the percentage of participation in the Company's profit. The lawsuit requiring the issuance of a profit-sharing bond represents an obligation with potential future economic impact for the Company.

The Company 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 the Company 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 VII 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.

The Company, 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. The Company's Management believes, based on the advice of its legal counsel, that certain items included in these claims should be dismissed, while other items could be admitted by the court, albeit for amounts that are lower than those claimed. As of the date of issuance of these consolidated financial statements, some legal actions are in the discovery phase and with expert opinions in progress.

c) 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 damages that it alleges to have suffered during the contractual relationship with those companies, as well as for the failure to renew those contracts at the end of their term. Task Solution S.A. argues that the only contractual relationship it had was the one with the defendants and the failure to renew such contract caused its insolvency. In August 2018, the Company answered the claims rejecting the compensation claimed and requesting that the punitive damages claimed be declared unconstitutional.

The Company 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.

During this fiscal year, the case was dismissed in the first instance due to failure to prosecute within the legal time limits, and it is currently pending resolution by the Court of Appeals.

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

d) Sanctions Imposed by the Regulator

The Company 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.

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 the Company's Management did not set up any provision, although the final outcome of these lawsuits cannot be assured.

a) Radioelectric Spectrum Fees

In October 2016, Personal modified the criteria used for the statement of some of its commercial plans ("*Abono fijo*") for purposes of paying the radioelectric spectrum fees (*derecho de uso de espectro radioeléctrico* or "DER"), taking into account certain changes in such plans' composition. This meant a reduction in the amount of fees paid by Personal.

In March 2017, the ENACOM demanded Personal to rectify its statements corresponding to October 2016, requiring that such plans' statements continue to be prepared based on the previous criteria. The ENACOM issued a similar order in September 2018 for the subsequent periods. The Company'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 the Company due to the non-compliance alleged for that period. The Company 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 plus interest as of December 31, 2022.

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.

b) <u>"Consumidores Financieros Asociación Civil para su Defensa" claim</u>

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.

Personal rejected the claim, with emphasis on the regulatory framework that explicitly endorses its practices, now challenged by the plaintiff in disregard of such regulations.

The proceeding is now in the discovery stage. However, the judge has ordered the accumulation of this claim with two other similar claims against Telefónica Móviles Argentina S.A. and América Móvil S.A..Therefore, the three legal actions will continue within the Federal Civil and Commercial Court No. 9.

The plaintiffs are seeking damages for an unspecified amount. While the Company believes there are strong defenses that should result in a dismissal of the claim, in the absence of judicial precedents on the matter, the Company's Management (with the advice of its legal counsel) has classified the claim as possible until a judgment is rendered.

c) <u>Proceedings related to value added services - Mobile contents</u>

In October 2015, Personal was notified of a claim brought by the consumer association "*Cruzada Cívica para la defensa de los consumidores y usuarios de Servicios públicos*".

The plaintiff's claim relates to the manner in which content and trivia games are contracted, requesting the application of punitive damages to Personal.

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.

Based on the advice of its legal counsel, the Company's Management believes to have strong arguments for its defense. However, given the absence of any case law, the final outcome of these claims cannot be assured.

d) <u>"*Asociación por la Defensa de Usuarios y Consumidores vs. Telecom Personal S.A.*" claim</u>

In 2008, the "*Asociación por la Defensa de Usuarios y Consumidores*" sued Personal, seeking damages for an unspecified amount, in connection with the billing of calls to the automatic answering machine and the collection system called "send to end", in collective representation of an undetermined number of Personal customers. The court has to render judgment on this claim.

In 2015, the Company learned of an adverse court ruling in a similar lawsuit, promoted by the same consumers association against another mobile operator. The court has to render judgment on this claim.

Based on the advice of its legal counsel, the Company's Management believes to have strong arguments for its defense. However, the final outcome of this claim cannot be assured.

e) Claims filed by unions in connection with union contributions

The unions FOEESITRA, SITRATEL, SILUJANTEL, SOEESIT, FOETRA, SUTTACH, and the Union of Telephone Workers and Employees of Tucumán brought seven 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 the Company, 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. Telecom answered all the claims.

In the action brought by FOEESITRA, the judge of first instance rejected the summons to third parties made by Telecom. An appeal has been filed against that decision.

In the action brought by FOETRA, the Court of Appeals revoked the decision rendered by the court of first instance that had declared the incompetence. The judge of first instance must render a decision on the exceptions filed by Telecom

The other claims have been suspended at the request of the parties.

The unions are seeking damages for an unspecified amount.

Even though the Company'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.

f) Asociación por la Defensa de Usuarios y Consumidores v. Cablevisión on expedited summary proceeding

In November 2018, the Company was served notice of a claim brought by *Asociación por la Defensa de Usuarios y Consumidores*. The Claimant requested that the defendant: 1) cease its practice of preventing customers from terminating Internet and cable television services when customers request such termination; 2) reimburse to each user the amounts collected for the period of five 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, the Company 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. 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, the Company believes to have strong arguments for its defense. However, the final outcome of this claim cannot be assured.

g) Claim "Unión de Usuarios y Consumidores and Other v. Telecom Argentina S.A."

On September 3, 2019, Telecom was served notice of a class action brought by "*Unión de Usuarios y Consumidores" and "Consumidores Libres Cooperativa Ltda. De Provisión de Servicios de Acción Comunitaria"*, pending before the Commercial Court of First Instance No. 9, Clerk's Office No. 17, for an unspecified amount.

Claimants seek to obtain an order against the Company 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 services provided under the brands Cablevisión and Fibertel), plus interest accrued until the effective reimbursement date. Claimants allege that the defendant infringed certain provisions set forth under the General Rules Governing ICT 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, the Company believes to have strong arguments for its defense. However, the final outcome of this claim cannot be assured.

h) 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 calculate 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. The Company 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-SCI ", the Federal Court of Appeals of the City of Mar del Plata ordered the SCI to suspend the application of Resolution No. 50/10 with respect to all cable television licensees represented by the Argentine Cable Television Association ("ATVC", for its Spanish acronym). Upon being served on the SCI and the Ministry of Economy on September 12, 2011, such decision became fully effective. The National Government filed an appeal against the decision issued by the Federal Court of Appeals of Mar del Plata to have the case brought before the Supreme Court of Justice. Such appeal was dismissed. The National Government filed a direct appeal with the Supreme Court of Justice, 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 Justice 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 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 sections of the law based on which the SCI issued Resolution No. 50/10 and the subsequent resolutions. The National Government and ENACOM filed extraordinary appeals, which although they were granted during 2021, are still pending before the Supreme Court of Justice.

The Company, with the assistance of its legal advisors, is evaluating the potential impacts in light of those developments. Notwithstanding the foregoing, it believes that, considering the case law, it has strong grounds for the favorable resolution of this lawsuit.

i) 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 Justice 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.

The Company and its legal advisors believe that the company has strong arguments in its favor. Nevertheless, Cablevisión cannot assure that the outcome of said summary proceedings will be favorable.

j) <u>CNV Resolution No. 17,769</u>

In August 2015, Cablevisión was served notice of Resolution No. 17,769 dated August 13, 2015 whereby the CNV ordered the initiation of summary proceedings against Cablevisión and its directors, members of the Supervisory Committee and the Head of Market Relations for an alleged delay in the submission of the required documentation regarding the registration with the IGJ of the appointment of the officers approved at the Ordinary General Shareholders' Meeting of Cablevisión held on April 30, 2000 and the update of the registered office in the Financial Information Highway.

In January 2016, the preliminary hearing was held in accordance with the requirements of the CNV's regulations.

The Company and its legal advisors believe that the company has strong arguments in its favor. Nevertheless, the Company cannot assure that the outcome of said summary proceedings will be favorable.

3. <u>Remote Contingencies</u>

Telecom faces other legal, fiscal, and regulatory proceedings considered normal in the development of its activities. The Company's Management and its legal advisors estimate that these will not generate an adverse impact on their financial position and the result of its operations, or its liquidity. In accordance with IAS 37 provisions, it has not set up a provision or disclosed additional information in a note in connection with the resolution of these matters.

4. <u>Active Contingencies</u>

<u>"AFA Plus Project" Claim</u>

On July 20, 2012, the Company 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.

Since 2012, and in compliance with its contractual obligations, the Company has made investments and incurred expenses.

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 compensation from AFA for the services rendered and the work performed.

In September 2014, AFA notified the Company 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 the Company. 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 but a satisfactory agreement was not reached. Subsequently, negotiations were suspended due to internal affairs of AFA.

In October 2015, the Company formally demanded that AFA pay the amounts owed.

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.

In February 2018, the Company initiated a new mandatory pre-judicial mediation procedure which was finished without agreement. On December 19, 2018, the Company brought a claim against AFA for $ 353 plus interest and court costs.

At this time, the judge has ordered discovery proceedings.

The Company's Management, with the assistance of its external advisor, believes that the company has solid legal arguments to support its claim and is evaluating the necessary actions to recover the investments made and expenses incurred.

We note that, to the sole effect of complying with effective accounting standards, the Company recorded a provision derived from the uncertainties related to the recoverable value of the assets related to the AFA Plus Project and in no way implies that Telecom has waived or limited its rights as a genuine creditor under the AFA Plus Project agreement.

NOTE 20 – PURCHASE COMMITMENTS

The Company has entered into various purchase commitments amounting in the aggregate to approximately $125,224 as of December 31, 2022 (of which $35,963 corresponds to PP&E commitments).

NOTE 21 – EQUITY

(a) Capital Stock

As of December 31, 2022 and 2021, the total capital stock of Telecom Argentina amounted to $2,153,688,011 Argentine pesos, represented by the same number of common book-entry shares with nominal value of $1 peso, as detailed below:

Class of Shares	Total
Class "A"	683,856,600
Class "B"	628,058,019
Class "C"	106,734
Class "D"	841,666,658
Total	**2,153,688,011**

As of the date of these consolidated financial statements, all the shares of Telecom Argentina are authorized by the CNV for public offering.

Class B Shares are listed and traded on the leading companies' panel of the BYMA and the American Depositary Shares (ADS) representing five Class "B" shares of the Company are traded on the NYSE under the symbol TEO.

(b) Provisions of the Telecom Ordinary and Extraordinary Shareholders' meeting

The Ordinary and Extraordinary Shareholders' meeting of Telecom held on April 27, 2022 decided, among other issues, the following:

(a) to approve the Annual Report and the financial statements of Telecom as of December 31, 2021;

(b) to approve the Board of Directors' proposal expressed in current currency of March 31, 2022 using the National Consumer Price Index (National CPI), as provided by CNV Resolution No. 777/18, in respect to the unallocated retained earnings as of December 31, 2021 of $10,056,956,479 Argentine pesos ($16,878 in current currency as of December 31, 2022): (i) to allocate $502,847,824 Argentine pesos ($796 in current currency as of December 31, 2022) to "Legal Reserve", (ii) to allocate $9,554,108,655 Argentine pesos ($16,082 in current currency as of December 31, 2022) to the "Facultative Reserve to maintain the capital investments level and the current level of solvency", and (iii) the reclassification of $18,817,248,927 Argentine pesos ($29,779 in current currency as of December 31, 2022) from the "Facultative Reserve to maintain the capital investments level and the current level of solvency" to the "Contributed Surplus";

(c) approved to delegate to the Board of Directors the power to cancel before June 30, 2022 the "Facultative Reserve to maintain the capital investments level and the current level of solvency" in an amount such that it allows distributing a combination of Global Bonds 2030 and Global Bonds 2035 as non-cash assets dividends for a market value at the date of determination of its value of up to $41,000. For further information on the distribution of dividends see Note 4.b "Cash and non-cash assets dividends from the Company and its subsidiaries - Non-cash dividends".

(c) Share Ownership Plan

In 1992, a Decree from the Argentine government, which provided for the creation of the Company upon the privatization of ENTel, established that 10% of the capital stock then represented by 98,438,098 Class "C" shares were to be included in the PPP (an employee share ownership program sponsored by the Argentine government). Pursuant to the PPP, the Class "C" shares were held by a trustee for the benefit of former employees of the state-owned company who remained employed by the Company and who elected to participate in the plan. In 1999, Decree No. 1,623/99 of the Argentine government eliminated the restrictions on some of the Class "C" shares held by the PPP, although it excluded Class "C" shares of the Fund of Guarantee and Repurchase subject to an injunction against their use. In March 2000, the shareholders' meeting of the Company approved the conversion of up to unrestricted 52,505,360 Class "C" shares into Class "B" shares (these shares didn't belong to the Fund of Guarantee and Repurchase), most of which was sold in a secondary public offering in May 2000.

As required by the executive committee of PPP, the Annual Shareholders Meetings held on April 27, 2006, approved that the power for the additional conversion of up to 41,339,464 Class "C" ordinary shares into the same amount of Class "B" ordinary shares, be delegated to the Board of Directors. That delegation does not include 4,593,274 Class "C" shares of the Fund of Guarantee and Repurchase, that were affected by an injunction measure recorded in file "Garcías de Vicchi, Amerinda y otros c/ Sindicación de Accionistas Clase C del Programa de Propiedad Participada s/nulidad de acto jurídico ("Garcias de Vicchi")", with respect to which the Annual Shareholders Meetings considered that there were legal impediments to approve that delegation of faculties for their conversion to Class "B". As of December 31, 2011, the 41,339,464 Class "C" shares had been converted to Class "B" in eleven tranches.

With the injunction measure issued in the case Garcías de Vicchi having been revoked, the Board of Directors of the Company convened the Ordinary and Extraordinary General Meeting and the Special Meeting of Class "C" shares, that were held on December 15, 2011, and approved the power for the additional conversion of up to 4,593,274 Class "C" shares into the same amount of Class "B" shares in one or more tranches, be delegated to the Board of Directors. As of December 31, 2021, 4,486,540 Class "C" shares were converted into Class "B" shares in 13 tranches.
As of the date of these consolidated financial statements, 106,734 Class "C" shares are still pending to be converted into Class "B" shares.

NOTE 22 – FINANCIAL INSTRUMENTS

a) Categories of financial assets and financial liabilities

The following tables set out, for financial assets and liabilities as of December 31, 2022 and 2021, the supplementary disclosures on financial instruments and the detail of gains and losses established by IFRS 9.

As of December 31, 2022	Amortized cost	Fair value accounted through profit or loss	Fair value accounted through other comprehensive Income	Total
Assets				
Cash and cash equivalents	31,971	8,081	-	**40,052**
Investments	-	8,373	-	**8,373**
Trade receivables	37,734	-	-	**37,734**
Other receivables	1,794	2,450	318	**4,562**
Total	**71,499**	**18,904**	**318**	**90,721**
Liabilities				
Trade payables	89,576	-	-	**89,576**
Financial debt	469,170	381	(362)	**469,189**
Leases liabilities	28,897	-	-	**28,897**
Other Liabilities	788	715	-	**1,503**
Total	**588,431**	**1,096**	**(362)**	**589,165**

As of December 31, 2021	Amortized cost	Fair value accounted through profit or loss	Fair value accounted through other comprehensive Income	Total
Assets				
Cash and cash equivalents	32,615	6,050	-	**38,665**
Investments	-	21,010	-	**21,010**
Trade receivables	44,074	-	-	**44,074**
Other receivables	1,866	3,730	-	**5,596**
Total	**78,555**	**30,790**	**-**	**109,345**
Liabilities				
Trade payables	98,034	-	-	**98,034**
Financial debt	519,583	171	189	**519,943**
Leases liabilities	36,846	-	-	**36,846**
Other Liabilities	244	-	-	**244**
Total	**654,707**	**171**	**189**	**655,067**

Gains and losses by category – Year 2022

	Net gain/(loss)	Of which interest
Financial assets at amortized cost	5,826	4,565
Financial liabilities at amortized cost	20,539	(16,621)
Financial assets at fair value through profit or loss	(9,585)	(733)
Financial liabilities at amortized cost through profit or loss	(5,534)	-
Total	**11,246**	**(12,789)**

Gains and losses by category – Year 2021

	Net gain/(loss)	Of which interest
Financial assets at amortized cost	12,332	2,577
Financial liabilities at amortized cost	51,186	(43,116)
Financial assets at fair value through profit or loss	1,377	183
Financial liabilities at fair value through profit or loss	(5,499)	-
Total	**59,396**	**(40,356)**

Gains and losses by category – Year 2020

	Net gain/(loss)	Of which interest
Financial assets at amortized cost	27,345	3,839
Financial liabilities at amortized cost	(88,555)	(53,677)
Financial assets at fair value through profit or loss	1,032	1,141
Financial liabilities at fair value through profit or loss	(4,369)	-
Total	**(64,547)**	**(48,697)**

b) Fair value hierarchy and other disclosures

The measurement at fair value of the financial instruments of Telecom are classified according to the three levels set out in IFRS 13:

- 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 (e.g., as prices) or indirectly (e.g., derived from prices).
- Level 3: Fair value determined by unobservable inputs where the reporting entity is required to develop its own assumptions.

Financial assets and liabilities recognized at fair value as of December 31, 2022 and 2021, and the level of hierarchy are listed below:

December 31, 2022	Level 1	Level 2	Total
Assets			
Current Assets			
Mutual Funds (1) (2)	5,770	-	5,770
Government bonds (1) (2)	13,099	-	13,099
Other receivables: DFI (3)	-	117	117
Other receivables: Indemnification assets (4)	-	35	35
Non-current Assets			
Other receivables: DFI (3)	-	201	201
Total assets	**18,869**	**353**	**19,222**
Liabilities			
Current Liabilities			
Other Liabilities	-	197	197
Financial Debt: DFI	-	19	19
Non-current Liabilities			
Other Liabilities	-	518	518
Total liabilities	**-**	**734**	**734**

December 31, 2021	Level 1	Level 2	Total
Assets			
Current Assets			
Mutual Funds (1) (2)	9,943	-	9,943
Government bonds (1) (2)	20,847	-	20,847
Total assets	**30,790**	**-**	**30,790**
Liabilities			
Current Liabilities			
Financial debt: DFI (3)	-	360	360
Total Liabilities	**-**	**360**	**360**

(1) The Mutuals funds are included in Cash and cash equivalents, Investments and Guarantee of financial operations included in Other receivables. The Government bonds are included in Cash and cash equivalents and Investments.
(2) The fair value is based on information obtained from active markets and corresponds to quoted market prices as of year-end. A market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
(3) The fair value of financial instruments that are not negotiated in active markets is determined using valuation techniques. These valuation techniques maximize the use of market observable information, when available, and rely as little as possible on specific estimates of the Company. The techniques used for the measurement of financial instruments, are detailed below: a) DFI for forward purchases of US dollars and RMB, corresponds to the variation between the market prices at the end of the fiscal year and the time of agreement and; b) DFI interest rate swap corresponds to the present value of estimated future cash flows based on observable yield curves obtained in the market.
(4) The fair value was determined by the variation between the quoted values of certain public securities in foreign currency and Argentine pesos.

During the years ended December 31, 2022 and 2021, there were no transfers between Levels of the fair value hierarchy.

According to IFRS 7, it is also required to disclose fair value information about financial instruments even if they are not recognized at fair value in the balance sheet, for which it is practicable to estimate fair value.

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 13 as of December 31, 2022 and 2021 are as follows:

Cash and banks

Carrying amounts approximate its fair value.

Time deposits and other investments at amortized cost (included in Cash and cash equivalents)

Telecom and its subsidiaries consider as cash and cash equivalents all short-term and highly liquid investments that are readily convertible to 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. The carrying amount reported in the statement of financial position approximates fair value.

Trade receivables

Carrying amounts are considered to approximate fair value due to the short term nature of these trade receivables. Noncurrent trade receivables have been recognized at their amortization cost, using the effective interest method and are not significant. All amounts that are assumed to be uncollectible within a reasonable period are written off and/or reserved.

Trade payables and Leases liabilities

The carrying amount of accounts payable and leases liabilities reported in the consolidated statement of financial position approximates its fair value due to the short term nature of these accounts payable. Noncurrent trade payables and leases liabilities have been discounted.

Financial Debt

As of December 31, 2022, fair value of financial debt is as follows:

	Carrying Value	Fair Value
Notes	268,145	271,933
Other financial debts	201,044	196,769
	469,189	**468,702**

As of December 31, 2021, fair value of financial debt is as follows:

	Carrying Value	Fair Value
Notes	273,889	269,572
Other financial debts	246,054	227,109
	519,943	**496,681**

The fair value of the loans was assessed as follows:

a) The fair value of Notes traded in active markets was measured based on quoted market prices at the end of the reporting period. As a result, its valuation classifies as Level 1.
b) The fair value of Notes that are not traded in an active market was measured based on quotes provided by first-tier financial entities, so their valuation qualifies as Level 2.
c) Fort the rest of the financial debt, the fair values were calculated based on cash flows discounted using a current lending rate, so as they are classified as level 3.

Other receivables, net and Other Liabilities

The carrying amount of other receivables, net and other liabilities reported in the consolidated statement of financial position approximates its fair value.

c) Hedge accounting

Derivatives are used by Telecom and its subsidiaries to manage their exposure to exchange rate and interest rate risks.

The position of DFIs in the consolidated statements of financial position and amounts recognized in Consolidated Income Statements and Consolidated Statements of Comprehensive Income, are detailed below:

	As of December 31,	
	2022	2021
Other receivables current - DFI: SOFR	117	-
Other receivables non current - DFI: SOFR	201	-
Total asset	**318**	**-**
Financial debt current - DFI: Exchange rate	19	39
Financial debt non current - DFI: LIBOR	-	321
Total liabilities	**19**	**360**

	Years ended December 31,		
	2022	2021	2020
		Profit (loss)	
Foreign currency exchange effect on financial debts	(1,555)	(3,567)	(4,478)
Interests on financial debt	(147)	(736)	(863)
Financial results	**(1,702)**	**(4,303)**	**(5,341)**
DFI effects classified as hedges	608	666	(799)
Other comprehensive income (loss)	**608**	**666**	**(799)**

- **LIBOR Hedges**

During year ended December 31, 2017, Telecom Argentina entered into several DFI agreements to hedge the fluctuation of LIBOR from the IFC loan amounting to US$400 million and from the IIC loan amounting to US$100 million, which maturity operated in September 2022. The mentioned agreements hedge a total amount of US$440 million. Such DFI allow fixing the variable rate in a range between 2.085% and 2.4525% nominal annual rate.

During September, 2022, Telecom Argentina entered into several DFI agreements to hedge the fluctuation of SOFR from the IFC loan signed on June 28, 2022, for its total amount, for the period beginning February 15, 2023 to August 15, 2025. The amounts hedged in each agreement are: two for a total amount of US$60 million each, and one for a total amount of US$64.5 million. The interest rates are 3.605%, 3.912% and 3.895%, respectively.

- **Exchange rate Hedges**

During year ended December 31, 2022, Telecom Argentina entered into several DFI agreements to hedge the fluctuation of the exchange rate from its loan portfolio amounting to US$262 million fixing the average exchange rate in 166.1 Argentine pesos/US$, expiring between February 2022 and June 2023. Additionally, on December 2022, entered into one DFI agreement to RMB15 million fixing the average exchange rate in 27.8 Argentine pesos/RMB, expiring in January 2023.

During year ended December 31, 2021, Telecom Argentina entered into several DFI agreements to hedge the fluctuation of the exchange rate from its loan portfolio amounting to US$473 million fixing the average exchange rate in 102.49 Argentine pesos/US$, expiring between March 2021 and September 2022.

During year ended December 31, 2020, Telecom Argentina entered into several DFI agreements to hedge the fluctuation of the exchange rate from its loan portfolio amounting to US$477 million fixing the average exchange rate in 87.54 Argentine pesos/US$, expiring between February 2020 and February 2021.

Offsetting of financial assets and financial liabilities in scope of IFRS 7

The information required by the amendment to IFRS 7 as of December 31, 2022 and 2021 is as follows:

	As of December 31, 2022			
	Trade receivables	**Other receivables**	**Trade payables**	**Other liabilities**
Current and noncurrent assets (liabilities) - Gross value	40,171	5,018	(92,013)	(1,959)
Offsetting	(2,437)	(456)	2,437	456
Current and noncurrent assets (liabilities) – Carrying Value	**37,734**	**4,562**	**(89,576)**	**(1,503)**

	As of December 31, 2021			
	Trade receivables	**Other receivables**	**Trade payables**	**Other liabilities**
Current and noncurrent assets (liabilities) - Gross value	47,504	6,266	(101,464)	(914)
Offsetting	(3,430)	(670)	3,430	670
Current and noncurrent assets (liabilities) – Carrying Value	**44,074**	**5,596**	**(98,034)**	**(244)**

Telecom and its subsidiaries offset the financial assets and liabilities to the extent that such offsetting is provided by offsetting agreements and provided that Telecom has the intention to make such offsetting, in accordance with requirements established in IAS 32. The main financial assets and liabilities offset correspond to transactions with other national and foreign operators including interconnection, carriers and Roaming (being offsetting a standard practice in the telecommunications industry at the international level that Telecom and its subsidiaries applies regularly). Offsetting is also applied to transactions with agents.

NOTE 23 – REVENUES

	Years ended December 31, 2022	2021	2020
Mobile Services	293,112	313,872	333,270
Internet Services	161,740	176,810	188,860
Cable Television Services	130,904	160,802	175,185
Fixed and Data Services	89,023	114,792	134,066
Other services revenues	5,782	4,514	3,629
Subtotal Services revenues	**680,561**	**770,790**	**835,010**
Equipment revenues	48,621	58,041	51,755
Total Revenues	**729,182**	**828,831**	**886,765**

NOTE 24 – OPERATING EXPENSES

Operating expenses disclosed by nature of expense amounted to $1,024,123, $834,260 and $827,096 for the years ended December 31, 2022, 2021 and 2020, respectively. The main components of the operating expenses are the following:

	Years ended December 31, 2022	2021 Profit (loss)	2020
Employee benefit expenses and severance payments			
Salaries, Social security expenses and benefits	(157,263)	(162,514)	(159,914)
Severance indemnities	(21,772)	(12,697)	(7,307)
Other employee expenses	(3,629)	(3,654)	(4,713)
	(182,664)	**(178,865)**	**(171,934)**
Fees for services, maintenance, materials and supplies			
Maintenance and materials	(46,197)	(55,539)	(55,347)
Fees for services	(41,595)	(39,660)	(41,325)
Directors and Supervisory Committee’s fees	(664)	(1,089)	(392)
	(88,456)	**(96,288)**	**(97,064)**
Taxes and Fees with the Regulatory Authority			
Turnover tax	(26,962)	(30,803)	(32,133)
Regulatory Entity Fees	(13,982)	(15,317)	(16,563)
Municipal taxes	(7,664)	(8,812)	(9,208)
Other taxes and fees	(7,383)	(8,849)	(9,781)
	(55,991)	**(63,781)**	**(67,685)**
Cost of equipment and handsets			
Inventory balance at the beginning of the year	(6,698)	(11,690)	(13,789)
Plus:			
Purchases	(37,733)	(38,479)	(34,500)
Others	2,953	2,640	3,868
Less:			
Inventory balance at the end of the year	6,938	6,698	11,690
	(34,540)	**(40,831)**	**(32,731)**
Other operating expenses			
Provisions	(11,892)	(15,381)	(8,830)
Rentals and internet capacity	(4,160)	(5,359)	(5,887)
Energy, water and other services	(13,207)	(13,618)	(15,936)
Postage, freight and travel expenses	(5,132)	(5,039)	(5,883)
Other	(2,056)	(1,864)	(3,415)
	(36,447)	**(41,261)**	**(39,951)**
Depreciation, amortization and impairment of fixed assets			
Depreciation of PP&E	(198,788)	(211,121)	(193,206)
Amortization of intangible assets	(28,649)	(30,306)	(31,276)
Amortization of Rights of use assets	(21,749)	(20,122)	(17,259)
Impairment of fixed assets (*)	(246,135)	(2,501)	(1,106)
	(495,321)	**(264,050)**	**(242,847)**

(*) Includes $(243,900) corresponding to the impairment of goodwill of the CGU Telecom (See Note 3.v.1.a)

Operating expenses, disclosed per function are as follows:

Concept	Operating costs	Administration costs	Commerciali-zation costs	Other expenses	Total 12.31.2022	Total 12.31.2021	Total 12.31.2020
Employee benefit expenses and severance payments	(103,185)	(38,600)	(40,879)	-	**(182,664)**	**(178,865)**	**(171,934)**
Interconnection costs and other telecommunication charges	(22,455)	-	-	-	**(22,455)**	**(29,729)**	**(33,090)**
Fees for services, maintenance, materials and supplies	(39,732)	(16,450)	(32,274)	-	**(88,456)**	**(96,288)**	**(97,064)**
Taxes and Fees with the Regulatory Authority	(55,107)	(366)	(518)	-	**(55,991)**	**(63,781)**	**(67,685)**
Commissions and advertising	(144)	-	(44,022)	-	**(44,166)**	**(47,514)**	**(50,724)**
Cost of equipment and handsets	(34,540)	-	-	-	**(34,540)**	**(40,831)**	**(32,731)**
Programming and content costs	(45,741)	-	-	-	**(45,741)**	**(56,391)**	**(59,301)**
Bad debt expenses	-	-	(18,342)	-	**(18,342)**	**(15,550)**	**(31,769)**
Other operating expenses	(18,889)	(3,989)	(13,569)	-	**(36,447)**	**(41,261)**	**(39,951)**
Depreciation, amortization and impairment of fixed assets	(190,192)	(36,650)	(22,344)	(246,135)	**(495,321)**	**(264,050)**	**(242,847)**
Total as of 12.31.2022	**(509,985)**	**(96,055)**	**(171,948)**	**(246,135)**	**(1,024,123)**	**-**	**-**
Total as of 12.31.2021	**(571,634)**	**(80,646)**	**(179,479)**	**(2,501)**	**-**	**(834,260)**	**-**
Total as of 12.31.2020	**(559,859)**	**(72,113)**	**(194,018)**	**(1,106)**	**-**	**-**	**(827,096)**

Operating leases

Future minimum lease payments of non-cancellable operating lease agreements of Telecom and its subsidiaries as of December 31, 2022, 2021 and 2020 in currency on the transaction date are as follows:

	Less than 1 year	1-5 years	Total
2020	653	133	**786**
2021	849	277	**1,126**
2022	664	288	**952**

Further information is provided in Note 3.k) to these consolidated financial statements.

NOTE 25 – FINANCIAL RESULTS, NET

	Years ended December 31, 2022	2021 Profit (loss)	2020
Interests on financial debt (*)	(13,217)	(31,052)	(42,245)
Foreign currency exchange effect on financial debts (**)	43,001	91,150	(20,249)
Financial debt renegotiation results	(40)	(4,192)	(10,125)
Total Debt financial expenses	**29,744**	**55,906**	**(72,619)**
Gains (losses) on operations with notes and bonds (***)	(12,683)	2,766	2,749
Other exchange differences	376	13,532	14,516
Other interests, net and other investments results	1,935	(3,191)	(2,138)
Other taxes and bank expenses	(6,960)	(8,333)	(8,027)
Financial expenses on pension benefits	(407)	(438)	(693)
Financial discounts on assets, debts and others	(3,191)	(4,753)	(2,123)
RECPAM	53,164	33,432	16,460
Total other financial results, net	**32,234**	**33,015**	**20,744**
Total financial results, net	**61,978**	**88,921**	**(51,875)**

(*) Includes ($147), ($736) and ($863) corresponding to net (loss) gains generated by DFI in the years ended December 31, 2022, 2021 and 2020, respectively.
(**) Includes ($1,555), ($3,567) and ($4,478) corresponding to net (loss) gains generated by DFI in the years ended December 31, 2022, 2021 and 2020, respectively.
(***) Includes $214 and $1,958 corresponding to the result related to the decrease in financial assets at amortized cost in the year ended December 31, 2021 and 2020.

NOTE 26 – FINANCIAL RISK MANAGEMENT

Financial risk factors

Telecom and its subsidiaries are exposed to the following financial risks in the ordinary course of its business operations:

- Market risk: stemming from change in exchange rates, market prices 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 counterpart regarding the operations of Telecom;

- Liquidity risk: connected with 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 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.

This sensitivity analysis provides only a limited point of view of the sensitivity to market risk of certain financial instruments. The actual impact of changes in financial instruments may differ significantly from this estimate.

The policies to manage and the sensitivity analyses of the above financial risks by Telecom are described below.

Market risk

Foreign exchange risk

One of the main Telecom's market risks 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.

Telecom has great part of its commercial and finantial debt denominated in US$ and other currencies, unlike the Company's sales revenue, which is mainly generated in Argentine pesos. Additionally, Telecom and its subsidiaries have cash and cash equivalents and investments mostly denominated in foreign currency that are also sensitive to changes in peso/dollar exchange rates and contribute to reduce the exposure to commercial and finantial debt in foreign currency.

The financial risk management policies of Telecom are directed towards diversifying the acquisition of goods and services in the functional currency and using selected DFI to mitigate long-term positions in foreign currency.

The continuous devaluation of the Argentine peso over the last few years has had and still has a negative impact on the payment of debts denominated in foreign currency. The devaluation can also have a negative impact on the Company since we depend mainly on the domestic market with revenues usually collected in Argentine pesos. Consequently, any further devaluation may have a negative effect on our financial situation and the results of our operations.

In addition, it should be noted that over the last few years the Argentine peso continued to depreciate against the US dollar and other currencies. As a result of the increased volatility of the Argentine peso, the BCRA implemented several measures to stabilize its value, including, among others, restrictions on the access to the MULC.

Among the measures implemented by the BCRA, Communication "A" 7106 and its amendments, establish that those private sector companies with scheduled principal maturities on any external financial debt (other than intercompany debt) between October 15, 2020, and December 31, 2023, may access the MULC provided they summit to the BCRA a refinancing plan be based on the following criteria: (a) the net amount for which the foreign exchange market will be accessed under the original terms shall not exceed 40% of the maturing principal amount, and (b) the remaining principal must be refinanced with a new external indebtedness with an average maturity of at least two years.

This mandatory refinancing shall not apply to: (a) indebtedness with international organizations or their associated agencies or guaranteed by them; (b) indebtedness granted by official credit agencies or guaranteed by them; (c) indebtedness incurred as from January 1, 2020, which proceeds have been repatriated and settled in the exchange market; (d) new indebtedness, incurred as from January 1, 2020, which allowed prior refinancing plans to be achieved; (e) holdouts of refinanced indebtedness that met the requirements set forth in Communication "A" 7106; and (f) payments of principal for an amount no exceeding US$2 million per month.

As a result of the requirements established by the BCRA, the Company's ability to purchase foreign currency may be limited, which would have an adverse effect on its financial situation and its ability to comply with obligations denominated in foreign currency, since any restrictions on the transfer of funds abroad determinated by the government could affect our ability to pay dividends or make payments (principal or interest) in relation to the Company's financial debt denominated in US dollars, as well as to comply with any other obligation denominated in foreign currency.

In any case, in compliance with Communication "A" 7106, Telecom refinanced its debts in previous years, allowing it at present to have access to MULC.

Financial assets and liabilities denominated in foreign currencies

Financial assets and liabilities denominated in foreign currencies as of December 31, 2022 and 2021, are the following:

	2022	2021
	In equivalent millions of Argentine pesos	
Assets	46,872	38,898
Liabilities	(443,099)	(455,787)
Liabilities Net	**(396,227)**	**(416,889)**

In order to reduce this net position in foreign currency Telecom has DFI as of December 31, 2022, amounting to US$85 million, therefore, the net liability not hedged amounts to US$2,151 million as of that date. For more information, see Note 22 to these consolidated financial statements.

Sensitivity analysis

As of December 31, 2022, which is a not hedged net liability position in foreign currency of US$2,151 million, Management estimates that an increase in the U.S. dollar exchange rate of approximately 20%, would result in a variation of approximately $76,223 of the consolidated financial position in foreign currency.

Interest rate risk

Within its structure of financial debt, Telecom and its subsidiaries have bank overdrafts denominated in Argentine pesos accruing interest at rates that are reset at maturity, notes and other financial entities' loans denominated in Argentine pesos, U.S. dollar, RMB and Guaraníes that bear interest at fixed and variable rates.

The Company has financial debts at variable rate, mainly BADLAR, SOFR and Libor, which amounts approximately to $158,370 as of December 31, 2022. Regarding the replacement of the LIBO rate after June 30, 2023, the Company does not estimate significant impacts on the cash flows of the loans.

The risk management policies of Telecom to reduce the effect of changes in interest rates, consists of using the diferent DFI that amounts to $32,649 as of December 31, 2022, that convert variable rates into fixed rates. For more information, see Note 22 to these consolidated financial statements.

Therefore, the net financial debt not hedged amounts to $125,721 as of December 31, 2022.

For more information, see Note 13 to these consolidated financial statements.

Sensitivity analysis

Management believes that any variation of 100 bps in the agreed interest rates would result in $1,257 gain / loss.

Price Risk

Telecom's and its subsidiaries' investments in financial assets at fair value through profit or loss are susceptible to the risk of changes in market prices arising from fluctuations in the future value of these assets. The Company conducts an ongoing monitoring of the evolution of these assets' prices.

As of December 31, 2022, the total value of investments with changes in fair value recognized in net income amounted to $8,373.

Sensitivity Analysis

Management estimates that any 10% variation in the market price would result in $837 gain / loss.

Credit risk

Credit risk represents Telecom's exposure to possible losses arising from the failure of commercial or financial counterparts to fulfill their assumed obligations. Such risk stems principally from economic and financial factors that could affect to our debtors.

Credit risk arises from cash and cash equivalents as well as credit exposures to customers, including outstanding receivables and committed transactions.

Telecom's maximum theoretical exposure to credit risk is represented by the carrying amount of the financial assets and trade receivables, net recorded in the consolidated statement of financial position.

Date due	Cash and cash equivalents	Investments	Trade receivables, net	Other receivables, net	Total
Total due	-	-	23,546	52	23,598
Total not due	40,052	8,373	14,188	4,510	67,123
Total as of December 31, 2022	**40,052**	**8,373**	**37,734**	**4,562**	**90,721**

The accruals to the allowance for doubtful accounts are recorded: (i) for an exact amount on credit positions that present an element of individual risk (bankruptcy, customers under legal proceedings with the Company); and (ii) on credit positions that do not present such characteristics, by customer segment considering the aging of the accounts receivable balances, expected credit losses, customer creditworthiness and changes in the customer payment terms. Total overdue balances not covered by the allowance for doubtful accounts amount to $23,546 as of December 31, 2022 ($24,501 as of December 31, 2021).

Regarding the credit risk relating to the asset included in the "Net financial debt or asset", it should be noted that Telecom evaluates the outstanding credit of the counterparty and the levels of investment, based, among others, on their credit rating and the equity size of the counterparty.

In order to minimize credit risk, Telecom also pursues a diversification policy for its investments of liquidity with leading high-credit-quality banking and financial institutions and generally for short-term periods. Consequently, there are no significant positions with any one single counterpart.

Telecom serves a wide range of customers, including residential customers, businesses and governmental agencies. As such, Telecom's account receivables are not subject to significant concentration of credit risk.

Liquidity risk

Liquidity risk represents the risk that Telecom and its subsidiaries have no funds to accomplish its obligations of any nature (labor, commercial, fiscal and financial, among others).

Telecom has an excellent credit rating and has several financing sources and several offers from first-class institutions to diversify its current funding structure, which includes accessing to capital market and obtaining competitive bank loans in what relates to terms and financial costs, in all cases, both at the domestic and international level.

The Company's management evaluates the national and international macroeconomic context (including regulatory restrictions and foreing exchange restrictions) to take advantage of market opportunities to presser the financial health for the benefit of its investors.

Telecom manages its cash and cash equivalents and its financial assets, through its normal course of business, investing in highly liquid short-term instruments. Telecom and its subsidiaries have consolidated cash and cash equivalents amounting to $40,052 (equivalent to US$226 million) and $38,665 (equivalent to US$226 million), as of December 31, 2022 and 2021, respectively.

During years ended December 31, 2022 and 2021, Telecom continued obtaining funds from the financial market used to pay its investments, operative working capital, and other corporative expenses and refinancing part of its financial debts in the framework of its permanent policy of optimizing the term, rate and structure of its financial debts. For further information on bank loans agreements, bank loans payments and bank loans restructured, see Note 13 to these consolidated financial statements.

The table below contains a breakdown of financial liabilities into relevant maturity groups based on the remaining period at the date of the consolidated statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Maturity Date	Trade payables	Financial Debt	Leases liabilities	Other Liabilities	Total
Due	5,412	-	-	-	**5,412**
January 2023 thru December 2023	83,852	143,026	9,975	984	**237,837**
January 2024 thru December 2024	240	115,436	6,341	173	**122,190**
January 2025 thru December 2025	66	130,074	5,897	173	**136,210**
January 2026 and thereafter	14	164,477	9,523	173	**174,187**
	89,584	**553,013**	**31,736**	**1,503**	**675,836**

On the other hand, it should be noted that, Telecom and its subsidiaries have a typical working capital structure corresponding to a company with intensive capital that obtains spontaneous financing from its suppliers (especially PP&E) for longer terms than those it provides to its customers.

Telecom and its subsidiaries' working capital breakdown and their variations are disclosed below:

	2022	2021	Variation
Trade receivables	37,616	43,934	(6,318)
Other receivables	17,005	13,501	3,504
Inventories	6,448	6,068	380
Current liabilities (not considering financial debt)	(153,950)	(196,184)	42,234
Operative working capital	**(92,881)**	**(132,681)**	**39,800**
Over revenues	*12.7%*	*16%*	
Cash and cash equivalents	40,052	38,665	1,387
Other receivables	2,532	3,730	(1,198)
Investments	8,373	21,010	(12,637)
Current financial debt	(134,361)	(126,360)	(8,001)
Net Current financial (liability) asset	**(83,404)**	**(62,955)**	**(20,449)**
Assets classified as held for sale	**954**	**-**	**954**
Negative operating working capital (current assets – current liabilities)	**(175,331)**	**(195,636)**	**20,305**
Liquidity rate	0.39	0.39	-

According to this, the negative working capital amounted to $175,331 as of December 31, 2022 (increasing $20,305 vs. December 31, 2021).

Capital management

The primary objective of Telecom'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.

Telecom manages its capital structure and makes adjustments considering the business evolution and changes in the macroeconomic conditions.

To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders and the level of indebtedness.

The company does not have to comply with regulatory capital adequacy requirements.

NOTE 27 - BALANCES AND TRANSACTIONS WITH COMPANIES UNDER SECTION 33 - LAW No. 19,550 AND RELATED PARTIES

a) Controlling Company

CVH is the controlling company of Telecom Argentina, holding directly and indirectly 28.16% of the capital stock of the Company. Additionally, both VLG (controlled by CVH) and Fintech, contributed to the Voting Trust, in accordance with the Shareholders´ Agreement, shares representing 10.92% of the capital of the Company so the shares subject to such agreement represent 21.84% of the total capital of the Company (the "Shares in Trust").

Shareholders’ Agreement: Fintech - CVH

On July 7, 2017 CVH, VLG, Fintech Media LLC (merged to date with Fintech), Fintech Advisory Inc., GC Dominio S.A. (all of them direct or indirect shareholders of Cablevisión S.A.) and Fintech (direct or indirect shareholder of Telecom Argentina) entered into a shareholders’ agreement that governs the exercise of their rights as shareholders of the Company. The Shareholders´ Agreement establishes basically:

- the representation in the corporate bodies, provided that subject to the fulfillment of certain conditions and as long as CVH holds a certain percentage of Telecom Shares, CVH shall be entitled to designate the majority of the directors, members of the Executive Committee, Audit Committee, Supervisory Committee, CEO and any other Key Employee (other than the CFO and the Internal Auditor). CVH shall also be entitled to nominate the Chairman of the Board of Directors and Fintech to nominate de Vice chairman of the Board of Directors.

- a scheme of supermajorities and required votes for the approval by the Shareholders´ Meetings or Board of Directors´ Meetings, respectively, of certain matters such as: i) the approval of the Business Plan and the Annual Budget of Telecom Argentina; ii) amendments of the bylaws, iii) changes in Independent Auditors, iv) the creation of committees of the Board of Directors, v) hiring of Key Employees as defined in the Shareholders´ Agreement (Key employees will be proposed by CVH, except for the CFO and the internal auditor); vi) merger of Telecom or any other controlled entity, vii) acquisitions of certain assets, viii) sale of certain assets, ix) capital increases; x) incurrence of indebtedness over certain limits, xi) capital investments not contemplated in the Business Plan and the Annual Budget above certain amounts; xii) related party transactions, xiii) contracts that may impose restrictions to the distribution of dividends; xiv) new lines of business or discontinuing existing lines of business; xv) contracting for significant amounts not contemplated in the Business Plan and the Annual Budget, among others.

Voting trust pursuant to the Shareholders’ Agreement between Fintech and CVH

In accordance with the Shareholders´ Agreement, on April 15, 2019, a Voting Trust Agreement (the "Trust Agreement") was regularized, under which Fintech and VLG (i) each contributed with 235,177,350 shares of Telecom in a voting trust (the "Voting Trust") which, when added to the shares that CVH holds (directly and indirectly) in Telecom, exceed fifty percent (50%) of the outstanding shares, and (ii) CVH and Fintech each appointed a co-trustee. The shares contributed to the Voting Trust will be voted by the co-trustee of CVH in accordance with the vote of CVH or following the instructions of CVH, except in respect of certain matters subject to veto under the Shareholders´ Agreement, in which case will be voted by the co-trustee of Fintech in accordance with the vote of Fintech or following the instructions of Fintech.

Public Tender Offer due to change of control

On June 21, 2018, CVH informed the Company that it was promoting and formulating a mandatory public tender offer due to a change of control (“PTO”) for all Class B Shares issued by Telecom Argentina listed on BYMA (including outstanding Class C Shares of Telecom Argentina that might be converted into Class B Shares before the expiration deadline) (the “PTO Shares”) at a price of $110.85 Argentine pesos per PTO Share (previously deducting the items detailed in the OPA announcement).

Pursuant to public releases published by CVH, as part of the administrative process to authorize the PTO, the CNV expressed its disagreement with the price announced by CVH and took the position that the price per PTO Share should be US$4.8658 payable in Argentine pesos at the foreign exchange rate in effect on the business day immediately prior to the settlement of the PTO. CVH considered the CNV’s position unfounded and initiated the legal proceeding “Cablevisión Holding S.A. c/ Comisión Nacional de Valores s/ Medidas Cautelares” (File. No. 7998/18) in the Federal Civil and Commercial Court No. 3. On November 1, 2018, the Federal Civil and Commercial Court No. 3 confirmed a preliminary injunction obtained by CVH and ordered the CNV to abstain for six months from issuing any decision with respect to the authorization of the PTO promoted by CVH on June 21, 2018.

On June 10, 2019 CVH informed Telecom that on such date CVH was served with notice of a preliminary injunction rendered on May 9, 2019 in the case “Burgueño Daniel v. Executive Branch - CNV on (Autonomous) Preliminary Injunction” (File No. 89537/18) pending before the Court of Appeals on Administrative Litigation Matters No. 1, Secretariat No. 1, suspending the process relating to the PTO, until the CNV resolves on the applicability of Resolution No. 779/18 or the expiration of the term contemplated in section 5 of Law No. 26,854 governing injunctions. This preliminary injunction was extended by several succeeding court decisions, being the last one the court decision rendered on May 15, 2020, which extended the mentioned preliminary injunction for six months.

On July 6, 2020 CVH informed Telecom that on such date CVH was served with notice of a decision rendered on July 3, 2020 by the Chamber V of the Federal Court of Appeals on Administrative Litigation Matters in re "Burgueño Daniel v. Executive Branch - CNV on (Autonomous) Preliminary Injunction" (File No. 89537/18), whereby said Court decided to interrupt the judicial recess period only to consider the appeal filed by the CNV on May 26, 2020, dismiss such appeal and, consequently, confirm the extension of the preliminary injunction granted thereunder.

On the other hand, on July 19, 2019, CVH was served with notice of a resolution rendered on the same date by the Chamber I of the Federal Court of Appeals on Civil and Commercial Matters in re "Cablevisión Holding S.A. v. Argentine Securities Commission on Injunctions" (File No. 7998/18), lifting the preliminary injunction granted to CVH whereby the CNV was ordered to abstain from issuing any decision with respect to the authorization of the PTO. The resolution also provided that an appeal by CVH to CNV's decision with respect to the PTO would have a suspensive effect. CVH filed a federal extraordinary proceeding against the Federal Civil and Commercial Court of Appeal's decision, which was dismissed on December 26, 2019. However, as explained above, the PTO remained at the time subject to the preliminary injunction obtained by a shareholder of CVH – Daniel Burgueño – in the separate legal proceedings mentioned in the previous paragraphs.

On November 26, 2019, CVH was served with a notice of a proceeding initiated by a shareholder of CVH, Mr. Daniel Burgueño, in re "Burgueño, Daniel Fernando v. EN-CNV s/ Proceso de Conocimiento" (File No. 33763/19), pending before the National First Instance Court on Federal Administrative Litigation Matters No. 1, Secretariat No. 1. Mr. Burgueño seeks the court to rule that CVH is not required to conduct the PTO as a result of the change of control in Telecom in light of paragraph k) of Section 32 of Resolution CNV No. 779/18, regulating Law No. 26,831 (as amended by Law No. 27,440).

On December 27, 2019, CVH informed Telecom that on such date CVH was served with notice of the first instance court's decision in re "Burgueño, Daniel Fernando v. EN-CNV s/ Proceso de Conocimiento" (File No. 33763/19) ruling in favor of the complaint brought by Mr. Burgueño, confirming that CVH's does not have the obligation to conduct the PTO according to Resolution CNV No. 779/18, specifically Section 32, paragraph k), and ordering the CNV to deem the proceedings initiated in connection with the PTO concluded, and also ordered CVH to cease with the PTO.

On September 8, 2020, CVH informed Telecom that on such date CVH was served with notice of a decision rendered by the Chamber V of the Federal Court of Appeals on Administrative Litigation Matters in re "Burgueño Daniel Fernando v. EN - CNV s/ Proceso de Conocimiento" (File. No. 33763/19), rejecting the appeal filed by the CNV of the decision rendered by the court of first instance mentioned in the prior paragraph.

Finally, on October 29, 2020, CVH informed Telecom that on such date CVH was served with notice of the judgment of Chamber V of the Federal Court of Appeals on Administrative Litigation Matters issued in re "Burgueño Daniel Fernando v. EN - CNV s/ Proceso de Conocimiento" (File. No. 33763/19) dismissing the extraordinary appeal filed by the CNV against the first instance judgment rendered on September 8, 2020 mentioned in the prior paragraph.

On February 17, 2022, the Supreme Court of Justice dismissed the direct appeal filed by the CNV, not admitting the extraordinary appeal filed by the CNV against the resolution rendered by Chamber V of the Federal Court of Appeals on Administrative Litigation Matters.

b) Related Parties

For the purposes of these consolidated financial statements, related parties are those individuals or legal entities which are related to Telecom in terms of IAS 24.

c) Balances with Companies under section 33 - Law No. 19,550 and Related Parties

- **Companies under section 33 - Law No. 19,550 – Associates**

	As of December 31,	
CURRENT ASSETS		
Trade receivables	**2022**	**2021**
Ver TV	1	1
	1	**1**
Other receivables		
La Capital Cable	336	433
Ver TV	2	4
	338	**437**
CURRENT LIABILITIES		
Trade payables		
TSMA	1	-
	1	**-**

- **Related parties**

	As of December 31, 2022	As of December 31, 2021
CURRENT ASSETS		
Trade receivables		
Other related parties	224	353
	224	**353**
Other receivables		
Other related parties	4	7
	4	**7**
CURRENT LIABILITIES		
Trade payables		
Other Related parties	1,986	2,359
	1,986	**2,359**

d) Transactions with Companies under section 33 - Law No. 19,550 and related parties

- **Companies under section 33 - Law No. 19,550– Associates**

	Transaction	Years ended December 31, 2022	2021	2020
		Profit (loss)		
		Revenues		
La Capital Cable	Services revenues and other revenues	70	90	129
Ver TV	Services revenues and other revenues	-	12	4
		70	**102**	**133**
		Operating costs		
La Capital Cable	Fees for services	(178)	(175)	(156)
		(178)	**(175)**	**(156)**
		Financial results		
Ver TV	Interests	-	-	97
La Capital Cable	Interests	-	-	45
		-	**-**	**142**

- **Related Parties**

	Transaction	Years ended December 31, 2022	2021	2020
		Profit (loss)		
		Revenues		
Other Related parties	Services and advertising revenues	497	617	623
		497	**617**	**623**
		Operating costs		
Other Related parties	Programming costs	(6,977)	(8,234)	(9,344)
Other Related parties	Editing and distribution of magazines	(1,235)	(1,660)	(2,209)
Other Related parties	Advisory services	(892)	(1,030)	(1,414)
Other Related parties	Advertising purchases	(725)	(1,087)	(1,455)
Other Related parties	Other purchases and commissions	(307)	(376)	(450)
		(10,136)	**(12,387)**	**(14,872)**

The transactions discussed above were made on terms no less favorable to Telecom than would have been obtained from unaffiliated third parties. When Telecom's transactions represented more than 1% of its total shareholders' equity, they were approved according to Law No. 26,831, the Bylaws and the Executive Committees' Faculties and Performance Regulation.

e) Key Managers

Compensation for Directors for technical-administrative functions and Key Managers includes fixed and variable compensation, retention plans, social security contribution, and, in some cases, accrued severance compensation. Compensation for Directors and Key Managers of Telecom Argentina for the years ended December 31, 2022, 2021 and 2020 amounted to \$2,775, \$1,184 and \$1,454, respectively (in currency of the transaction date), and were recorded as expenses under the line item "Employee benefits expenses and severance payments". As of December 31, 2022, an amount of \$1,295 remained unpaid.

Telecom Argentina has recorded a provision of $435, $418 and $86 for the fees of its Board of Directors' members for the year ended December 31, 2022, 2021 and 2020, respectively (in currency of the transaction date). As of December 31, 2022, an amount of $28 remained unpaid.

The members and alternate members of the Board of Directors do not hold executive positions in the Company or Company's subsidiaries.

NOTE 28 – RESTRICTIONS ON DISTRIBUTION OF PROFITS

Under the LGS, the by-laws of the Company and rules and regulations of the CNV, a minimum of 5% of net income for the year in accordance with the statutory books, plus/less previous years' adjustments and accumulated losses, if any, must be appropriated by resolution of the shareholders to a legal reserve until such reserve reaches 20% of the outstanding capital (common stock plus inflation adjustment of common stock).

NOTE 29 – ECONOMIC ENVIRONMENT

The Company operates in a complex economic environment, with a strong volatility in the main variables, both at national and international level, mainly during the last two years, due, among others, to the impact of global phenomena both at the health level, such as the Covid-19 pandemic, and the war that takes place in Eastern Europe.

In relation to Covid-19 pandemic, during this year and given the considerable decline in infection levels thanks to the large-scale vaccination campaigns that reached the whole population, and that the current cases mostly entail mild symptoms, the Ministry of Health waived the obligation to keep social distancing and the use of face masks, establishing, however, recommendations for general care at work, educational and social environments and at public transport.

On the other hand, the international conflict that started in March 2022 between Ukraine and Russia also led to a fall in financial markets, an increase in the prices of raw materials and certain commodities (for example wheat and oil, among others), causing an increase in inflation rates, fluctuations in the exchange rate of foreign currencies, and a general increase in interest rates.

The Company's Management will continue to monitor the evolution of the aforementioned situations and the evolution of the variables that affect its business in order to determine the potential impacts on its economic and financial position. Therefore, the Company's consolidated financial statements must be read in the light of these circumstances.

NOTE 30 – SUBSEQUENT EVENTS TO DECEMBER 31, 2022

Issuance of Notes

In connection with the Notes Global Program for a maximum outstanding amount of US$3,000 million or its equivalent in other currencies, the Company announced the subscription of new series of notes. The amount of the Notes finally issued and its main characteristics are detailed below:

Series 14 Notes
Issuance date: February 10, 2023.
Amount involved: US$62.4 million payables in Argentine pesos at the applicable exchange rate (equivalent to $11,845 pesos at the issuance date).
Maturity Date: February 10, 2028.
Amortization: Principal will be paid in one installment at maturity date.
Interest rate and Payment Date: Interest is payable on a quarterly basis from its issuance date until its maturity date at an annual fixed rate of 1.00%. The last interest payment date will be on maturity date.

Carlos Moltini
Chairman of the Board of Directors